

Examiners' Report/  
Principal Examiner Feedback

Summer 2015

Pearson Edexcel International GCSE  
in Commerce (4CM0) Paper 01

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## General Comments

This was the fifth June International GCSE Commerce examination under the updated International GCSE Commerce specification. The overall standard for this examination continues to be encouraging. Moreover, more centres and their students appear to have been able to deal with the format and style of the examination paper, and the change of timing of the examination paper to two hours in length. With regards to the latter point, there was no evidence of any students not completing the examination paper due to time pressures.

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

Some students 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 students on their ability to demonstrate their knowledge and understanding of the commercial term, idea or concept mentioned in the question. For example, Question 9 asked students to 'give two reasons why businesses use trade fairs and exhibitions.' Command words such as 'List', 'Name', 'Describe', 'Give' and 'State' confirm that the question is at this level.

AO2 Apply – this assessment objective tests students' ability to relate their answer to the context. In this series, the context to question 14 was about Stock Exchange share prices of some food retailers. For example, question 14 (a) (iii) required students to say 'which company's share price had reached its highest point on 31 December, 2014'. Command words such as 'Which', 'Why', 'Calculate', 'Give an example in context' and 'What was' confirm the question is at this level.

AO3 Analyse – this assessment objective requires students to select, interpret or otherwise analyse some points presented in the question. For example, question 15 (d) asked students to 'analyse the implications of the following principles when making an insurance claim'. Command words such as 'Analyse', 'Compare' and 'Select' confirm the question is at this level.

AO4 Evaluate – this is the most demanding assessment objective which tests students' ability to formulate judgements. For example, question 16 (d) expected students to 'evaluate this decision to buy and run his own fleet of vehicles.' 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 oblique's. 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.

#### Question 1

The four parts of this question were generally well answered, with many students gaining 2 or 3 marks out of the four marks available. Part (d) was the best answered and part (a) the least well answered.

#### Question 2

Students generally were able to give relevant examples but found difficulty in defining accurately the terms 'informative advertising' to part (a) and 'persuasive advertising' to part (b). In some instances, informative advertising was defined as simply being information about goods, and persuasive advertising as simply persuading consumers. Also, sometimes students did not provide examples at all or got confused by giving examples the wrong way round. Overall, the teaching topic of defining key commercial terms, as set out in the syllabus, needs attention by all centres.

#### Question 3

This questions required students to explain what was meant by 'Terms 5%, 7 days' when shown on an invoice. It was interpreted in a number of ways by students. Some students incorrectly made a calculation and others stated incorrectly that interest was payable on the purchase. The correct answer that 5% cash discount was given if paid within 7 days was understood by many students.

#### Question 4

Some students scored one mark to this question by mentioning the advantage of 'less banking staff need to be employed'. However, many students found difficulty in mentioning any, or other, advantages as stated in the published mark scheme. Answers that looked at the advantages to customers were not given any marks as this was not the focus of the question.

#### Question 5

It was surprising to find that the key commercial concept of legal tender was generally not well known by many students across centres. The term was sometimes confused with general contract law and the tenets of the tendering process for government contracts. Valid answers cited in the published mark scheme, include points such as 'coins and banknotes', 'must be accepted' and 'offered and accepted in payment of a debt' were some valid answers scored by students.

#### Question 6

This question was generally well answered. Frequently valid answers given were 'to attract customers', 'to increase customer loyalty' and 'to increase their image'. Some students lost marks by describing the functions of after-sales service.

#### Question 7

The majority of students scored at least two marks to this question on matching methods of communication with either being spoken or written.

#### Question 8

This question produced many correct answers of ATM or cash dispenser. Some students lost marks by giving incorrect answers such as night safe or cash machine.

#### Question 9

Many students were able to provide two valid reasons for businesses using trade fairs, such as to demonstrate new products, to target customers and to sell goods at these events. Weaker general answers were limited to increased advertising and to clear stock.

#### Question 10

Many students found this question difficult. The best answers identified the Trade Descriptions Act and stated that it protected consumers from false claims made in advertising goods. The majority of students lost marks by confusing the Trade Descriptions Act with the Sales of Goods Act.

#### Question 11

This question was generally well answered. The best answers correctly identified tariffs, quotas and embargoes as ways that a government can reduce the amount of imported into a country. Weaker answers gave general imprecise ways such as increasing taxes and stopping goods from entering the country. Overall, a topic that differentiated well between students, as marks were evenly spread across all mark bands from 0 to 3 marks.

#### Question 12

There were a variety of answers to this question. Many answers focussed on valid ways such as lowering room prices and introducing an online booking system. Some students lost marks by writing about improving personal customer service and the cleanliness of the hotel which new customers would not know about until they actually arrived at the hotel.

### Question 13

This question on the topic of credit cards was concerned with the actual processes and stages involved rather than the advantages and the disadvantages of the method of payment. Unfortunately, too many students gave the latter as their answers. Good answers normally included the presentation of the credit card, the swiping of the credit card and the online validity check.

### Question 14

This question required students to study the resource material of a table showing the share prices of some food retailers on the Stock Exchange and apply their knowledge and understanding. Although the majority of students had understood that public limited company was the correct answer to part (a) (i), some students lost marks by simply stating 'company' which was insufficient to gain the mark. Some students gave Domino's as their answers to both parts (a) (ii) and (iii), which meant that they scored one out of the two marks available. In part (b) students needed to explain what was meant by the term 'dividend yield'. Many answers were weak to part (b) as many students simply stated what the dividend yield was based on the profits rather than being based on the share price. Overall, students had not applied their knowledge to the context of question 14.

### Question 15

Answers to the two elements of part (a) revealed mixed results. Although there were many fully correct answers to (i) there were a minority of students who confused their answers on the factors of production with the types of production. To part (a) (ii) many students included the key words of 'extracting raw materials' into why quarrying was a primary industry.

The majority of students scored well on both elements of part (b) with valid examples of both business and personal insurance that could be taken out.

Marks gained to part (c) often rested on whether students had recognised the quarry context of the question. The better students, who had linked their answers to the question context, were able to write about the excessive risk that quarry blasting and accidents might cause with possible huge losses to both property and life. Weaker students did not really understand what insurance clauses meant or explained other aspects of insurance. One good answer is shown below:

'Insurance companies include clauses in order to make the insured aware of their rules and regulations in insurance policies. This helps when there are any disagreements. In addition, insurance companies need to attempt to mitigate against large risks that would result in large compensation claims. For example, a major accident at a quarry resulting from the usage of dynamite could have devastating effects on building and people and lead to claims running into millions of pounds.'

In answering part (d) (i) weaker responses thought that the insured contributed to the final amount paid. The best responses stated that contribution prevented the insured from claiming the full amount of the claim from different insurance companies and that each company would pay a proportional share of it. Part (d) (ii) was well answered by the majority of students with good responses indicating that if the insured did not tell the truth and give relevant information on their proposal form the insurance contract could be deemed null and void, with the insured not receiving any compensation.

#### Question 16

Part (a) (i) was generally not well answered. Good students identified reasons for using road transport so to help businesses move goods quickly on short distance, and reducing costs by delivering too many customers in one journey. General answers not applied to the stimulus material, such as 'making it easier to transport goods', were not worthy of credit. Students did better on part (ii) with sound understanding of the concept of leasing shown.

In part (b) many students scored high marks. Many students identified and explained two valid reasons why small retailers prefer to deal with wholesalers than manufacturers. However, most students found difficulty in developing their answers for the third mark of each reason by not mentioning the relevant problems faced when dealing with the manufacturer. Weaker answers often identified suitable and not suitable reasons without explaining them.

Many students scored reasonable marks to part (c). Good students explained that town centres were busy areas that attracted high customer footfall, leading to increased sales. Weaker answers skewed their responses to the small retailer location instead of the town centre.

Part (d) tested assessment objective AO4 and proved challenging for many students, particularly to score marks in the 5-6 marks category. Better answers demonstrated good knowledge and understanding of both advantages and disadvantages of buying and running their own fleet of vehicles. For advantages, students often explained that John could use his vans when needed which would prove much more convenient to the customer, and advertise his services on the van. Disadvantages included the cost of buying the van and the running costs of fuel and repairs.

#### Question 17

This question focussed on importing and exporting goods.

Part (a) required a currency conversion from UK pounds into Indian rupees. It is pleasing to note that this calculation led to the majority of students scoring the two maximum marks available. Some students lost a mark by not including rupees in their answer.

Part (b) differentiated well with a wide spread of marks from 0 to 4 for parts (i) and (ii). The question did require students to be clear on which currency was being depreciated. Good students recognised that a depreciation on Hazel's import costs would make import costs dearer, leading to higher import costs: and would make exports cheaper thereby reducing the selling price abroad. Weak answers assumed that imports were going to be cheaper and exports dearer, or gave irrelevant answers.

There were many disappointing answers to part (c) (i) concerning the meaning of the concept letter of credit. In fact, some weaker students described credit sales instead. Surprisingly, in the light of answers to part (i), part (ii) answers, explaining the need for letters of credit, was reasonably answered by many students with key issues such as risk, bank guarantees and the handing over of documents being highlighted.

There was a range of answers to part (d). The best answers knew what the role of a factor agent was and discussed the process, payment issues and the expertise that the factor agent can enhance the work of an exporter. An example of a strong response is shown below:

'There are many benefits of a factor agent, who sell goods internationally on behalf of their principals. They will often have a good relationship with importers, and expertise in exporting goods. This means that they will have knowledge of the best and most cost-effective transport methods. Also, they will be skilled in languages and be able to translate documents easily. If the company was to use their own export department, instead of a factor agent, this would increase costs and time as they would face difficulties in language, distance, culture and methods of payment.

Therefore it is best to use a factor agent rather than exporting the goods themselves for all the reasons stated above.'



## 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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