



Mark Scheme (Results)

Summer 2022

Pearson Edexcel International GCSE

In Commerce (4CM1)

Paper 01 Commercial operation and associated risks

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.
- Mark schemes will indicate within the table where, and which strands of QWC, are being assessed. The strands are as follows:
 - (i) ensure that text is legible and that spelling, punctuation and grammar are accurate so that the meaning is clear
 - (ii) select and use a form and style of writing appropriate to purpose and to complex subject matter
 - (iii) organise information clearly and coherently, using specialist vocabulary when appropriate

Question number	Which one of the following businesses is in the secondary sector?	Mark
1 (a)	<p>Answer</p> <p>AO1 = 1</p> <p>The only correct answer is C Car manufacturer</p> <p>A is incorrect as cereal farmer is primary sector B is incorrect as Hairdresser is in the tertiary sector C is incorrect as a taxi driver is in the service sector</p>	(1)

Question number	Which one of the following describes a loss leader?	Mark
1 (b)	<p>Answer</p> <p>AO1 = 1</p> <p>The only correct answer is D An item of stock sold below its cost price</p> <p>A is incorrect as an item given away would be considered a gift B is incorrect as an item of stock that has the wrong price is a mistake C is incorrect as an item of stock that has been stolen is funds lost</p>	(1)

Question number	Define the term utmost good faith .	Mark
1 (c)	<p>Answer</p> <p>AO1 = 1</p> <p>Award 1 mark for definition of utmost good faith.</p> <ul style="list-style-type: none"> Both parties involved in the insurance contract must be honest and truthful with each other (1) 	(1)

Question number	Define the term multinational corporation	Mark
1 (d)	<p>Answer</p> <p>AO1 = 1</p> <p>Award 1 mark for definition of multinational corporation.</p> <ul style="list-style-type: none"> A business that produces and operates in two or more countries (1) 	(1)

Question number	Calculate the cost of buying the 200 <i>Kazuri</i> necklaces in euros in February 2020. Answer	Mark
1 (e) (i)	<p>AO2 = 2</p> <p>Award 1 mark for calculation and 1 mark for the answer.</p> <p>$481\,720 \div 120.43$ (1)</p> <p>= 4 000 (1)</p> <p>NB a candidate who responds with 4 000 and no calculation would still be awarded both marks.</p>	(2)

Question number	State one possible effect on the business in Italy from the appreciation of the euro against the Kenyan Shilling in September 2020. Answer	Mark
1 (e) (ii)	<p>AO2 = 1</p> <p>Award 1 mark for stating an effect on the business in Italy of the appreciation in the exchange rate.</p> <ul style="list-style-type: none"> • The cost of importing the necklaces to Italy would be lower as the exchange rate has appreciated (1) • The Italian business might reduce the selling price of the necklaces to increase sales due to the change in the exchange rate (1) <p>NB Do not accept an effect that is not in the context of the business in Italy.</p>	(1)

Question number	State one possible advantage for <i>Kazuri</i> of exporting its products. Answer	Mark
1 (e) (iii)	<p>AO2 = 1</p> <p>Award 1 mark for stating an advantage of <i>Kazuri</i> exporting its products.</p> <ul style="list-style-type: none"> • Provides an opportunity to sell more of the bracelets to other parts of the world (1) • This gives <i>Kazuri</i> more overseas markets for its necklaces and pottery (1) <p>NB Do not accept an advantage that is not in the context of <i>Kazuri</i></p>	(1)

Question number	Explain one advantage to a retailer from providing a good after-sales service. Answer	Mark
1 (f)	<p>AO1 = 3</p> <p>Award 1 mark for identifying one advantage of good after-sales service and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • Good after-sales could lead to loyal customers (1) as they return to take advantage of professional sales staff (1) with good knowledge of the products they are selling (1) • The reputation of the business will be better than its competitors (1) this may attract new customers (1) leading to a possible increase in sales and profits (1) <p>NB No marks are awarded for a definition.</p> <p>Answers that list three reasons of good after-sales service and with no development will get 1 mark only.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Explain why department stores are a popular type of retailer. Answer	Mark
1 (g)	<p>AO1 = 3</p> <p>Award 1 mark for identifying why department stores are a popular type of retailer and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • They sell a wide range of different products under one roof (1) this means that there is one-stop shopping (1) and customer do not have to visit a number of separate stores to get what they want (1) • Department stores are often located in town centres (1) where parking for cars is available (1) thus making it easier to shop for more than one item (1) <p>NB No marks are awarded for a definition.</p> <p>Answers that identify three reasons for why department stores are a popular retailer with no development will 1 mark only.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Analyse the impact on <i>Bangla Toys</i> of dealing with faulty toys. Indicative content	Mark
1 (h)	<p>AO2 = 3 AO3 = 3</p> <p>AO2</p> <ul style="list-style-type: none"> • <i>Bangla Toys</i> would have to recall all the faulty activity balls • <i>Bangla Toys</i> would have to offer its customers a full refund if the Battleship game was found faulty <p>AO3</p> <ul style="list-style-type: none"> • The activity balls would then have to be returned to the manufacturer for replacement which could be time consuming and expensive • Customers who have purchased the games from <i>Bangla</i> would be disappointed and may not shop there again 	(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. (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	Which one of the following is the premium for the extra month?	Mark
2 (a)	<p>Answer</p> <p>AO2 = 1</p> <p>The only correct answer is B £41.40</p> <p>A is incorrect £33.45 is incorrect ($360/12 \times 1.115$)</p> <p>C is incorrect £371.50 is incorrect ($360 + 11.5$)</p> <p>D is incorrect £401.40 is incorrect (360×1.115)</p>	(1)

Question number	Which one of the following could help independent retailers to survive?	Mark
2 (b)	<p>Answer</p> <p>AO1 = 1</p> <p>The only correct answer is C Offered extra services to customers</p> <p>A is incorrect as reducing their social media marketing will not help an independent retailer to survive</p> <p>B is incorrect as increasing the price of goods would make customers go to another cheaper shop</p> <p>D is incorrect as reducing opening hours would be a reduction in revenue and would not help survival</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"> Dell Inspiron 14 7000 	(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"> HP Pavillion Gaming 	(1)

Question number	Define the term cover note . Answer	Mark
2 (d)	AO1 = 1 Award 1 mark for defining cover note . <ul style="list-style-type: none"> • A document issued by an insurance company offering temporary cover 	(1)

Question number	Explain why wholesalers offer advice to retailers. Answer	Mark
2 (e)	AO1 = 3 Award 1 mark for identifying why wholesalers offer advice to retailers and up to 2 marks for linked development. <ul style="list-style-type: none"> • Wholesalers can give retailers information on the products they have for sale (1) such as prices on the range of goods that they have available (1) so helps to increase the wholesaler's sales (1) • The wholesaler will be able to give retailers information on current trends/demand (1) that they know from their sales (1) this helps the retailer stock the items customers appear to be demanding (1) <p>NB No marks are awarded for a definition.</p> <p>Answers that list three reasons why wholesalers offer advice to retailers with no explanation will get 1 mark only.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Explain the importance of packaging to retailers. Answer	Mark
2 (f)	<p>AO1 = 3</p> <p>Award 1 mark for identifying why packaging is important to retailers and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • Packaging helps identify the product for customers (1) giving them information, they need (1) so they are more likely to buy it (1) • If the product is already packed and labelled it saves the retailer the job of doing it (1) and makes displaying goods in a self-service easier (1) so that customers can see at a glance what is on the shelves (1) <p>NB No marks are awarded for a definition.</p> <p>Answers that list three reasons why packaging is important with no explanation will get 1 mark only.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	<p>Option 1: to remain a sole trader Option 2: to take on a partner.</p> <p>Indicative content</p>	Mark
2 (g)	<p>A02 = 3 A03 = 3 A04 = 3</p> <p>Arguments why <i>Rackel</i> should choose option 1.</p> <p>A02</p> <ul style="list-style-type: none"> • By remaining a sole trader, the profit that Rackel makes from selling her vegetables and fruit will be hers • Rackel can respond quickly to customers' requests for selling different fruit and vegetables <p>A03</p> <ul style="list-style-type: none"> • She does not have to share the profit with anyone else which she would have to do in a partnership • Rackel can build up a good relationship with her regular customers and therefore increases sales <p>A04</p> <ul style="list-style-type: none"> • However, if Rackel is taken ill and unable to work, then there is no one to run her stall and therefore she will lose revenue • However, she makes all the decisions herself and may make mistakes as she does not have anyone else to discuss which fruits and vegetables to sell <p>Arguments why <i>Rackel</i> should choose option 2.</p> <p>A02</p> <ul style="list-style-type: none"> • If Rackel took on a partner, she can share the workload of growing and selling the fruit and vegetables • By taking on a partner the person may have different skills and experience in growing different fruit and vegetables. <p>A03</p> <ul style="list-style-type: none"> • With a partner the business could expand by possibly growing and selling more in different new markets • This could mean that they have more goods to sell to customers, thus making more profit <p>A04</p> <ul style="list-style-type: none"> • However, there is no guarantee that she will make more revenue from having a partner and even if she did take on a partner she could earn less as the profit would now be shared • However, being in a partnership means all decisions have to be agreed and this could lead to conflict between the partners 	(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	Which one of the following is an example of capital?	Mark
3 (a)	<p>Answer</p> <p>AO1 = 1</p> <p>The only correct answer is D Machinery</p> <p>A is incorrect as coal is item that can be sold B is incorrect as trees are items that are grown C is correct as a farm worker's wages have to be paid and are an expense</p>	(1)

Question number	What is the percentage decrease in revenue from tourists to Sri Lanka?	Mark
3 (b)	<p>Answer</p> <p>AO2 = 1</p> <p>The only correct answer is A 17.67%</p> <p>B 21.46% is incorrect ($4381 - 3607 = 744/3607 \times 100$) C 82.33% is incorrect ($3607/4381 \times 100$) D 121.46% is incorrect ($4381/3607 \times 100$)</p>	(1)

Question number	State one possible reason why staffing costs for <i>SLS</i> may be high.	Mark
3 (c)	<p>Answer</p> <p>AO2 = 1</p> <p>Award 1 mark for one reason why <i>SLS</i> staffing costs are high.</p> <ul style="list-style-type: none"> • Each safari needs at least two <i>SLS</i> staff, driver and guide (1) • Safaris can last up to 25 days and this will increase staffing costs (1) <p>NB Do not accept a reason that is not in the context of <i>SLS</i></p> <p>Accept any other appropriate response.</p>	(1)

Question number	Outline one likely reason why <i>SLS</i> prefers to purchase goods from local suppliers.	Mark
Answer		
3 (d)	<p>AO2 = 2</p> <p>Award 1 mark for identifying one reason why <i>SLS</i> prefer to buy its goods locally and one mark for further development.</p> <ul style="list-style-type: none"> • Using local ingredients means they are readily available (1) and the exact quantities can be purchased so there is no wastage (1) • Tourists will know that the food being served is fresh and locally grown (1) which will improve their experience and increase <i>SLS</i> reputation (1) <p>Answers that list two reasons why <i>SLS</i> prefer to buy its goods locally with no explanation will get 1 mark only.</p> <p>NB Do not accept a reason that is not in the context of <i>SLS</i></p> <p>Accept any other appropriate response.</p>	(2)

Question number	Analyse how <i>SLS</i> could reduce the risk of bad debts from its clients. Indicative content	Mark
3 (e)	<p>A02 = 3 A03 = 3</p> <ul style="list-style-type: none"> • <i>SLS</i> could insist that all clients pay for their safaris eight weeks before it is due to start (A02) • Tourist booking a safari must pay with a credit/debit card (A02) • This ensures that <i>SLS</i> will have received payment before clients start their safari (A03) • Using these payment methods guarantees that <i>SLS</i> will receive payment (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	<p>Option 1: have desks in several large hotels in Sri Lanka where tourists can discuss and then book safari tours</p> <p>Option 2: improve the website by giving a wider variety of options for safari tours from which customers can choose.</p> <p>Indicative content</p>	Mark
3 (f)	<p>A02 = 3 A03 = 3 A04 = 3</p> <p>Arguments for choosing option 1.</p> <p>A02</p> <ul style="list-style-type: none"> • Tourists staying at the hotel may pass by the desk and discuss the safaris of bird watching they may be interested in with the sales staff • <i>SLS</i> may be able to put up large displays within the hotel showing the safaris where the certain animals can be seen <p>A03</p> <ul style="list-style-type: none"> • Specialist staff will have knowledge of the different trips available and could give the customer the information and leaflets on the safari • This could encourage customers to ask questions about what is involved in the safari and how the safaris work <p>A04</p> <ul style="list-style-type: none"> • However, there is no guarantee that the desk will bring in sufficient clients wishing to purchase safaris • However, setting up a desk in a hotel could be expensive and the revenue received may not cover the costs <p>Arguments for choosing option 2.</p> <p>A02</p> <ul style="list-style-type: none"> • Improving the website by adding offering customers more detail of individual safaris with pictures of chosen animals • Adding additional photos and details of the safari is inexpensive to add to the current website <p>A03</p> <ul style="list-style-type: none"> • Customers can then view in more detail the safari they are considering participating in • This allows more investment to be made in personalised adventures that customers have expressed an interest in 	

	<p>A04</p> <ul style="list-style-type: none"> • However, a website does not give all the details and pictures do not show everything that is included in the safari • However, customer expectations may become too high and the number of safaris offered may not prove to be profitable 	(9)
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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	Calculate the discounted price of a sofa originally selling for £999.00. Answer	Mark
4 (a)	<p>AO2 = 2</p> <p>Award 1 mark for correct calculation and 1 mark for correct answer.</p> <p>999.00×0.33 (1) = 329.67 $999.00 - 329.67 = 669.33$ (1)</p> <p>OR $999 \times 0.67 = 669.33$ (2)</p> <p>NB A candidate who responds with 669.33 and no calculation would still be awarded both marks.</p>	(2)

Question number	Analyse the purpose of endorsements on an insurance policy taken out by <i>Next</i> . Indicative content	Mark
4 (b)	<p>AO2 = 3 AO3 = 3</p> <p>AO2</p> <ul style="list-style-type: none"> • An endorsement could be to exclude coverage such as, acts of terrorism in specific stores in certain areas of the town • The endorsement may cover a store which has remained empty for some time <p>AO3</p> <ul style="list-style-type: none"> • Thus, reducing the claims paid out to <i>Next</i> if stores are attacked • This would save <i>Next</i> from paying insurance when it is not using the store. 	(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	Evaluate the types of business risks <i>Next</i> would have to consider when taking out insurance on its stores/shops.	Mark
4 (c)	<p>A01 = 3 A02 = 3 A03 = 3 A04 = 3</p> <p><u>A01</u></p> <ul style="list-style-type: none"> • <i>Next</i> would have to consider insuring its stores from theft of clothing items (1) • <i>Next</i> would want to take out fire insurance in case any of the stores had a fire (1) <p><u>A02</u></p> <ul style="list-style-type: none"> • Most of <i>Next</i> stores are unoccupied for several hours during the evening and theft could easily take place of office equipment as well as stock (1) • If an electrical item had a fault which caused a fire on the shop floor (1) <p><u>A03</u></p> <ul style="list-style-type: none"> • To replace the office equipment and stock would be expensive and difficult for <i>Next</i> to continue operating in that store the Next day (1) • The fire could cause a lot of damage to stock and the actual store which would need to be replaced and repaired (1) <p><u>A04</u></p> <ul style="list-style-type: none"> • However, by having insurance does not mean that the goods are replaced immediately, claims forms would have to be completed and approved (1) • However, there are very few occasions when a fire happens in a store (1) 	(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)

