



Examiners' Report  
Principal Examiner Feedback

January 2020

Pearson Edexcel International GCSE  
In Commerce (4CM1) Paper 02

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## **PE REPORT ON GCSE INTERNATIONAL COMMERCE 4CM1 02 – Jan 2020**

### **GENERAL COMMENTS**

Candidates appeared to have found the paper accessible and were able to complete the paper in the given time. For the majority of the questions candidates were well prepared and were able to apply their knowledge, analyse and evaluate to answer the questions. However, a significant number of candidates struggled with the 'State' questions.

Many candidates had gained a great deal of commercial understanding from studying the course and this was apparent in the answers given. However, there are a number of candidates who are answering the questions detailing their knowledge of the topic without giving any application, analysis or evaluative comments. This does restrict the candidates' access to the full range of marks.

Generally though, the range of scenarios throughout the paper of real life commercial operations appeared to be of interest to the candidates and this enabled them to demonstrate their knowledge and understanding of the questions quite easily. Higher marks were achieved with analysis of that application and then evaluation of their arguments.

The mark scheme includes the Assessment Objectives to help in the preparation of candidates for future examinations. Just to reiterate, that all four of the Assessment Objectives (AO's) are covered throughout the paper and the percentage breakdown of each AO can be seen on page 31 in the Specification. Also on page 44 of the Specification, are examples of the command words used. For example in question 1e(i) and 1e(ii) the command word is 'State' which requires AO2 responses so is looking to find that the answer first demonstrates the knowledge and understanding of the question posed but importantly that this is then applied to the case study. When seeking this application, candidates need to remember that they must avoid just repeating words and phrases in the question. In Q4c, the command word is "Evaluate" and there are marks available for all four of the Assessment Objectives which means this question is very accessible to all students.

It is important that candidates consider the marks allocated for each question. The marks given provide guidance on the amount of detail they need to answer the question.

It is also worth mentioning, that the examination paper is marked using the online 'ePEN' system, therefore candidates must indicate if they have continued their answer somewhere else on the paper or have added additional sheets. Although many candidates did follow this information there were still a number who did not. For those candidates that used additional paper, their response to the questions must be clearly identified on the paper. Sufficient lines are given for candidates to answer questions. It is also important that candidates clearly label the additional pages to show their details and which question they are continuing to answer.

Questions can be taken from any part of the specification, therefore centres should ensure that all sections are covered so that they do not disadvantage any candidates. From the work seen it appeared that some candidates had not covered the full specification.

## COMMENTS ON INDIVIDUAL QUESTIONS

### SECTION A - Question 1

#### Question 1

In part 1 a – nearly four fifths of the candidates gained the mark for identifying that money supply is managed by the central bank.

In part 1 b – again well answered by almost four fifths of candidates clearly identifying that an enquiry is a trade document used by a wholesaler.

In part 1 c – candidates had to define the term postal order. This proved to be a very challenging question where less than one in twenty of the candidates gained the mark available. Many were confused with placing orders through the post rather than a way of sending money through the post by buying the amount at the Post Office.

In part 1 d – another define question where candidates had to define, debenture. This was not well answered by candidates with almost one in ten not being able to offer a correct response. From responses seen, candidates mentioned that they were a form of a long term loan. Whilst this is correct, candidates are required to offer more detail to differentiate the debenture from all other long term loans. One way would have been to add that it had a fixed rate of interest. A significant number also thought they were shareholders whereas debenture holders are in fact creditors.

In part 1 ei – this was the first ‘State’ question, where candidates had to identify a suitable short term method to finance an increase in vehicles for Aqua Science. Whilst many candidates were able to identify hire purchase or leasing as a possible option, very few were able to link this back to Aqua Science by adding that it would help them to, for example, buy more lorries. A repeat of the phrase “to increase the fleet of vehicles” is just a lift from the question and is not accepted as application by the candidate.

In part 1 eii - this is the second ‘State’ question where candidates must relate their response to the scenario. Very few gained the mark available. Although from the responses seen candidates understood reasons why Aqua Science might use emails to communicate with their customers such as available 24/7, can keep a record, send to a large number at the same time, they failed to put it in context and therefore did not gain the mark.

In part 1 eiii – candidates were required to calculate a 50% mark up on the cost of production of \$1 116. Just less than one third of candidates were able to calculate the 50% as 557 and another third were then able to achieve the 2<sup>nd</sup> mark by adding this to the original \$1 116. Nearly two fifths of candidates were not able to calculate the 5% of 1 116. It is worth reminding candidates that it is always worth showing their workings so that they can achieve at least one of the two marks available. In this case, if they had calculated the 50% correctly.

In part 1 f – an explain question where candidates are required to offer an advantage that a new business may experience when using crowdfunding. It is important that candidates understand that this is asking for an advantage which then needs to be developed to explain how it is an advantage and the advantageous consequence of crowdfunding to a new business. Over one third of candidates were able to identify an advantage such as reducing the risk of borrowing and almost one fifth was then able to develop how or why this was an advantage such as in the mark scheme why this was a reduced risk was because each investment was small but only one twentieth was then able to offer another development which might be achieved by offering the consequence that this means the business does not have to pay back large sums immediately. Similarly candidates showed some misunderstanding of whether crowdfunding infers no interest. This advantage was accepted if offered as possibly less interest than a bank loan or if linked to a charitable cause and donation but crowdfunding may well charge interest or if not is likely to require some share or stake in the business or some other reward unless it is seeking a donation to a charitable cause.

In part 1 g – candidates were asked to give identify one reason why a business might use a commercial bank. Over three quarters of the cohort was able to offer a valid reason with reasons such as security and convenience being the two most frequent reasons offered. Many went on to offer one development of this reason. Very few were then able to offer a second development. Too often there was a list of reasons which could only achieve one mark.

In part 1 h – this is the first question in the paper which is marked by levels. To gain the marks available candidates needed to apply the information and then analyse it. The question required a response analysing the benefit of using each advertising method. Over four fifths of candidates were able to gain the lower level marks with some analysis of either method. As application was a problem on occasion it may be useful to note that limited application could easily have been achieved by comparing either method to another promotional method not mentioned e.g. cheaper than tv. More detailed application was a link to a targeted customer base associated with newspapers such as an older age group for example.

## **Question 2**

In part 2 a – a multiple choice question where candidates had to identify a type of credit available to consumers. Over half the candidates were able to identify a credit sale.

In part 2 b – a multiple choice question where candidates had to identify a method of written communication from a bank to a customer as a letter. Over four fifths of the cohort gained the mark available.

In part 2 ci – candidates had to refer to figure 2 and identify which box of lemonade was the most expensive. Four fifths of the candidates were able to identify traditional lemonade as the most expensive.

In part 2 cii – again candidates had to refer to figure 2 and identify which lemonade sold the most boxes. Almost 9 tenths of the candidates were able to identify this as the pink lemonade.

In part 2 d – a define question where candidates were asked to define equities. This was not a term with which the majority of candidates were familiar with just one fifth gaining this mark. It is important that candidates understand the difference between equity and shares. Equity is the value of the shares not just the shares themselves.

In part 2 e – this question was ‘explain’ hence candidates did not need to put it in context. The majority of candidates were able to gain 2 or 3 marks on this question. The reason why a business might offer store cards to its customers may include how this store card is of benefit to the consumer such as they can buy items when they have insufficient funds but must then link this back to why this may entice the business to offer the store cards, so what is the beneficial outcome to the business. These outcomes may include that it encourages people to buy or increased sales volume from increased customer loyalty or increased repeat purchases so higher sales revenue or higher spend per customer so higher sales overall. Without this link there is just a benefit to the consumer which does not fully answer the question. Many students were able to develop in this way and gain the full three marks.

In part 2 f – over three fifths of the cohort gained one to three marks on this question. As it was another ‘explain’ question candidates did not have to put it in context. From the responses seen many candidates understood a possible reason why a business might use informative advertising was to help launch a new product for example and many were then able to offer one development point explaining how this form of advertising might help build customers awareness of the new features of that new product. Fewer were then able to develop this again so that it relates back to the reason the business may use that form of advertising in this way such as it is because that may then tempt a wider range of new customers to buy, improve the reputation or customer perception.

In part 2 g – again this is a question that is marked by levels so candidates are required to apply, analyse and evaluate in their responses and will be rewarded holistically on how well they do this. No marks are available just for knowledge. Candidates had to choose between the two strategies that Wilson Juice Company could use when seeking to double its sales revenue. Nine tenths of candidates understood that they had to justify why they had chosen which option and to analyse their reasons for this choice. Marks were lost as many candidates failed to offer evaluation of their choice i.e. reasons why their choice may not possibly be effective. In order to gain the highest marks both of these approaches would have carried some application.

### **SECTION B - Question 3**

In part 3 a – the majority of the candidates gained the mark for identifying a bank as a source of support for a business when exporting.

In part 3b – Again over two thirds of the candidates identified that Dalmia would use electronic bank transfer when its supplier for raw cane sugar.

In part 3 c – a state question where candidates had to give a benefit to Dalmia of having a large company such as Pepsico as a customer. This requires an applied response. Almost one quarter of candidates were able to do this.

In part 3 of d – candidates were asked to complete the order form by calculating the missing amounts. The majority of candidates achieved either one or two marks.

In part 3 of e – candidates were asked to analyse the impact on Dalmia of not delivering the Pepsi order with the required 15 days. Over one third of candidates gained level 2 marks with interconnected points and chains of reasoning.

Likely impacts included a reference to other large potential suppliers who would lose interest in Dalmia in addition to Pepsico and how Pepsico would choose alternative suppliers in the near future. Most successful candidates focussed on how this loss would delay the further growth of Dalmia due to loss of capital which was a very good applied response.

In part of 3 f – again another option question where candidates had to justify which one of the two options would be more suitable for Dalmia in order to ensure it can meet any future large orders. The choices were either to build a new warehouse or expand its current sugar cane factory. The majority of candidates were able to gain some marks with most of those gaining level 2 marks and a small number were able to achieve level 3 marks with detailed interconnected points and logical chains of reasoning in context and some evaluation. Often candidates were able to identify that the choice was between increasing production or storage capacity and how advantageous either of these options may be in helping Daria achieve fulfilment of future large orders but how both may present problems. i.e. increased storage may result in loss of goods if large orders were not received but also increased production may not be able to be stored if there was insufficient warehousing space. Candidates should be encouraged to develop this evaluation in order to gain the very highest marks.

## **SECTION C**

### **Question 4**

In part 4 of a - candidates are required to outline one reason why Uber only uses its websites to accept taxi bookings. The command outline requires that the response is applied. Two marks are available. One sixth of responses achieved only one mark but another one sixth were also able to achieve the second mark with development of how this applied reason might benefit Uber. A large number of candidates offered reasons why the use of its website might help the customers of Uber but did not relate it back to this might actually benefit Uber and therefore be the reason they would choose to use it.

In part 4 of b – over two thirds of candidates were able to gain some marks on this question. An analysis question requires application and analysis of the impact of the growing trend of customers using cashless transactions on Uber. Most candidates realised that using cashless transactions meant that it was easier for customers to book the taxi regardless of whether they have any cash. Some developed this to offer a chain of reasoning that meant that this would mean that they are able to book and pay from any location which would result in increased customer numbers leading to increased sales revenue for Uber and possibly provide a competitive advantage over rivals.

In part 4 of c – It is worth pointing out to candidates that this question does carry the most marks and they should allow sufficient time to answer it with all four of the Assessment Objectives being covered.

Candidates were asked to evaluate how Uber's funding of the Elevate project might affect shareholder dividends. Most candidates gave the valid response that dividends are likely to be lower in the short term as retained profit is used for investment rather than paying the dividend. Some went on to acknowledge that if the project is successful, then the shareholders can expect very high dividends in the long term as there will be a high return on such a high risk investment. Evaluation was often also valid in that the project is very risky and could easily fail so shareholders may not want to take that risk and may sell or that if they do keep their shares, then they may suffer very low dividends in the long term and for some time as Uber recovers.

Some candidates offered lengthy responses continued on additional paper, which is perfectly acceptable, please ensure that all candidates do included the centres details and their name and candidates number on these additional sheets.