

Examiners' Report/  
Principal Examiner Feedback

Summer 2016

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

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## 4CM0/01: Written Paper

### General Comments

This was the sixth 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 candidates have been used to dealing 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 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:

**A01 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 'give two reasons why retailers use barcodes.' Command words such as 'List', 'Name', 'Describe', 'Give' and 'State' confirm that the question is at this level.

**A02 Apply** - this assessment objective tests candidates' ability to relate their answer to the context. In this series, the context to Question 14 was about a country's balance of trade figures. For example, Question 14 (a) (ii) required candidates to 'calculate the percentage of timber exported by this country'. Command words such as 'Which', 'Why', 'Calculate', 'Give an example in context' and 'What was' confirm the question is at this level.

**A03 Analyse** - this assessment objective requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, Question 15 (d) (ii) asked candidates to 'analyse the disadvantages of using mobile phone banking'. Command words such as 'Analyse', 'Compare' and 'Select' confirm the question is at this level.

**A04 Evaluate** - this is the most demanding assessment objective which tests candidates' ability to formulate some judgements. For example, Question 17 (c) (ii) expected candidates to 'discuss the advantages and disadvantages to the customer of making the railway system a public sector enterprise.' Command words such as 'Evaluate', 'Discuss', '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.

### **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. Part (b) was the best answered and part (d) the least well answered.

### **Question 2**

Candidates generally were able to give relevant examples but found difficulty in defining accurately the terms 'indemnity' to part (a) and 'subrogation' to part (b). In some instances, indemnity was defined as simply being compensation, and subrogation as simply not making profit. Also, sometimes candidates did not provide examples at all or got confused by giving examples the wrong way round. Overall, the teaching topic of defining key commercial insurance terms, as set out in the syllabus, needs attention by all centres.

### **Question 3**

This question required candidates to calculate the yield on the purchase of 1,000 ordinary shares. It was not well answered by many candidates. Some candidates incorrectly multiplied the share price and the paid dividend instead of dividing the dividend with the market price of share  $\times 100$  to obtain the correct answer of 5%.

### **Question 4**

Many candidates scored at least one mark to this question by mentioning the advantage of 'delays in replying/not reading the email'. However, many candidates found difficulty in mentioning any, or other, advantages as stated in the published mark scheme. Answers that looked at the advantages before using email, such as not having access to the internet or not knowing the email address were not given any marks as this was not the focus of the question.

### **Question 5**

Valid answers cited in the published mark scheme, include points such as 'enables stock levels to be updated', 'tells the retailer what goods are selling well', and 'speeds up process at the cash desk' were some valid answers scored by candidates. Some candidates lost marks by giving reasons such as barcodes being used for security and to check prices.

### **Question 6**

Many candidates confused private and public limited companies which resulted in losing marks. However, there was frequently valid answers given to the distinction between the two types of business organisation such as 'shares not sold on the stock exchange', 'has Ltd/Pte/Pvt after its name' and 'many private limited companies are family businesses'. Features such as owned by shareholders and having limited liability applies to both limited companies and therefore did not score marks.

### **Question 7**

The majority of candidates scored at least two marks to this question on matching insurance risks with either being business or personal.

### **Question 8**

This question produced many correct answers of debenture or mortgage. Some candidates lost marks by giving incorrect answers such as bank loan or grant.

### Question 9

The vast majority of candidates were able to provide two valid ways that a department store might promote jewellery with valid answers including displays and discounts. Weaker general answers were limited to points such as giving free samples.

### Question 10

Many candidates found this question difficult. The best answers identified cold storage warehouse features such as the storage of perishable goods and having refrigerated compartments. Some candidates lost marks by confusing cold storage warehouses with traditional warehouses.

### Question 11

This question was generally well answered. The best answers correctly identified flexible delivery timings, better driver supervision and advertising on the side of vans as benefits to a business of using its own fleet of vans for deliveries. Weaker answers gave general imprecise benefits such as increasing sales and not having to rent vehicles from other carriers. Overall, a topic that differentiated well between candidates, as marks were evenly spread across all mark bands from 0 to 3 marks.

### Question 12

There were a variety of answers, but mainly poor ones, to this question. Rather surprisingly the concept of cash discount was often not well understood. Many answers focussed on irrelevant reasons such as wanting to pay by credit or that cash discount would be used for bulky goods. Examiners were looking for answers such as the trader having insufficient funds or wishes to use the funds elsewhere.

### Question 13

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 country 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.'*

High scoring answers normally included two valid points together with explanation of each point.

#### Question 14

This question required candidates to study the resource material of two charts showing the pattern of a country's import and exports and then to apply their knowledge and understanding. Although the majority of candidates had understood that manufactured goods was the correct answer to part (a)(i), some candidates lost marks by giving cocoa which was the main export and not the main import. In part (ii), most candidates scored the two maximum marks for 27% although some candidates forgot to subtract the final 73 from the 100, thereby receiving one mark for the correct method. It was pleasing to see many candidates analysing the resource material, with many candidates suggesting that it was likely to be a developing country as it relies on primary goods for exports and manufactured goods for imports. Overall, candidates had applied well their knowledge to the context of Question 14.

#### Question 15

Answers to part (a) revealed mixed results. The concept, barter, was well known but candidates sometimes forgot to mention that it was not simply the exchange of goods but the exchange of goods for other goods. Also, it was surprising to find that the key commercial concept of legal tender was generally not well known by many candidates 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, included points such as 'must be accepted' and 'offered and in payment of debt'.

The majority of candidates scored reasonably well on part (b) with the valid problems of the double coincidence of wants and of assessing relative value being often highlighted by candidates as reasons why barter was not an efficient way of trading.

Marks gained to part (c) often rested on whether candidates had recognised that the question was asking about functions of money and not the characteristics or qualities of money. The better candidates, who had linked their answers to functions of money, were able to write about two of the functions of money and explain their usefulness compared to the difficulties of using barter. Weaker candidates often cited qualities of money or simply repeated what they had said to part (b). One good answer is shown below:

*'Money acts as a store of value that they can maintain its value over time. For example, it would be difficult to store meat for a long period of time as it would deteriorate whereas money in the form of bank notes would continue to hold its value as a medium of exchange for the buying and selling of goods and services. Again, value can be measured in money terms by the price of goods and services but it more difficult to value how many axes should be offered for a pig. This would lead to disagreements. Money would not have this problem.'*

In answering part (d)(i), the reasons why banks provide ATMs was generally well known but many responses narrowed their focus to the benefits for customers and maintaining their customer base without focussing too much on the cost saving benefits of staff and premises. Part (d)(ii) proved challenging for all candidates, with many candidates treating it as internet banking. There are clearly parallels but the question required answers specifically to mobile phone banking.

### Question 16

Answers to parts (a) (i/ii) revealed mixed results. Although there were many correct calculations to part (i) there were some incorrect answers to part (ii). In part (ii) a minority of candidates were confused not only by the concept of 'cost of goods sold' but by the formulae required. Other candidates did not know the correct formulae and simply divided sales revenue with gross profit. Please note that it is good practice for candidates to show clear indication of their final answer by underscoring it. Part (iii) was generally well answered but part (iv) concerning the calculation of the expenses proved more demanding for some candidates.

The term 'rate of stock turnover' to part (b) was not well known. It was frequently confused with turnover, stock returns or stocktaking.

There were many good discussions of the likely effects on a retailer of starting to sell goods online to part (c). There is certainly plenty of current reading material in newspapers and magazines on this topic area for opportunities to supply substantive answers. Unfortunately, many candidates lost marks by focussing on the effects on the customer rather than that of on the retailer.

### Question 17

Part (a) (i), (ii), (iii) was generally very well answered with many maximum scores to all three parts.

In part (b) many candidates scored high marks. Many candidates identified and explained two valid reasons why containers are important in trade. This is a topic of the syllabus that continues to be taught well in all centres. However, some candidates found difficulty in developing their answers for the highest mark band of 4-5 marks. Weaker answers often identified features of containers without explaining them.

There was some variation in the answers for part (c) on the subject of public ownership of the railway system. Personal views perhaps affected some of the marks for part (i) with many candidates not focussing on the issues of the need for government investment and the decline of heavy industries in many countries. In part (ii) the best answers were those who knew and understood the advantages and disadvantages of public ownership per se by applying these points to the railway industry. Weaker answers were often generalised, being sometimes personal recollections of how trains could be made more comfortable to travel on.

## 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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