Pearson Edexcel

Mark Scheme (Results)

November 2023

Pearson Edexcel International GCSE In Business (4CM1)
Paper 01: Commercial Operations 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.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question number	Which **one** of the following is in the primary sector? **Answer**	Mark
1 (a)	**AO1 = 1** The only correct answer is **C** Mining **A** is incorrect as engineering is in the secondary sector **B** is incorrect as car production is in the secondary sector **D** is incorrect as retailing is in the tertiary sector	**(1)**

Question number	Which **one** of the following documents is completed before any insurance is provided? **Answer**	Mark
1 (b)	**AO1 = 1** The only correct answer is **D** Proposal form **A** – is incorrect as claim form is completed when making a claim on an insurance policy **B** – is incorrect as a policy is issued when the insurance is taken out **C** – is incorrect as public liability is insurance for cover for any legal costs made	**(1)**

Question number	Define the term **trading bloc.** **Answer**	Mark
1 (c)	**AO1 = 1** Award 1 mark for definition of **trading bloc**. • A trade agreement between a group of countries for the removal of trade barriers between them **(1)**	**(1)**

Question number	Define the term **division of labour**. **Answer**	Mark
1 (d)	**AO1 = 1** Award 1 mark for definition of **division of labour**. • The breaking down of a task into a number of small parts **(1)**	**(1)**

Question number	Calculate, to 2 decimal places, the price of the customer would pay per month for the bike. You are advised to show your working. **Answer**	Additional guidance	Mark
1 (e) (i)	**AO2 = 2** Award 1 mark for calculation and 1 mark for the answer. 1 399.00 ÷ 12 **(1)** = 116.58 **(1)**	NB a candidate who responds 116.58 with no calculation would still gain both marks. 1 mark for the correct method but a calculation error.	**(2)**

Question number	State **one** reason why *Game* offers self-service for its customers. **Answer**	Mark
1 (e) (ii)	**AO2 = 1** Award 1 mark for a reason why *Game* offers self-service for its customers. • By using self-service customers can purchase a doll and pay for it at the tills without having to wait for an employee to serve them **(1)** • Fewer employees are needed to serve customers, which means they can spend more time with those customers requiring help with finding the right bicycle for them **(1)** **NB** Do not accept a reason that is not in the context of *Game*	**(1)**

Question number	State **one** advantage for *Game* of using Electric Point of Sale (EPOS). **Answer**	Mark
1 (e) (iii)	**AO2 = 1** Award 1 mark for stating an advantage for *Game* using Electric Point of Sale (EPOS). • *Game* use EPOS as it can update inventory levels and automatically reorder any toys and dolls that have been selling fast **(1)** • EPOS allows customers to use a variety of methods of payment to purchase the accessories for their bicycle leading to increased sales **(1)** **NB** Do not accept an advantage that is not in the context of *Game*	**(1)**

Question number	Explain **one** benefit to a business of using the bricks and clicks retail model. **Answer**	Mark
1 (f)	**AO1 = 3** Award 1 mark for a benefit to a business of using the bricks and clicks retail model and up to 2 marks for linked development. • A retailer has the benefit of selling goods online as well as in store **(1)** so customers can view the product online **(1)** and then visit a store to actually see the product and more likely to purchase the goods leading to increased sales **(1)** • Brick and click retailers can attract sales from competitors **(1)** as some customers prefer to buy goods online which they can return for free to a local store **(1)** thus increasing sales revenue **(1)** Answers that list three benefits to a business of using the model of bricks and clicks with no development will get 1 mark only. Accept any other appropriate response.	**(3)**

Question number	Explain **one** reason for clauses to be included in an insurance policy. **Answer**	Mark
1 (g)	**AO1 = 3** Award 1 mark for one reason for clauses to be included in an insurance policy and up to 2 marks for linked development. • To make it clear to customers **(1)** what activities will or will not be covered as clauses are legally binding **(1)** thus avoiding wasting time claiming for something that is not covered **(1)** • Clauses prevent customers from withholding information **(1)** such as an illness in a person that has not been declared **(1)** the insurance company would have a clause in place so that they could use it to avoid paying out any claim **(1)** **NB** Answers that list three reasons for clauses to be included in an insurance policy with no development will get 1 mark only. Accept any other appropriate response.	**(3)**

Question number	Analyse the benefits for *Truworths* of having public liability insurance. **Indicative content**	Mark
1 (h)	**AO2 = 3 AO3 = 3** **<u>AO2</u>** • It protects *Truworths* from any claim arising from a customer tripping and falling over a children's clothes display item in the store and hurting themselves • An electrician is electrocuted from carrying out a repair in the shop on electric sockets for lighting **<u>AO3</u>** • *Truworths* take out the insurance so they will not lose financially if claims are made against them by its customers who are injured • Businesses are more likely to carry out work at *Truworths* knowing they have insurance cover whilst working on the premises	**(6)**

Level	Marks	Level descriptor
	0	No rewardable material.
Level 1	1–2	• 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	• 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	• 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 would the insurance company pay out for the damage to the shop? **Answer**	**Mark**
2 (a)	**AO2 = 1** The only correct answer is **B** 4 000 000 THB **A** is not correct as 1 500 000 is 5 500 000 – minus 4 000 000 **C** is not correct as 5 500 000 is the cost of the damage **D** is not correct as 9 500 000 is 5 500 000 + 4 000 000	**(1)**

Question number	Which **one** of the following is a tax placed on imported goods? **Answer**	**Mark**
2 (b)	**AO1 = 1** The only correct answer is **C** a tariff **A** is incorrect as a quota is a limit on the number of imported goods **B** is incorrect as a subsidy is an amount of money given, usually by governments, to businesses in their country **D** is incorrect as an embargo stops goods from being imported	**(1)**

Question number	Identify the mobile phone with the lowest monthly premium. **Answer**	**Mark**
2 (c) (i)	**AO2 = 1** Award 1 mark for correct answer. • Samsung S21 • Samsung Galaxy S21	**(1)**

Question number	Identify the highest annual premium for insuring a mobile phone. **Answer**	**Mark**
2 (c) (ii)	**AO2 = 1** Award 1 mark for correct answer. • 106.02 • £106.02 • Iphone 13 Pro £106.02	**(1)**

Question number	Define the term **cooperatives**. **Answer**	Mark
2 (d)	**AO1 = 1** Award 1 mark for defining the term **cooperatives**. • A business that is owned and controlled by the people who use its products or services	**(1)**

Question number	Explain **one** reason why the principle of subrogation is important to insurance companies. **Answer**	Mark
2 (e)	**AO1 = 3** Award 1 mark for **one** reason why the principle of subrogation is important to insurance companies and up to 2 marks for linked development. • It is important because once a claimant has been paid **(1)** any property or items recovered from the loss **(1)** belong to the insurance company and not the insured **(1)** • If an insured person is paid compensation for lost property **(1)** and several months later the property is found **(1)** the insured can return the funds to the insurance company if they want the property back **(1)** Answers that list three reasons why the principle of subrogation is important to insurance companies with no explanation will get 1 mark only. Accept any other appropriate response.	**(3)**

Question number	Explain **one** way a customer could make a complaint. **Answer**	Mark
2 (f)	**AO1 = 3** Award 1 mark for explaining **one** way a customer could make a complaint and up to 2 marks for linked development. • If a customer is not happy with a purchase **(1)** they should return to the shop they purchased their item from and complain **(1)** so that the problem can be rectified quickly as possible **(1)** • A customer could write to the business and inform them of the complaint **(1)** this gives the business a record of the issue in writing **(1)** and they can rectify the problem as soon as possible **(1)** Answers that list three ways of making a complaint with no explanation will get 1 mark only. Accept any other appropriate response.	**(3)**

Question number	**Option 1**: increase the provision for older drivers **Option 2**: introduce marine insurance as a new product. Justify which **one** of two options *SLI* should choose. **Indicative content**	Mark
2 (g)	**AO2 = 3 AO3 = 3 AO4 = 3** Arguments for choosing option 1 **<u>AO2</u>** • Older drivers may want to take out additional aspects of insurance, such as including medical cover in case they had an accident whilst driving on the island **(1)** • As more tourists visit Sri Lanka, *SLI* can cater for the many age groups of drivers **(1)** **<u>AO3</u>** • If *SLI* expands in this manner it will be able to offer older drivers insurance cover that may not be available from its competitors thus increasing revenue **(1)** • As older drivers tend not to have as many accidents as younger drivers, there could be fewer claims paid out **(1)** **<u>AO4</u>** • However, it is a risk for *SLI* to take on the extra insurance, and there is no guarantee the business will benefit • However, some older drivers have accidents due to lack of experience of driving in Sri Lanka that could cost *SLI* more money Arguments for choosing option 2 **<u>AO2</u>** • Introducing marine insurance opens up the market for those tourists wanting to take out insurance for the hire of a sailing yacht • Marine insurance can cover many aspects, including the crew operating the boat **<u>AO3</u>** • Providing different types of cover would have to be taken into account when calculating the premium • Insuring all the different parts has to be taken into account making it easier to increase its revenue	

	AO4 • However, marine insurance is not an insurance that most insurance companies will offer as it has a limited market and by offering this service it will have access to more customers, which in turn could make it easier to increase its business • However, *SLI* has limited experience in these types of marine insurance as Sri Lanka is an island and, therefore, may likely not have experience of marine insurance	**(9)**

Level	**Mark**	**Descriptor**
	0	No rewardable material.
Level 1	1–3	• 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	• 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	• 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 the name of the owners of a public limited company? **Answer**	Mark
3 (a)	**AO1 = 1** **B** is the only correct answer - Shareholders **A** is incorrect as employees do not own a public limited company **C** is incorrect as the government do not own a public limited company **D** is incorrect as a sole trader would not own a public limited company	**(1)**

Question number	Which **one** of the following would be the cost in Indian Rupees for the *Amazon* Prime Membership? **Answer**	Mark
3 (b)	**AO2 = 1** **A** is the only correct answer – 413.48 **B** is incorrect as 920.90 is 92.09 x 10 **C** is incorrect as 4134.84 is 920.90 x 4.49 **D** is incorrect as 4961.81 is 4.49 x 12 x 92.09	**(1)**

Question number	State **one** reason why *Amazon* prefers to supply its customers in India with goods from Indian distribution warehouses **Answer**	Mark
3 (c)	**AO2 = 1** Award 1 mark for one reason why *Amazon* prefers to supply its customers in India with goods from Indian distribution warehouses. • By purchasing goods in the home country means that items such as telephones can delivered securely without having to travel overseas **(1)** • If a customer purchased an Apple laptop computer which is made in the USA, there could be a long delay in actually receiving the laptop **(1)** **NB** Do not accept a reason that is not in the context of *Amazon.* Accept any other appropriate response.	**(1)**

Question number	Outline **one** reason why *Amazon* prefers customers to return faulty goods immediately. **Answer**	Mark
3 (d)	**AO2 = 2** Award 1 mark for identifying one reason why *Amazon* prefers customers to return faulty goods immediately and one mark for further development. • *Amazon* can quickly rectify the fault of toy parts missing from the order quickly **(1)** so that the customer can then be sent the full correct order to maintain customer satisfaction **(1)** • If the fault involves the manufacture of poor quality earphones **(1)** *Amazon* can let the suppliers know quickly so that it can be checked and amended, preventing it happening again **(1)** Answers that list two likely reasons with no explanation will get 1 mark only. **NB** Do not accept a reason that is not in the context of *Amazon.* Accept any other appropriate response.	**(2)**

Question number	Analyse the benefits to *Amazon* of its customers using mobile retailing (mcommerce). **Indicative content**	Mark
3 (e)	**AO2 = 3 AO3 = 3** **<u>AO2</u>** • Customers can use *Amazon*'s website to purchase shoes or clothes wherever in the world they can access the internet **(1)** • Customers can also check on the availability of toys to purchase and check prices on a comparison website **(1)** **<u>AO3</u>** • Thus it creates more sales for *Amazon* and a greater profit **(1)** • Knowing that the toys will be delivered at the agreed date, making it more convenient **(1)**	**(6)**

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	0	No rewardable material.
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Level 2	3–4	• 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	• 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	**Option 1**: locating near to good transport links **Option 2**: locating at a large site with space to expand later. **Indicative content**	Mark
3 (f)	**AO2 = 3 AO3 = 3 AO4 = 3** Arguments for choosing option 1. **<u>AO2</u>** • This will reduce the delivery time for *Amazon* to deliver the televisions to customers living near the warehouse • If there are good transport links, train and bus, it means that the employees getting to work at the *Amazon* warehouse will not have any problem and can start packing the bicycles that customers want **<u>AO3</u>** • Customers will appreciate the shorter time taken for delivery of items to them • This could give *Amazon* more choice from a wider area to recruit new employees **<u>AO4</u>** • However, there is no guarantee that the items will be stored in the warehouse and customers may have to wait longer for the television to be delivered • However, if there are traffic delays or accidents on the roads getting to *Amazon* it could stop employees coming from further away starting their shift late Arguments for choosing option 2. **<u>AO2</u>** • As *Amazon* is becoming larger and larger business it will need more space to store the different toys it sells to customers • By locating to a warehouse with additional space means that *Amazon* can increase the number of products it can distribute to a wider number of customers in India **<u>AO3</u>**	

	• Customers will then be able to get the items ordered quicker without having to wait for them to be transported from a different warehouse for delivery • Giving customers a much wider choice of products that they are able to sell and deliver quickly to customers **<u>AO4</u>** • However, there is no guarantee that the warehouse will still have sufficient space to store all the items that customers want • However, as *Amazon* grows and grows with more customers purchasing goods it may need to find an even bigger warehouse to store goods	**(9)**

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	0	No rewardable material.
Level 1	1–3	• 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	• 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	• 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, to 2 decimal places, the price a club member would pay when buying an item priced at 250 Malaysian Ringgit (MYR). You are advised to show your working. **Answer**	Mark
4 (a)	**AO2 = 2** Award 1 mark for correct calculation and 1 mark for correct answer. 250 x 0.15 = 37.50 **(1)** 250 – 37.50 = 212.50 **(1)** NB A candidate who responds with 212.50 and no calculation would still get both marks.	**(2)**

Question number	Analyse why *The Pet Safari* completes insurance forms with utmost good faith when taking out insurance. **Indicative content**	Mark
4 (b)	**AO2 = 3 AO3 = 3** **<u>AO2</u>** • By completing the form with all the details of all the dogs and cats they want included in the insurance • If *The Pet Store* did not complete the form truthfully and a fish tank accidently got broken and flooded part of the shop **<u>AO3</u>** • This ensures that if anything happened to one of the dogs whilst in the store, they are covered on the insurance policy • *The Pet Store* may not be covered for the additional damaged to the floor and surrounding area where the fish tank was broken	**(6)**

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1–2	• 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	• 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	• 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 why a small retailer like *The Pet Safari* survives when there is a lot of competition from large pet stores. You should use the information provided and your own knowledge of Commerce in your answer. **Indicative content**	Mark
4 (c)	**AO1 = 3 AO2 = 3 AO3 = 3 AO4 = 3** **<u>AO1</u>** • Small retailers survive because they serve the local population • A small retailer can offer the quantity that a customer wants to buy **<u>AO2</u>** • *The Pet Store* is able to offer customers advice on what foods to purchase for their dog • The larger retailers only provide cat food already packed and labelled **<u>AO3</u>** • This means that they are providing a more personal service for customers to improve the health and happiness of their pets • The small retailer can offer the customer goods in the quantities what they want and not what is already pre-packed, so a smaller pet would not eat as much as a larger dog **<u>AO4</u>** • However, many consumers prefer the availability of a wider range of products than a personal service • 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	**(12)**

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1-4	• 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	• 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	• 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)

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