



Examiners' Report
Principal Examiner Feedback

November 2020

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

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Publications Code 4CM1_02_2011_ER

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PE REPORT ON GCSE INTERNATIONAL COMMERCE 4CM1 02 – November 2020

GENERAL COMMENTS

Candidates appeared to have found the paper accessible and were able to complete the paper in the given time. Candidates were well prepared and able to apply their knowledge, analyse and evaluate to answer many of the questions. However, a significant number of candidates struggled with the 'State' questions and therefore lost the available 2 marks for these questions. Sadly a significant number of candidates also failed to offer reasonable definitions of business terms and therefore lost easily available 1 marks on these 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

In part 1 a – 81% of candidates identified that one benefit of using a store card is that they may give you a discount on the first purchase.

In part 1 b – again well answered. 88% of candidates recognised that reducing expenses will improve commercial performance.

In part 1 c – candidates had to define the term standing order. This proved to be a more challenging question with only 5% recognising that this was an instruction to a bank to make regular payments to another account. A significant number confused this with making simultaneous multiple payments.

In part 1 d – candidates had to define speculation. 56% recognised that this was investing in shares whilst taking the risk of making a profit or a loss.

In part 1 e(i) – this was the first ‘State’ question, where candidates must relate their response to the scenario. Candidates had to identify a trading document that would be sent to a customer of Tata Motors informing them that their vehicle had been despatched from the factory. Whilst 50% of candidates were able to achieve this mark by identifying that this was an advice note, then linked this back to the Tata Motors scenario by adding that it would, for example, tell them the date their car was to be delivered. Some referred to the advice note informing them that the vehicle had been despatched. This was just a lift from the question and is not accepted as application by the candidate. Advice note on its own is not worthy of a mark.

In part 1 e(ii) - 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 Tata Motors might like customers to use electronic transfers, very few were able to relate this to application such as the expensive vehicles need a large sum of money to be transferred or that there was an immediate transfer of money to Tatas bank account.

In part 1 e(iii) – candidates were required to calculate, to two decimal places, Tatas Motors’ \$28 bn expenses as a percentage of \$42bn turnover. Over one third of students were able to calculate $28 / 42 = 0.6666$ for 1 mark. It is worth reminding candidates that it is always good practice to show their workings so that they can achieve at least one of the two marks available. In this case, it is also worth reminding students how to correctly round a figure to two decimal places, in this case to 66.67%, which was necessary to gain the second mark.

In part 1 f – an explain question where candidates are required to offer an advantage to a business of negotiating longer trade credit terms. 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 longer credit terms to a new business. 37% of candidates were able to identify an advantage such as being able to buy raw materials for sale and this was often developed well to the fact that the business could then sell their materials in order to raise the money to pay the suppliers when payment was due and then further developed that this was advantageous because this would improve the cashflow of the business.

In part 1 g – candidates were asked to explain one reason why overdrafts are useful to a business. 78% were able to offer a valid reason such as flexible access to funding with many developing this. The need to overcome short term cash flow problems when experiencing unexpected expenses was a common response. This was often still further developed. Students were very aware that interest was charged only as long as the overdraft is in use which could reduce the costs of borrowing.

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 to Tata Motors of using sponsorship or trade fairs as promotional methods to increase global sales. Over 56% 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 the size and loyalty of the global audience of some particular sports such as football.

Question 2

In part 2 a – a multiple choice question where over 75% of candidates were able to identify a night safe as a service offered by a bank.

In part 2 b – a multiple choice question where candidates had to identify a method of oral communication from a business to its suppliers. 60% of candidates were able to identify this as a telephone.

In part 2 c(i) – over 90% of candidates identified the men's safari boot as the most expensive.

In part 2 c(ii) – again candidates had to refer to figure 2 and identify which boot had the most sales. Almost 9 tenths of the candidates were able to identify this as the ladies safari boot.

In part 2 d – a define question where candidates were asked to define mark - up. 71% of candidates were able to do this.

In part 2 e – this question was 'explain' hence candidates did not need to put it in context. This was answered well. The majority of candidates were able to gain 2 or 3 marks and give a reason why a business might lower the price of a product. A significant number of candidates offered the response that this might be to remove slow selling products from the inventory as reduced price may increase the number of purchases and release money to invest in more popular products.

In part 2 f – Over 72% 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 that a possible reason why a business might use email to send an invoice to a customer was to reach its customers quickly and many were then able to offer one development point explaining how this can act as a record that the invoice has been received. A significant number also recognised that this may then encourage customers to pay the invoice promptly.

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 two finance options, retained profit or hire purchase, that Courtney Boot Company (CBC) could use to buy new sewing machines in order to expand production to meet increasing demand. Three quarters of candidates understood that they had to justify why they had chosen an option and to analyse their reasons for this choice e.g. the sewing machines needed to be bought to cope with an increase in demand but if that demand falls in the future CBC would be able to sell the machines as using retained profit meant that CBC had ownership. However, this may not be the case using hire purchase as ownership is only achieved once payment has been made in full. Marks were lost as many candidates failed to offer evaluation of their choice i.e. reasons why their choice may not possibly be effective such as using retained profit may place the business in difficulties if in the near future CBC needs capital to respond to an emergency. In order to gain the highest marks, the response needed to carry some application and link to why this is a good choice for the planned increase in production

SECTION B - Question 3

In part 3 a – the majority of the candidates gained the mark for identifying teleconferencing as a method of electronic communication.

In part 3b – Again over two thirds of the candidates identified that Odyssey Airlines would send a quotation to its customers in response to an enquiry.

In part 3 c – a state question where candidates had to give a benefit to Odyssey Airlines of owning its own planes. This requires an applied response which some students achieved with reference to flight schedules and timetables or route.

In part 3 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 e – candidates were asked to analyse the impact on the shareholders of Odyssey Airlines of a falling dividend. Some candidates achieved level 2 marks with interconnected points and chains of reasoning. The impact was the receipt of lower dividends and many candidates were aware of this but did not link it to a loss in confidence or a wish to sell the shares and reinvest in an alternative business possibly a competitor to achieve a higher dividend. A significant number remained in level 1 as the focus on the response was on the impact on the business rather than the shareholders.

In part 3 f – again another option question where candidates had to justify which one of the two options would be more suitable for *Odyssey Airlines* to use as an aid to export in order to expand by offering flights to Toronto in Canada. The choices were either to either use a chamber of commerce or an overseas agent. 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 either choice could help Odyssey Airlines achieve their expansion. A significant number of candidates did not link their chains of reasoning to the aim of expansion and they should be encouraged to do so and to seek to use as much application as possible e.g. that an overseas agent may be able to help them contact suitable businesses in Toronto who send their executives on business class flights from Toronto which may help the business speed up its expansion

SECTION C -

Question 4

In part 4 a – candidates are required to outline one reason why tv advertising is suitable for Apples products. The command outline requires that the response is applied. Two marks are available. Many achieved 2 marks by recognising that the types of products sold benefit from the visual stimulation of TV and its ability to let viewers see the detailed features of Apple products such as iPhone and IMac.

In part 4 b – 54% of candidates were able to gain some marks on this question. An analysis question requires application and analysis of the positive impact of the increased use of mobile payment services on *Apple Pay*. Sadly a few candidates considered the possible negative impact or considered the impact on the customer rather than *Apple Pay*. Many candidates realised that this trend would encourage more consumers to use *Apple Pay* and thus increase their profits. Some developed this to consider how businesses would seek to use *Apple Pay* and that this would generate commission.

In part 4 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 effective social media may be in convincing the 30 to 50 year old age group in India to use *Apple Pay* and over 90% of them were able to gain some marks. Most candidates were able to offer some knowledge of social media and the methods *Apple* may use to target that group through *Facebook* and YouTube and analyse how this may reach the target market. Sadly, too many candidates considered the age group to be unable to learn how to use social media. Evaluation was varied but stronger responses were able to recognise that the limitation of 14% of India's population not having access to social media may constrain the success of the expansion. Many candidates recognised however that this may be a short term problem as social media usage is likely to expand and that the restraint may be that the target market may not have Apple phones.

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