



Mark Scheme (Results) January 2020

Pearson Edexcel International GCSE
In Commerce 4CM1 Paper 01

Commercial operation and associated risks

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Question number	Answer	Mark
1 (a)	<p>AO1 = 1</p> <p>A – Manufacturing</p>	(1)

Question number	Answer	Mark
1 (b)	<p>AO1 = 1</p> <p>B - A supermarket reward is given when goods are purchased</p>	(1)

Question number	Answer	Mark
1 (c)	<p>AO1 = 1</p> <p>Award 1 mark for definition of enterprise.</p> <ul style="list-style-type: none"> A business/organisation/undertaking to produce goods or services (1). 	(1)

Question number	Answer	Mark
1 (d)	<p>AO1 = 1</p> <p>Award 1 mark for definition of insurable interest.</p> <ul style="list-style-type: none"> When the loss or damage to an insured item would cause the policyholder to suffer a financial loss (1). 	(1)

Question Number	Answer	Additional guidance	Mark
1 (e) (i)	<p>AO2 = 2</p> <p>$22 \times 500 \times 1.84$ (1)</p> <p>$= 20\,240$ (1)</p>	<p>Award 1 mark for correctly substituting number into the formula.</p> <p>Award full marks for correct numerical answer without working.</p>	(2)

Question number	Answer	Mark
1 (e) (ii)	<p>AO2 = 1</p> <p>Award 1 mark for stating an impact on the Singapore business.</p> <ul style="list-style-type: none"> You need more Singapore dollars to buy a euro (1). The bowls are going to cost more to buy (1). 	(1)

Question number	Answer	Mark
1 (e) (iii)	<p>AO2 = 1</p> <p>Award 1 mark for stating a cost to the German factory.</p> <ul style="list-style-type: none"> • Additional transport costs such as shipping will be incurred (1). • More sales staff may be needed to process orders from abroad (1). 	(1)

Question number	Answer	Mark
1 (f)	<p>AO1 = 3</p> <p>Award 1 mark for identifying why businesses use loss leaders and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • Loss leaders encourage people to buy the product as it may be cheaper than anywhere else (1) and people often will buy other items whilst they are in the shop, which may be sold at a higher price (1) so the business makes revenue on the higher priced item which covers the cost of the loss leader (1). <p>Answers that list three reasons with no development will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Answer	Mark
1 (g)	<p>AO1 = 3</p> <p>Award 1 mark for identifying an advantage for a business of offering credit and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • By providing credit facilities it allows customers to purchase goods without paying for them immediately (1) this facility encourages more sales (1) which could mean more revenue for the business (1). <p>Answers that list three advantages with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Indicative content	Mark
1 (h)	<p>A02 = 3 A03 = 3</p> <ul style="list-style-type: none"> • A bank's bad debt could come from unpaid loans and mortgages (A02). • It will cost banks money to try and recover bad debts (A02). • If a bank has many bad debts it is likely to lose money and affect trading results such as revenue and profit (A03). • Having to employ staff or external businesses to collect the outstanding money can become expensive and the banks may decide that it is not worth the effort and time. There is also no guarantee they will get the funds back (A03). 	(6)

Level	Marks	Level descriptor
	0	No rewardable material.
Level 1	1-2	<ul style="list-style-type: none"> • Limited application of knowledge and understanding of commercial concepts and issues to the commercial context (A02). • Attempts to deconstruct commercial information and/or issues, finding limited connections between points (A03).
Level 2	3-4	<ul style="list-style-type: none"> • Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies (A02). • Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (A03).
Level 3	5-6	<ul style="list-style-type: none"> • Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout (A02). • Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning (A03).

Question number	Answer	Mark
2 (a)	<p>AO2 = 1</p> <p>C - Sales decreased by 30.7%</p>	(1)

Question number	Answer	Mark
2 (b)	<p>AO1 = 1</p> <p>B - The person is given the support of a well-known business</p>	(1)

Question number	Answer	Mark
2 (c) (i)	<p>AO2 = 1</p> <p>Award 1 mark for correct answer.</p> <ul style="list-style-type: none"> • Electrical 	(1)

Question number	Answer	Mark
2 (c) (ii)	<p>AO2 = 1</p> <p>Award 1 mark for correct answer.</p> <ul style="list-style-type: none"> • 12% • 12 • 12 per cent • Twelve 	(1)

Question number	Answer	Mark
2 (d)	<p>AO1 = 1</p> <p>Award 1 mark for defining click and collect.</p> <ul style="list-style-type: none"> • A facility where customers can buy goods online and collect them from a store near to them. 	(1)

Question number	Answer	Mark
2 (e)	<p>AO1 = 3</p> <p>Award 1 mark for identifying a reason why retailers have self-scan checkouts and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • Less staff are required to work at the checkouts (1) as customers check out by themselves (1) this saves on the wage bill (1). • Speeds up the process of purchasing goods (1) customers do not have to wait in queues to buy one or two goods (1) hence it is quicker for customers (1). <p>Answers that list three reasons with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Answer	Mark
2 (f)	<p>AO1 = 3</p> <p>Award 1 mark for identifying an advantage of exporting products and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • Increases sales from exports (1) this means the business can specialise in what it is best at producing (1) which then increase its revenue (1). • Increases market share (1) making the business less dependent on a single market (1) which helps reduce the risks associated with focusing on one market (1). <p>Answers that list three advantages with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Indicative content	Mark
2 (g)	<p>A02 = 3 A03 = 3 A04 = 3</p> <p>Arguments why <i>Petalbees</i> should choose option 1.</p> <ul style="list-style-type: none"> • Increasing the size allows for more arrangements to be stocked in the shop (A02). • <i>Petalbees</i>'s staff knows the customers, and their requirements (A02). • At the same premises that customers are familiar with (A03). • This means that they build up a relationship, which increases repeat custom (A03). • However, if the shop does not increase in size customers may not find what they want to purchase as easily (A04). • However, by not increasing the size of the shop customers may feel cramped and find it difficult to be served (A04). <p>Arguments why <i>Petalbees</i> should choose option 2.</p> <ul style="list-style-type: none"> • Opening another shop in Kula Lumpur enables the business to sell products in another area (A02). • Provides opportunities to recruit new staff, who may have different skills (A02). • It opens up opportunities for <i>Petalbees</i> to expand further if this second shop is successful (A03). • Thus the second shop can become well known for different types of floral arrangements (A03). • However, opening another store in a different area might not be successful as there might not be sufficient customers wishing to purchase the products (A04). • However, if the shop is too far away then it could become difficult to manage and supervise staff (A04). 	(9)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of commercial concepts and issues to the commercial context (AO2). Attempts to deconstruct commercial information and/or issues, finding limited connections between points (AO3). Makes a judgement, providing a simple justification based on limited evaluation of commercial information and issues relevant to the choice made (AO4).
Level 2	4–6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies (AO2). Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). Makes a judgement, providing a justification based on sound evaluation of commercial information and issues relevant to the choice made (AO4).
Level 3	7–9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout (AO2). Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). Makes a judgement, providing a clear justification based on a thorough evaluation of commercial information and issues relevant to the choice made (AO4).

Question number	Answer	Mark
3 (a)	AO1 = 1 B – The buyer and seller do not meet	(1)

Question number	Answer	Mark
3 (b)	AO2 = 1 C - Statistics of past insurance claims	(1)

Question number	Answer	Mark
3 (c)	AO2 = 1 Award 1 mark for one cost stated. <ul style="list-style-type: none"> • Rent for storage space for recycled goods (1) • The supply of printed receipts (1) Accept any other appropriate response.	(1)

Question number	Answer	Mark
3 (d)	AO2 = 2 Award 1 mark for identifying one reason for the success of <i>Zero Baht's</i> shop and 1 mark for further development. <ul style="list-style-type: none"> • Encourages people who are keen to recycle to be able to do so (1) which is helping the environment by reducing the items thrown away (1). • Helps people with a low income (1) to exchange items for food and snacks (1). Accept any other appropriate response.	(2)

Question number	Indicative content	Mark
3 (e)	<p>A02 = 3 A03 = 3</p> <ul style="list-style-type: none"> • Being close to transport links enables <i>Zero Baht's</i> customers to easily transport/carry bulky goods they wish to recycle (A02). • <i>Zero Baht</i> is then able to use the links to move the goods from the shop to the businesses where they will be recycled (A02). • If customers can get to the shop easily then <i>Zero Baht</i> will receive more goods for recycling (A03). • <i>Zero Baht</i> needs to have access to a variety of transport methods to ensure that the items are not left too long in the shop taking up too much storage space (A03). 	(6)

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • Limited application of knowledge and understanding of commercial concepts and issues to the commercial context (A02). • Attempts to deconstruct commercial information and/or issues, finding limited connections between points (A03).
Level 2	3–4	<ul style="list-style-type: none"> • Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies (A02). • Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (A03).
Level 3	5–6	<ul style="list-style-type: none"> • Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout (A02). • Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning (A03).

Question Number	Indicative content	Mark
3 (f)	<p>A02 = 3 A03 = 3 A04 = 3</p> <p>Arguments for becoming a partnership choosing option 1.</p> <ul style="list-style-type: none"> • Taking on a partner means that the workload at <i>Zero Baht</i> is shared between more than one person (A02). • Additional finance can be invested in <i>Zero Baht</i> (A02). • A partner may bring different expertise to the business helping it to run more efficiently (A03). • Using this additional finance, the business can expand to other parts of Bangkok without taking out a commercial loan (A03). • However, partners may not agree on how <i>Zero Baht</i> should be run leading to slower decision making (A04). • However, the partner may require control of the business in line with the finance invested (A04). <p>Arguments for becoming a private limited company choosing option 2.</p> <ul style="list-style-type: none"> • Forming a private limited company means that the business can have shareholders as investors (A02). • A private limited company gives shareholders protection for their investment (A02). • With the shareholders and additional funds it means that the expansion plans can go ahead (A03). • Because shareholders have limited liability there is a likelihood of attracting sufficient shareholders to invest in <i>Zero Baht</i> (A03). • However, becoming a private limited company is more expensive than becoming a partnership and some of the funds raised may be needed to pay these costs thereby reducing its expansion plans (A04). • However, the company may find it difficult to find people willing to invest in the business even though they have legal protection and this could impact on its expansion plans (A04). 	(9)

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of commercial concepts and issues to the commercial context (AO2). Attempts to deconstruct commercial information and/or issues, finding limited connections between points (AO3). Makes a judgement, providing a simple justification based on limited evaluation of commercial information and issues relevant to the choice made (AO4).
Level 2	4–6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies (AO2). Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). Makes a judgement, providing a justification based on sound evaluation of commercial information and issues relevant to the choice made (AO4).
Level 3	7–9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout (AO2). Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). Makes a judgement, providing a clear justification based on a thorough evaluation of commercial information and issues relevant to the choice made (AO4).

Question Number	Answer	Additional guidance	Mark
4 (a)	AO2 = 2 116×0.325 (1) = 37.70 $37.70 + 116 = 153.70$ (1) Or 116×1.325 (1) 153.70 (1)	Award 1 mark for correctly substituting number into the formula. Award full marks for correct numerical answer without working.	(2)

Question number	Indicative content	Mark
4 (b)	AO2 = 3 AO3 = 3 Reasons why Lou Werner would want to ensure that her shop was fully insured. <ul style="list-style-type: none"> • If Lou suffered a financial loss, such as damaged stock due to adverse weather conditions, she would be compensated (AO2). • Insurance provides Lou with financial protection if the shop burns down (AO2). • Insurance enables her to make a claim for the loss and receive compensation so that the business does not lose out (AO3). • Insurance will cover the cost of rebuilding the shop and enabling her to open again and continue her business (AO3). 	(6)

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • Limited application of knowledge and understanding of commercial concepts and issues to the commercial context (AO2). • Attempts to deconstruct commercial information and/or issues, finding limited connections between points (AO3).
Level 2	3–4	<ul style="list-style-type: none"> • Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies (AO2). • Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3).
Level 3	5–6	<ul style="list-style-type: none"> • Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout (AO2). • Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question number	Indicative content	Mark
4 (c)	<p>A01 = 3 A02 = 3 A03 = 3 A04 = 3</p> <ul style="list-style-type: none"> • Small retailers survive because they serve the local population (A01). • A small retailer can offer the quantity that a customer wants to buy (A01). • This means that they can open at times to suit the people that live in the area (A02). • The larger retailers offer goods already packed and labelled in a nominated quantity, which might not suit everyone (A02). • This means that they are providing a more personal service for customers (A03). • The small retailer can offer the customer goods in the quantities they want, not what is already pre-packed (A03). • However, many consumers prefer the availability of a wider range of products than a personal service (A04). • However, large retailers survive because they are able to purchase in large quantities and then sell the items at a much lower price to customers, which a small retailer cannot do (A04). 	(12)

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1-4	<ul style="list-style-type: none"> • Demonstrates elements of knowledge and understanding of commercial concepts and issues, with limited commercial terminology used (AO1). • Limited application of knowledge and understanding of commercial concepts and issues to the commercial context (AO2). • Attempts to deconstruct commercial information and/or issues, finding limited connections between points (AO3). • Draws a conclusion, supported by generic assertions from limited evaluation of commercial information and issues (AO4).
Level 2	5-8	<ul style="list-style-type: none"> • Demonstrates mostly accurate knowledge and understanding of commercial concepts and issues, including appropriate use of commercial terminology in places (AO1). • Sound application of knowledge and understanding of commercial concepts and issues to the commercial context, although there may be some inconsistencies (AO2). • Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Draws a conclusion based on sound evaluation of commercial information and issues (AO4).
Level 3	9-12	<ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of commercial concepts and issues throughout, including appropriate use of commercial terminology (AO1). • Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout (AO2). • Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Draws a valid and well-reasoned conclusion based on a thorough evaluation of commercial information and issues (AO4).