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Examiners' Report

Principle Examiner Feedback

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In Commerce (4CM0) Paper 01

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General Comments

This was the penultimate IGCSE January Commerce examination under the present IGCSE Commerce specification. The overall standard for this new examination produced similar results to last year. It is clear that centres are now very familiar 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 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 (a) (ii) some candidates focussed their answers on calculations, using the data, rather than focussing on explanation of why the cost of claims would be greater for medical expenses. 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 9 asked candidates to 'state two reasons why metal is suitable to be used as money.' 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 advertising expenditure. For example, question 14 (b) required candidates to answer the question 'why is the cinema not a popular method of advertising?' 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 15 (d) asked candidates to 'compare two differences between brokers and factors'. 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 'assess the benefits and drawbacks of buying insurance from an online insurance company.' Command words such as 'Evaluate', 'Explain why', 'Judge' and 'Assess' 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 (c) was less well known.

Question 2

Candidates found this question difficult with part (b) generally much better answered than part (a). Marks were lost in part (a) by too many candidates giving imprecise definitions or confusing recorded delivery with other postal communication services. In fact, some candidates thought it was concerned with oral communications. Good answers to part (b) defined correctly that special delivery was used for guaranteed next delivery and gave a relevant example such as sending jewellery. 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 calculate the trader's selling price it was necessary to firstly calculate the 50% mark-up and add it to the original price. Some candidates simply calculated the 50% mark-up without addition for one mark only.

Question 4

Many candidates scored at least one mark for this question by mentioning either the point that payment might be delayed or that commission is charged by the credit card company. Some candidates lost marks by stating disadvantages instead of advantages in their answers.

Question 5

This question was reasonably answered with generally sound knowledge demonstrated on this topic. The question required candidates to 'give reasons why consumers need consumer protection.'

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

- '1. It protects consumers from falsely labelling goods eg a chocolate bar saying that it contains cocoa when it does not.
2. Retailers charging higher prices.'

Question 6

The majority of candidates scored at least one out of two marks by identifying one of the named parties to a franchise eg franchisor. Please note that there was no need for candidates to show an understanding of the franchisor or franchisee.

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 'collective advertising'.

Question 9

A key word in answering this question was the phrase 'why metal is suitable to be used a money'. So answers dealing with functions of money were not accepted by examiners. Valid answers included the qualities of money such as money such as durability, scarcity and portability.

Question 10

The majority of candidates knew that store loyalty cards could be used to collect points and to receive discounts or free gifts with. However, some candidates incorrectly saw them as credit cards or for customers to receive a better service.

Question 11

Generally, this question differentiated well with a wide spread of marks from 0 to 3 marks. Many candidates supplied the valid answers of ordinary shares and preference shares but had difficulty accessing the third maximum mark. Some candidates incorrectly gave debentures as one of their answers.

Question 12

This question required specific knowledge and understanding of the delivery note procedure with the two key ideas being that the delivery note proves to the seller that the goods have been delivered and the buyer can check the items listed against the delivery note. Some candidates lost marks by repeating the same point twice in a different way or by suggesting reasons in a general way that could apply to any commercial document.

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 candidates needed to focus on how a bank uses a letter of credit rather than focussing on explaining what a letter of credit was. The best answers included points such as the importers placing money into their bank, then obtaining a letter of credit from the bank, which was despatched by the importer to the exporter. Weaker answers simply said that the exporter received payment from their bank. Some candidates confused letters of credit with goods bought on credit.

Question 14

This question required candidates to study the resource material of a pie chart showing the percentage of expenditure on different methods of advertising and apply their knowledge and understanding. In answering part (a) (i) most candidates identified the most popular method of advertising, namely, the internet. Many candidates in answering part (a) (ii) did provide a valid outdoor advertising method, such as posters or billboards. However, as leaflets can be distributed in letter boxes and in newspapers they were not considered as an outdoor method by examiners. There were many correct answers to part (a) (iii). Better creditworthy answers to part (b) included the reason that the cinema does not reach a large number of people because of its limited audiences. 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 another point of development. Weaker answers made underdeveloped points such as watching films at the cinema is expensive without linking it to less people watching cinema advertising.

Question 15

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

With reference to part (a) (i) many candidates gained full marks by stating that the balance of trade was the difference between a country's exported goods and imported goods. Some weaker candidates simply referred to exports and imports. Part (a) (ii), concerned with the definition of the balance of payments proved more demanding than the previous part question for the majority of candidates.

In answering part (b) most candidates realised that the country could stop importing iron ore but did not always provide the consequence of this, that is, that would improve its balance of trade position or that the country could become an exporter of iron ore.

Part (c) was generally well attempted with a pleasing number of maximum scores. Some candidates did lose marks, however, by not explaining the trade restriction or being imprecise in their answers.

One good answer to part (c), for four marks, is shown below:

1. 'Tariffs can be imposed on imported goods which makes it expensive to import, pushing up import prices, so there is increased demand and cheaper home-produced goods.'
2. Quotas can be imposed so that only a limited amount of certain goods can be imported into the country, thereby encouraging the consumption of home-produced goods.'

Part (d) produced a wide range of answers, with candidates generally finding the question a difficult one, as they had to consider international middlemen rather than simply individual trade. Better answers had clear knowledge and understanding of brokers and factors, and recognised differences with reference to the possession of goods, delivery and how they were each rewarded. Weaker answers often confused the two roles, giving points for a broker when it should have been for a factor.

In answering part (e) the majority of candidates tended to provide a general discussion on the advantages of air transport rather than discussing the specific reasons for the increased use of air transport, such as the growth of the globalisation, the increasing number of airports and more and bigger cargo planes.

Question 16

Part (a) (i) (ii) and (iii) involved business calculations on profit. Whether or not candidates were able to calculate accurately depended upon whether they used the correct formula to do so. Generally, parts (i) and (iii) were better answered than part (ii).

With reference to part (b), good candidates were able to gain full marks by applying their knowledge of the warehousing function to the context of this small store. Weaker candidates focussed their answers generally on the protection of goods.

Part (c) was the least well answered part of the examination paper. The concept of voluntary chains, although specifically mentioned in topic 2.2.2 of the Commerce specification, was not recognised or understood by the majority of candidates. In fact, the term was often confused with multiple chain stores or voluntary organisations.

In answering part (d) most candidates gained some reasonable marks on this question. The best answers gained more marks by explaining how self-service would reduce costs because fewer staff were needed and that sales would rise as customers preferred this method of shop layout as it allowed them to shop at their own pace. Weaker answers did not develop the key ideas of reducing costs and increasing sales.

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 one example of an 'other' travel insurance related risk not in the source material provided. The question to both parts (i) and (ii) was not answered well. In fact, some candidates simply restated the risks given on the chart in the source material to part (i) or, for part (ii), simply rephrased the question. With regards to the latter point, there was often little recognition that medical expenses would require more expensive compensation than cancellations would.

Answers to part (b) provided a wide spread of marks to both parts (i) and (ii). Part (i) was not as well answered as part (ii). Good answers to part (ii) explained that insurable interest meant that the person could only claim for property they owned or suffered the loss from, and not for property owned by someone else. As a result, this person could not profit from the loss. Weaker answers often knew what insurable interest was but failed to develop their answers with sufficient explanation. Good answers to part (ii) 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.

In answering part (c) the best answers were balanced ones with candidates explaining at least two benefits and two drawbacks of buying insurance from an online insurance company. Benefits included the convenience of buying from home and possible cost savings to be made against the main drawback of losing the personal touch of obtaining the best information. Weaker answers often focussed just on benefits or wrote less developed answers.