

Examiners' Report Summer 2008

GCE

IGCSE Commerce (4340)

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Summer 2008

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4340 / 1F - 2H: Written Paper (Foundation and Higher)

General Comments

This was the third Summer Series IGCSE Commerce examination. The overall performance of candidates in this examination continues to be encouraging, especially with an increasing overall entry for this examination. The overall marks and level of achievement for paper 1F were slightly disappointing as the mean mark was lower than last year. The marks for paper 2H were generally higher across all the grade levels. Nevertheless, centres continue to appear to be selecting and entering candidates for the appropriate Tier.

The format of the examination paper was the same as in the last two years with no changes to specification content or assessment objectives. The demands made on candidates was also broadly comparable with those in previous series.

Candidates coped well with the use of the question paper as answer book. There were not many occasions where candidates used space in addition to the answer lines, in order to complete their answers. Centres are again encouraged to work with their candidates to ensure that (most) answers are limited to these answer lines, the number of lines being a good indicator of the expected length of answer. The standard of written communication was generally good, and sometimes excellent.

The majority of candidates did not always answer at the appropriate level of skill. IGCSE examinations measure a far wider range of skills than recall.

The Mark Scheme contains much information that is relevant to centres, as follows.

- Each question indicates the level(s) at which it is based:
 - AO 1 Demonstrate - this Assessment Objective tests candidates on their ability to demonstrate their knowledge and understanding of the commercial term, idea or concept featured in the question. For example, paper 1F Question 1 (ci) asks candidates 'Describe three functions provided by a wholesaler to a manufacturer.' Command words such as 'Define', 'Describe', 'Name', 'List', 'State' and 'What is . . . ?' confirm the question is at this level.
 - AO2 Apply - this Assessment Objective tests candidates' ability to relate their answer to the context. In this Series, candidates were required to use the information given about hire purchase. For example, Paper 1F Question 3 (aii) required candidates to show the consumer of 'what would be the advantage of paying cash rather than buying on hire purchase.' Command words such as 'What was' and 'Give [an example in context]' confirm the question is at this level.

- AO3 Analyse - this Assessment Objective requires candidates to select, interpret or otherwise analyse some issue presented by the question. For example, Paper 2H Question 4 (c) asked candidates to analyse the reasons for the continued growth of transporting goods by air. Command words such as 'Analyse', 'Compare' and 'Select' confirm the question is at this level.
- AO4 Evaluate - this most demanding Assessment Objective tests candidates on their ability to formulate some judgements. For example, Paper 2H Question 3(b) expected candidates to explain why a company would use an advertising agency rather than run the advertising campaign themselves. Command words such as 'Evaluate', 'Explain why', 'Judge' and 'Suggest' confirm the question is at this level.
- Possible answers are provided as indicators of what is expected. It remains important for Centres to realise that the answers given in the Mark Scheme are **not** meant to be exhaustive. This is confirmed by the use of the statement 'Valid points could include', and by the use of the abbreviation 'eg'.
- The possible answers are structured using dashes and obliques ('slashes'). It remains the practice in this examination to use a dash in order to separate points that are worth **additional** marks, and an oblique to indicate an **alternative** way of making the same point.

PAPER 1F

Question 1

- Part (a) was generally quite well attempted. Many candidates achieved at least four of the ten marks available, but no candidate obtained more than eight marks. This was partly due to all candidates being unable to show the importance of direct services to part (v). Moreover, examples of occupations in primary services were much better known than occupations in direct services in parts (iii/aiv).
- Part (b) was also generally satisfactorily answered, although part (ii) was sometimes incorrectly answered by those candidates who gave features of a shopping mall, rather than those of a department store, as required by the question. There were some pleasing and well developed answers to part (iv) on why some customers prefer to shop at large retailers.
- Part (c) required candidates to apply their knowledge given on wholesalers. Weaker candidates often could not provide the second mark for parts (ii) and (iii). For example, in part (ii) apart from saying that there are a variety of goods they could have mentioned the fact that they are bought from many manufacturers or this then saves the retailer time and money from looking for the goods themselves. Most candidates were able to give at least two valid wholesaler functions to a manufacturer to part (i).

Question 2

On a general level, question 2 was not generally well answered. Given the importance of insurance to commercial practice, it was disappointing to see so many vague and incorrect answers that prevented many good scores to question two. Centres are encouraged to study carefully the content area of insurance in the world of commerce.

- The part (ai) question focussed on asking candidates to give names of types of insurance from three illustrated pictures. Therefore, candidates had to apply their knowledge instead of giving knowledge statements. Despite this, a large minority of candidates gave definitions rather than using actual names. The public liability type of insurance was the least well answered of the three insurance methods. In part (aii) candidates at least knew of other risks such as theft to gain some marks. Parts (aiii/iv) focussed on uninsurable risks, which was generally poorly answered, with most candidates having limited knowledge and understanding of this topic.
- In part (b) candidates should have been able to score two marks out of four. However, many of the answers lacked accurate application and real knowledge of insurance documents.
- The vast majority of candidates to part (ci) did not know what was meant by the term 'pooling of risks'. However, it was pleasing to find in part (cii) that candidates had sound understanding of why insurance companies normally charge higher premiums for motor insurance to younger, compared to older, drivers, as they are more likely to have accidents as they are inexperienced.
- Some reasonable answers to part (d). Marks were lost by those candidates who found difficulty in applying their knowledge of over-insurance and contribution to the situations provided. For example, often a candidate in part (i) thought that the value of the item was more important than what it was insured for when calculating the insurance claim.

Question 3 (also Question 1 on Paper 2H).

- In part (a) foundation tier candidates found difficulty with part (i) which required candidates to calculate the cost of each hire purchase instalment spread over 24 months. Foundation candidates generally scored two marks by calculating the deposit (£280), which was the first stage of the process. The next stage was to calculate the interest paid on the remaining £840 and divide it by 24 months to give the correct total of £38.50. Higher tier candidates generally scored four or more to parts (i). In answering part (ii), foundation candidates knew that paying cash was cheaper than hire purchase but failed to gain a second mark by not explaining the reason for this, such as no interest would be paid. Most higher tier candidates gained the second mark to this question part. In part (iii), it was pleasing that both foundation and higher tier candidates generally knew their basic consumer rights to the situation provided.
- Part (b) produced very poor answers from both foundation and higher tier candidates, with widespread confusion and limited knowledge on how a credit sale differs from hire purchase. Many candidates thought that there were no instalments involved. However, there was one excellent answer from a higher level candidate who said 'one owns the goods straightway under a credit sale agreement (1 mark) but under hire purchase the goods are not owned until the final instalment is paid' (1 mark), and then discussed some different examples of both credit sale goods and hire purchase goods.
- In part (c) the vast majority of candidates did not apply the correct sources of finance to the circumstances given. Also, many candidates simply gave credit sale and hire purchase as their answers, mainly due it is surmised, because they had been previously mentioned in part (b) of the question. Stronger candidates were able to identify loans to part (i) and mortgages to part (ii) as the correct finance sources with good supporting application of reasoning for their uses.
- Part (d) was well generally well attempted. Some of the foundation candidates found difficulty with developing some of the points made, with many only stating one or two simple points, such as 'no need to carry money'. A large minority of higher tier candidates gained maximum marks to this question part.

PAPER 2H

For comments on Higher Question 1, see comments on Foundation Question 3 above.

Question 2

- Part (a) was reasonably well attempted, with many candidates scoring one mark from the two marks available to each of parts (i) and (ii). A second developed mark to the meaning of each of the commercial terms was often not relevant enough to justify the award of the second mark.
- The three parts to (b) had a mixture of good and poor answers. In part (i) very few candidates knew much more than the use of a stockbroker, for one mark, to purchase equities from. In part (ii) candidates needed to unpack the details from the graph in the question scenario. The highest price on the graph for selling the equities was in October when the share price peaked at 160p per share. Therefore, if 1000 shares bought at £1000 were sold for £1600 this would give a profit of £600. Some candidates incorrectly gave the amount of 600p or 1600p to part (ii) rather than the correct amount of £600. There were many relevant answers to part (iii) that tended to focus on the fact that the shares were only at 20p in May (1 mark) which is a very low rate (1 mark).
- Part (c) was surprisingly quite well answered by many candidates. Most candidates realised the importance of demand and supply to the price of equities and then proceeded to develop their answers with more valid application points. Other valid factors mentioned included takeover rumours, general economic activity and innovative changes in product development.
- Many limited and weak answers to question (d). Apart from stating that stock exchanges provide capital to businesses for investment and expansion purposes, generally candidates failed to look at other points of consideration.

Question 3

Question 3 produced the strongest candidate responses compared to the other three questions on the examination paper. This, no doubt, helped to increase the overall mean mark for this examination tier. Candidates were expected to use the skills of analysis and evaluation in this question when answering parts (b) and (c).

- Part (a) (i), (ii) and (iii) were generally very well answered. Most candidates gained three out of four marks to part (i). However, a large minority of candidates simply wrote simply about persuasive advertising and did not include informative advertising in their answers. In part (ii) most candidates gained two out of the three marks on the importance of branding. In part (iii) it is pleasing to report that most candidates had up-to-date knowledge about using the internet to advertise goods with many very good answers to this part. Responses such as the use of 'video-clips' and of 'sound and vision' came from well-informed candidates on the topic.
- The explanations to part (b) demonstrated very good knowledge on the work of advertising agencies. The explanations of why a company would use an advertising agency rather than do the advertising campaign themselves had clearly been well taught in centres with many fully developed reasons given.
- Part (c) was well answered by the majority of candidates, with many comprehensive and wide-ranging answers. It was pleasing to see some candidates trying to weigh up the arguments for both sides of advertising to consumers, with the use of real-life examples to develop the application of ideas. For example, a number of candidates gave examples of misleading television advertising leading to consumer over-spending, and also of goods that promise much, such as beauty face products, but do practically little to enhance one's facial features.

Question 4

- In part (a) (i) most candidates could correctly define the term 'balance of trade'. However, in part (ii) candidates had more difficulty with defining the term 'balance of payments'. The reasons why the balance of trade might be affected by the discovery of oil in part (iii) was generally well applied by most candidates, who realised that it would be a positive advantage with less need to import oil. Some candidates correctly pointed out that any surplus oil could be exported and the revenue gained from it, having a positive effect on the balance of trade and payments.
- In part (bi) it was disappointing that so many candidates were not able to identify correctly the transport method of pipeline. However, most candidates realised that road tanker was the mode of transport to be used in part (ii) and gave valid points of application. I would ask centres to refer to the published mark scheme for further guidance.
- Candidates generally fell into two categories when answering part (c). Firstly, those candidates who had full knowledge and understanding of various reasons for the continued growth of air transport. The rest of the candidates had limited valid reasoning behind such growth, with limited points such as the 'need for speed' when 'transporting perishable goods' given. Stronger candidates looked at reasons such as the growth of airports and of the global economy.
- Part (d) on the topic of bonded warehouses and on cold storage warehouses was not well attempted. There was a general lack of knowledge concerning the two concepts, leading to very few marks for the majority of candidates. As there were seven marks available, this did delimit the overall marks to this question. It is strongly emphasised to centres that they pay more attention to the teaching of the concept of warehousing.

General

There was another increase in the number of centres and candidates, the latter exceeding 300. Performance in general varied significantly between centres, with one or two entering many weak candidates, but there were several very good scripts.

Specific

Question 1

This required candidates to demonstrate a general understanding of their task from the scenario regarding the use of an advertising budget. A common mistake was to give an over detailed answer, not "seeing the wood for the trees".

Question 2

In each of the three parts of this question, candidates had to describe a commercial term referred to in the sources and give an appropriate definition. Generally, the examples proved difficult for many candidates whilst "soft sell" was not convincingly explained by most. Typically half marks (3/6) were acquired.

Question 3

Nearly every candidate was able to identify three methods of advertising, other than television and thus achieve the maximum in part a).

Part b) proved more troublesome but most candidates were able to provide at least one decent advantage or disadvantage for each method. Regrettably a few candidates misinterpreted the question and wrote about Adidas and its products being advertised, rather than the advantages and disadvantages of each method. Another mistake made by a small number was to include television.

However, the strong answers exhibited most of the following features:

- each point with a reason and/or use of source material.
For example " one advantage of radio is that it is cheaper than television which costs -- --"
- full sentences (rather than list of points or a phrase eg. it is cheap)
- answer divided into paragraphs, with each advertising medium dealt with discretely before turning to the next (rather than giving the advantages of all three together and then the disadvantages of all three)
- applying the methods to the problem (i.e. advertising in China) rather than making general statements and/or copying sections from source C.

Question 4

Candidates were given a decision to evaluate, namely the allocation of £30 million of the budget to television advertising. Nearly all candidates passed a judgement on the spending and were able to give a reason for that. Many proposed where the other £10m should be spent although often with only a general comment. Unfortunately a few just made calculations without attempting an evaluation.

Good answers considered the following valid points:

- a) the advantages of T.V. advertising for the Olympics
- b) the disadvantages of T.V. advertising (and some questioned the % allocated to T.V)
- c) the merits of alternative advertising media to which some funding might be allocated.
- d) comparisons between the different possible methods eg. T.V. is more expensive than cinema but reaches a wider audience
- e) the realisation that soft drinks campaign may be similar to/or different from Adidas` products.
- f) cost and effectiveness of funding for brand image.

4340 - Statistics

Option 1 - Foundation tier paper (1F) and paper 03

| Grade | C | D | E | F | G |
|------------------|----|----|----|----|----|
| Grade Boundaries | 55 | 45 | 35 | 26 | 17 |

Option 3 - Higher tier paper (2H) and paper 03

| Grade | A* | A | B | C | D | E |
|------------------|----|----|----|----|----|----|
| Grade Boundaries | 82 | 72 | 62 | 53 | 40 | 33 |

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Summer 2008

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