Examiners' Report

Principal Examiner Feedback

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Pearson Edexcel International GCSE

In Commerce (4CM1)

Paper 02 Facilitating commercial operations

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General

Candidates found the paper accessible and were able to complete it in the given time. Most candidates were able to apply their knowledge, analyse and evaluate to answer the questions. However, several 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 some candidates who are answering the questions detailing their knowledge of the topic without giving any application, analysis or evaluative comments when the question is analyse or justify. This restricts the candidates' access to the full range of marks. The various scenarios throughout the paper are of real-life commercial operations, which perhaps interested the candidates and meant that they were able to relate their comments more easily to the questions.

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 2 (g) and 3 (f) the command word is 'Justify' and candidates are asked to write an extended answer, using information provided in order to recommend one of the two options to a commercial operation.

It is important that candidates consider the marks allocated for each question, giving them 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. The examiner may not realise that a candidate has continued writing somewhere else on the paper unless it is made clear. 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 which question they are continuing with. Examiners are unable to guess if a candidate has continued the answer somewhere else.

Candidates must clearly indicate by using 'continued', 'contd page ….' or 'see separate sheet'.

There are also some candidates who do not follow the instructions of the examination paper, for the multiple choice questions candidates are given the instruction to mark an 'X' in the box. There are some candidates who are using 'ticks' which may not be picked up as the questions are marked by computer.

Section A

Question 1

In part 1 a – over sixty-one percent of the candidates gained the mark for identifying an advice note as the trading document used by wholesalers.

Candidates should be reminded that if they do make a mistake when answering a multiple choice question, they should put a line through the wrong answer and an 'X' through the correct response. A candidate that marks two answers will not gain any marks.

In part 1 b – answered correctly by almost eighty percent of candidates identifying an overdraft facility as a service offered by a bank.

In part 1 c – a define question, candidates had to define the term mark-up. Sixteen percent of the cohort gained the mark for this question which indicates that candidates did not have reasonable knowledge and understanding of this term. There was confusion between profit margin and mark- up. Markup is the selling price for a product minus its direct cost. Profit margin refers to the revenue a company makes after paying the cost of goods sold.

In part 1 d –a define question where candidates had to define hire purchase. This was quite well answered by candidates with almost forty-seven percent gaining the available mark. Most of these responses were as per the MS, others showing knowledge and understanding of the fact that ownership is gained when the last instalment is paid. A few argued that it is a short term loan which was not quite enough or that it was a loan from a bank, not correct.

In part 1 e (i) – This is the first 'state' question. The majority of candidates had good knowledge of the benefits to a business of owning a fleet of trucks but failed to offer any application within their responses. There was a lot of application available in the stem for them to use such as reference to ice cream and pizzas. A few successfully referred to vans rather than trucks and gained the mark. Trucks was in the question and therefore could not be used. 10% of candidates did achieve this.

It is worth reiterating to candidates to note the command word 'state' requires application in the answer and this must be given without using a term in the question but there is always relevant application available in the stem.

In part 1 e (ii) - this is the second of the 'State' questions where candidates must relate their response to the scenario. In this question, sixty-one percent used pizzas and ice cream in their answers and successfully achieved the mark for demonstrating understanding of the reason *Nestlé* needs to use cold storage warehousing.

In part 1 e (iii) – this is the first calculation question. Candidates had to calculate the gross profit margin to two decimal places. Almost thirty-nine percent of the cohort gained the full two marks available. Another seventeen percent sadly gained just one mark, usually because they did not correctly offer two decimal places. It may be worth ensuring future candidates are familiar with how to do this. Candidates should also be encouraged to show their workings as a significant number would possibly have been able to gain at least one of the available 2 marks for extracting the correct figures and placing them in the correct formula even if the calculation had been incorrect.

In part 1 f – this is the first 'explain' question. Many candidates could have developed their answers more to gain the full 3 marks available. Thirty-five percent did gain the 3 marks and a further thirty-one percent gained two marks for their explanation. Sixteen percent only gained one mark. Some candidates focussed on the benefits to the customer. The question required an explanation of the benefits to the business. Candidates should be warned to ensure they answer appropriately and check whether a question is about customers or businesses.

In part 1 g – candidates are asked to explain how a business might increase its inventory turnover. Over 60% of candidates clearly understood what inventory turnover was. Few developed the answers sufficiently to achieve the full 3 marks. The most popular response was to hold sales of its least popular products and buy more fast selling items.

In part 1 h – this is the first question in the paper which is marked by levels. Candidates needed to analyse how some information regarding *Nestlés* share price and dividend paid might be useful to its shareholders. To gain the marks available candidates needed to apply the information and then analyse it. Forty-five percent of candidates gained Level 2 marks by offering some possible use of the information for the shareholders and higher level 2s and level 3 would provide more application and detail or a variety of ways this information could be used. It was important to recognise that the dividend and share price had increased and that this would influence buy and sell decisions.

Question 2

In part 2 a – a multiple choice question where candidates had to identify the central Bank as the institution with responsibility for controlling inflation. Almost seventy- three percent of the cohort gained the mark available.

In part 2 b – a multiple choice question where candidates had to identify debentures as a long-term source of finance for a large manufacturing company. Almost fifty-seven percent of the cohort gained the available mark.

In part 2 c (i) – candidates had to look at a table and identify the e-wallet as the type of payment projected to be used the most in 2023. Almost all students were able to do this.

In part 2 c (ii) – again candidates had to refer to figure 1 and identify that cash on delivery was the payment type projected not to be used by 2023.Almost all students were able to do this.

In part 2 d – a define question where candidates were asked to define the term factoring. Sadly, only eighteen percent of the candidates gained the mark for this question. This was widely left unanswered indicating that many candidates had no idea what factoring was.

In part 2 e – this question was an 'explain' hence candidates did not need to put it in context. Over seventy percent of candidates were able to gain marks on this question, but only 25 % and 18% gaining 2 or 3 marks, explaining one way a government grant can help a new business starting up. The most common response was that the grant would inject capital into the business and the development was often that this would assist growth. Few developed beyond this.

In part 2 f – over ninety-five percent of the cohort gained marks on this question. Thirty-eight percent gained full marks with developed explanation of why a business with offices in different countries might use videoconferencing. The most common response was that everyone would be able to attend the meeting whilst reducing the need to travel this saving costs As it was another 'explain' question candidates did not have to put it in context.

In part 2 g – again this is a question that is marked by levels and is the first 9 mark question. Candidates had to choose between the two payment options that might attract customers. Most candidates understood that they had to justify why they had chosen either option. However, candidates must remember that there are no marks available for knowledge. Responses must be applied to the case study. Over fifty percent of the cohort gained a Level 2 mark showing sound application of knowledge and understanding. Very few gained a L3 mark. It may be beneficial to emphasis the need for some detailed evaluation to gain high Level 3 marks. Students achieving these marks would often refer to the high cost of the handbags and the global market for this luxurious good.

Section B

Question 3

In part 3 a – another multiple choice question where almost sixty-nine percent of the candidates gained the mark.

In part 3 b – on this multiple choice question, nearly sixty-seven percent of the candidates gained the mark.

In part 3 c – a state question where candidates had to give one reason *fairafric* keeps minutes of its meetings with suppliers. This proved challenging. Of the answers seen, the majority of students were able to offer a reason such as maintaining records but failed to apply this to the case study by perhaps referring to the 'cocoa bean suppliers' referred to in the stem rather than just 'suppliers' which was in the question etc. and thus not rewardable. Therefore, they did not gain the mark available.

In part 3 d(i) – candidates were asked to calculate the total cost of 200 bars of chocolate. Almost ninety-three percent of the cohort calculated this correctly.

In part 3 d(ii) – candidates were asked to calculate the total cost after tax. Just over fifty-one percent of the cohort subtracted the tax rather than adding it on.

In part 3 e – candidates were asked to analyse how social media can help *fairafric* to advertise its social objectives. The majority of candidates gained high Level 1 or low Level 2 marks. Very often, candidates were distracted with providing detail about social media but did not link this to the ability to advertise the ethical objectives which severely reduced the marks awarded.

In part 3 f – this is second 9 mark option question where candidates had to justify which one of the two options would be more suitable method for *fairafric* to raise 1.2m euros to build a new factory. The options were crowdfunding or a long-term bank loan. Many candidates described either one or both methods giving the advantages and disadvantages but failed to apply the response to the particular situation and aims of the business. Again, there are no knowledge marks available for this type of question. From the responses seen a number of candidates were unfamiliar with the fact that as a young business, *fairafric* may have difficulty obtaining a bank loan for such a large amount. This restricted the ability to offer detailed evaluation of this option which meant that few candidates achieved the Level 3 mark. When choosing crowdfunding as an option, stronger candidates recognised that this may be an option that allowed *fairafric* not to pay interest again restricting the ability to offer evaluation. Nevertheless, almost fifty-six percent of the candidates were able to achieve a level 2 mark. Candidates should be encouraged to analyse and evaluate at least one option and then justify why that choice of option is better than the other to enable them to gain the highest Level 3 marks. There is no right or wrong answer on this type of question, the candidates can justify either one.

Section C

Question 4

In part 4 a – this is an 'outline' question and therefore requires application to gain any marks. Almost three quarters of the cohort failed to apply their answers to the case study and therefore did not gain any of the available marks. In this instance, although the question used the word 'car parts' and therefore this could not be used as application, the obvious choice was to refer to the electric racing car parts.

In part 4 b – over fifty percent of the cohort gained a high Level 1 or low Level 2 for this question. Many students did have good knowledge of trade fairs and exhibitions but missed the main benefit to *Hyundai* of attracting major buyers in Europe. However, there was a minority that did partially establish this link so gained L3 marks.

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 sponsorship of the *FIFA* events may help *Hyundai* retain its strong global market share. The majority of candidates offered strong and detailed analysis of the benefits to Hyundai of this sponsorship but offered very little evaluation. As a result over fifty - percent of the students achieved a L2 mark.

Some candidates continued on additional paper, which is acceptable, but if there is no indication on the examination paper that they have done so, valuable marks could be lost. Candidates must let the examiner know that they have continued their answer, simply by adding the word 'continued', or 'contd'.