

INTERNATIONAL GCSE

Commerce (9-1)

SPECIFICATION

Pearson Edexcel International GCSE in Commerce (4CM1)

First teaching September 2017

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Edexcel, BTEC and LCCI qualifications

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Acknowledgements

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Contents

About this specification	2
Why choose Edexcel qualifications?	4
Why choose the Pearson Edexcel International GCSE in Commerce?	5
Supporting you in planning and implementing this qualification	7
Qualification at a glance	8
International GCSE Commerce content	10
Paper 1: Commercial operations and associated risks	11
Paper 2: Facilitating commercial operations	21
Assessment information	29
Assessment objectives and weightings	31
Administration and general information	32
Entries	32
Access arrangements, reasonable adjustments, special consideration and malpractice	32
Awarding and reporting	34
Student recruitment and progression	34
Appendices	37
Appendix 1: Codes	38
Appendix 2: Pearson World Class Qualification design principles	39
Appendix 3: Transferable skills	41
Appendix 4: Glossary	43
Appendix 5: Command word taxonomy	44
Appendix 6: Quantitative skills	45
Appendix 7: Formulae	46
Appendix 8: Calculators	47
Appendix 9: Glossary of International Accounting Standards (IAS) terminology	48

About this specification

The Pearson Edexcel International GCSE in Commerce is part of a suite of International GCSE qualifications offered by Pearson.

This qualification is not part of the UK Regulated Qualifications Framework (RQF).

Key features

This specification includes the following key features.

Structure

The Pearson Edexcel International GCSE in Commerce is a linear qualification.

It consists of two papers that must be taken at the end of the course of study.

Content

The content is relevant, engaging and updated from the content of legacy qualification. The content has been divided into four themes:

Theme 1: Commercial Operations

Theme 2: Commercial Risks

Theme 3: Finance for Commerce

Theme 4: Aids for Commerce.

Assessment

Two examinations, with questions designed to differentiate students of all ability ranges.

Approach

This qualification enables students to develop independent learning and critical-thinking skills, which can be used in real-life scenarios.

Specification updates

This specification is Issue 1 and is valid for first teaching from September 2017, with first assessment from June 2019 and first certification from August 2019.

If there are any significant changes to the specification, we will inform centres in writing. Changes will also be posted on our website.

For more information please visit qualifications.pearson.com.

Using this specification

This specification gives teachers guidance and encourages effective delivery of the qualification. The following information will help you get the most out of the content and guidance.

Compulsory content: as a minimum, all of the bullet points in the content must be taught. The word 'including' in content specifies the detail of what must be covered.

Assessments: use a range of material and are not limited to the examples given. Teachers should deliver the qualification using a good range of examples to support the assessment of the content.

Depth and breadth of content: the course is designed to give students a sound understanding of commerce and the ability to use knowledge, skills and understanding appropriately in the context of individual countries and the global economy. As students progress through the course they are introduced to new ideas and concepts while continuing to use and reinforce previously learned concepts and skills.

The Pearson Edexcel International GCSE in Commerce is designed as a two-year course. Teachers should use the full range of content and all the assessment objectives given in the subject content section.

Qualification aims and objectives

The aims and objectives of this qualification are to enable students to:

- develop an interest in and enthusiasm for the study of commerce
- develop an understanding of commerce concepts, commerce terminology, commerce objectives and the integrated nature of commerce activity
- understand how the main types of commerce are organised, financed and operated
- develop and apply knowledge, understanding and skills to commerce issues in a wide range of applications, operating in local, national and global context
- develop critical thinking and enquiry skills to distinguish between facts and opinion, and evaluating and interpreting qualitative and quantitative data, to help build arguments and make informed judgements
- develop an understanding of the dynamics of commerce activity and the related considerations of ethics and sustainability for global businesses.

Why choose Edexcel qualifications?

Pearson – the world’s largest education company

Edexcel academic qualifications are from Pearson, the UK’s largest awarding organisation. With over 3.4 million students studying our academic and vocational qualifications worldwide, we offer internationally recognised qualifications to schools, colleges and employers globally.

Pearson is recognised as the world’s largest education company, allowing us to drive innovation and provide comprehensive support for Edexcel students in acquiring the knowledge and skills they need for progression in study, work and life.

A heritage you can trust

The background to Pearson becoming the UK’s largest awarding organisation began in 1836, when a royal charter gave the University of London its first powers to conduct exams and confer degrees on its students. With over 150 years of international education experience, Edexcel qualifications have a firm academic foundation, built on the traditions and rigour associated with Britain’s educational system.

To find out more about our Edexcel heritage please visit our website:
qualifications.pearson.com/en/about-us/about-pearson/our-history

Results you can trust

Pearson’s leading online marking technology has been shown to produce exceptionally reliable results, demonstrating that at every stage, Edexcel qualifications maintain the highest standards.

Developed to Pearson’s world-class qualifications standards

Pearson’s world-class standards mean that all Edexcel qualifications are developed to be rigorous, demanding, inclusive and empowering. We work collaboratively with a panel of educational thought-leaders and assessment experts to ensure that Edexcel qualifications are globally relevant, represent world-class best practice and maintain a consistent standard.

For more information on the world-class qualification process and principles please go to *Appendix 2* or visit our website: uk.pearson.com/world-class-qualifications

Why choose the Pearson Edexcel International GCSE in Commerce?

We have listened to feedback from all parts of the international school subject community, including a large number of teachers. We have made changes that will engage international learners and give them skills that will support progression to further study of commerce and a wide range of other subjects.

Key qualification features:

Two-paper assessment – a new, two-paper model gives students better opportunities to focus on real-life commercial scenarios. We will test knowledge, understanding, analytical and evaluation skills around four themes: commercial operations, commercial risks, finance for commerce and aids for commerce.

Concepts and content – the content in Paper 1: Commercial operations and associated risks, and in Paper 2: Facilitating commercial operations, is engaging and accessible. The content allows progression as it builds understanding and awareness of commercial concepts, and applies them to real-life scenarios. The content is appropriate for international students as it develops their ability to participate effectively in global society as citizens, producers and consumers.

Clear and straightforward question papers – our question papers are clear and accessible for students of all ability ranges. Our mark schemes are straightforward, so that assessment requirements are clear.

Broad and deep development of learners' skills – we designed the International GCSE in Commerce to extend students' knowledge by broadening and deepening skills, for example students will develop the ability to:

- read sources to interpret and evaluate commercial information
- write extended responses
- respond appropriately to a range of question types, including multiple-choice, short-answer and open-ended questions
- develop an understanding of commercial concepts and apply these concepts to real-life situations.

Progression – the Pearson Edexcel International GCSE in Commerce equips students with the knowledge and skills they need to progress on to Level 3 study or employment. As well as Level 3 courses from other awarding organisations, students may also progress on to the following Pearson qualifications:

- Pearson Edexcel A level Business
- Pearson Edexcel International Advanced level Business
- Pearson Edexcel A level Economics A
- Pearson Edexcel A level Economics B
- Pearson Edexcel International Advanced level Economics
- Pearson Edexcel International Advanced level Accounting
- Pearson BTEC Level 3 National in Business.

Through our world-class qualification development process we have consulted with international business, economics and commerce teaching experts to validate the appropriateness of this qualification, including content, skills and assessment structure.

Our International GCSE in Commerce sits within our Business suite of International GCSE qualifications. We also offer International GCSE Business, International GCSE Economics and International GCSE Accounting.

More information about the qualifications can be found on our website (qualifications.pearson.com) on the Edexcel International GCSE pages.

Supporting you in planning and implementing this qualification

Planning

- Our *Getting Started Guide* gives you an overview of the Pearson Edexcel International GCSE in Commerce to help you understand the changes to content and assessment, and what these changes mean for you and your students.
- We will provide you with an editable course planner and schemes of work.
- Our mapping documents highlight key differences between the new and legacy qualifications.

Teaching and learning

- Our skills maps will highlight opportunities for students to develop skills that are assessed, as well as skills that are not directly assessed.
- Print and digital learning and teaching resources – promote any time, any place learning to improve student motivation and encourage new ways of working.

Preparing for exams

We will also provide a range of resources to help you prepare your students for the assessments, including:

- specimen papers to support formative assessments and mock exams
- examiner commentaries following each examination series.

ResultsPlus

ResultsPlus provides the most detailed analysis available of your students' exam performance. It can help you identify the topics and skills where further learning would benefit your students.

examWizard

A free online resource designed to support students and teachers with examination preparation and assessment.

Training events

In addition to online training, for teachers to deepen their understanding of our qualifications, we host a series of training events each year.

Get help and support

Our subject advisor service will ensure that you receive help and guidance from us. You can sign up to receive updates at qualifications.pearson.com/en/home.html or email 'sign me up' to TeachingBusiness@pearson.com or TeachingEconomics@pearson.com

Qualification at a glance

Qualification overview

The Pearson Edexcel International GCSE in Commerce consists of two externally-examined papers.

The Pearson Edexcel International GCSE in Commerce is a linear qualification. All papers must be taken in the terminal series at the end of the course of study.

Content and assessment overview

Paper 1: Commercial operations and associated risks	*Paper code: 4CM1/01
Externally assessed Written examination: 1 hour and 30 minutes Availability: January and June 80 marks	<i>50% of the qualification</i>
Content overview <p>This paper explores the nature of commerce, what it involves and the risks associated with commercial operations. The paper is based on two Themes, Theme 1: Commercial Operations and Theme 2: Commercial Risks.</p> Theme 1: Commercial Operations <ul style="list-style-type: none">• Production• Buying and selling• Commercial enterprises• Retail• Wholesale• Ecommerce• International trade Theme 2: Commercial Risks <ul style="list-style-type: none">• Insurance• Consumer protection legislation• Trade• Bad debts	
Assessment overview <p>A written examination of 1 hour and 30 minutes, consisting of four compulsory questions, each worth 20 marks. The questions are a mixture of multiple-choice, short-answer and open-ended questions. The paper has three sections: A, B and C. Questions 3 and 4 in Sections B and C respectively are based on real business case scenarios, adapted for exam purposes.</p> <p>Calculators may be used in the examination. Information on the use of calculators during the examinations for this qualification can be found in <i>Appendix 8: Calculators</i>.</p>	

Paper 2: Facilitating commercial operations	*Paper code: 4CM1/02
Externally assessed Written examination: 1 hour and 30 minutes Availability: January and June 80 marks	<i>50% of the qualification</i>
<p>Content overview</p> <p>This paper involves an examination of finance for commerce and the different aids for commerce. The paper is based on two Themes, Theme 3: Finance for Commerce and Theme 4: Aids for Commerce.</p> <p>Theme 3: Finance for Commerce</p> <ul style="list-style-type: none"> • Financial institutions to support commerce • Sources of finance • Methods of payment • Commercial calculations • Measuring commercial performance • Improving commercial performance. <p>Theme 4: Aids for Commerce</p> <ul style="list-style-type: none"> • Communications • Transport • Warehousing • Promotion • Trading documents • Types of consumer credit • Aids to exports 	
<p>Assessment overview</p> <p>A written examination of 1 hour and 30 minutes, consisting of four compulsory questions, each worth 20 marks. The questions are a mixture of multiple-choice, short-answer and open-ended questions. The paper has three sections: A, B and C. Questions 3 and 4 in Sections B and C respectively are based on real business case scenarios, adapted for exam purposes.</p> <p>Calculators may be used in the examination. Information on the use of calculators during the examinations for this qualification can be found in <i>Appendix 8: Calculators</i>.</p>	

*See *Appendix 1: Codes* for a description of this code and all other codes relevant to this qualification.

International GCSE Commerce content

Paper 1: Commercial operations and associated risks	11
Paper 2: Facilitating commercial operations	21

Paper 1: Commercial operations and associated risks

Externally assessed

1.1 Content description

In Paper 1, students need to know and understand the ways in which commercial operations work. To start with, they will look at production and how the factors of production support commercial operations. They will look at the sectors, considering examples of primary, secondary and tertiary sectors working within commerce. Students will look at specialisation and the division of labour, and how this leads to a need for commerce.

Students will go on to look at the process of buying and selling, and will consider the sources and costs associated with them. They will then look at the different types of commercial enterprises, focusing on the implications of having different commercial enterprises, their advantages and disadvantages.

Retailers and wholesalers have a significant role in commerce so students will consider their role. Ecommerce has grown significantly and students will explore its implications for commerce generally. Finally, in this section, students will consider the international nature of commerce in terms of buying and selling across countries.

Students need to know and understand the risks involved in commerce. It is because of risk that the whole insurance industry exists so students will look at the purpose of insurance, its essential elements, the insurance of business risks, and the effects on cover and claims. Another risk is legislation and students will focus on consumer protection. Students will consider the risks associated with trade, including exchange rates and trade protection, which can add to costs. Finally, students will look at the process of managing risks in business.

1.2 Assessment information

- First assessment: June 2019.
 - The assessment is 1 hour and 30 minutes.
 - The assessment is out of 80 marks.
 - The assessment consists of four questions.
 - The paper includes a mixture of multiple-choice, short-answer and open-ended questions.
 - Questions 3 and 4 are set in context.
 - Calculators may be used in the examination.
 - The paper is weighted at 50% of the qualification.
-

1.3 Content

Theme 1: Commercial Operations

1.1 Production

What students need to learn:

1.1.1 Production:

- the manufacture of goods
- the provision and delivery of services.

1.1.2 Factors of production:

- land
- labour
- capital
- enterprise.

1.1.3 Industrial sectors and commerce:

- chain of production:
 - primary sector
 - secondary sector
 - tertiary sector
- the relationship between businesses in the primary, secondary and tertiary sector
- the relative importance of each sector within countries.

1.1.4 Division of labour:

- specialisation
- the division of labour
- specialisation of individuals, firms, regions and countries
- impact of the division of labour on firms and workers
- specialisation and the need for commerce
- the interdependence of countries.

1.2 Buying and selling

What students need to learn:

1.2.1 Sources of buying in commerce, including:

- home – buying from suppliers in the same country
- international – buying from suppliers in other countries
- direct – buying direct from the supplier
- indirect buying through an intermediary (wholesaler, distributor)
- mail order

1.2 Buying and selling (continued)

What students need to learn:

- advantages and disadvantages of each source of buying
- reasons firms might outsource production.

1.2.2 Costs associated with buying:

- transport costs
- transaction costs (exchanging currencies, tax/tariffs)
- administration costs
- environmental costs
- research costs
- staffing costs.

1.2.3 Costs associated with selling:

- sales staff
- payment processes
- stolen inventory
- damaged inventory
- distribution costs (ecommerce, mcommerce).

1.3 Commercial enterprises

What students need to learn:

1.3.1 Types of commercial enterprise:

- private and public enterprises
- private sector:
 - sole traders
 - cooperatives
 - partnership
 - limited company (public and private)
- implications of type of organisation on:
 - business formation
 - documents required to set up
 - raising capital
 - ownership and control
 - distribution of profit
 - liability of owners for losses
 - suitability/appropriateness of each ownership in given situations

1.3 Commercial enterprises (continued)

What students need to learn:

- franchise:
 - the role of the franchisor and franchisee
- public sector
- privatization
- characteristics (ownership, control, objectives).

1.4 Retail

What students need to learn:

1.4.1 Functions of retailers, including services provided:

- buying
- storing
- selling
- providing credit facilities
- introducing new products
- advertising and window displays
- after sales service.

1.4.2 Types of retailer:

- street markets
- independent retailers
- speciality shops
- department stores
- multiples (chain stores)
- supermarkets
- hypermarkets
- electronic commerce (ecommerce/etailers).

1.4.3 Location factors for retail outlets:

- availability of labour
- closeness to markets
- transport links
- availability of power
- availability of raw materials
- competition
- availability of suppliers
- communication

1.4 Retail (continued)

What students need to learn:

- government tax breaks and subsidies
 - the work of planning authorities.
- 1.4.4 Techniques in retail:
- branding
 - own labels
 - logos
 - packaging
 - self-service
 - after-sales service
 - barcoding
 - Electronic Point of Sale (EPOS)
 - loss leaders
 - seasonal and other 'sales'
 - special offers
 - loyalty cards and loyalty programmes.
- 1.4.5 Developments in retailing:
- omnichannel retailing
 - self-scan checkouts
 - click and collect
 - mobile retailing (mcommerce).
- 1.4.6 Small retailers:
- reasons for the survival of small-scale retailers
 - personal service
 - flexible opening hours
 - additional services offered.
- 1.4.7 Changes in the retail trade and the impact on businesses and individuals.

1.5 Wholesale

What students need to learn:

- 1.5.1 Wholesalers' role in the chain of distribution.
- 1.5.2 Functions of wholesalers, including services provided:
- breaking bulk
 - risk bearing
 - advice to retailers

1.5 Wholesale (continued)

What students need to learn:

- offering trade credit
- freeing storage space for smaller stores
- preparing goods for resale
- delivering to retailers.

1.5.3 Types of wholesaler:

- general
- cash-and-carry
- voluntary chains.

1.5.4 Changes in wholesaling and their impact on manufacturers, retailers and consumers.

1.6 Ecommerce

What students need to learn:

1.6.1 Characteristics of ecommerce:

- use of websites
- bricks and clicks
- availability of wide range of goods
- delivery to customer
- return options.

1.6.2 Effects of ecommerce:

- change in supply
- supplying direct from a warehouse
- communication through online orders
- more national and international customers
- environmental impacts.

1.6.3 Ecommerce location factors:

- importance of transport links
- no need for footfall
- need for space for increased inventory
- availability of specialist labour.

1.7 International trade

What students need to learn:

1.7.1 Benefits of international trade.

1.7.2 International trade

- imports and exports
- visible and invisible trade.

1.7.3 Balance of trade and balance of payments:

- calculate the balance of trade and the balance of payments from given figures
- deficits and surpluses in the balance of trade.

1.7.4 Trading blocs

- removal of tariffs within trading bloc
- common external tariff
- free movement of labour, capital and goods
- the impact of trading blocs on countries and businesses.

1.7.5 Difficulties facing exporters:

- language
- distance
- methods of payment
- differing consumer wants
- documentation
- currency exchange.

1.7.6 Multinationals:

- reasons for the existence of multinational corporations/companies (MNCs)
- advantages and disadvantages of operating as a multinational corporation/company (MNC)
- the impact of multinational corporations/companies (MNCs) on host countries.

Theme 2: Commercial Risks

2.1 Insurance

What students need to learn:

2.1.1 Purposes of insurance:

- risk reduction
- compensation
- financial protection
- business confidence
- investment.

2.1.2 Insurance principles:

- the essential principles of insurance:
 - indemnity
 - contribution
 - subrogation
 - insurable interest
 - utmost good faith
- the statistical basis of insurance in terms of:
 - pooling of risks
 - forecasting losses
 - fixing premiums
 - compensating for loss
- the role of actuaries
- the role of assessors
- non-insurable risks.

2.1.3 Insurance business risks:

- premises
- theft
- motor
- marine
- fire
- consequential loss
- employers' liability
- public liability
- product liability
- fidelity guarantee

2.1 Insurance (continued)

What students need to learn:

- credit insurance
 - plate glass.
- 2.1.4 Effecting insurance cover and renewal:
- the main documents of insurance:
 - proposal form
 - cover note
 - policy
 - the purpose of an endorsement
 - reasons for the inclusion of clauses in a policy relating to:
 - the insured
 - the property
 - life and the cover required
 - the main roles in insurance:
 - insurance brokers and agents
 - underwriters and syndicates.
- 2.1.5 Effecting a claim:
- making a claim, including the claim form.

2.2 Consumer protection legislation

What students need to learn:

- 2.2.1 Consumer protection:
- reasons for having consumer protection
 - legislation to protect consumers.
- 2.2.2 Actions buyers and sellers might take when:
- making a complaint
 - dealing with faulty goods
 - dealing with poor quality goods or services.

2.3 Trade

What students need to learn:

- 2.3.1 Trade protection:
- tariffs, quotas and trade restrictions
 - the impact of tariffs, quotas and trade restrictions.

2.3 Trade (continued)

What students need to learn:
2.3.2 Exchange rates: <ul style="list-style-type: none">• foreign exchange markets• calculation of exchange rates• exchange rate changes• impact of appreciation and depreciation of currency on international trade.

2.4 Bad debts

What students need to learn:
2.4.1 Bad debts: <ul style="list-style-type: none">• the impact of bad debts on businesses and individuals• ways to reduce bad debts.

Paper 2: Facilitating commercial operations

Externally assessed

2.1 Content description

Paper 2 concentrates on the key concepts involved in how commercial operations are facilitated. It provides a framework for students to explore concepts, some of which were introduced in Themes 1 and 2. The aim is for students to understand that for commerce to take place successfully a range of facilities and processes is required.

In Paper 2, students will be introduced to the finance used for commerce. The paper includes some use of formulae and associated calculations.

National and international business contexts are used, which will develop an understanding of how commercial operations are facilitated.

Students must develop an understanding of the interdependent nature of commercial activity through interactions between business operations, finance, marketing and consumer credit. Students must understand how these interdependencies and relationships underpin business decisions. The teaching approach to the content must reflect this.

Students will explore how business performance is both measured and improved.

2.2 Assessment information

- First assessment: June 2019.
 - The assessment is 1 hour and 30 minutes.
 - The assessment is out of 80 marks.
 - The assessment consists of four questions.
 - The paper includes a mixture of multiple-choice, short-answer and open-ended questions.
 - Questions 3 and 4 are set in context.
 - Calculators may be used in the examination.
 - The paper is weighted at 50% of the qualification.
-

2.3 Content

Theme 3: Finance for Commerce

3.1 Financial institutions to support commerce

What students need to learn:

3.1.1 The role and function of different financial institutions for commercial operations:

- commercial banks
- post offices
- Central Bank.

3.1.2 Banking services:

- current, deposit and savings accounts
- overdraft facility
- night safes
- ATM services
- provision of foreign currency
- credit and debit cards.

3.1.1 Trends in banking:

- mobile and digital banking
- internet banking
- cashless society.

3.2 Sources of finance

What students need to learn:

3.2.1 Short-term finance:

- trade credit
- overdraft
- factoring
- leasing
- hire purchase.

3.2.2 Long-term finance:

- loans
- debentures
- crowdfunding
- mortgages
- owner's capital
- venture capital
- retained profit

3.2 Sources of finance (continued)

What students need to learn:

- ordinary and preference shares
 - government grant.
- 3.2.3 The process of issuing shares and debt
- the functions and role of stock exchanges
 - investors
 - equities
 - interest
 - dividend
 - yield
 - speculation.

3.3 Methods of payment

What students need to learn:

- 3.3.1 Methods of payment:
- cheques
 - standing orders
 - bank giro (credit transfer)
 - direct debits
 - bank drafts
 - debit cards
 - credit cards
 - electronic transfers
 - postal orders
 - cash on delivery
 - documentary credits
 - money transfer.

3.4 Commercial calculations

What students need to learn:

- 3.4.1 The concept and calculation of:
- gross profit
 - profit for the year (net profit)
 - mark-up
 - average inventory
 - inventory turnover.

3.5 Measuring commercial performance

What students need to learn:
3.5.1 The concept and calculation of: <ul style="list-style-type: none">• gross profit margin• profit for the year (net profit) margin• expenses as a percentage of turnover• Return On Capital Employed (ROCE).

3.6 Improving commercial performance

What students need to learn:
3.6.1 Methods to improve: <ul style="list-style-type: none">• sales turnover• purchasing costs• mark-up• profit margins• expenses• inventory turnover.

Theme 4: Aids for Commerce

4.1 Communications

What students need to learn:

- 4.1.1 The importance of effective communication in commerce: appropriate methods of communication in commercial contexts.
- 4.1.2 Types of communication:
- oral
 - written
 - electronic.
- 4.1.3 Methods of oral communication:
- telephone
 - meeting
 - face-to-face.
- 4.1.4 Methods of written communication:
- letter
 - agenda
 - minutes.
- 4.1.5 Methods of electronic communication:
- internet
 - teleconferencing
 - videoconferencing
 - email.

4.2 Transport

What students need to learn:

- 4.2.1 The importance of transport in the chain of distribution.
- 4.2.2 Different forms of transport available to commerce:
- road
 - rail
 - sea
 - air
 - inland waterway
 - pipelines.

4.2 Transport (continued)

What students need to learn:

4.2.3 Different modes of transport used for different forms:

- road – delivery vans, buses, taxis, motorcycles
- rail – passenger train, goods train
- air – passenger aircraft, freight planes
- sea – ferry, tanker, bulk carrier, cruise liner, container ship, cargo liners, ore-bulk-oil carriers
- containerisation.

4.2.4 The benefits to a business of having its own transport.

4.2.5 The efficiency of different forms of transport in terms of:

- speed
- reliability
- safety
- situation
- convenience
- optimising routes.

4.3 Warehousing

What students need to learn:

4.3.1 The role of warehousing:

- seasonal demand
- protecting supply
- price stability.

4.3.2 The types and functions of different types of warehouse:

- bonded
- cold storage
- regional distribution centre
- cash and carry.

4.4 Promotion

What students need to learn:

4.4.1 The purpose of advertising and promotion in commerce.

4.4.2 Main methods of advertising and promotion, appropriate to different purposes and contexts:

- radio
- television and cinema

4.4 Promotion (continued)

What students need to learn:

- billboards and posters
- newspapers (national and local)
- magazines and trade journals
- point of sale (carrier bags, wrappers)
- catalogues and brochures
- circulars and leaflets
- websites and mobile apps
- free gifts and samples
- trade fairs and exhibitions
- sponsorship.

4.4.3 Approaches to advertising:

- persuasive
- informative
- competitive
- collective.

4.4.4 The role of social media:

- identify customer needs
- advertising.

4.4.5 The impact of changing consumer preferences on advertising.

4.4.6 The impact of technology on the advertising and the promotion:

- ecommerce
- digital communication.

4.5 Trading documents

What students need to learn:

4.5.1 The purpose and the appropriate use of different trade documents used by wholesalers in the purchase and sale of goods in home trade:

- enquiry
- quotation
- order
- advice note
- delivery note
- invoice
- debit note

4.5 Trading documents (continued)

What students need to learn:

- credit note
- statement of account
- receipt.

4.5.2 Complete different trade documents.

4.5.3 Interpret information from trade documents.

4.6 Types of consumer credit

What students need to learn:

4.6.1 Different types of credit available to consumers:

- credit sale
- hire purchase
- store card
- credit card
- informal credit.

4.6.2 Appropriateness of different forms of credit in different situations.

4.6.3 Calculations of cost associated with different forms of credit – interest.

4.7 Aids to exports

What students need to learn:

4.7.1 Sources of support when exporting:

- governments:
 - credit guarantees
 - trade fairs and consular services
- chambers of commerce
- banks
- trade organisations
- overseas agents.

Assessment information

Assessment requirements

The Pearson Edexcel International GCSE in Commerce consists of two externally-examined papers.

Students must complete all assessments, which must be taken in the terminal series at the end of the course of study.

All papers will be available for assessment from June 2019.

Paper	Assessment information	Number of raw marks allocated in the paper
Paper 1: Commercial operations and associated risks	<ul style="list-style-type: none">• 1 hour and 30 minutes' examination.• The paper is weighted at 50% of the qualification.• First assessment: June 2019.• The assessment consists of four questions.• The paper includes a mixture of multiple-choice, short-answer and open-ended questions.• Questions 3 and 4 are set in context.• Students may use a calculator (please see <i>Appendix 8</i>).	80 marks
Paper 2: Facilitating commercial operations	<ul style="list-style-type: none">• 1 hour and 30 minutes' examination.• The paper is weighted at 50% of the qualification.• First assessment: June 2019.• The assessment consists of four questions.• The paper includes a mixture of multiple-choice, short-answer and open-ended questions.• Questions 3 and 4 are set in context.• Students may use a calculator (please see <i>Appendix 8</i>).	80 marks

Additional assessment information

Please refer to *Appendix 5* to see the command words that will be used in the question papers. Please see the examples of how these command words are used in the *Pearson Edexcel International GCSE in Commerce Sample Assessment Materials (SAMs)* document.

Students are required to learn a range of mathematical skills for this qualification, please see *Appendix 6*.

The formulae that students need to know to prepare for the examinations are in *Appendix 7*. The formulae will **not** be provided in the examination papers.

The assessments for this qualification will use the International Accounting Standards (IAS) **only**, please see *Appendix 9*.

Sample assessment materials

Sample papers and mark schemes can be found in the *Pearson Edexcel International GCSE in Commerce Sample Assessment Materials (SAMs)* document.

Assessment objectives and weightings

		% in International GCSE
A01	Recall, select and communicate knowledge and understanding of commercial terms, concepts and issues	27–28*
A02	Apply knowledge and understanding using appropriate commercial terms, concepts and calculations effectively in specified contexts	38–39
A03	Select, organise and interpret commercial information from sources to investigate and analyse issues	22–23
A04	Evaluate commercial information to make reasoned judgements and draw conclusions	11–12

*A total of 15% (12 marks per paper) will assess recall of knowledge.

Relationship of assessment objectives to components

Paper	Assessment objective			
	A01	A02	A03	A04
Paper 1	13.7%	19.4%	11.3%	5.6%
Paper 2	13.7%	19.4%	11.3%	5.6%
Total for International GCSE	27–28%	38–39%	22–23%	11–12%

NB: Totals have been rounded up.

Administration and general information

Entries

Entries

Details of how to enter students for the examinations for this qualification can be found in our *International Information Manual*. A copy is made available to all examinations officers and is available on our website.

Students should be advised that, if they take two qualifications in the same subject, colleges, universities and employers are very likely to take the view that they have achieved only one of the two GCSE/International GCSE qualifications. Students or their advisers who have any doubts about subject combinations should check with the institution to which they wish to progress before embarking on their programmes.

Access arrangements, reasonable adjustments, special consideration and malpractice

Equality and fairness are central to our work. Our equality policy requires all students to have equal opportunity to access our qualifications and assessments, and our qualifications to be awarded in a way that is fair to every student.

We are committed to making sure that:

- students with a protected characteristic (as defined by the UK Equality Act 2010) are not, when they are undertaking one of our qualifications, disadvantaged in comparison to students who do not share that characteristic
- all students achieve the recognition they deserve for undertaking a qualification and that this achievement can be compared fairly to the achievement of their peers.

Language of assessment

Assessment of this qualification will be available in English only. All student work must be in English.

We recommend that students are able to read and write in English at Level B2 of the Common European Framework of Reference for Languages.

Access arrangements

Access arrangements are agreed before an assessment. They allow students with special educational needs, disabilities or temporary injuries to:

- access the assessment
- show what they know and can do without changing the demands of the assessment.

The intention behind an access arrangement is to meet the particular needs of an individual student with a disability without affecting the integrity of the assessment. Access arrangements are the principal way in which awarding bodies comply with the duty under the Equality Act 2010 to make 'reasonable adjustments'.

Access arrangements should always be processed at the start of the course. Students will then know what is available and have the access arrangement(s) in place for assessment.

Reasonable adjustments

The Equality Act 2010 requires an awarding organisation to make reasonable adjustments where a student with a disability would be at a substantial disadvantage in undertaking an assessment. The awarding organisation is required to take reasonable steps to overcome that disadvantage.

A reasonable adjustment for a particular student may be unique to that individual and therefore might not be in the list of available access arrangements.

Whether an adjustment will be considered reasonable will depend on a number of factors, including:

- the needs of the student with the disability
- the effectiveness of the adjustment
- the cost of the adjustment; and
- the likely impact of the adjustment on the student with the disability and other students.

An adjustment will not be approved if it involves unreasonable costs to the awarding organisation, timeframes or affects the security or integrity of the assessment. This is because the adjustment is not 'reasonable'.

Special consideration

Special consideration is a post-examination adjustment to a student's mark or grade to reflect temporary injury, illness or other indisposition at the time of the examination/assessment, which has had, or is reasonably likely to have had, a material effect on a candidate's ability to take an assessment or demonstrate their level of attainment in an assessment.

Further information

Please see our website for further information about how to apply for access arrangements and special consideration.

For further information about access arrangements, reasonable adjustments and special consideration please refer to the JCQ website: www.jcq.org.uk.

Candidate malpractice

Candidate malpractice refers to any act by a candidate that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

Candidate malpractice in examinations **must** be reported to Pearson using a *JCQ Form M1* (available at www.jcq.org.uk/exams-office/malpractice). The form can be emailed to pqsmalpractice@pearson.com or posted to: Investigations Team, Pearson, 190 High Holborn, London, WC1V 7BH. Please provide as much information and supporting documentation as possible. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice constitutes staff or centre malpractice.

Staff/centre malpractice

Staff and centre malpractice includes both deliberate malpractice and maladministration of our qualifications. As with candidate malpractice, staff and centre malpractice is any act that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

All cases of suspected staff malpractice and maladministration **must** be reported immediately, before any investigation is undertaken by the centre, to Pearson on a *JCQ Form M2(a)* (available at www.jcq.org.uk/exams-office/malpractice).

The form, supporting documentation and as much information as possible can be emailed to pqsmalpractice@pearson.com or posted to: Investigations Team, Pearson, 190 High Holborn, London, WC1V 7BH. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice itself constitutes malpractice.

More-detailed guidance on malpractice can be found in the latest version of the document *JCQ General and vocational qualifications Suspected Malpractice in Examinations and Assessments*, available at www.jcq.org.uk/exams-office/malpractice.

Awarding and reporting

The International GCSE qualification will be graded and certificated on a nine-grade scale from 9 to 1 using the total subject mark where 9 is the highest grade. Individual papers are not graded. The first certification opportunity for the Pearson Edexcel International GCSE in Commerce will be in August 2019. Students whose level of achievement is below the minimum judged by Pearson to be of sufficient standard to be recorded on a certificate will receive an unclassified U result.

Student recruitment and progression

Pearson follows the JCQ policy concerning recruitment to our qualifications in that:

- they must be available to anyone who is capable of reaching the required standard
- they must be free from barriers that restrict access and progression
- equal opportunities exist for all students.

Prior learning and other requirements

There are no prior learning or other requirements for this qualification.

Progression

Students can progress from this qualification to Level 3 courses or employment. As well as Level 3 qualifications from other awarding organisations, students may also progress on to the following Pearson qualifications:

- Pearson Edexcel A level Business
- Pearson Edexcel International Advanced level Business
- Pearson Edexcel A level Economics A
- Pearson Edexcel A level Economics B

- Pearson Edexcel International Advanced level Economics
- Pearson Edexcel International Advanced level Accounting
- Pearson BTEC Level 3 National in Business.

Appendices

Appendix 1: Codes	38
Appendix 2: Pearson World Class Qualification design principles	39
Appendix 3: Transferable skills	41
Appendix 4: Glossary	43
Appendix 5: Command word taxonomy	44
Appendix 6: Quantitative skills	45
Appendix 7: Formulae	46
Appendix 8: Calculators	47
Appendix 9: Glossary of International Accounting Standards (IAS) terminology	48

Appendix 1: Codes

Type of code	Use of code	Code
Subject codes	The subject code is used by centres to cash-in the entry for a qualification.	International GCSE – 4CM1
Paper codes	These codes are provided for information. Students may need to be entered for individual papers.	Paper 1: 4CM1/01 Paper 2: 4CM1/02

Appendix 2: Pearson World Class Qualification design principles

Pearson's World Class Qualification design principles mean that all Edexcel qualifications are developed to be **rigorous, demanding, inclusive and empowering**.



We work collaboratively to gain approval from an external panel of educational thought-leaders and assessment experts from across the globe. This is to ensure that Edexcel qualifications are globally relevant, represent world-class best practice in qualification and assessment design, maintain a consistent standard and support learner progression in today's fast-changing world.

Pearson's Expert Panel for World-Class Qualifications is chaired by Sir Michael Barber, a leading authority on education systems and reform. He is joined by a wide range of key influencers with expertise in education and employability.

"I'm excited to be in a position to work with the global leaders in curriculum and assessment to take a fresh look at what young people need to know and be able to do in the 21st century, and to consider how we can give them the opportunity to access that sort of education." Sir Michael Barber.

Endorsement from Pearson's Expert Panel for World Class Qualifications for the International GCSE development process

December 2015

"We were chosen, either because of our expertise in the UK education system, or because of our experience in reforming qualifications in other systems around the world as diverse as Singapore, Hong Kong, Australia and a number of countries across Europe.

We have guided Pearson through what we judge to be a rigorous world class qualification development process that has included, where appropriate:

- extensive international comparability of subject content against the highest-performing jurisdictions in the world
- benchmarking assessments against UK and overseas providers to ensure that they are at the right level of demand
- establishing External Subject Advisory Groups, drawing on independent subject-specific expertise to challenge and validate our qualifications.

Importantly, we have worked to ensure that the content and learning is future oriented, and that the design has been guided by Pearson's Efficacy Framework. This is a structured, evidenced process which means that learner outcomes have been at the heart of this development throughout.

We understand that ultimately it is excellent teaching that is the key factor to a learner's success in education but as a result of our work as a panel we are confident that we have supported the development of Edexcel International GCSE qualifications that are outstanding for their coherence, thoroughness and attention to detail and can be regarded as representing world-class best practice."

Sir Michael Barber (Chair)
Chief Education Advisor, Pearson plc

Dr Peter Hill
Former Chief Executive ACARA

Professor Jonathan Osborne
Stanford University

Professor Dr Ursula Renold
Federal Institute of Technology, Switzerland

Professor Janice Kay
Provost, University of Exeter

Jason Holt
CEO, Holts Group

Professor Lee Sing Kong
Dean and Managing Director, National Institute of Education International, Singapore

Bahram Bekhradnia
President, Higher Education Policy Institute

Dame Sally Coates
Director of Academies (South), United Learning Trust

Professor Bob Schwartz
Harvard Graduate School of Education

Jane Beine
Head of Partner Development, John Lewis Partnership

All titles correct as at December 2015

Appendix 3: Transferable skills

The need for transferable skills

In recent years, higher-education institutions and employers have consistently flagged the need for students to develop a range of transferable skills to enable them to respond with confidence to the demands of undergraduate study and the world of work.

The Organisation for Economic Co-operation and Development (OECD) defines skills, or competencies, as 'the bundle of knowledge, attributes and capacities that can be learned and that enable individuals to successfully and consistently perform an activity or task and can be built upon and extended through learning.'^[1]

To support the design of our qualifications, the Pearson Research Team selected and evaluated seven global 21st-century skills frameworks. Following on from this process, we identified the National Research Council's (NRC) framework ^[2] as the most evidence-based and robust skills framework, and have used this as a basis for our adapted skills framework.

The framework includes cognitive, intrapersonal skills and interpersonal skills.



The skills have been interpreted for this specification to ensure they are appropriate for the subject. All of the skills listed are evident or accessible in the teaching, learning and/or assessment of the qualification. Some skills are directly assessed. Pearson materials will support you in identifying these skills and developing these skills in students.

The table overleaf sets out the framework and gives an indication of the skills that can be found in Commerce and indicates the interpretation of the skill in this area. A full subject interpretation of each skill, with mapping to show opportunities for student development is given on the subject pages of our website: qualifications.pearson.com

¹ OECD – *Better Skills, Better Jobs, Better Lives* (OECD Publishing, 2012)

² Koenig, J. A. (2011) *Assessing 21st Century Skills: Summary of a Workshop* (National Academies Press, 2011)

Cognitive skills	Cognitive processes and strategies	<ul style="list-style-type: none"> • Critical thinking • Problem solving • Analysis • Reasoning/argumentation • Interpretation • Decision making • Adaptive learning • Executive function 	<p>Make deductions and draw conclusions from a variety of information sources/give reasons and arguments on both sides related to a commercial issue.</p>
	Creativity	<ul style="list-style-type: none"> • Creativity • Innovation 	
Intrapersonal skills	Intellectual openness	<ul style="list-style-type: none"> • Adaptability • Personal and social responsibility • Continuous learning • Intellectual interest and curiosity 	<p>Using knowledge of commerce independently (without guided learning), to further own understanding. Looking at real-world news stories in newspapers and online.</p>
	Work ethic/conscientiousness	<ul style="list-style-type: none"> • Initiative • Self-direction • Responsibility • Perseverance • Productivity • Self-regulation (metacognition, forethought, reflection) • Ethics • Integrity 	
	Positive core self-evaluation	<ul style="list-style-type: none"> • Self-monitoring/self-evaluation/self-reinforcement 	
Interpersonal skills	Teamwork and collaboration	<ul style="list-style-type: none"> • Communication • Collaboration • Teamwork • Cooperation • Empathy/perspective taking • Negotiation 	<p>Working with others in exploring issues involving commerce and commercial activity.</p>
	Leadership	<ul style="list-style-type: none"> • Responsibility • Assertive communication • Self-presentation 	

Appendix 4: Glossary

Term	Definition
Assessment objectives	The requirements that students need to meet to succeed in the qualification. Each assessment objective has a unique focus, which is then targeted in examinations or coursework. Assessment objectives may be assessed individually or in combination.
External assessment	An examination that is held at the same time and place in a global region.
Linear	Linear qualifications have all assessments at the end of a course of study. It is not possible to take one assessment earlier in the course of study.

Appendix 5: Command word taxonomy

The table below lists the command words that will be used in the question papers along with an outline of what each type of question requires students to do.

Command word	This type of question will require students to:
(Multiple-choice question)	select one correct answer from a choice of answers. These questions test recall of knowledge from the specification content or require a calculation to reach the correct answer
Define	define a term from the specification content
Give	give an answer testing recall of knowledge from the specification content
State	give an answer, no longer than a sentence, referring to a piece of contextual information from which students must select the answer
Identify	select the correct answer from reading a graph or table of data
Calculate	use mathematical skills to obtain an answer, based on given data. Calculators may be used and workings should be given
Complete the document	work out the values missing from the presented documents
Outline	give two linked points about a business concept or issue, placed in context in the question
Explain	identify a factor with two expansion points. These may expand on each other, or both from the same fact. There is no context in these questions
Analyse	write an extended answer, requiring expansion and exploration of a commercial concept or issue. The answer will be placed in context by the question
Justify	write an extended answer, using information provided in order to recommend one of two options
Evaluate	write an extended answer, using knowledge of specification content to reach a supported conclusion about a commercial situation.

Appendix 6: Quantitative skills

The list below states the range of mathematical skills that students are required to learn for this qualification. To apply these skills in a relevant commercial context, students must be able to draw on the knowledge and understanding they gained from the subject content. The level of mathematics content in the question papers will be equivalent to lower secondary mathematics.

Calculation

Calculations in a commercial context, including:

- percentages and percentage changes
- averages
- revenue, costs and profit
- gross profit margin and profit for the year (net profit) margin ratios
- exchange rates
- interest
- balance of trade
- numeric values within the business documents

Interpretation

Interpretation and use of quantitative data in commercial contexts to support, inform and justify commercial decisions, including:

- information from graphs, charts and texts
- profitability ratios (gross profit margin and profit for the year (net profit) margin)
- financial data, including profit and loss, exchange rates, interest rates
- market data, including market share, changes in costs and changes in prices.

These quantitative skills will be assessed in both Paper 1 and Paper 2, totalling 10% of the marks available for the qualification (8 marks per paper). Questions involving quantitative skills will always be in a commercial context. Not all of these skills will be sampled in the question papers but all will be covered over the lifetime of the qualification.

Appendix 7: Formulae

Gross profit margin

Gross profit = revenue – cost of sales

$$\text{Gross profit margin} = \frac{\text{gross profit}}{\text{revenue}} \times 100$$

Profit for the year (net profit) margin

Profit for the year (net profit) = gross profit – other operating expenses

$$\text{Profit for the year (net profit) margin} = \frac{\text{profit for the year (net profit)}}{\text{revenue}} \times 100$$

Mark-up

$$\text{Mark-up} = \frac{\text{profit per item}}{\text{cost per item}} \times 100$$

Return on capital employed (ROCE)/profit for the year (net profit) as a percentage of capital used

$$\text{ROCE} = \frac{\text{profit for the year (net profit)}}{\text{capital employed}} \times 100$$

Inventory turnover

$$\text{Inventory turnover} = \frac{\text{cost of sales}}{\text{average inventory held}}$$

Average inventory

$$\text{Average inventory} = \frac{\text{value of inventory at start of year} + \text{value of inventory at end of year}}{2}$$

Expenses as a percentage of turnover

$$\text{Expenses as a percentage of turnover} = \frac{\text{expenses}}{\text{turnover}} \times 100$$

Appendix 8: Calculators

Students may use a calculator in assessments for this qualification. Centres are responsible for making sure that calculators used by their students meet the requirements highlighted in the table below.

Students must be familiar with the requirements before their assessments for this qualification.

<p>Calculators must be:</p> <ul style="list-style-type: none"> • of a size suitable for use on a desk • either battery or solar powered • free of lids, cases and covers that contain printed instructions or formulae. 	<p>Calculators must not:</p> <ul style="list-style-type: none"> • be designed or adapted to offer any of these facilities: <ul style="list-style-type: none"> ○ language translators ○ symbolic algebraic manipulation ○ symbolic differentiation or integration ○ communication with other machines or the internet • be borrowed from another candidate during an examination for any reason • have retrievable information, stored in them - this includes: <ul style="list-style-type: none"> ○ databanks ○ dictionaries ○ mathematical formulae ○ text.
<p>The candidate is responsible for the following:</p> <ul style="list-style-type: none"> • the calculator's power supply • the calculator's working condition • clearing anything stored in the calculator. 	

An invigilator may give a student a replacement calculator.

Further information can be found in the JCQ documents *Instructions for conducting examinations* and *Information for candidates for written examinations*, available at www.jcq.org.uk/exams-office.

Appendix 9: Glossary of International Accounting Standards (IAS) terminology

The following is a glossary of the comparison between the International Finance Reporting Standards (IFRS) terminology and the UK GAAP (Generally Accepted Accounting Practice in the UK) terminology. IFRS terminology is used in the content of Pearson's financial and quantitative suite of qualifications but not all terms are present in all levels of the qualifications. Centres should be aware that these terms are also referred to as International Accounting Standards (IAS) in certain contexts within the industry. However, the definitions and meaning remain the same. Please note that **not** all of the IAS terminology will be used in this qualification.

Previously used UK GAAP terminology	IAS/IFRS terminology
Final accounts	Financial statements
Trading and profit and loss account	Statement of comprehensive income
Sales	Revenue
Purchases	Raw materials/ordinary goods purchased
Cost of goods sold	Cost of sales
Stock	Inventory
Work in progress	Work in progress
Gross profit	Gross profit
Sundry expenses	Other operating expenses
Sundry income	Other operating income
Interest receivable	Investment revenues/finance income
Interest payable	Finance costs
Net profit	Profit for the year
Balance sheet	Statement of financial position
Fixed assets	Non-current assets
Land and buildings	Property
Plant and equipment	Plant and equipment
Investments	Investment property
Goodwill	Intangible assets
Net book value	Carry-over

Previously used UK GAAP terminology	IAS/IFRS terminology
Current assets	Current assets
Stock	Inventory
Stocktake	Inventory count
Debtors	Trade receivables
Prepayments	Other receivables
Bank and cash	Cash
Current liabilities/creditors: amounts due within 12 months	Current liabilities
Creditors	Trade payables
Accruals	Other payables
Loans repayable within 12 months	Bank overdraft and loans
Long-term liabilities/creditors: amounts falling due after 12 months	Non-current liabilities
Loans repayable after 12 months	Bank (and other) loans
Capital	Capital or equity
Share capital	Share capital

For information about Edexcel, BTEC or LCCI qualifications
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