

Examiners' Report January 2009

O Level

O Level Commerce (7100)

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Contents

1.	7100/1A Report	5
2.	7100/1B Report	9

General Comments

The general standard of answers appeared commensurate with previous years. The mean mark for Section A was higher than in previous years and showed a sound understanding of the syllabus by the majority of candidates. However, the mean mark on Section B was lower than last year. As a result the grade boundaries were lowered slightly and the percentage pass rate for most of the grade boundaries were very similar to those of January 2008.

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.

One weakness of candidates related to them ignoring the command word required by the question. For example, question 1 (d) asked candidates to 'analyse the difficulties'. Some candidates simply stated or listed a number of difficulties without breaking down and analysing their material. Also, as in question 4 (b) 'two advantages and one disadvantage ... of a sole trader' were asked for but some candidates gave only one advantage but two disadvantages. It should be emphasised to candidates that including less than the prescribed number reduces the maximum marks that a candidate can score for that particular question. By including more than the prescribed number does not gain any more marks and, in fact, may waste valuable examination time that could be used elsewhere on the paper to score marks.

Questions 2 and 4 were the most popular choices in Section B.

There were very few examples of rubric problems in Section B where candidates ignored the instruction to answer two out of the four questions.

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

The examination outcome showed that the following topic areas of the syllabus content need more attention from candidates:

- the meaning of the term producer goods: Question 2
- the difference between characteristics and functions of money: Question 6
- the names of documents that drivers require when transporting goods internationally: Question 9 (c)
- how road transport has improved in recent years: Question 9 (e)
- examples of expenses and why they might change: Question 1 (b) on Section B
- analysis of business performance: Question 1 (c) on Section B
- the components of the Balance of Payments on Current Account: Question 2 (b) on Section B
- the difference between a building society account and a current account: Question 3 (b) Section B
- the reasons not to become a public limited company: Question 4 (d) on Section B

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

- examples of aids to trade: Question 3
- the ways of transporting products: Question 9 (a)(i) and (ii)
- definition of the term wholesaler: Question 10 (d)
- the services provided by a wholesaler: Question 10 (e)
- the risks of trading internationally: Question 2 (d) on Section B
- the advantages and disadvantages of being a sole trader: Question 4 (b) on 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

The term 'consumer goods' was well understood. However, not all candidates could explain the term producer goods.

Question 3

This was well answered with the majority of candidates gaining two marks. Most popular examples were insurance, warehousing, finance, and banking.

Question 4

This was generally well answered by the majority of candidates. Many stated that consumers need protection from misleading advertising and governments need to regulate the advertising of products such as alcohol and tobacco. However, some candidates thought that state regulation should prevent consumers spending beyond their means.

Question 5

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

Question 6

This was generally well answered with the majority of candidates gaining two marks. However, characteristics of money was sometimes confused with the functions of money.

Question 7

Many candidates gained 2 marks by explaining that branding distinguished the trainer from that of its competitors. Others answered in terms of recognition, quality and loyalty. Weaker candidates gave vague answers e.g. branding makes trainers more popular.

Question 8

Generally well answered by the majority of candidates who stated that it identified in which country a product had been manufactured so that it could be established if import duties need to be paid.

Question 9

This area of the syllabus was well covered by candidates. Part (a) Many candidates gained full marks by comparing road transport with rail, air, sea or pipelines. They analysed the answer in terms of cost, volume, and speed. Weaker candidates gave inappropriate answers such as post or own fleet transport.

Many candidates in part (b) gained full marks by discussing advantages such as; own fleet is cheaper because no fees are paid to ABC, own fleet lorries could be used to advertise the business, the business has more control over when deliveries are sent, and that drivers are appointed by the business reducing the risk of damage and theft. Weaker candidates gave less detailed answers.

Part (c) was not always well answered. Many candidates gave examples of documents such as certificate of origin and export/import licences, but there were many incorrect documents listed such as bill of lading.

Many candidates found (d) difficult and gained 0 marks. Some gave generic reasons that could equally apply to domestic trade. Others described problems involved in international trade such as language and currency. Better candidates explained how different documents were needed to prove that the goods were legal, that documents were needed because more intermediaries were involved or that the extra distance required extra transport resulting in different documents.

In part (e) better candidates gained marks by analysing road improvements in terms of more investment in roads such as motorways, improvements to vehicles which can carry more goods, improvements in engines reducing fuel costs. Weaker candidates analysed the benefits of road transport without relating their answer to improvements in road transport.

Question 10

This question was generally well answered but occasionally marks were lost for (a) with answers being too vague or brief.

In part (b) many candidates gained full marks by explaining two advantages such as the amenities available in shopping centres, the wide variety of goods available under one roof, and the lower prices due to competition. Weaker candidates gave factors that were equally valid to the town centre, such as economise of scale, bulk buying, and giving customers discounts.

Better candidates were able to develop an answer in (c) that explained that the shopping centre would have restaurants, increased the competition for town centre restaurants. They would have fewer customers resulting in lower sales, lower profits and business closure. Weaker candidates developed the answer in less detail.

Part (d) was well answered with the majority of candidates gaining two marks for identifying wholesalers as the intermediaries between producers and retailers.

Many candidates gained full marks in (e) by explaining how three services benefited a retailer, such as bulk buying which allowed retailers to buy small quantities, reduced costs as the wholesaler may provide transport, warehousing and packaging. Weaker candidates stated a few services without explaining them.

Section 1B

Question 1

Part (a) was well understood and the majority of responses were correct.

Part (b) was generally not that well answered. Stronger candidates understood that they needed to identify an operating expense and give a relevant reason why it might have decreased. Weaker candidates tended to give generalised and vague answers without mentioning specific operating expenses.

There were some very good answers to part (c) where stronger candidates were able to correctly calculate gross and net margin figures for both 2007 and 2008 and give valid reasoning behind the figures. Weaker candidates simply commented on the changes in the profit and loss figures already provided in the question data.

In answering part (d), weaker candidates made the common error of not referring to the context and gave general factors. This lack of contextualisation limited their marks. Again, many answers suffered from a lack of detail in terms of each factor mentioned. Despite this, many candidates did realise the importance of maintaining strong trade relationships for the future and making sure that the buyer was creditworthy so that they were going to obtain their money.

Question 2

Most candidates scored two marks for part (a) and could correctly define exports and imports.

In part (b) the majority of candidates realised that exports would grow and that this would normally lead to an improvement in the Balance of Payments on Current Account. However, only a minority of candidates realised that if the profits were returned to the host country, that this would affect the trade in invisibles. Sometimes weaker candidates simply said that 'this will affect the balance of payments' without stating how it would do so.

Stronger candidates scored high marks to part (c) by explaining their answers in terms of 'free trade' reasons, such as no tariffs on exports or imports. Weaker candidates lost marks by not looking at both exports and imports or giving vague and generalised answers about how Italy would be a good country to manufacture shoes from as it is a centre of European fashion.

Currency and language difficulties were often given as valid answers to part (d). Sometimes a lack of worthwhile development prevented the second mark being awarded to a point. It should have been made clear why a particular point was a difficulty or risk when trading internationally.

Question 3

On part (a) most candidates gained the maximum 2 marks with mortgage loans and savings accounts being the most popular answers.

Many candidates could achieve three out of six marks to part (b), by stating that deposit accounts pay interest, are used for savings whereas current accounts do not usually pay interest but were unable to develop their answers much further. Many candidates did not comment on the current account, thereby limiting their opportunity to score higher marks.

Most candidates correctly identified three valid factors such as age, health and work to part (c). In addition, explanations were generally well applied to each factor.

Although some weaker candidates simply thought that in terms of that 'you would make a profit by selling your shares because it is a successful business', stronger candidates to part (d) identified some of the wider benefits of share ownership and the lower risk of maintaining savings.

Question 4

Most candidates on part (a) gained the maximum 2 marks with loans from banks or friends or personal savings being the most popular examples.

The majority of candidates scored 3 or more marks to part (b) where sound subject knowledge and understanding of this topic was evident across all centres.

In answering part (c) a large minority of candidates made the mistake of misinterpreting the brothers' new business as a partnership. This resulted in their answers focussing on the advantages of being partners rather than the advantages of being shareholders in a private limited company.

In answering part (d) stronger candidates clearly knew the differences of the features between private and public limited companies. Weaker candidates lacked such knowledge and often tended to duplicate the features of both business types in their answers. For example, mention was made of selling shares, having shareholders and profits being shared with shareholders. All of these points relate to both types of businesses. Again, in terms of size it is not necessarily the case that public limited companies are bigger than private limited companies. Consequently, reference to 'diseconomies of scale' is irrelevant.

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 better than last year and 1B was weaker than last year. As a result, the pass rate at each grade boundary stayed at a similar or slightly lower percentage.
2. Some of the candidates' weakness arose not 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 in Section B.
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 for award of grade	74	64	54	49	36

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