

# Examiners' Report Summer 2009

GCE

GCE O level Commerce (7100)

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## General Comments

The general standard of the examination appeared to be commensurate with the performance of candidates in previous years. The mean mark for Section A was the same as last summer and very slightly lower for Section B. 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 broadly similar for 1A and lowered slightly for 1B giving an overall percentage pass rate that was slightly higher than May 2008.

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 understand that failure to respond to the command word for a question will almost inevitably lead to lower, or no, marks for an answer. 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, for example two functions, one purpose, two examples. 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 the problem of candidates not keeping to the space provided still remains. Additional sheets can get detached from scripts which causes 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 for 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 restrict their answer to the space provided on the question paper and not continue on additional paper or write outside of the space provided.

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 spelling, punctuation and grammar, 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:

- what is the purpose of a bill of lading (Q8)
- why it is important for a business to meet consumer protection laws (Q9e)
- the advantages of using the telephone rather than email (Q10b)
- when is postal communication the most suitable method to use (Q10d)
- types of life assurance (Q1d on Section B)
- market research methods that are suitable to use in a particular situation (Q2b Section B)
- the clearing process (Q4b Section B).

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

- the functions of a central bank (Q4)
- examples of commercial documents used in home trade (Q7)
- the meaning of a free trade area and a tariff (Q9ai & ii)
- the benefits of using email (Q10a ii)
- how research findings can help to increase sales (Q2c Section B)
- an advantage and a disadvantage of trade credit (Q3c Section B)
- the factors a bank manager would take into account when deciding whether to grant a loan request (Q4c 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

There were a surprising number of varied and incorrect answers to an apparently simple question. However, many candidates successfully calculated the net profit but then failed to convert it to a net profit margin.

### Question 3

The majority of candidates scored one mark by saying that it takes more money out of their account than they have in but many did not make it clear that it was the current account that was being overdrawn.

### Question 4

This was well answered with the majority of candidates giving two correct functions of a central bank. Issuing bank notes, banker to other commercial banks, banker to the government and lender of last resort were the most popular answers.

### Question 5

A surprisingly large number of candidates incorrectly thought 'lorries' are a consumer good; otherwise generally well answered.

### Question 6

Most candidates were able to score at least one mark for this question. A few weaker candidates gave brief answers that it was giving a product a name or logo but then they did not go on to explain that this gave the product a particular image or differentiated it from other products.

### Question 7

Most candidates identified 2 correct commercial documents used in home trades such as letters of inquiry and invoice. However, a small minority gave documents used in foreign trade.

### Question 8

Many candidates found this question difficult and gave vague answers that gained no marks. Some better candidates gained full marks by stating that it was a contract used in the shipping trade signed by the consignor and the carrier.

## Question 9

The first part of the question was well answered by the majority of candidates and free trade area and tariffs were well understood. Many candidates focussed on the economy-wide advantages of Romanian membership of the EU rather than the advantages to individual Romanian businesses in (b). Good candidates gained full marks by explaining that Romanian firms would benefit from access to a wider market, increasing sales; and that due to lower tariffs they would be able to charge lower prices. Weaker candidates gave brief answers that only earned 1 or 2 marks. Better candidates understood (c) answering it from the point of view of Romanian businesses and explained difficulties such as language, currency, longer distances and problems of non payment. However, a significant minority of candidates answered this from the point of view of the government and answered in terms of Balance of Payments problems. Good candidates answered (d) correctly and explained how imports rose resulting in an adverse effect on the current balance. Weaker candidates lost marks by missing out details but recognised that the Balance of Payments would get worse. Better candidates also understood (e) and answered it from the point of view of Romanian businesses and explained how they may be sued and receive bad publicity resulting in lower sales. However, a significant minority of candidates answered this from the point of view of consumers or the government and explained how consumer laws protected consumers and hence scored no marks.

## Question 10

A majority of candidates gained full marks by defining and then explaining the benefits of email such as the fact that e-mail is cheaper, faster and can include attachments. Weaker candidates lost marks by missing out points of detail in their answers. Many candidates gained full marks on (b) by explaining advantages such as the fact that the telephone allows for discussion with instant feedback and doesn't need a computer or internet connection. Weaker candidates lost marks by not explaining their answer. Features of videoconferencing in (c) were known by the majority of candidates with the most popular responses being about visual, two way communication and being less expensive as there was no need to travel to meetings. Few candidates gained full marks on part (d). Better candidates analysed postal communications in terms of the need to send original, signed documents and parcels, also that the post had better security if recorded delivery was used. However many weaker candidates gained few or no marks. They explained the general advantages of the post, such as it provides a record; or just described the different services offered by the post office.



## Section 1B

### Question 1

In part (a) often full marks were scored with candidates clearly identifying what is meant by insurance. Errors were to not include any reference to it being a form of risk management. Weaker candidates would just describe different examples of insurance.

In part (b) many candidates gained full marks by explaining different risks that Peter needed to insure against such as fire, theft, customer or employee injury. Weaker candidates often listed types of risk or failed to develop the answer in enough detail. Those candidates who gave examples often did not explain the reason why such insurance risks were important to Peter's business and hence lost marks.

For part (c) few candidates developed their answer to gain full marks. Those that did this gave a balanced answer which explained the difference between insurable and uninsurable risk in terms of probability and statistics, supported by appropriate examples. Weaker candidates wrote one sided answers, or described inappropriate principles of insurance such as insurable interest.

For part (d), there were a few very good answers that explained the difference between endowment policies, whole life policies, term policies and family income policies. Weaker candidates identified 1 or 2 of the above. Some gave very vague answers. This part produced a large number of poor answers mainly through a lack of knowledge from many candidates concerning life assurance.

## Question 2

Many candidates in part (a) could give examples of field research but marks were lost by not making it clear that it is new or original information. Weaker candidates said it was information collected by going outside into the field - no marks were awarded for this answer.

A wide variety of responses were given for (b). Better candidates gained high marks by explaining 2 methods such as questionnaires, surveys or focus groups. Weaker candidates gave more general answers explaining the differences between field and desk research. Sometimes marks were lost by naming a type of market research, for example desk rather than the method, such as government statistics.

Overall candidates found part (c) more difficult. Better candidates explained how Megamotos could use field research to improve sales, for example by identifying what consumers wanted and then providing this. Weaker candidates gave more general answers with little or no focus on Megamotos. Many well applied answers, particularly focusing on ways to increase demand such as finding new markets and introducing new models of cars which would attract more customers.

In part (d) good candidates answered this in terms of indemnity. A few better candidates gained full marks by giving a balanced answer. They explained the benefits and costs of using advertising to Megamotos. Weaker candidates gave one sided answers - just explaining the benefits such as increased sales. Marks were lost by not looking at the other side, that is, the downsides of advertising such as increased costs. Some answers did not focus on Megamotos and were not applied through the context of the car business and therefore lost marks.

## Question 3

Candidates often scored full marks in part (a) by clearly identifying two pieces of information found on an invoice with account number, price, quantity, supplier name, VAT number being the most popular.

Most candidates were able to develop their answer in detail and score highly for part (b). Many good candidates gained high to full marks by explaining the benefits of a statement of account such as it provides a summary of all transactions; it speeds up payment and acts as a reminder, and can be used to sort out errors. Weaker candidates lost marks by missing out points of detail.

A few good candidates were able to develop their answers in enough detail to gain full marks in (c). They explained how trade credit led to more sales, but also led to increased debt. Weaker candidates lost marks by missing out points of detail and giving vague answers. Some candidates scored no marks by confusing trade credit with cash discount. Often candidates produced better and more developed answers when discussing a disadvantage of giving trade credit compared to an advantage.

A few good candidates gained full marks by giving balanced answers to part (d). Many candidates focussed on the benefits of offering the extended trade credit that is, attracting more customers, increasing sales and profits but ignored the command word in the question 'Assess'. This meant that the negative side of the question was required as well. If not given, candidates limited their opportunity to score full marks on the question.

#### Question 4

Again in part (a) candidates often scored full marks by clearly explaining that a crossed cheque could not be cashed and had to be paid into an account. Weaker candidates said the cheque had to be paid to the person whose name was on the cheque and gained no marks.

Answers to part (b) resulted in candidates tending to fall into two main divisions - those who knew the stages of the clearing process extremely well and then gained five or six marks, and those candidates who simply stated that the cheque went to the other bank and Mr Guitano was paid, which gained very few marks depending on other information provided in their answer.

Many good candidates gained high to full marks for (c) by explaining factors such as credit history, the size of the loan, the need for collateral and the prospects of the business making a profit. Weaker candidates lost marks by listing rather than explaining the factors, or by giving brief answers. Nevertheless, there were some excellent answers submitted.

Part (d) was well answered with many relevant suggestions given and explained on how a bank could help a new business. Many good candidates gained high to full marks by explaining the different ways in which a bank could help in the setting up of a business. This included factors such as advice, night safe facilities, standing orders and direct debits, overdrafts and savings accounts. Weaker candidates lost marks by listing rather than explaining factors, or by giving brief answers.

## Summary Comments

1. The overall performance of candidates was broadly in line with the previous cohort on an examination paper of similar difficulty. The overall performance on 1A and 1B was similar or slightly better than last year. As a result, the pass rate at each grade is a 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. Not applying answers and not 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 on to additional sheets.

## 7100 Statistics

Grade	A	B	C	D	E
Lowest mark for award of grade	67	57	48	43	32





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