

Examiners' Report January 2008

GCE O Level

GCE O Level Commerce (7100)

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January 2008 - 7100 Commerce

General Comments

The overall outcome of the examination was broadly in line with the performance of candidates in previous years. There was a similar mean mark for Section A which showed a sound understanding of the syllabus by the majority of candidates. However, the mean mark on Section B was higher than last year. Overall the Paper was slightly more accessible than last year. There were few poor scripts this year.

As a result the grade boundaries were raised slightly and the percentage pass rate was slightly higher than January 2007.

There was clear evidence that many centres had prepared their candidates well by ensuring wide coverage of the syllabus content so that candidates possessed a good knowledge and understanding of commercial vocabulary.

Candidates need to appreciate the importance of command words in questions and the significance of adhering to them. Failure to respond to the command word for a question will almost inevitably lead to lower, or no, marks for an answer. Time should be spent developing the candidates understanding of these command words and what they mean for the type of answer required. This is particularly important on the Section B questions, for example Q2b asks the candidate to 'analyse why this has happened'. These Section B questions often require analysis and evaluation and if the candidate just gives a list of responses then they will usually, at best, gain half marks for their answer. Candidates should develop their answers to explain each point if they are to gain full marks for a higher mark question.

It was pleasing to see that candidates on the whole were responding to the number of responses required by some questions, e.g. two disadvantages, three factors, two features. This helped to keep within the space provided for the answer but also write an answer of the necessary length to gain the marks available.

It was pleasing to see very few examples of rubric problems in Section B where candidates ignored the instruction to answer two out of the four questions. However, some candidates wrote on additional sheets and this can cause problems. The Paper is now marked on line which requires scripts to be scanned in to the computer and sent electronically to examiners to be marked. This makes it even more imperative that candidates write in the space provided and indicate clearly if they have continued their answer elsewhere. Additional sheets can get detached from scripts which cause great difficulties for the examiners. Answers which were continued on additional sheets often did not add anything to the answer in many cases as candidates wrote too much to an answer and had already gained the marks for the response written in the space on the question paper itself. Candidates should be encouraged to confine their answer to the space provided.

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 purpose of an invoice (Q3);
- the difference between field and desk research (Q7);
- the features of a container port (Q9di);
- the term indemnity (Q10b);
- the difference between employer and public liability (Q10ci);
- consequential loss insurance (Q10cii);
- the importance of direct services to industry (Q1d on Section B);
- the governments role in the control and finance of public corporations (Q2b Section B);
- stock turnover (Q4bii Section B);
- the reasons why companies issue different types of shares (Q4d Section B).

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

- the disadvantages of barter (Q4);
- examples of postal services (Q8);
- factors businesses consider when choosing the form of transport (Q9a);
- advantages and disadvantages of using road transport (Q9 bi and bii);
- the stages of production (Q1b Section B);
- the role of advertising, its benefits and drawbacks (Q3a, b, c and d Section B).

Section 1A

Question 1

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

Question 2

Although the method of calculating the balance of payments was generally well known, a common mistake was to subtract the negative figure for invisible imports from invisible exports thus yielding a double negative and an incorrect total. Some candidates simply ignored the balance of trade altogether.

Question 3

A surprisingly large number of candidates failed to recognise that basically an invoice is a bill. Several candidates confused it with other business documents, such as a delivery note.

Question 4

This was well answered with the majority of candidates gaining two marks.

Question 5

The majority of candidates gained three or four marks for this question, even the weaker candidates.

Question 6

Cash discount was frequently confused with trade discount. A large number of candidates saw it as a way to attract more customers only better candidates recognised that it would lead to cash being obtained more quickly thus reducing possible cash flow problems and bad debts.

Question 7

Many candidates correctly identified the difference between desk and field research. However, weaker candidates incorrectly talked about the research being carried out at a desk or in the field.

Question 8

Generally well answered by the majority of candidates. However, a large number of candidates confused postal services with the services provided by post offices or with methods of payment.

Question 9

This area of the syllabus was well covered by candidates. Part (a) was generally well answered with the majority of candidates gaining full marks. However, a significant number of candidates compared road and rail transport here rather than consider the general factors to be taken into account in choosing a form of transport. They simply followed the photographs rather than the question set.

Part (b) was well answered by the most candidates and they had clear knowledge of the benefits and drawbacks of road transport. However, weaker candidates frequently responded with 'cheaper' 'faster' and 'convenient' comments and these points need to be qualified to be worthy of credit as the questions says an advantage or disadvantage. Single words alone will not make it clear why it is an advantage or a disadvantage.

Again part (c) was well answered. Most candidates gained full marks by explaining how rail transport was more suitable for bulky goods over long distances, giving a raw material such as coal as an example. Others commented on dangerous goods such as nuclear waste. However, some lost marks by not giving an example. Many weaker candidates seemed to misunderstand the question and compared road and rail, often stating that road was better. Others argued that rail was better because it was less likely to be affected by bad weather.

This was not well answered by many candidates. They did not seem to be aware of what a container port would look like. The second part was generally well answered with candidates outlining the benefits of ease of transferring containers and the reduced costs.

This produced a wide variety of answers. Good candidates focused on trade and discussed how transport was necessary to allow trade to take place, e.g. firms could not produce if transport did not deliver raw materials. Many weaker candidates focused on the different types of transport used in trade, e.g. roads and rail for internal trade, sea and air for external trade.

Question 10

This question was generally well answered but there was evidence of gaps in the knowledge of a significant number of candidates. Many candidates correctly identified Norisk Assurance Company Limited and Mr U Heap, although almost inevitable some candidates got this confused. However, only a smaller number of candidates could correctly explain what is meant by a cover note.

Good candidates used an appropriate example to explain indemnity in terms of restoring the insured to their original position, and ensuring that no profit was made. Some good candidates also explained subrogation and contribution. However, weaker candidates did not understand the concept. A common mistake was to comment on the length of the policy.

Most candidates understood that difference between employer and public liability. Good candidates used appropriate examples to support their answers. They described different injuries that would be compensated for employees and for the general public. Weaker candidates missed the point of the question. A common mistake was to describe limited and unlimited liability

Most candidates did not understand consequential loss. They stated that it covered any loss that a business might make. Better candidates were able to explain that it covered trading losses due to the rebuilding needed following a fire.

The majority of candidates were able to explain non-insurable risk in terms of the lack of past statistics making it difficult to assess risk and then set a premium. Many supported the answer with an appropriate example. Weaker candidates misunderstood the term and a common mistake was to answer in terms of insurable interest.

Good candidates accurately explained the process in which Mr. Heap would make an insurance claim. They explained how he would contact the insurance company for a claim form. Complete and submit the claim form with evidence, such as a medical certificate; and then wait for the insurance company to investigate the claim. Weaker candidates tended to focus on compensation; many copied the benefits for different losses from the data on page 10.

Section 1B

Question 1

In part (a) the term 'consumer goods' was well answered by the majority of candidates but a large minority could not define the term 'producer goods' accurately - a common error was to say it just 'made goods.'

Part (b) was generally answered very well - if candidates knew the chain of distribution they were able to gain a few marks. Sometimes the 'extractive' part of the process was left out which then made it difficult for candidates to score high marks.

For (c) the majority of candidates did have sound knowledge and understanding of the need for division of labour in industry. The answer did not require a definition of the concept which many candidates gave in their answers.

Better candidates in (d) applied the word 'importance' to their answers whereas weaker answers simply described direct services. Some candidates thought direct services were the same as aids to trade and thereby gained no marks.

Question 2

Most candidates scored two marks for part (a). Candidates knew that a mixed economy consisted of both public and private sectors.

A wide variety of responses were given for (b). Many answers focussed on the 'control' aspect of the question and did not mention the 'finance' aspect. Most candidates had difficulty in scoring good marks to this part.

There was a general lack of knowledge shown on the operations of local authorities, which made comparison with public corporations more difficult to do for part (c).

For part (d) it was pleasing to see many candidates being able to analyse many of the reasons behind privatisation, with effective use of the textbook phrases associated with this concept. Most candidates considered the benefits of increased competition and increased efficiency.

Question 3

On part (a) around 97% gained the maximum 2 marks for this part question. The other 3% either cited advertising types or advertising techniques in their answers.

Part (b) was answered well by the majority of candidates with several achieving maximum scores. Most candidates knew the 'inform' and 'persuade' functions but were not versed on other valid functions behind advertising.

Often candidates, on (c), concentrated their answers on the informative benefits of, for example, knowing the details of the product without mentioning other benefits such as the advertising of public services. However, the majority of candidates gained a significant number of marks. Lack of explanation of points was the main reason for full marks not being achieved.

Question (d) was generally extremely well answered, with good use of real-life examples when applying their knowledge to the disadvantages of advertising, such as consumers being misled, overspending or having an increase in the price of products.

Question 4

Most candidates on part (a) gained one mark for 'sales' but then had difficulty in obtaining the second mark. Also some gave the definition of rate of stock turnover instead of turnover.

Part (b) was well attempted. Part (i) was generally much better answered than part (ii). In part (ii) some candidates gave their answers in percentage terms, thereby losing a mark.

Some confusion was shown by a few candidates in (c) on the meaning of the term 'commercial performance', who gave incorrect responses in terms of the buying and selling of shares. Other candidates gave relevant actions which were developed with valid reasoning. Increasing sales and cutting costs were two such relevant actions most commonly discussed.

Many answers for (d) gained two consolation marks for saying that companies issue shares to 'increase capital and expand'. The best candidates discussed the different risks attached to different types of shares but the majority of candidates who attempted this question scored few marks.

Summary Comments

1. The overall performance of candidates was broadly in line with the previous cohort on an examination paper of similar difficulty. Performance on 1A was about the same as last year and 1B was slightly better than last year. As a result, the pass rate at each grade boundary stayed at a similar or slightly higher percentage.
2. Some of the candidates' weakness arose not only from a lack of knowledge but from not developing their answers and explaining points. Applying answers and analysing/evaluating continue to reduce marks for many candidates.
3. The outcome of this examination shows that candidates need to:
 - carefully study the syllabus content to ensure that there are no gaps in their knowledge, which is particularly important for Section A questions;
 - read the commands words carefully and make sure they are answering the question, which is particularly important on Section B questions;
 - think about the context of the question and remember to use this in the answer to the different parts;
 - to keep answers in Section A to the number of lines provided which is an indicator of the length of response required and not go onto additional sheets;
 - read and follow the rubric carefully, particularly in Section B and once again they should write in the space provided.

7100 Statistics

Grade	A	B	C	D	E
Lowest mark award for of grade	75	65	55	50	38

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