

Principal Examiner Feedback

January 2013

International GCSE Commerce (4CM0)
Paper 01

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General comments

This was the second International GCSE January Commerce examination under the new International GCSE Commerce specification. The overall standard for this new examination was very encouraging, with similar results 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 'Name the insurance cover which protects a business from dishonest employees.' 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 16 was about the movement of freight. For example, question 16 (c) required candidates to consider 'why do the insurance costs for shipping freight fall when containers are used?' 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 17 (b) asked candidates to 'analyse why it might be better for this business to operate as a private limited company rather than as a partnership'. 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 15 (c) expected candidates to 'explain why the net profit should be compared with the value of capital invested in the business'. 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.

Specific comments

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. The mean mark was higher for parts (a) and (d).

Question 2

Candidates were generally able to give appropriate examples to the terms 'direct debit' in part (a) and the term 'standing order' 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 bank methods of payments needs attention by all centres.

Question 3

A simple calculation was required with many candidates scoring maximum marks. The most common error was to calculate the premium on the basis of £50 per £100 of property instead of 50 pence per £100. Moreover, candidates should realise the importance of including the actual currency denomination in their answers.

Question 4

The majority of candidates found difficulty in scoring at least one mark for this question. The advantages of government grants were better known than the disadvantages. With reference to the latter, candidates were often drawn into commenting on governmental interference in the company's operations which is not strictly valid. However, candidates did score a mark by realising that the grant would increase the capital of the company.

Question 5

Many candidates lost marks by misinterpreting the question. The question required candidates to 'identify features of bonded warehouses' rather than their advantages. Therefore, the valid answers should have included points such as 'mainly found at ports' where they are 'supervised by customs officials'.

Question 6

Candidates either had good or poor knowledge on the concept of 'loyalty cards' when answering this question. Nevertheless, many candidates did recognise the valid point that there would be extra costs involved in providing loyalty cards.

Question 7

The majority of candidates scored maximum marks to parts (i), (ii) and (iii) of this question on matching businesses as being either in the private sector or public sector of the economy.

Question 8

This question produced many incorrect responses. The correct answer of 'fidelity guarantee' was not well known.

Question 9

This location question produced a pleasing number of well attempted answers. Many candidates were able to identify at least one correct factor to be considered in dealing with the location of a new hypermarket. Weaker answers were limited to describing general reasons for locating any business.

Question 10

Both of the terms 'ordinary shares' and 'preference shares' were generally well known. The focus tended to be on voting rights. However, there was evidence that some candidates continue to believe that voting rights give the power to engage in the day-to-day running of a company. One good answer is shown below.

'Ordinary shares bear the maximum risks and they are last in the queue when receiving dividends. Dividends are variable and depend on the profits of the company. Preference shareholders are more secure and are first in the queue when receiving dividends. Dividends are fixed and do not depend on upon whether the company earns a profit.'

Question 11

The best answers mentioned that the functions of advertising agencies included designing the advertisement, carrying out market research and advising on the best media to use. Weaker candidates focussed on the general functions and advantages of advertising rather than on advertising agency functions. 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 applied communications question. Many answers focussed on the points of immediate contact and immediate feedback as reasons for choosing telephone rather than email in certain circumstances. Some candidates also realised that the shop might not have access to a computer.

Question 13

The main issue with the answering of this question was that too many candidates decided to discuss the difficulties of exporting in international trade rather than to focus on the reasons why distance was a difficulty. The better candidates recognised that distance would increase transport costs because air or sea transport would be needed, and that there was more chance of the goods being stolen or damaged on a longer journey. Some did comment on the fact that communication could be more difficult over longer distances. Weaker candidates gave less detail or commented on the other difficulties such as language, currency and laws.

Question 14

This question required candidates to study the resource material of a diagram showing a credit card statement and apply their knowledge and understanding. In answering part (a) the credit card balance from a previous statement was clearly shown as the opening transaction but many candidates incorrectly added this balance with the payment received instead of offsetting one against the other and therefore lost marks to part a (ii). In part a (i) good candidates described the term 'credit limit' as the maximum amount that can be spent or withdrawn. Many answers were disappointing to part (b) as many candidates confused credit card statements with bank statements. Good answers gave reasons such as to record payments made, to enable customers to check their credit card transactions for accuracy and to show the interest owed.

Question 15

Answers to parts (a) (i/ii) revealed mixed results. Although there were many correct calculations to part (i) there were many incorrect answers to part (ii). In part (ii) a minority of candidates were confused not only by the concept of 'mark-up' but by the formulae required. Other candidates did not know the correct formulae and simply divided cost price of goods sold with turnover. 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 part (iv) concerning the calculation of the rate of turnover proved more demanding for many candidates.

The majority of candidates scored one mark to part (b). Most candidates knew that turnover meant 'sales' but found difficulty in obtaining a second valid mark for its meaning.

Most candidates found part (c) of this question difficult to obtain marks. Many gave generalised answers about the business making a profit or a loss. The best candidates recognised that comparing net profit to capital invested gave the return on capital. This could then be compared with previous years or other businesses to assess whether the investment was worthwhile.

Marks gained to part (d) often rested on whether candidates knew two different ways a business could increase net profit, as some candidates repeated their answer to the first way as a second way as well albeit using different wording. The best answers identified two different ways such as increasing sales and reducing expenses and then explained their answers with appropriate explanation. Weaker candidates gave less detail or irrelevant points describing ways that would not improve its net profit.

Question 16

In answering part (a) a simple calculation was required but too many candidates provided two separate figures for the value of freight carried by rail and inland waterways instead of calculating the total value as specified by the question. Some candidates unfortunately calculated values for other methods of transport.

There were sometimes strange notions of what pipelines actually were to part (b), with some goods regularly quoted as 'getting stuck in the middle'. Good answers explained disadvantages such as that they can only be used for a limited range of goods and are expensive to maintain.

Many candidates to part (c) had a basic understanding of containers. They explained that they were strong and secure resulting in less damage and theft of goods. Weaker candidates gave less detail or gave points valid about containers without relating their answers to risk.

Weaker answers to part (d) produced a list of reasons without explanation. The command word 'analyse' should lead candidates to develop points, rather than writing a list in their approach to the question. Consequently, few candidates were able to develop their answers further with more reasons to earn higher marks. The best answers explained two or three factors such airports offer greater security, risk is reduced as goods are transported quickly and high value goods can bear the cost of air transport. Overall, part (d) tested assessment objective AO4 and proved challenging for all candidates.

Answers to part (e) were often disappointing because candidates did not always focus on the developments shown by the pictures in the question. For example, some candidates gave general benefits of rail and road transport. Better answers showed how modern freight trains and motorways improved the movement of freight. For the freight train, they explained how it travelled at high speed reducing journey times and that its large capacity meant that it could carry heavy or bulky goods. For motorways, they explained how motorways linked up cities, and reduced road congestion because they had up to four lanes.

Question 17

This question focussed on a partnership business.

Part (a) (i) looked at what the deed of partnership contains. Many candidates gave two relevant details such as the capital invested, the partners' duties and the amount of salary to be paid. Although it mentioned in the question, 'apart from the sharing of profits' it was surprising to find a number of candidates giving this as their answer. Some weaker candidates gave general comments on features of a partnership such as unlimited liability. In part (ii) the majority of candidates scored maximum marks by calculating correctly the profit for each partner. A few lost marks by missing out the thousands in their answers. In part (iii) most candidates gained one mark out of two marks by recognising that Andrew received a greater share of the profits because he invested more money than the other two partners. However, most candidates found it difficult to gain the second development mark.

The best answers to part (b) covered points in favour of a private limited company such as the having limited liability; meaning that the owners could not lose their personal possessions. Another suitable reason often given was that private limited companies could raise greater capital by selling shares that could be used for expansion. Weaker answers gave unexplained lists, and some candidates mistakenly thought that limited companies had only one owner and would not have to share profits or discuss with others when making decisions.

Part(c) question differentiated well with a wide spread of marks. Weaker answers gave general features of bank loans and retained profits without linking them to advantages or disadvantages. The better answers generally scored more than five marks out of eight marks to this part. These answers explained advantages and disadvantages of the two options stated. Such a good answer is shown below.

'If a partnership applied for a bank loan they could receive a large amount of money which could be used to expand office space straightaway. However, they would have to pay interest on this loan which in the long-term could be expensive. Also, some lenders insist on collateral security, which if the loan is not paid back can be kept by the bank as their asset to sell.

Alternatively, retained profits is available immediately without any bank loan forms to complete. This could save time. There is also no interest to pay on retained profits and does not have to be paid back. Again, this should save the partners money. However, the retained profits might be not enough money for the expansion and would reduce the capital for the following year. That could mean that there is no money left for future projects.

Overall, the bank loan is more risky than using retained profits but the partnership could possibly obtain a larger sum of money to invest, and lead to less arguments with partners over retained profits'.

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