

Examiners' Report Summer 2008

GCE

GCE O Level Commerce (7100)

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June 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 slightly lower mean mark for Section A and a slightly higher mean mark for Section B than last year. Generally overall the difficulty of the Paper was similar to last year. There were few poor scripts this year. As a result the grade boundaries were lowered slightly for 1A and raised slightly for 1B and the percentage pass rate was broadly in line with May 2007.

There continued to be 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 be made aware of the importance of command words in questions and the importance 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. It would be advisable to spend time developing the candidates understanding of these command words and what they mean for the type of answer required. This is particularly necessary on the Section B questions where the 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.

It was pleasing to see that candidates on the whole were responding to the number of responses required by some questions, e.g. two advantages, one difficulty, two main functions. 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.

There were very few examples of rubric problems in Section B where candidates ignored the instruction to answer two out of the four questions. However a problem of great concern continued to be the number of candidates who wrote on additional sheets. 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 very 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.

On this same point, candidates need to be made aware that Section A and Section B are marked by different examiners and therefore any additional sheets should be attached to the relevant section and not just put all on one sheet at the end of the Paper. It is not good practice to write on additional sheets as it shows 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 to calculate rate of turnover (Q2);
- what is meant by trade discount (Q7);
- what items of information are given in the Memorandum of Association and Articles of Association (Q9bi & ii);
- how to calculate the yield (Q9d);
- the features of a cash and carry wholesaler (Q10bii);
- the benefits of self-service layout in a retail shop (Q1b on Section B);
- the names of different types of motor vehicle insurance (Q2a Section B);
- the ways air transport has developed over the past 50 years (Q4b Section B);
- the importance of transport in trade (Q4d Section B).

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

- the difficulties of trading internationally (Q6);
- the main functions of a central bank (Q8);
- the disadvantages of a partnership (Q9a);
- the services provided by a wholesaler to the producer (Q10 bi);
- why supermarkets are popular with shoppers (Q1c Section B);
- the steps necessary to obtain insurance (Q2b Section B);
- why consumers might prefer buying goods on credit (Q3b Section B);
- why some goods are transported by sea rather than air (Q4c Section B).

Paper 1A

Question 1

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

Question 2

A simple calculation was required but many candidates failed to recognise the relationship between average stock and rate of turnover.

Question 3

The majority of candidates scored two marks by explaining or giving an example of a sales technique such as competitions, free gifts, loss leaders. Where marks were lost was due to a lack of explanation.

Question 4

This was not well answered with the many candidates being awarded only one or no marks. Answers were often vague such as cheaper - without any explanation as to what circumstances the telephone might be cheaper.

Question 5

A surprisingly large number of candidates incorrectly located the Co-operative as a public sector business, otherwise well answered by the majority of candidates.

Question 6

Most candidates were able to score the maximum marks for this question. A few weaker candidates resorted to merely defining international trade and home trade which was not enough to merit credit. International Trade is an area of the syllabus that continues to be well understood but too many responses related to the general nature of such trade rather than to the special difficulty of operations in this field.

Question 7

This question elicited the usual confusion between trade discount and cash discount. Many candidates scored one mark rather than two marks due to lack of clarity in their response - referring to a reduction in the price but little more.

Question 8

The functions of a central bank were well understood and the majority of candidates scored two marks.

Question 9

Candidates demonstrated a good knowledge of the advantages and disadvantages of partnerships and limited companies for parts (a) and (c). However, question 9(c) presented some challenges to many candidates in that while there was some understanding of the differences between the different types of business there was not a keen enough attention to the aspect of less risk to Anwar and Bruce to gain maximum marks. Candidates either knew about the items on a Memorandum of Association and Articles of Association or they didn't and the marks were awarded accordingly for 9(b)(i) and (ii). Very few candidates had any awareness of the concept of the 'yield' of a share for part (d) and very few answers gained any marks. 'Share prices' continue to be a source of confusion. Many candidates argued that a firm will increase the price of its shares in order to increase revenue and profit. Overall, responses to 9(e) were generally good. Typical responses identified improved company performance and higher levels of demand for the shares. Weaker responses focused more on the regular share price fluctuations. Many candidates found 9(f) challenging, consequently many resorted to merely describing a stock exchange. The question effectively discriminated as only stronger candidates tended to score the maximum marks.

Question 10

Channels of distribution were usually correctly identified in part (a) but the biggest challenge with these items appeared to be providing a reason for the choice of channel. This was especially true in the case of newspapers; many candidates opted for channel 3 or 4 but then the choices were not well justified. Therefore many candidates could only be awarded 2 marks for this question. In (b)(i) many responses described the general features of the wholesaler and failed to explain the services provided to the producer as such. The term 'cash and carry' was generally misunderstood in (b)(ii). Responses repeated the general features of the wholesaler and candidates didn't list four features as required by the question. Also there was the inaccurate assumption that cash and carry wholesalers offer delivery and credit facilities. A mixed response to part (c) as there were some excellent answers by stronger candidates, however, weaker candidates would list general points such as the producer would sell straight to the public, without any explanation of why this was beneficial or any examples given of products where this would be the case. Quotations were understood by a large number of candidates but many confused them with other business documents. However, delivery notes were well understood and most candidates scored at least one mark if not two marks for this part of the question.

Paper 1B

Question 1

Part (a) often full marks were scored with candidates clearly identifying two ways the owner could advertise the retail shop. Errors were to focus on attracting customers and to give examples of making the shop attractive or promotion techniques they could use rather than list ways they could advertise.

In part (b) stronger candidates were able to explain the benefits of self service in terms of cost savings, convenience to customers and increased sales because customers preferred self service. Weaker candidates only explained one benefit. Some described inappropriate features such as the shop owner giving advice to the customer.

For part (c) most candidates scored well on this question by focusing on the advantages of supermarkets, such as the wide range of goods on sale, the lower prices due to bulk buying, and the various facilities on offer. However, weaker candidates gave general answers that could equally apply to a department store or shopping mall. They included inappropriate facilities such as cinemas and lifts.

For part (d), stronger candidates commented on the facilities provided by small retailers that attracted customers. This included giving credit, offering delivery, having flexible opening hours and having a convenient location. However, a significant minority of candidates misinterpreted the question and described the problems that a small retailer would have in becoming a large retailer. They interpreted this question as 'why small retail shops are not likely to replace large stores' rather than '...not likely to be replaced by large stores'. A failure to read the question carefully?

Question 2

Many candidates in part (a) could give suitable examples of different types of insurance but a significant number could not name two examples and would describe comprehensive insurance without naming it.

A wide variety of responses were given for (b). Many candidates gained full marks by explaining the role of the insurance broker, the need to fill out a proposal for with utmost good faith, and then paying a premium and receiving a cover note. In fact many included too much detail. Weaker candidates lost marks by missing out 1 or 2 parts of the process.

Overall candidates found part (c) more difficult. They could explain utmost good faith and give an example. Good candidates linked this to risk and the calculation of the premium.

In part (d) good candidates answered this in terms of indemnity. They explained that the car was not worth £10 000 due to depreciation. They gave other factors that could result in non payment e.g. if the insurance was for third party. Weaker candidates gave brief answers that only included one or two relevant points.

Question 3

Candidates often scored full marks in part (a) by clearly identifying two types of credit; HP, bank loans and credit cards being the most popular.

Most candidates were able to develop this answer in detail and score highly for part (b). They explained the advantages of credit such as it allowed people to buy expensive goods, and it was safer than carrying cash. Stronger candidates were able to explain that credit could bring a real gain if inflation was higher than the interest rate.

In part (c), stronger candidates wrote that credit cards were most suitable for (i) because it was for a small amount, and would incur no interest charge if paid off at the end of the month. For (ii) they used HP or a bank loan and explained that paying in installments was most appropriate for a large purchase. However, weaker candidates chose inappropriate methods. For (i) they chose HP and for (ii) they chose leasing. Candidates even referred to 'kitchens being re-possessed' if installments were not paid.

Most candidates answered part (d) in detail and scored well. Stronger candidates answered in terms of the costs of credit, and the danger of having goods repossessed or being sued for non-payment. Weaker candidate limited their answer to 1 or 2 relevant points.

Question 4

Again part (a) candidates often scored full marks by clearly identifying two different types of goods likely to be transported by air. Common examples were perishable, valuable or urgent items and some candidates gave examples of these products instead such as diamonds and cut flowers.

Stronger candidates in part (b) focused on the question and explained how developments in air transport had resulted in more trade by air. They explained how technology meant that planes were better equipped to carry goods, that increased competition amongst airlines and the expansion in the number of airports all contributed to the increased use of air transport. However, many weaker candidates just listed the benefits of air transport, with no attempt to link these to developments in air transport. Weaker candidates frequently responded with the 'advantages of air transport' rather than the required 'developments in air transport over the past 50 years'.

Many reasonable answers were given for (c). Stronger candidates explained that sea was more cost effective for bulky and heavy cargoes due its greater carrying capacity. Weaker candidates just included 1 or 2 relevant points. This question was often misinterpreted as 'the disadvantages of sea transport compared to air transport'. Once again a failure to read the question carefully.

Most candidates found part (d) difficult. Only a few were able to develop the answer to gain full marks. They explained how production was impossible unless raw materials were delivered to manufacturers. That transport was needed for workers to get to work and for goods to be delivered to consumers. Weaker candidates often described different types of transport.

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 slightly weaker than last year and 1B was slightly better than last year. As a result, the pass rate at each grade boundary stayed at a similar 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 continues to show 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 command words carefully and make sure they are answering the question, which is particularly important on Section B questions;
 - to keep answers in Section A and Section B to the number of lines provided which is an indicator of the length of response required and not go onto additional sheets.

7100 Statistics

Grade	A	B	C	D	E
Grade Boundaries	70	59	48	43	31

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