

Examiners' Report/  
Principal Examiner Feedback

January 2014

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

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# International GCSE Commerce (4CM0) January 2014

## General comments

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. 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 15 (c) some candidates focussed their answers on describing the work of stock exchanges rather than focussing on their importance. It is also essential that candidates in carrying out any calculations not only show their workings 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 asks candidates to 'List two government services that help exporters.' 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 15 was about shares. For example, question 15 (aii) required candidates to 'Calculate Eva's profit or loss if she sold 3,000 shares'. 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 a franchise is less risky than other ways of starting your own business'. 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 15 (c) expected candidates to 'explain why stock exchanges are important to companies such as IceChill plc'. 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. In answering part (b) some candidates confused the public sector with the private sector.

#### **Question 2**

Candidates were generally able to give appropriate examples to the terms 'collective advertising' to part (a) and the term 'competitive advertising' to part (b) but some of the definitions lacked precision. In particular, collective advertising was often confused with informative advertising or collecting market research. Moreover, sometimes candidates did not provide examples at all.

#### **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 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 either the action of offering a refund or a replacement when receiving faulty goods. Please note that you would only need the consumer agencies if the initial consumer problem had not been resolved to your satisfaction.

#### **Question 5**

Many candidates lost marks by a lack of knowledge on this topic. The question required candidates to 'list two government services that help exporters'. Therefore, the valid answers should have included points such as 'subsidies' 'lower export taxes' and 'trade fairs/exhibitions'.

#### **Question 6**

Candidates either had good or poor understanding on the transport method of 'inland waterways' when answering this question. This was surprising given the fact that the waterways are a significant method of transport in many countries and therefore should have been familiar to many candidates. In consequence, it was strange to see a number of inaccurate answers based on speed and security.

### **Question 7**

Only a minority of candidates scored maximum marks to this question on matching occupations to either the primary or secondary sector.

### **Question 8**

This question produced a range of responses. The main failing from some candidates that they did not read the question carefully and gave names of commercial documents after the goods are delivered rather than before they were delivered.

### **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 'had access to a ready-made market' and it 'received advice/support from the franchisor'. Weaker answers were limited to stating the general aspects of franchises without identifying why it was a less risky enterprise to undertake.

### **Question 10**

Most candidates realised the need of cold storage for perishable items to enable them to receive one of the two marks available. However, giving a relevant second feature for the second mark proved much more difficult, temperature control and freezers.

### **Question 11**

The best answers focussed on the question and gave three distinct reasons for the increased use of credit by consumers, such as to allow consumers to buy expensive goods, to buy now and pay later and to let consumers spread their payments. Weaker candidates lacked focus on the question and gave general advantages of using credit cards or irrelevant factors such as using credit is safer than cash. Overall, the question differentiated well as there was a spread of marks from 0 to 3.

### **Question 12**

There were a wide range of answers to the methods of payment question. Many answers identified that a bank giro would be used when paying wages or when paying money from one account to another account. However, weaker answers simply suggested that it would be used for large sums or when paying money abroad. An example of a good answer for two marks is shown below.

- '1. When the government is paying money owed to citizens such as unemployment benefits.
2. When the employer wants to pay his employee their wages for work done'

### **Question 13**

The main issue with the answering of this question was that too many candidates decided to describe the methods of payments required rather than to focus on the differences between cheques and bills of exchange. The better candidates recognised that cheques were used in home trade whereas bills of exchange were used in international trade. Only a minority of candidates were able to gain more marks by developing their answers with more relevant material such as the difference that cheques can be paid immediately whereas bills of exchange can be drawn for three months. Weaker answers were not able to pick any key differences.

### **Question 14**

This question required candidates to study the resource material of a photograph from a supermarket showing a customer using a self-service checkout and apply their knowledge and understanding. In answering part (a) most candidates recognised that the retailing sector was classified in the tertiary sector. Many candidates in answering part (b) lost marks by describing general customer advantages of self-service instead of the customer advantages of self-service checkouts such as that there was no need to queue and likely to be quicker than going to a cashier. Although many answers were able to identify a relevant reason to part (c) explanations could have often been improved by giving two points of development. For example, better answers explained how the supermarket could cut costs by hiring less staff so that there were less wages to be paid, resulting in possible higher profits. 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)(i) there were many answers which did not complete the calculation in part (ii) by not subtracting the figures of £6,000 from £9,000 or identifying that it is a profit made on the sale of shares. In part (iii) stronger answers applied their understanding to the key month of March to demonstrate their understanding.

The majority of candidates did not score well on part (b). Some candidates could identify one factor, such as the performance of the company, explaining that if the company made profits the share price would rise, whereas if the company made losses the share price would fall. The best answers identified a second factor such as government policies or the state of the economy. Weaker answers often gave less explanation or simply stated that it was due to demand or supply.

Marks gained to part (c) often rested on whether candidates had studied the role of stock exchanges in depth. The best answers stated that stock exchanges provided a means of capital raising, a means of evaluating the worth of the company and a market for shareholders and market makers to trade in. Weaker candidates gave less detail or irrelevant points describing features of stock exchanges.

## Question 16

The distribution channel diagram shown in the source data seemed to help most candidates in their answers to question 16. However, in part (a) some candidates simply repeated some of the data given such as finding buyers/retailers and offering goods to consumers. Notwithstanding this, the better candidates were able to identify three services such as delivering goods, storing goods and packing the goods.

Although in part (b) import agents were sometimes confused with forwarding agents, there were many well applied answers. One such answer is shown below:

'1. Import agents can carry out the importing work for Mrs Patel. Mrs Patel could just instruct the type of goods she wants and the money she is willing to pay for them. She will not have the headache of finding exporters and making deals with them as this work will be carried out by the import agent who will have much more knowledge and experience of overseas markets than Mrs Patel.

2. Mrs Patel will not have to worry about communicating with exporters, especially where languages are different. Also, it will save her travelling costs and time, which means that she can concentrate at home on her own business and its problems. Overall, the amount of paperwork and worry will be cut down for Mrs Patel'.

Many candidates to part (c) had a basic understanding of the difficulties of using international methods of payments and documentation but found difficulty in developing their answers further. Good answers to methods of payments explained how changes in the value of currencies could change the price of goods. Weaker answers wrote about home methods of payments. Good answers to documentation explained that more documents were needed than in home trade, and gave examples such as the bill of lading. The command words 'explain why' should lead candidates to develop points, rather than to list in their approach to the question. Consequently, few candidates were able to develop their answers further with any 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 AO4.

Answers to part (d) often gave the two valid reasons of cheaper cost and greater quality to explain the demand of buying overseas goods without much adequate development of the initial points. Good answers also recognised that candidates preferred well-known brands that tasted better or were more fashionable than home produced goods.

## Question 17

This question focussed on insurance and elicited the weakest answers out of the three questions 15, 16 and 17. Overall, this aid to trade topic continues to be a difficult area of the specification for many candidates compared to the other five aids to trade.

Part (a) looked at the reasons why Gary should insure his car. The question did not differentiate as well as it should have done, as most candidates were only able to outline one reason based around compensation in the case of a car accident or the car going on fire. It was only the best candidates who gave a valid second reason such as it is required by law.

Answers to part (b) provided a wide spread of marks, with many candidates gaining two or more marks to this question on why a proposal form is needed in insurance. Good answers argued that the proposal form gave relevant information about Gary and his car from which the insurance company could assess the risk and calculate a premium. Some candidates also mentioned that the proposal form needed to be completed truthfully on the basis of the insurance principle of utmost good faith. Weaker answers sometimes confused the proposal form with a claim form or the policy document.

In answering part (c) candidates were asked to explain why Gary might be refused insurance for his car. Only a minority of candidates gained very high marks. The main reason was that the emphasis of the question was on the fact that Gary was only nineteen years of age and would be inexperienced in driving powerful sports car which statistically would increase the chances of him being involved in a car accident. Unfortunately, too many candidates related their answers to the irrelevant points that the car was old or that Gary could not afford the premium. The better candidates applied their answers to the context of the question, namely the age and type of car being driven.

The best answers to part (d) 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 and earned a commission for carrying out the transaction. Weaker candidates gave less detail or irrelevant points describing other features of insurance.

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