

Examiners' Report/  
Principal Examiner Feedback

Summer 2012

International GCSE Commerce (4CM0)  
Paper 01

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# International GCSE Commerce 4CM0/01 June 2012

## General Comments

This was the second International GCSE June Commerce examination under the new International GCSE Commerce specification. The overall standard for this new examination was very encouraging, improving slightly compared to last year. 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 candidates 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 functions of money.' 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 insurance. For example, question 15 (aii) required candidates to 'Calculate the premium the insurance company should charge'. 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 'compare the work of brokers and factors as intermediaries'. 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 (d) expected candidates to 'consider reasons for the growth of shopping centres (malls) 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 obliques. 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 give appropriate examples to the terms 'visible trade' to part (a) and the term 'invisible trade' to part (b) but some of the definitions lacked precision. Sometimes candidates did not provide examples at all or got confused by giving examples the wrong way round. Overall, the teaching topic of international trade needs attention by all centres.

### **Question 3**

A simple calculation was required with many candidates scoring maximum marks. Some candidates simply worked out the trade discount total of £560 without subtracting it from the total invoice of £2240.

### **Question 4**

The majority of candidates scored at least one mark for this question by mentioning the disadvantage of 'malfunction/or not receive the item' to the consumer of buying goods from vending machines. However, many candidates found difficulty in mentioning other clear disadvantages as stated in the mark scheme.

### **Question 5**

Many candidates lost marks by misinterpreting the question. The question required candidates to 'identify features of containers' rather than their advantages. Therefore, the valid answers should have included points such as 'being of standard size' in 'metal boxes'.

### **Question 6**

Candidates either had good or poor knowledge on the concept of 'sleeping partners' when answering this question. Many candidates did recognise the valid point that sleeping partners contribute capital but found difficulty in supplying another valid point.

### **Question 7**

The majority of candidates scored maximum marks to this question on matching methods of payment methods as being home or international.

### **Question 8**

This question produced many incorrect responses. The correct answer of 'regional distribution warehouse' was not well known.

### **Question 9**

As this type of question had not been asked before there were a pleasing number of well attempted answers. Many candidates were able to identify a correct method of appeal but found difficulty in giving the reason why it was being used. Weaker answers were limited to describing general benefits of television advertising. It is likely that this type of advertising question, asking for application, will be appearing more often in future examination papers.

### **Question 10**

Both of the terms 'tariffs' and 'quotas' were well defined to parts (a) and (b). Very good answers gave an example of a quota. One good answer is shown below.

'Tariffs are a tax levied on imported goods which increases the price of goods. This restricts trade as the cost of importing increases. 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.'

### **Question 11**

The best answers mentioned that the functions of money included being a medium of exchange, a measure of value and a unit of account. Weaker candidates did not fully understand the difference between functions and the qualities of money so they gave generalised answers that could apply to qualities such as durability and portability. 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 consumer protection question. Many answers focussed on the use of misleading descriptions and unscrupulous traders charging high prices. Fewer candidates focussed on incorrect weights and measures and the ignorance of consumer rights/laws.

### **Question 13**

The main issue with the answering of this question was that too many candidates decided to discuss the advantages of international trade rather than to focus on the reasons why many countries wish to join trading blocs. The better candidates recognised that countries joined trading blocs to gain from free trade increasing exports; and from the free movement of labour and capital. Some did comment on the possible stronger relations with other countries. Weaker candidates gave less detail or commented on the gains from international trade in general terms.

### **Question 14**

This question required candidates to study the resource material of a graph showing the share price movements of a public limited company and apply their knowledge and understanding. In answering part (a) the graph data clearly indicated that the focus was on the buying of previously issued shares but many candidates lost marks by describing the new issue market or merely described the given graph data. Good candidates described the role of the broker such as giving advice, looking for the best price and sorting out the details of the share transaction. Many answers were disappointing to part (b) as many candidates wrote about fluctuating share prices simply in terms of demand and supply without proffering any explanation of why demand might have changed. Good answers analysed factors such as company profits, government policy and how they affected the share price.

### **Question 15**

Answers to parts (a) (i/ii) revealed mixed results. Although there were many fully correct answers to part (i) there were many answers which simply described the function of insurance without relation to the question. In part (ii) a minority of candidates who confused the formulae required. Other candidates did not know the correct formulae and simply divided ten companies into £25 000 as shown by the diagram. Please note that it is good practice for candidates to show clear indication of their final answer by underscoring it. Part (iii) was generally well answered but marks were often lost if the correct insurance name was not correctly named.

The majority of candidates did not score well on part (b). Better answers explained that the insured must have a direct interest in what is insured, and suffer a loss. Also, that companies or persons cannot insure other people or companies as they could profit from a loss. Weaker answers often gave less explanation or just defined another principle of insurance.

Marks gained to part (c) often rested on whether candidates knew what the term of indemnity was. The best answers stated that indemnity places the insured in the same position as before the loss, and that they could only claim the amount of the loss. In addition, some candidates developed their answers with comments on subrogation and contribution. Weaker candidates gave less detail or irrelevant points describing other features of insurance.

The majority of candidates were well informed on the topic of utmost good faith to part d) with many well explained answers. Some such answers discussed how it was important to tell the truth and disclose all material facts on the proposal form, otherwise the policy would be cancelled and no compensation paid.

### **Question 16**

The general role of the wholesaler was generally well understood to part (a). Some candidates unfortunately simply described the source diagram. However, the better answers stated that the wholesaler was the middleman between the manufacturer who they bought in bulk from, and then sold small quantities to retailers. Marks were also given for some of the commercial service provided by wholesalers in this process, such as transport and warehousing.

Although in part (b) the document 'delivery note' was given in the question stem it was surprising to find a minority of candidates using this document for their answer. Good answers explained documents such as a statement of account, which shows monthly transactions and is a request for payment.

Many candidates to part (c) had a basic understanding that wholesalers were not needed due to the growth of large-scale retailers but there often not many other factors given or any detailed discussion. 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. The command word 'discuss' should lead candidates to develop points, rather than to list points in their approach to the question. Consequently, few candidates were able to develop their answers further with more factors to earn higher marks. The best answers explained two or three factors as outlined in the published mark scheme. Overall, part (c) tested assessment objective AO4 and proved challenging for all candidates.

Again, answers to part (d) often gave some knowledge without adequate development of the initial points. Some weak candidates focussed on the role of brokers in the insurance market or stock exchange, thereby ignoring the trade context of the question. Also, some candidates confused the role of factors with the concept of debt factoring. Better answers knew two or three differences with an attempt to explain the points made.

### **Question 17**

This question focussed on street markets and shopping centres.

Part (a) looked at why customers continue to buy goods from street stalls in open-air markets. The question differentiated well with a wide spread of marks. The basic reasons of being near the customers' homes were often given but often answers lacked the necessary development/explanation, particularly with regards to other relevant reasons. Some weaker candidates gave general comments such as cheaper or more convenient without explaining why. Many candidates to part (b) lost marks by not properly addressing the issue of why street stallholders prefer cash as a means of payment. Therefore, answers relating to customers preferring to pay by credit card did not score any marks.

The best answers covered points such as the need for cash in order to pay for more stocks or for cash flow. Some candidates also gave suitable answers by explaining the problems of credit such as bad debts and having to pay interest to banks.

In answering part (c) many candidates could give at least one valid feature of a shopping centre but only a minority of candidates gained all four marks. Popular and valid features included the availability of car parking, a variety of shops and food courts.

There was clearly increasing knowledge of the reasons for the growth of shopping centres in part (d) which no doubt reflects the emergence of this development internationally. There were a wide range of answers but some candidates misunderstood the question. They thought that shopping centres were some sort of monolithic centralised enterprise which bulk bought goods rather than being a range of shops and facilities. Some other candidates confused the shopping centre with a hypermarket or gave answers that could apply to any business, such as the rise in population or living standards. The better answers generally scored more than five marks out of eight marks to this part. These answers explained two or three reasons in detail. Such a good answer is show below.

‘There are many shops accommodated in shopping centres that provide a variety of different goods and services. Customers can usually find what they are looking for in one place as there are a large range of shops from toy shops to supermarkets. There are some upmarket shops that sell expensive and quality goods such as diamond bracelets. Ancillary services such as lifts, restaurants and children’s play area makes shopping very pleasant and comfortable. This is helped by having free car parks, where there are plenty of car parking spaces, that make it easier for shoppers to shop for the entire week and carry the goods back home in their car boot’.

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