

IGCE O Level

Edexcel IGCE O Level

Commerce (7100)

Summer 2006

Examiners' Report

Edexcel is one of the leading examining and awarding bodies in the UK and throughout the world. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers.

Through a network of UK and overseas offices, Edexcel's centres receive the support they need to help them deliver their education and training programmes to learners.

For further information please call our Customer Services on 0870 240 9800, or visit our website at www.edexcel.org.uk.

Summer 2006

All the material in this publication is copyright

© Edexcel Ltd 2006

Contents

1.	General Comments	05
2.	Section A	07
3.	Section B	10
4.	Summery Comments	12
5.	Statistics	13

Edexcel Ltd holds the copyright for this publication. Further copies of the **Mark Schemes** may be obtained from Edexcel Publication.

General Comments

The overall outcome of the examination showed a small continuing improvement in performance by candidates as entered to those achieved in May 2005. There was a higher mean mark for the Paper compared with that in May 2005. This was attributable partly to it being slightly less demanding in terms of question difficulty. There were less very poor scripts this year. As a result, the grade boundaries were all lowered, but at the same time the percentage pass rate at all the boundaries was also slightly lower.

It was evident to examiners that many centres had prepared their candidates well by providing wide coverage of the syllabus content with candidates possessing generally good all-round knowledge and understanding of commercial vocabulary.

Reference in this Report is again made to the importance of command words (and other key words) in questions. It is essential that candidates understand what is expected of them by these words, and time needs to be spent in developing this understanding, as well as covering the syllabus content. In particular, candidates are often having trouble in knowing what is required by analytical and evaluative questions. These generally occur in the last one or two parts of the questions in Section B, but occasionally in parts of questions 9 and 10. Examples of this weakness are given in the individual question comments.

In this matter, as noted in the May 2005 examination report, teachers and candidates could usefully look at the syllabus content in terms of the initial word(s) used in relation to each topic. These words include state, outline, describe, calculate, explain, compare, analyse, assess and evaluate. Each of these determines the type of response, on the relevant topic, which can be expected of candidates in a Commerce examination, and also reflects the assessment objectives of the syllabus (see pages 2/3).

A further weakness, as noted in the May 2005 examination report, relates to candidates ignoring the **number** of responses required by some questions, e.g. **two** forms, **one** benefit, **three** differences, **two** changes. It should be emphasised to candidates that including more than the prescribed number does not gain any more marks, and in fact it wastes time which could be used elsewhere in the paper to score marks.

Rubric problems were more in evidence in this examination. A small number of candidates answered all four questions in Section B, instead of choosing two out of the four provided, while in Section A many candidates ignored the instruction in Questions 1 a), b), c) and d) to insert only **one** word. A further problem was that a few candidates wrote all their answers to Section A in the separate answer book and not on the examination paper in the spaces provided. Also, some candidates needed to extend their answers to Section A questions by continuing in the separate answer book. This is not good practice, as it indicates that candidates are unable to focus on the key responses required and are wasting time by going into unnecessary detail or irrelevant comment.

The general standard of English used by candidates was good, considering that it is the second language for most, and it did not prove a barrier to the performance of most candidates. As is normal, candidates were not penalised for weaknesses in grammar, punctuation and spelling, providing that examiners could understand what candidates intended.

In addition to candidates' general weaknesses, the examination outcome showed that the following topic areas of the syllabus content need more attention from candidates:

- How a reduction in purchasing costs helps a business to increase its gross profit (Q.7).
- How a bank can assess the creditworthiness of a customer applying for a bank loan. (Q.8).
- Retail trade developments (Q.9).
- The meaning of 'chain store' [Q.9(a)].
- How the delivery of goods to out-of-town stores is easier than to town centre stores [Q.9(e)].
- The reasons why local councils do not like to see retailers moving out of town centres. [Q.9(f)].
- The reasons for businesses using logos. [Q.10(c)].
- Methods of payments provided by commercial banks [Q.10(d)].
- The differences between loans and overdrafts [Q.10(e)].
- Analysing and evaluating advertising media [Q.11(c), (d)].
- The importance of adequate insurance cover [Q.12(d)].
- The concept of value-added [Q.13(c)].
- Consumer protection in mail order [Q.14(b)].

However, candidates tended to perform well in their answers on the following topics:

- The division of commercial activities [Q.1(a)].
- The differences between ordinary shares and preference shares (Q.5).
- The disadvantages of barter when compared with the use of money in the exchange of goods (Q.6).
- The role of the central bank (Q.10(f)).
- The reasons why consumers use mail order rather than paying from shops (Q.14(b)).

Section A

Question 1

The four parts of this question were generally answered well, even by many of the weaker candidates.

Question 2

Generally well answered. Some candidates lost marks by inserting 'manufacturer' instead of 'wholesaler' into the channel of distribution.

Question 3

Most candidates gave a valid reason for the need to keep of records of business transactions but found it difficult to explain the reason in order to gain the second mark.

Question 4

Most candidates scored one mark for this question. Some candidates lost marks by simply repeating the same way in a different form, for example, "eye-catching" and "attracts attention" were responses that were often duplicated.

Question 5

Generally, most candidates scored well on this question. The main error was incorrectly stating that preference shares came last in the final distribution of profits.

Question 6

Most candidates could state one disadvantage of barter but their answers often lacked sufficient development and application for the second mark. Some candidates misinterpreted the question by looking at the advantages of money without reference to the disadvantages of barter.

Question 7

Answers to this questions were weak with many candidates failing to recognise that the formula 'sales - cost of sales' = gross profit' was the key focus here. Many weaker candidates answered simply in terms of higher sales leading to higher profits.

Question 8

Many answers here were also weak. Many candidates could not give any correct explanation, with many answers giving "collateral security" which was not rewarded marks.

Question 9

In part (a), it was surprising to see the large number of candidates who clearly did not know what was meant by a chain store. In fact, very few candidates recognised that chain stores require a minimum of ten stores.

In part (b), many candidates scored the full two marks, but a common fault was to think that a distinguishing factor was that hypermarkets sold all goods cheaply which is simply not true.

In part (c), there was some duplication of answers with the preceding part (b). Most answers centred around the valid idea of bulk buying. Other valid answers on market power and location were less well known.

A disappointing number of candidates went along the inappropriate route of giving the response of 'lower prices' for part (d). The question asked about the benefits in terms of 'expanding the size of the store' rather than the benefits of consumers shopping at large stores.

In part (e), many candidates lost marks by not considering the problems of town centre deliveries such as the lack of parking, general congestion and limited unloading times. Weaker candidates thought incorrectly that they would be nearer manufacturers if they were delivering out-of-town which is not necessarily the case. Moreover, there were no marks for responses such as "less damage" or "less pollution".

On the positive side, candidates showed awareness of environmental issues to part (f) with many answers focussing on the pollution that out of town developments would bring. However, many points written by candidates were purely descriptive and were not used to explain why local councils would not like to see the changes made. In particular, the loss of revenue from local rates was only considered relevant by a minority of candidates.

Question 10

Many candidates were able to state two correct features of a public limited company to part (a). However, some candidates confused public limited companies with private limited companies. Weaker candidates described two features of a bank.

In part (b), many candidates obtained one mark for saying that multi-nationals "sell goods in other countries". However, obtaining the second mark proved more difficult in their definitions.

In part (c), there seemed to be some confusion of a logo with a brand name. Although logos help in branding they are not the same. General answers such "to attract the public" were considered insufficient to gain marks.

In part (d) it was disappointing to see a large minority of candidates unable to correctly identify a banking method of payment. Also, those who did manage to correctly identify a valid method failed to describe it fully. There were wrong answers such as 'ATMs' and 'postal orders'.

In part (e), many simply answered in terms of short term/long term and formal/informal. More precise accurate differences were required. Please look at the mark scheme for the required differences.

In part (f), better candidates focussed on the role of the central and commercial banks rather than describing the services offered.

Section B

Question 11

Question 11 was a very popular choice.

Many candidates were very vague about the meaning of commercial advertising in part (a). Some weaker candidates simply interpreted commercial advertising as television advertising which is only partly correct.

In part (b), candidates could have improved their answers with greater precision in their definitions and by utilising better examples to illustrate the differences between informative and persuasive advertising.

In part (c), there was considerable misreading and misinterpretation of the question with a sizeable minority of candidates writing about computers as the media to advertise computers without any mention of the internet. However, many candidates realised that a mass media such as television was needed to advertise computers.

In part (d), there were many answers that simply described rather than connected with the command word 'discuss' which requires some evaluation in the answers.

Question 12

The most unpopular choice of all the Section B questions, with only a small percentage of candidates attempting this question on the topic of insurance.

In part (a), a surprising number of candidates were unable to identify three risks which are covered under the general category of fire insurance.

Again, there was difficulty in naming correctly one or two different sources from where fire insurance quotations could be obtained.

This question differentiated between those candidates who could analyse the reasons why premiums might be higher and those candidates who gave generalised and superficial answers such as "the building is older" (for nil marks). The focus needed to be on the higher risks of the business in terms of the contents or the location. Suitable examples would have improved answers further.

In part (d), weaker candidates simply repeated the advantages of insurance rather than assessing the importance of insurance to the future success of the business, for example, for protection, for compensation, to guard against many risks and possible damage leading to possible closure.

Question 13

This was the second most popular choice made by candidates.

In part (a), the vast majority of candidates knew the meaning of 'production', which is fundamental to their understanding of commerce.

In part (b), weaker candidates made the common error of not referring to the context of woollen carpets. Also, there were some strange origins of wool, with trees being a popular idea. Despite this, there were many contextualised and developed answers outlining each of the stages of woollen carpet production.

In part (c), many answers suffered from a lack of detail showing how the value of a good increases at each stage of production. It is simply not enough to say how more useful the product becomes without referring to the actual specifics of utility.

As in other Section B questions, the evaluative part (d) tended to produce only a repeat of the commercial services features, rather than an assessment of how important these are in the chain of production.

Question 14

Candidates were generally able, in part (a), to identify two or more important items of information found in a mail order catalogue.

However, the part (b) question demonstrated limited knowledge of consumer protection laws or agencies in connection with mail order. In consequence, many marks were lost.

Part (c) was answered much better, and points regarding higher postage, catalogue printing costs, agent costs and stolen goods were frequently mentioned as distinct costs of running a mail order business. Candidates were less knowledgeable on the shop costs.

In part (d), as in other evaluative questions, candidates tended to repeat facts about mail order, rather than using these facts to assess the case for a customer to buy goods through mail order as opposed to shops. However, there were some very sound answers, with most candidates able to score marks on both sides of the argument.

Summary Comments

1. The performance of candidates in this third examination under the new syllabus was not as satisfactory as expected, arising from a weaker cohort and a paper more accessible than that of the last two examinations. As a result, the pass rate at each of the grade boundaries fell slightly.

2. Some of the candidates' weakness arose not only from difficulties with the application of knowledge and with analysis/evaluation, but also from a lack of fundamental knowledge itself.

3. The outcome of this examination shows that candidates need to:

- study the syllabus content more widely in order to minimise the number of gaps in their knowledge, which is specially important in relation to the compulsory Section A questions.
- understand more clearly what is required of them by the command words and other key words in questions, in particular those relating to assessment objective 4.
- absorb the context of a question and to keep reminding themselves of this context when answering the question parts.
- keep their answers in Section A to the number of lines provided, which is an indicator of the length of response expected.
- read and follow all the rubrics carefully.

On a final point, please note that the allocation for marks on Section B will be changed from May 2007 examination papers to two marks for part (a) questions, instead of the present three marks. All of the remaining three parts, (b), (c) and (d) will be allocated six marks to the rest of the Section B questions .

Statistics

Grade	A	B	C	D	E
Lowest mark for award of grade	70	58	47	42	30

Note: Grade boundaries may vary from year to year and from subject to subject, depending on the demands of the question paper.

For more information on Edexcel qualifications, please visit www.edexcel.org.uk/qualifications
Alternatively, you can contact Customer Services at www.edexcel.org.uk/ask or on 0870 240 9800

Edexcel Limited. Registered in England and Wales no.4496750
Registered Office: One90 High Holborn, London, WC1V 7BH



A PEARSON COMPANY

