

Examiners' Report January 2007

GCE

GCE O Level Commerce (7100)

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January 2007

Publications Code U0018824

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7100 Commerce

General Comments

The overall outcome of the examination showed a small continuing improvement in performance by candidates compared to those achieved in January 2006. There was a higher mean mark for the Paper in comparison with January 2006.

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 January 2006 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 January 2006 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 evident 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:

- The reasons for movements in the rate of exchange (Q.3).
- Features of co-operative societies (Q.4).
- Cheque clearing (Q.5).
- The reasons why there has been a large expansion in the use of container ships [Q.9(e)].
- The differences between credit cards and debit cards [10(e)].
- Why communication of information is important to trade [Q.11(c)].
- Methods of payments provided by commercial banks [Q.10(d)].
- Why special measures are used for international trade methods of payments [Q.12(c)].
- The organisation of distribution warehouses [Q.13(c)].
- The rewards for investing in ordinary shares [Q.14(d)].

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

- The reasons for keeping records of business transactions [Q.8).
- The types of goods not suitable for container ships [Q.9(c)].
- The purpose of an order form [Q.10 (a)].
- The benefits of using the telephone compared to sending a letter [Q.11(b)].
- Definition of international trade [Q.12 (a)].
- Features of a public limited company [Q.14 (a)].
- The differences between ordinary shares and debentures.

Section A

Question 1

All four parts of this question were generally answered well by the majority of candidates. However, weaker candidates answered with inappropriate words or simply left it blank.

Question 2

Generally well answered. Part (i) was better answered than part (ii). Some candidates lost marks by not giving an appropriate example.

Question 3

Many incorrect reasons for movements in the rate of exchange of a country's currency given by many candidates. However, valid reasons such as 'balance of payments position' and 'political instability' were provided by stronger candidates.

Question 4

Some candidates scored one of the two marks for this question. Most candidates lost marks by giving incorrect features of co-operative societies. This is clearly a topic area that needs more attention from centres.

Question 5

Generally, most candidates either scored very well on this question or scored no marks because of a lack of knowledge of the cheque clearing process. A common error was to describe a cheque without relating it to the clearing process.

Question 6

Only a minority of candidates could correctly write in full the abbreviation APR.

Question 7

Answers to this question were generally very good with candidates correctly defining the insurer as the insurance company and the insured as the individual who receives the policy. Some weaker candidates confused the two terms.

Question 8

Most candidates gave correct reasons such as to calculate profits or as proof of the transaction taking place.

Question 9

In part (a), it was surprising to see the large number of candidates who could not explain what was meant by a container ship. By simply stating that 'it is a ship with containers' was insufficient to score any marks.

In part (b), many candidates scored the full three marks with valid examples of goods carried on container ships, but a common fault was to think that container ships carried bulky and heavy goods such as lorries and iron ore.

In part (c), most candidates gave valid types of goods such as perishables and valuables, with relevant reasons provided.

Stronger candidates correctly described points such as cranes and deep water access as special port facilities to part (d). Weaker candidates gave vague responses such as 'good facilities' or 'machinery'.

In part (e), many candidates lost marks by not considering some of the main points or by not developing their answers. Simply saying 'bulky goods' by not relating it to an increase in international trade did not gain any marks. On the positive side, many candidates showed awareness of the quicker turnaround, the need for less labour involved and the security aspects.

Question 10

The vast majority of candidates were able to describe the main purpose of an order form in part (a). Weaker candidates tended to repeat the words in the data information which did not score.

In part (b), many candidates obtained one mark for saying that the order number was important for 'identification'. However, obtaining the subsequent development marks proved more difficult in their reasoning.

In part (c), there was a general lack of understanding that not making a charge for delivery on larger orders would hopefully lead to more custom and increase sales and profits. Many candidates simply stated that delivery was free for orders over £30, which was not applying the understanding required of the question.

In part (d), there were many correct calculations for the maximum of six marks. A common error by candidates was sometimes to not correctly calculate the VAT amount on the right figures. Nevertheless, most candidates did realise that they needed to add the VAT amount to the total order so as to get the final total.

In part (e), there was a general lack of knowledge about the differences between credit cards and debit cards. A minority of candidates confused debit cards with direct debits and some described the processes of payment by each card. Please look at the mark scheme for the required differences.

Section B

Question 11

Question 11 was a very popular choice.

Most candidates correctly defined postal services, but had more difficulty in defining telecommunications services in part (a). The use of examples in candidate answers supported the distinction between the two services. Stating that postal is written and telecommunications is verbal is only partly correct.

In part (b), candidates generally answered this question extremely well with good comparisons drawn, particularly in terms of speed and interaction. Some candidates could have improved their answers with more developed explanation.

Part (c) proved demanding for most candidates. In fact, many candidates gave vague answers or simply rewrote the question by describing communication of information. The command words 'show why' demanded more analysis.

In part (d), there was considerable misreading and misinterpretation of the question with a sizeable minority of candidates writing about advertising methods as a method of communication. However, those candidates who selected e-mail tended to write some very good answers.

Question 12

A frequent choice, particularly from certain centres where the topic had been well taught.

In part (a), the term 'international trade' was generally accurately defined with many candidates scoring maximum marks.

Those candidates who selected bills of exchange or letters of credit usually had very good knowledge of international methods of payments and scored high marks. However, weaker candidates tended to give inappropriate examples.

This question differentiated between those candidates who could analyse the reasons why businesses need to use special international methods of payment and those candidates who gave generalised and superficial answers such as "because of bad debts" (for nil marks). Bad debts also occurs in the home trade. The focus needed to be on the higher risks of dealing internationally. Suitable examples would have improved answers further.

In part (d), weaker candidates gained the odd mark by referring to the need for speed and the need for security in using electronic payments. Stronger candidates used a range of developed points to score high marks. Please see the mark scheme for these relevant points.

Question 13

This was the least popular choice of Section B questions made by candidates.

In part (a), it was disappointing to see so many candidates unable to define fully the term 'retail chain.'

In part (b), many candidates described the wholesaler function of warehousing without relating it to the question. Many other candidates did gain some marks by referring to availability and delivery but few of these candidates developed their answers or put their answers as given in the mark scheme.

In part (c), many answers suffered from a lack of reasons and the development of such reasons to allow them to score good marks for this question part.

It was interesting to find that the evaluative part (d) tended to produce quite good answers on location influences for a warehouse. Many of the answers were contextualised and gave a range of factors.

Question 14

Candidates were generally able, in part (a), to identify all three features of a public limited company.

It was pleasing to report that most candidates could explain at least one difference between ordinary shares and debentures in part (b)(i). Most candidates correctly calculated the correct answer to part (b)(ii).

Part (c) was answered quite well, and points regarding extra finance to expand, to repay money borrowed and share finance being not repayable were frequently mentioned as reasons for making an issue of new ordinary shares.

In part (d), there were some very sound answers, with stronger candidates able to score marks for both risks and rewards of investing in ordinary shares. However, some candidates misunderstood the question and commented on the rewards and risks of a new share issue.

Summary Comments

1. The performance of candidates in this fourth examination under the new syllabus was satisfactory, arising from a stronger cohort and more accessible paper compared with the last three examinations. In addition, centres are becoming more familiar with the format and demands of this examination. As a result, the pass rate at each of the grade boundaries rose 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 objectives 3 and 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.

7100 Statistics

Grade	A	B	C	D	E
Lowest mark for award of grade	67	56	46	41	29

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

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Order Code U0018824 January 2007

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