

# Examiners' Report/ Principal Examiner Feedback

June 2011

International GCSE Commerce  
(4CM0) Paper 01

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## 4CM0/01: Written Paper

### GENERAL COMMENTS

This was the first International GCSE Commerce examination under the new commerce specification. The overall standard for this new examination was very encouraging. Moreover, centres and their candidates appear to have been able to deal with the format and style of the new examination paper and the change of 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.

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.

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 candidate on their ability to demonstrate their knowledge and understanding of the commercial term, idea or concept mentioned in the question. For example, Question 8 asks candidates to 'Give three disadvantages of state-owned industries.' Command words such as '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 international trade. For example, question 15 (a)(i) required candidates to 'Calculate the balance of trade'. 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 16 (c) asked candidates to 'analyse the differences between ordinary shares and debentures as forms of investment'. Command words such as '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 (c) expected candidates to 'explain why the number of wholesalers has declined in recent years'. 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 oblique. 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.

### **Question 2**

Candidates were generally able to soundly define the term 'informative advertising' to part (a) and the term 'persuasive advertising' to part (b) but some of the examples given were disappointing. Sometimes candidates did not provide examples at all or got confused by giving examples the wrong way round. Overall, the teaching topic of types of advertising needs attention by all centres.

### **Question 3**

A simple calculation was required but many candidates failed to recognise the relationship between average stock and the rate of turnover.

### **Question 4**

The majority of candidates scored at least one mark for this question by mentioning the advantage of 'guaranteed quality' to the consumer of buying branded goods. However, many candidates found difficulty in mentioning other advantages as stated in the mark scheme. Some very good answers gave examples of brand names to illustrate their points.

### **Question 5**

It was pleasing to see that the topic of franchising was well known by candidates across centres. The valid answers of advertising and training were often given by candidates.

### **Question 6**

Many candidates either answered this question by using relevant laws such as the Food and Drugs Act or by providing general reasons such as the need for packaged food to show the expiry date and ingredients. It is likely that this style of consumer question will be appearing more often on future Commerce examination papers.

### **Question 7**

The majority of candidates scored maximum marks to this question on matching communication methods as being written or oral.

### **Question 8**

This question produced some confusing responses. Many candidates wrote about communication messaging services instead of the valid functions, as outlined in the mark scheme.

### **Question 9**

Many candidates were able to provide two correct benefits such as free trade, wider market and the free movement of labour. Weaker answers were limited to political benefits or general benefits of free trade.

### **Question 10**

Both the insurance principles of 'indemnity' and 'utmost good faith' were well defined to parts (a) and (b).

### **Question 11**

The best answers mentioned that state-owned industries were monopolies, inefficient, subject to political influences and had slow decision-making. Weaker candidates did not fully understand the nature of state-owned industries as they gave generalised answers that could apply to private firms such as pollution and industrial relations issues. Overall, a topic that suggested that candidates found difficulty with, as there was a large minority of no scores for this question.

### **Question 12**

There were many good answers to this question. Many answers focused on the use of containers as protection of goods from theft or damage and the speeding up of the unloading of goods. Fewer candidates focused on the reduction of labour and insurance costs.

### **Question 13**

The topic of hire purchase was generally known and understood compared to 'credit sales.' The latter was frequently confused with credit cards. Moreover, some weaker answers made irrelevant comparisons based on interest rates and on length of repayments for the two forms of credit.

### **Question 14**

This question required candidates to study the resource material of a self-service layout and apply their knowledge and understanding. Part (a) on the reasons for customers using small independent stores generally provided much better answers than part (b). In part (a) many candidates identified relevant reasons such as close proximity to homes, personal service and longer opening hours. Many answers were disappointing to part (b) as many candidates wrote about the helpfulness of the self-service layout to customers rather than to staff, as required by the question.

### **Question 15**

Answers to parts (a) (i)/(ii) revealed mixed results. Although there were many fully correct answers there were a minority of candidates who confused the two formulae required. Other candidates did not know the correct formulae to the calculation of the balance of trade and balance of payments. Please note that it

is good practice for candidates to show clear indication of their final answer by underscoring it.

The majority of candidates scored well on part (b). Better answers explained the international trade benefits of providing imports to a country that could not produce their own due to poor climate or a lack of resources. Often these answers explained that exports brought foreign currency into the country to pay for imports thereby increasing economic growth and improving the standard of living. Weaker answers often gave a list of benefits without explanation or just defined imports and exports without mentioning the benefits of international trade.

Marks gained to part (c) often rested on whether candidates had read the question properly. The majority of candidates misunderstood the question and wrote about tariffs and quotas. Better candidates chose one and explained how it reduced imports and protected domestic firms. One good answer is shown below:

'Quotas are to protect infant industries from foreign competition and to prevent dumping from other countries which have surpluses. By providing a limit on the number of goods imported, this also helps to correct a balance of payments deficit in order to allow exports to exceed imports.'

Many candidates found it difficult to explain two relevant ways of how the activities of a multi-national company might not benefit a country to part (d). However, a small minority of candidates were well informed on this topic and clearly aware of the debates on this issue within their own countries. Some such answers discussed how multi-nationals would use up a country's resources and then move out to the country, leaving no resources for future generations. Moreover, how multi-nationals would send their profits out of the country to their country's headquarters causing an outflow of foreign currency.

## **Question 16**

It was surprising to often find clearer definitions of 'ordinary shares' compared to 'bank deposit account' in part (a). Some candidates confused deposit accounts with current accounts or simply gave vague ideas of how they worked. Answers such as 'deposit money' or 'invest money' were not worthy of credit.

Although in part (b) the general functions of the Stock Exchange as a market for the buying and selling of shares were reasonably understood, this question was sometimes rather surprisingly interpreted as if Jackie who was floating her shares on the stock market, rather than candidates seeing her as an investor. The best answers described the role of stockbrokers, and the role of the Stock Exchange Council in maintaining high standards of professional behaviour from listed companies.

Many candidates to part (c) had a basic understanding that ordinary shares earned dividends whereas debentures earned interest but few candidates were able to develop their answers further with more differences to earn higher marks. The best answers explained that shareholders were owners whereas debenture holders were creditors who had less right, such as voting.

Part (d) tested assessment objective A04 and proved challenging for all candidates. There were many vague and generalised answers, such as shares giving ownership of the company, did not score any marks. Better answers realised that investing in shares were risky and that Jackie could lose all her money, whereas bank deposits were a safe investment with a guaranteed interest even though the possible rewards were less if good profits were made.

## Question 17

This question focused on wholesaling and warehousing.

Part (a) looked at the need for a cold storage warehouse for a wholesaler. The question differentiated well with a wide spread of marks. The basic features of cold storage warehousing were generally understood but often answers lacked the necessary development/explanation, particularly with regards to exporting. Some weaker candidates described general warehousing functions such as storage without relating this to the question set.

Many candidates to part (b) lost marks by focusing on wholesaling services to the small retailer and did not address the issue of how the wholesaler reduces the risk for the small retailer. Therefore, answers such as the identification of wholesaler functions, for example, transport and advertising did not score any marks unless they were related to the idea of risk. The best answers covered points such as goods going out of fashion or being damaged in the wholesaler's warehouse, with the wholesaler suffering the risk of loss and not the retailer.

In answering part (c) many candidates could give at least one valid reason for the decline in the number of wholesalers in recent years. They explained how large scale retailers had the finance to take over traditional wholesaling functions, being able to bulk-buy directly from manufacturers and having their own regional distribution warehouses. Weaker answers produced a list of reasons without explanation.

Part (d) concentrated on how the growth of cash-and-carry has helped independent wholesalers to continue trading. There were a wide range of answers but some candidates misunderstood the question. They thought that cash-and-carry and independent wholesalers were separate competing companies, and argued that small retailers preferred independent wholesalers because they did not offer credit and delivery. The better answers generally scored more than four marks out of six marks to this part. These answers explained how cash-and-carry wholesalers were able to offer lower prices by keeping costs low by not paying for delivery or providing credit, leading to less bad debts.

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