

Examiners' Report/  
Principal Examiner Feedback

Summer 2013

International GCSE Commerce (4CM0)

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## General comments

The overall standard for this examination was very encouraging, with similar results to last year. Moreover, centres and their candidates appear to have been able to deal with the format and style of the examination paper, and the timing of the examination paper to two hours in length. With regards to the latter point, there was no evidence of any candidates not completing the examination paper due to time pressures.

Candidates continue to cope well with the use of the question paper as answer book. There were very few occasions where candidates used space in addition to the answer lines in order to complete their answers. The standard of written communication was generally very good.

Some candidates continue not to always answer at the appropriate level of skill. In this connection, the command words on the examination paper and the mark scheme are particularly relevant to centres. Each question indicates the level at which it is based:

**AO1 Demonstrate** - this assessment objective tests candidates on their ability to demonstrate their knowledge and understanding of the commercial term, idea or concept mentioned in the question. For example, Question 5 asks candidates to 'State two features of a bank giro payment.' Command words such as 'Name', 'Describe', 'Give' and 'State' confirm that the question is at this level.

**AO2 Apply** – this assessment objective tests candidates' ability to relate their answer to the context. In this series, the context to question 15 was about insurance. For example, question 15 (a) required candidates to 'Calculate the total annual fire and theft for warehouse and stock'. Command words such as 'Why', 'Calculate', 'Give an example in context' and 'What was' confirm the question is at this level.

**AO3 Analyse** – this assessment objective requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, question 9 asked candidates to 'identify two reasons why notes and coins are used as a means of paying for goods'. Command words such as 'Identify', 'Analyse', 'Compare' and 'Select' confirm the question is at this level.

**AO4 Evaluate** – this is the most demanding assessment objective which tests candidates' ability to formulate some judgements. For example, question 17 (c) expected candidates to 'consider the advantages and disadvantages to the consumer of the competitive advertising of products'. Command words such as 'Evaluate', 'Explain why', 'Judge' and 'Consider' confirm the question is at this level.

The published online mark schemes continue to be an invaluable resource to centres for a number of purposes. Possible answers are provided as indicators of what is expected but the answers provided are not meant to be exhaustive. The possible answers are structured using dashes and obliques. It remains the practice 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.

#### Specific comments

##### Question 1

The four parts of this question were generally well answered, with many candidates gaining 2 or 3 marks out of the four marks available.

##### Question 2

Candidates were generally able to give appropriate examples to the terms 'private sector' to part (a) and the term 'public sector' to part (b) but some of the definitions lacked precision. Sometimes candidates did not provide examples at all or got confused by giving examples the wrong way round. Overall, the teaching topic of business ownership trade needs attention by all centres.

##### Question 3

In order to carry out the calculation it was necessary to know the formula which many candidates appeared to have difficulty with. Some candidates simply subtracted the two figures instead of dividing them and x by 100.

##### Question 4

The majority of candidates scored at least one mark for this question by mentioning the advantage of 'goods being protected by theft' when using containerisation. However, some candidates found difficulty in mentioning other clear advantages as stated in the mark scheme.

##### Question 5

Many candidates lost marks by misinterpreting the question. The question required candidates to 'state two features of a bank giro payment' rather than their advantages or what they were used for. Therefore, the valid answers should have included points such as 'money transferred electronically' and 'from one account into another account'.

##### Question 6

Candidates either had good or poor understanding on the concept of 'methods of appeal' when answering this question. Many candidates did correctly develop the idea of using a celebrity/hero worship to gain some credit.

### Question 7

Only a minority of candidates scored maximum marks to this question on matching sources of finance as being short-term or long-term.

### Question 8

This question produced many incorrect responses. The correct answer of 'airmail' was not well known.

### Question 9

As this type of question had not been asked before there were a pleasing number of well attempted answers. Many candidates were able to identify two correct reasons such as it was 'generally available' and it was 'legal tender'. Weaker answers were limited to stating the general functions of money without describing them.

### Question 10

Both of the terms 'advice note' and 'credit note' were generally well known to parts (a) and (b). Very good answers gave reasons for using a credit note as well, such as for the return of faulty goods.

### Question 11

The best answers focussed on the question and gave three distinct benefits to a business of having its own transport, such as being able to deliver at short notice, being able to advertise on the vehicle and having less risk of theft because they were employing their own driver. Weaker candidates lacked focus on the question and gave general advantages of road transport, often comparing it to rail. Overall, the question differentiated well as there was a spread of marks from 0 to 3.

### Question 12

There were many good answers to this exchange rates question. Many answers recognised that changes in the balance of payments and financial/political instability would lead to changes in exchange rates. However, weaker answers simply defined exchange rates in terms of what it meant. For example, by saying that '*exchange rates will change if the value of currency changes*'. An example of a good answer is shown below.

*'If a county faces a large balance of payments deficit (more imports than exports) it may decrease exchange rates. Also, a country might be going through a recession, which means that there is a business slowdown in commercial activity, so the currency will decrease thereby altering the exchange rate.'*

### Question 13

The main issue with the answering of this question was that too many candidates decided to discuss the advantages of international trade rather than to focus on the differences between home and international trade. The better candidates recognised that home trade was inside a country, whereas international trade was between countries. They also explained the difference in terms of currency or documentation or language or trade controls. Weaker candidates gave less detail or commented on the gains from home or international trade in general terms.

### Question 14

This question required candidates to study the resource material of a advertisement from a newspaper showing a car for sale and apply their knowledge and understanding. In answering part (a) most candidates recognised that the attractive interest rate was to persuade new customers to buy the car but some candidates lost marks by simply describing what the advertisement said. Many candidates correctly calculated the monthly repayment to part (b) with the most common error involving candidates who did not subtract the deposit, and just divided by 24 months. Although many answers were able to identify a relevant factor to part (c) explanations could have often been improved by giving two points of development. For example, better answers explained how the bank would check the customer's past records to establish their creditworthiness to decide whether or not the customer could repay the loan. Weaker answers gave only one point of development or none at all.

### Question 15

Answers to part (a) revealed mixed results. Although there were many fully correct calculated answers to part (a) there were many answers which did not complete the calculation by not adding the two premiums together to provide the total premium.

The majority of candidates did score well on part (b). Better answers explained that the premium depended on the risk, and that the higher the risk the higher the premium charged. Weaker answers often gave less explanation or simply stated that it was due to value even though the stock premium was higher, in the source data, despite having a lower value than the warehouse.

Marks gained to part (c) often rested on whether candidates had studied the role of the insurance broker in depth. The best answers stated that the broker was a middleman who brought the customer and the insurance company together, who looked for the best deal and earned a commission for carrying out the transaction. Weaker candidates gave less detail or irrelevant points describing other features of insurance.

The majority of candidates were well informed on the topic of warehousing functions to part d) with many well explained answers. Some such answers discussed how it was important to store the furniture while waiting a buyer, and that the warehouse protected the furniture from theft. They also explained the need for a warehouse to manage demand and supply so as to achieve price stability, and that processes such as packing could be carried out in the warehouse. Weaker answers lacked context to the question.

Candidates found part (e) difficult to answer and it was generally poorly attempted. Many candidates simply described the functions of the retailer and the wholesaler but failed to answer the actual question which included points such as the need for the wholesaler to increase costs, such as the cost of retail premises, extra wages to staff, store equipment costs and the extra costs of marketing.

#### Question 16

The 'offer for sale' document shown in the source data seemed to not familiar with some candidates to part (a). In fact, some weaker candidates simply described the source diagram. However, the better candidates were able to identify four items such as the price of shares, the number of shares, the performance of the business and the names of directors.

Although in part (b) public limited companies were sometimes confused with government enterprises, the concept of 'limited' in a company name was generally well known. Good answers developed this to word to limited liability and explained that this meant that shareholders could only lose the money invested in the business and not their personal possessions.

Many candidates to part (c) had a basic understanding that the offer for sale document could be advertised in some form of media such as a newspaper but found difficulty in developing their answers further. Weaker answers wrote about using special offers or general advertising techniques to attract attention to the offer. The command word 'how' should lead candidates to develop points, rather than to list their approach to the question. Consequently, few candidates were able to develop their answers further with more explanation to earn higher marks. The best answers explained developed points as outlined in the published mark scheme. Overall, part (c) tested assessment objective AO2. Again, answers to part (d) often gave some limited knowledge without adequate development of the initial points. Good answers recognised that registration gave companies legal status and protected shareholders from fraud because it meant that companies would follow the rules in the Articles of Association. Some weak candidates believed that it was needed simply for taxation purposes. In answering part (e) most candidates obtained some marks by explaining that shareholders were risk bearers because they stood to lose money if the company made a loss. Good candidates developed this and examined the impact of company performance on dividends and the share price. Weaker candidates wrote about other features of shareholders such as their role in decision making.

## Question 17

This question focussed on advertising and branding.

Part (a) (i) looked at the benefits companies gain from advertising. The question differentiated well with a good spread of marks. The basic benefits of persuading customers to buy and informing customers about their goods were often given but often answers lacked the necessary development/explanation, particularly with regards to informative advertising. Some weaker candidates gave two similar benefits such as persuading customers to buy more and attracting more customers. Part (a) (ii) was generally well answered with most candidates arguing that branding helped customers to identify products, allowing them to differentiate with other products and giving it a sign of quality. Most candidates to part (b) gained two or more marks to this question on television advertising. Good answers argued that television reached large, national audiences, and could target specific customers using colour and movement. Some candidates also gave suitable answers by explaining how television can demonstrate products by using well-known celebrities. In answering part (c) many candidates could give at least one valid advantage and one valid disadvantage of competitive advertising to produce balanced answers but only a minority of candidates gained very high marks. The main reason was that the emphasis of the question was on the impact on the consumer of competitive advertising. Unfortunately, too many candidates related their advantages to the company rather than to the consumer. The better candidates applied their answers to the context of the question, namely the coffee market. Such a good answer is shown below.

*'Competitive advertising is done by producers of similar products to try and encourage buyers to buy their coffee. This type of advertising increases the variety of coffee available in the market for the consumer to try out. The consumer is then given greater choice and they can pick out coffee that they prefer. Increased competition between coffee producers can lead to a price war that can result in cheaper prices for consumers and better quality coffee.*

*However, competitive advertising can confuse consumers as to which coffee brand to buy. Advertisers are also more likely to make misleading claims about their coffee which may mean that the consumer is disappointed by the coffee that they buy. Sometimes, it can lead to imitation brands by unscrupulous coffee makers so consumers can be exploited. Also, the price of coffee can go up as coffee makers add the cost of advertising to the final price charged.*

*Overall, there are many advantages and disadvantages to competitive advertising for the consumer.'*



## Grade Boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:

<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>

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