Examiners' Report
Principal Examiner Feedback

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Pearson Edexcel International GCSE
In Commerce (4CM0/01)

<u>**General Comments**</u>

This was the penultimate IGCSE January Commerce examination under the present IGCSE Commerce specification. There will be the usual one paper IGCSE January 2019 Commerce examination based on this syllabus, followed by the new two paper examination in June 2019 based on the new 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. However, candidates should note that an answer to a question may receive some credit compared to not answering a question at all.

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 15 (a) some candidates focussed their answers on calculations, using the data, rather than focussing on explanation of the difference between visible and invisible trade. It is also essential that candidates in carrying out any calculations, as in answering question 3, 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 'give two reasons why supermarkets bulk buy.' 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 a country's balance of payments. For example, question 14 (b) (ii) required candidates to answer the question 'why might the government of Country A be concerned with these balance of payments figures?' 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 13 asked candidates to 'compare the work of brokers and factors as intermediaries'. 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 17 (d) expected candidates to 'evaluate whether indemnity or utmost good faith is more important when making an

insurance claim.' 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. Also, some candidates mistakenly wrote 'franchisor' instead of the correct answer of franchisee to part (b).

Question 2
Candidates found this question difficult with part (b) generally much better answered than part (a). Marks were lost in part (a) by to many candidates giving imprecise definitions or confusing the private sector with private limited companies. This is clearly shown in answers to part (b) where some candidates thought the public sector was concerned with being a public limited company. Good answers to part (b) defined correctly that organisations in the public sector are owned by the government and gave a relevant example such as a nationalised industry. 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 investor's dividend it was necessary to calculate the answer by 15 pence x 750. Some candidates incorrectly divided the 15 pence by 750.

Question 4
Many candidates scored at least one mark for this question by mentioning either the point that store cards can only be used in those stores that accept the card or that interest is charged if the debt is not settled within a month. 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 two reasons why supermarkets bulk buy.'

An example of a good answer for two marks is shown below.
'1. It enables supermarkets to make savings as discounts are received from buying in bulk.
2. The supermarkets can pass on these cost savings to customers in the form of lower prices.'

Question 6
This question was poorly attempted. The minority of candidates scored only one out of two marks by identifying one of the named documents that must be presented to the bank when using documentary credits e.g. a bill of lading. Please note that in modern commercial practice a letter of credit is known as a documentary credit, and therefore was not accepted by examiners as a valid answer.

Question 7

Only a minority of candidates scored maximum marks to this question on matching businesses to that of either producing goods or providing services 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 'recorded delivery or special delivery'.

Question 9

A key phrase in answering this question was the context of increasing the turnover of a coffee shop. So answers dealing with reducing costs or another business were not accepted by examiners. Valid answers included the suggestions of expanding the menu to attract new customers and extending the opening hours.

Question 10

Many candidates knew that the credit transfer method of payment involved the bank paying money from one account to another account. However, some candidates incorrectly saw credit transfer as an electronic transfer made by a credit or debit card.

Question 11

Generally, this question differentiated well with a wide spread of marks from 0 to 3 marks. Many candidates supplied two valid answers of issuing of banknotes and acting as the banker's bank but had difficulty accessing the third maximum mark. Some candidates incorrectly gave providing loans as one of their answers.

Question 12

This question required of using air transport to the context of medical equipment. 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 air transport but not to medical equipment. An example of a good answer for two marks is shown below.

'1. Medical equipment, such as kidney machines, need to transported quickly to patients needing emergency care.
2. Air transport can reach people lost in remote areas, such as up a mountain range.'

Question 13

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.

Question 14

This question required candidates to study the resource material of a street plan showing a variety of businesses in a town centre and apply their knowledge and understanding. In answering parts (a) (i) (ii) most candidates identified correct examples of a private limited company and a public limited company. Better creditworthy answers to part (b) included the reason that the bookshop had no direct competition in the town centre so potential customers, if they wanted to directly buy books had no option. 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 being on the main street without linking it to passing footfall from other neighbouring shops.

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) many candidates gained full marks by stating that visible trade refers to goods, and that invisible trade refers to services; and provided relevant examples from the question data provided. Some weaker candidates simply commented on the data for visible and invisible trade, gave irrelevant examples not related to Country A and thereby did not gain any marks to this question part

Part (b) (i) many candidates gained full marks by correctly calculating the balance of payments. Some weaker candidates simply only added up the total imports, ignoring exports. Part (b) (ii), concerned with understanding why the government might be concerned with a negative balance of payments situation. This proved more demanding than the previous part question for the majority of candidates.

Part (c) 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.

Part (d), requiring answers on two disadvantages of a multi-national operating in a country, differentiated well with a range of answers submitted. The best answers identified disadvantages and then proceeded to give two points of relevant development to each disadvantage.

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

'1. 'Multi-nationals can pollute the environment by dumping chemicals into rivers from their industrial waste, going against a country's laws and regulations. This can affect aquatic ecosystems.

2. Multi-nationals can result in local businesses closing. Locals will often trust buying branded goods or buy cheaper goods from multi-nationals and stop buying from local businesses. Such competition will result in multi-nationals in gaining greater sales at the expense of home produced firms.'

Overall, Part (d) was generally well attempted with a pleasing number of maximum scores. Some candidates did lose marks, however, by discussing disadvantages to multi-nationals in starting up in a country or by a lack of explanation in their answers.

Question 16
Part (a) asked candidates to suggest a suitable channel of distribution for a fruit wholesaler. Whether or not candidates were able to accurately answer this question depended upon their knowledge of what was meant by a channel of distribution. The best candidates knew that it is the various stages that a product passes from primary producer to consumer, and gave the correct applied channel. Weaker answers identified forms of transport that the wholesaler would use.

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 cold storage. Weaker candidates focussed their answers generally on the protection of goods or bulk buying.

Part (c) was surprisingly not well answered. The topic of road transport is generally well known by Commerce candidates. One word answers such as cheaper, easier and quicker do not score marks at this level unless qualified. Please refer to the published mark scheme for the acceptable answers required by candidates.

In answering part (d) most candidates gained some reasonable marks on this question. The best answers gained more marks by unpacking retailers into small-scale and large-scale retailers. These answers explained how small-scale retailers cannot afford to bulk buy and need warehousing and the other services that wholesalers provide, whereas it was more cost-effective for large-scale retailers to deal directly with manufacturers. Weaker answers did not develop the key ideas of types of retailer and their capacity to carry out the wholesale function.

Part (e) required candidates to analyse why cash-and-carry warehousing has enabled independent wholesalers to survive. Many candidates lost marks by simply describing the functions of a cash-and-carry without relating it the reasons why this type of wholesaling has enabled independent wholesalers to continue in trading.

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) (i) required candidates to know the meaning of the term 'insurance premium'. Many candidates knew that an insurance premium was a sum of money paid to an insurer for the first mark but did not say that was to insure the goods or service for the second mark. The weakest answers described it as compensation for destroyed goods. Part (a) (ii) specifically stated 'apart from age' in the question but some candidates' still analysed age as a factor influencing insurance premiums. The question to both parts (i) and (ii) was generally not answered well.

Good answers to part (b) looked at both younger and older drivers in their explanations. These candidates well often well aware that some younger drivers may be more likely to take more risks, and drive in a more reckless manner to impress their peer group compared to older drivers who are perceived to be more cautious and patient when driving. Weaker answers lacked relevant explanation in their answers.

A key phrase in the question to part (c) was 'before completing a claim form'. In consequence, answers that referred to actually completing the claim form or after its completion were not credited. Many candidates recognised that the police and the insurer needed to be informed but few candidates were able to gain many further marks to this question.

The best answers to part (d) analysed the insurance principles of both indemnity and utmost good faith and then made a judgement on which was the most important. Good answers explained that indemnity meant that the insured was placed back into their original position after loss and as a result the insured could not profit from the loss. Weaker answers often knew what indemnity was but failed to develop their answers with sufficient explanation. Good answers to utmost good faith argued that it meant that the claim form needed the principle of utmost good faith so that all relevant information was provided in the first place, enabling the insurance company to assess the risk and calculate an accurate 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 on the insurance claim made. Weaker answers mentioned the need for truth, but then not develop their answers with relevant points.