

# Examiners' Report Feedback

January 2016

Pearson Edexcel International GCSE  
in Commerce (4CM0) Paper 1

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### General Comments

This was the fifth IGCSE January Commerce examination under the IGCSE Commerce specification. The overall standard for this new examination produced similar results to last year. It is clear that centres are now familiar with the format and style of the relatively new 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 candidates not completing the examination paper due to time pressures.

Candidates continue to cope well with the use of the question paper as an 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. However, it is important to point out that if candidates do not carefully read the question before starting an answer the key focus of the question will be missed. For example, in answering question 17 (d) some candidates focussed their answers on calculations rather than focussing on explanation of how much the insured would be entitled to receive in compensation. It is also essential that candidates in carrying out any calculations not only show their working but use the percentage or £ sign in their final answers.

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 asked candidates to 'state two features of a business partnership.' Command words such as 'List', '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 14 was about location. For example, question 14 (a) (ii) required candidates to answer the question 'why might site Y be a more suitable location than site X for this new supermarket?' 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 16 (b) asked candidates to 'analyse why multi-national companies produce most of the cars in the world'. 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 16 (c) expected candidates to 'explain why cars are often advertised in magazines.' 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 brackets for each creditworthy point. 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 candidates gaining 2 or 3 marks out of the four marks available. However, the answer to part (b) was less well known.

#### Question 2

Candidates found this question difficult with part (a) generally much better answered than part (b). Marks were lost in part (a) by to many candidates giving imprecise definitions or confusing human wants with human needs. Marks were often lost by candidates writing about manufacturing industry. Good answers to part (b) defined correctly that construction industry was part of the secondary sector and gave a relevant example such as shipbuilding. Finally, to both question parts, some candidates did not provide any examples but simply defined the terms. By doing so, they could only obtain a maximum of two out of the four marks available.

#### Question 3

In order to carry out the calculation it was necessary to know the formula which a minority of candidates appeared to have difficulty with. Some candidates simply worked subtracted the two given figures instead of dividing them and x by 100. The percentage sign was needed to score the maximum two marks.

#### Question 4

Many candidates scored at least one mark for this question by mentioning either the point that payment is immediate or that there is less cash on the premises. Some candidates lost marks by stating disadvantages instead of advantages in their answers.

#### Question 5

Many candidates lost marks by a lack of knowledge on this topic. The question required candidates to 'state two features of a business partnership'. Therefore, the valid answers should have included features, and not advantages, such as 'it has unlimited liability' and 'between 2-20 owners'.

#### Question 6

The majority of candidates scored one out of two marks by mentioning the ability of consumers to delay payment when buying with a credit card. A second valid reason was often more difficult for candidates to identify.

#### Question 7

Only a minority of candidates scored maximum marks to this question on matching banking payment to either the home or international trade but the majority of candidates scored two marks or three marks.

#### Question 8

This question produced a range of responses. The correct answer required was 'video conferencing'.

#### Question 9

A key word in answering this question was the contextual phrase of 'new brand of perfume'. So answers dealing with nostalgia or cheapness were not accepted by examiners. Valid answers included the use of romance, celebrity endorsement and colour.

#### Question 10

Generally, the topic of regional distribution centres is still not well known by most candidates. Some candidates realised that they are situated at busy road/rail junctions but giving a relevant second feature for the second mark proved much more difficult, viz. operated by large scale retailers or being large warehouses.

#### Question 11

The best answers focussed on the question and gave three distinct services that a wholesaler provides for the manufacturer, such as storage, buying in bulk and displaying goods. Weaker candidates lacked focus on the services provided to the manufacturer and gave wholesaler services to the retailer as well. Overall, the question differentiated well as there was a spread of marks from 0 to 3.

#### Question 12

As this type of question had not been asked before there were a pleasing number of well attempted answers. Many candidates were able to suggest two relevant reasons such as it 'enables verbal discussion' and 'allows instant feedback'. Some candidates lost marks by repeating the same point twice in a different way or by suggesting reasons why email should be used instead of telephone.

An example of a good answer for two marks is shown below.

1. The telephone allows an exporter to discuss points without having to write them down.
2. Some exporters might be too busy to check their emails and delays can occur to communication with the agent'.

### Question 13

The main issue with the answering of this question was that many candidates gained two marks by recognising that cash discount was given for prompt payment whereas trade discount was given for bulk buying but few candidates were able to offer a second clear difference between the two commercial terms. The best candidates gave a second difference such as that cash discount may assist a buyer's cash flow whereas trade discount enabled the buyer a margin of profit.

### Question 14

This question required candidates to study the resource material of a table showing the possible location of two supermarkets and apply their knowledge and understanding. In answering part (a) (i) most candidates identified a valid relevant reason from the table, such as being in the town centre. Many candidates in answering part (a) (ii) did not realise that site X was also on a main road. Better creditworthy answers included the reason that land on site Y would be cheaper and that there would be more space for customer car parking. Some candidates lost marks to part (b) by not developing their answers with further points of explanation. Therefore, although many answers were able to identify a relevant reason to part (b) explanations could have often been improved by giving two points of development. For example, better answers explained how multiple chain stores do not need much premises, compared to a supermarket, and with less need for car parking as customers can travel easily by public transport.

### Question 15

This question focussed on international trade and elicited the weakest answers out of the three questions 15, 16 and 17. Overall, this topic continues to be a difficult area of the syllabus for many candidates compared to their knowledge and understanding of home trade.

Answers to part (a) revealed mixed results. Although there were many fully correct calculated answers to parts (a) (i) and (ii) there were many incorrect answers to part (a) (iv). Moreover, to part (a) (iii) there were many answers which thought that Country 3 had the best trade balance.

With reference to part (b) many candidates gained full marks by stating that visible trade refers to goods, and that invisible trade refers to services; and provided relevant examples. Some weaker candidates commented on the data for visible and invisible trade and thereby did not gain any marks to this question part.

Part (c) was generally poorly attempted. The best answers to part (i) explained that the effect will lead to less food imports, dearer imported food leading to less demand. The best answers to part (ii) explained that there be an increased demand for home-produced food as it is cheaper, leading to increased production of domestic food production.

One such answer to part (c) (ii) is shown below:

'The possible effects on a tariff on food on domestic food industries is that there will be less competition from imported food, leading to increased demand and cheaper home-produced food. More employees will be needed in the home country to produce the food as sales will increase as the domestic food industries expand.'

Part (d) produced a wide range of answers, with candidates generally finding the question a difficult one, as they had to consider international specialisation rather than simply individual specialisation. Better answers explained that the importance of comparative advantage and specialising in what they are best at, with supporting examples. They further explained that consumers would benefit from lower prices due to increased efficiencies, leading to a higher standard of living. Weaker answers often just simply described the goods that countries specialised in.

#### Question 16

In defining a multi-national company most candidates understood that MNCs had branches in different countries. Less stated that they had a headquarters in the host country. In part (a) (ii) many candidates gave a suitable example of a multi-national car company to score the one mark available.

With reference to part (b), good candidates developed an answer to gain full marks by explaining how multi-national companies had the capital resources to invest in large car plants, achieving economies of scale to produce large volumes of cars which were met by global demand as cars are increasingly needed all over the world. They also explained that small firms would tend to focus on higher priced cars, with a smaller and narrower market. Weaker candidates provided less detail. Some answered with little understanding of the work of MNC's.

Part (c) was much better answered than part (b) with many candidates developing their answers to score higher marks. These candidates realised that magazines attracted many readers, could be targeted at car buyers, could give full details about cars on good quality paper, in colour. Some candidates also explained that magazines could be kept for future reference. Weaker answers gave less detail or stated that they were cheaper than television.

In answering part (d) most candidates gained some reasonable marks on this question. The best answers gained more marks by identifying the Trade Descriptions Act as the law that protects consumers from false information about goods and services, and gave appropriate examples to support their points. Weaker answers confused the Trade Descriptions Act with other irrelevant laws.

### Question 17

This question focussed on insurance. Overall, this aid to trade topic continues to be a difficult area of the syllabus for many candidates compared to the other five aids to trade.

Part (a) required candidates to identify two insurance forms by using the diagram from the source material. The question to both parts (i) and (ii) was not answered well. In fact, some candidates who knew the correct names placed them in the wrong answer lines. It was only a minority of candidates that gave two correct answers.

The best answers to part (b) pointed out that the broker was an independent middleman who brought the customer and the insurance company together offering independent advice, who looked for the best deal, helped with the paperwork but could be costly as they earned a commission for carrying out the transaction, and may push the policies of certain insurance companies over others. Weaker candidates gave less detail or irrelevant points describing other features of insurance.

Answers to part (c) provided a wide spread of marks to both parts (i) and (ii). Good answers to part (i) argued that it meant that the proposal form needed the principle of utmost good faith so that all relevant information was provided so that the insurance company could assess the risk and calculate a premium. Some candidates also mentioned that if the insured did not tell the truth on the proposal form the contract could become null and void without any compensation paid out. Weaker answers mentioned the need for truth, but then not develop their answers with relevant points.

Part (ii) was not as well answered as part (i). The better answers recognised that the principle of contribution involved using more than one insurance company, and that they would share any compensation claim to prevent the insured making a profit from a loss. Weaker answers confused the term contribution with contributing to premiums or described other insurance principles such as subrogation.

In answering part (d) the best answers recognised that Fiona was under-insured and could only receive £7000, because that was the sum of money insured for. They also stated that she could not receive compensation for the jewellery due to the insurance principle of insurable interest. Some weaker candidates thought that this question simply involved calculating the figures instead of explaining the problem.



## Grade Boundaries

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

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