



Mark Scheme (Results)

November 2020

Pearson Edexcel International GCSE

In Commerce (4CM1)

Paper 1R 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.
- 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	Answer	Mark
1 (a)	AO1 = 1 B Shareholders	(1)

Question number	Answer	Mark
1 (b)	AO1 = 1 C Street market stall	(1)

Question number	Answer	Mark
1 (c)	AO1 = 1 Award 1 mark for definition of chain of production . Stages which the production of goods pass through to reach the consumer (1).	(1)

Question number	Answer	Mark
1 (d)	AO1 = 1 Award 1 mark for definition of department store . A single large retail outlet divided into specialist departments (1).	(1)

Question number	Answer	Mark
1 (e) (i)	AO2 = 2 Award 1 mark for calculation and 1 mark for the answer. $100,000 \times 2.5/100$ (1) $=2,500$ (1) NB a candidate who responds with 2,500 and no calculation would still get both marks.	(2)

Question number	Answer	Mark
1 (e) (ii)	AO2 = 1 Award 1 mark for stating an effect on the insurance. • The cost of the factory's insurance premium may increase (1). • The insurance company may not offer them insurance cover (1).	(1)

Question number	Answer	Mark
1 (e) (iii)	AO2 = 1 Award 1 mark for stating an advantage of pooling of risks. • The risk of a claim for a fire at a factory is spread amongst those in the pool (1).	(1)

Question number	Answer	Mark
1 (f)	AO1 = 3 Award 1 mark for identifying why insurance companies issue a cover note and up to 2 marks for linked development. • A cover note provides immediate cover (1) it is temporary until the policy has been issued (1) and confirms that cover is provided (1). • A cover note gives details of what is covered (1) and what is not covered (1) and the cost of the premium (1). Answers that list three reasons with no development will get a maximum of 1 mark. Accept any other appropriate response.	(3)

Question number	Answer	Mark
1 (g)	AO1 = 3 Award 1 mark for identifying why after sales service is important and up to 2 marks for linked development. - After sales service encourages customers to buy from one retailer rather than a competitor (1). The offer of delivery, or installation, makes the customer believe they are getting a better deal (1). With this service the customer is more likely to return to purchase other goods or products (1). - Customers know that if the goods have a fault or they do not work properly they can contact the business for help and advice (1). The customer could also take the product back to the shop (1) and if the product is faulty then the customer knows that it will be replaced without any problems (1). Answers that identify three reasons for after sales service with no development will get a maximum of 1 mark. Accept any other appropriate response.	(3)

Question number	Indicative content	Mark
1 (h)	AO2 = 3 AO3 = 3 AO2 - Easier for people to shop using their mobile phone/stores to purchase goods. - The ease of collecting goods for example click and collect. AO3 - They can purchase the goods at any time of day or night and have the goods delivered to their home, making it a simple process. - Customers do not have to find and pay for the goods in store thereby, saving time.	(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	Answer	Mark
2 (a)	AO2 = 1 A Breaking bulk	(1)

Question number	Answer	Mark
2 (b)	AO1 = 1 B To enable the country to dispose of surplus output	(1)

Question number	Answer	Mark
2 (c) (i)	AO2 = 1 Award 1 mark for correct answer. • Rail	(1)

Question number	Answer	Mark
2 (c) (ii)	AO2 = 1 Award 1 mark for correct answer. • 200	(1)

Question number	Answer	Mark
2 (d)	AO1 = 1 Award 1 mark for defining subrogation . • It is when an insurance company takes the place of someone in respect of a debt or claim.	(1)

Question number	Answer	Mark
2 (e)	AO1 = 3 Award 1 mark for identifying one role of an actuary and up to 2 marks for linked development. • They calculate the risk (1) based on past records (1) to assess the likely risk of an event occurring (1). • Having calculated the risk (1) they advise the insurer on the likely premium (1) to cover the costs of any claims made (1). Answers that list three roles with no explanation will get a maximum of 1 mark. Accept any other appropriate response.	(3)

Question number	Answer	Mark
2 (f)	AO1 = 3 Award 1 mark for identifying one-way consumers benefit from consumer protection and up to 2 marks for linked development. • Legislation protects consumers from misleading advertisements (1), thus preventing consumers from purchasing goods which are making false claims (1) and the product/goods are not fit for purpose (1). • Consumers need to be protected as they do not always have the knowledge about a product/good when purchasing (1). The laws are put in place to help the consumer make an informed decision (1) and to be fully aware of what they are buying (1). Answers that list three ways with no explanation will get a maximum of 1 mark. Accept any other appropriate response.	(3)

Question number	Indicative Content	Mark
2 (g)	A02 = 3 A03 = 3 A04 = 3 Arguments why <i>Candylicious</i> should choose option 1. <u>A02</u> • <i>Candylicious</i> will need to recruit staff for the shop. • Staff may live near the potential location of the shop. <u>A03</u> • It will be easier to recruit staff, if there is a large pool of labour to choose from. • It means that staff do not have to travel far to work and will not arrive late. <u>A04</u> • However, locating near to availability of labour means that it might not be in an area where there will be sufficient trade for <i>Candylicious</i>. • However, the trade might not be sufficient throughout the day, to employ staff full-time. Arguments why <i>Candylicious</i> should choose option 2. <u>A02</u> • There will also be other sweet shops in the area. • There is an existing market for sweets. <u>A03</u> • They may be tempted to purchase from <i>Candylicious</i> as the offers or sweets sold could be different. • As customers are visiting one sweet shop they may want a choice of different sweets for different occasions. <u>A04</u> • However, if there are similar shops in the area it may be difficult to gain customers. As the customers may be loyal to the other business and not wish to purchase from <i>Candylicious</i>. • However, there may be insufficient customers to support a new sweet shop which means it may fail.	(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	Answer	Mark
3 (a)	AO1 = 1 C Arranges deals between buyers and sellers	(1)

Question number	Answer	Mark
3 (b)	AO2 = 1 C A tariff	(1)

Question number	Answer	Mark
3 (c)	AO2 = 1 Award 1 mark for one reason stated. • Less time in delivery of bicycles (1). • The Chinese supplier can offer a more personal service to <i>CCT</i> (1). Accept any other appropriate response.	(1)

Question number	Answer	Mark
3 (d)	AO2 = 2 Award 1 mark for identifying one way to avoid the bicycles being damaged one mark for further development. • To ensure that each bicycle is wrapped separately (1) so that they do not knock against each other and scratch the paint (1). • Only have a small selection on show in the shop (1) with the main stock being stored safely and securely in the stock room (1). Accept any other appropriate response.	(2)

Question number	Indicative content	Mark
3 (e)	A02 = 3 A03 = 3 • CCT would want to sell off stock that may have been in the shop for some time (A02). • Therefore, having a sale at the end of the holiday season of ex-hire bicycles (A02). • To increase space for new stock and different models coming in to maintain its market share (A03). • The new holiday season will begin with new bicycles which will attract new customers (A03).	(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 (A02). • Attempts to deconstruct commercial information and/or issues, finding limited connections between points (A03).
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 (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	• 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)	AO2 = 3 AO3 = 3 AO4 = 3 Arguments why <i>CCT</i> should choose option 1. <u>AO2</u> • As a private limited company they can raise capital by selling shares. • Raising the capital themselves means they retain full control of the company. <u>AO3</u> • This allows them to raise the additional capital necessary for expansion. • <i>CCT</i> can therefore decide where the expansion will take place. <u>AO4</u> • However, they can only sell shares to family and friends, which can limit the amount of capital they can raise. • However, <i>CCT</i> may become too large and this might damage its reputation leading to a decline in bookings. Arguments why <i>CCT</i> should choose option 2. <u>AO2</u> • For each franchise that is opened <i>CCT</i> will receive a fee. • <i>CCT</i> will provide training and advice to each franchisee. <u>AO3</u> • Every time a franchise opens <i>CCT</i> can use the fees to expand by opening new stores themselves. • Each franchisee will maintain the same standards of service as <i>CCT</i> presently does. <u>AO4</u> • However, the more franchises <i>CCT</i> agree the greater the workload to manage and monitor what they do. • However, this training can be expensive and time consuming and will increase as more franchises are set up.	(9)

Level	Marks	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	Answer	Mark
4 (a)	AO2 = 2 Award 1 mark for correct calculation and 1 mark for correct answer. $69 \times 25 = 1\,725$ (1) $1\,725 \div 92 = 18.75$ (1) NB A candidate who responds with 18.75 and no calculation would still get both marks.	(2)

Question number	Indicative content	Mark
4 (b)	AO2 = 3 AO3 = 3 AO2 - EPOS can monitor the number of packets of seeds sold. - The EPOS provides a means of controlling stock of seeds. AO3 - This saves time because someone does not have to count all the packets of seeds at the end of the day. - When packets of seeds are low in quantity <i>Namdhari's Fresh</i> can restock ensuring that they always have that item available for sale with customers.	(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	Indicative content	Mark
4 (c)	AO1 = 3 AO2 = 3 AO3 = 3 AO4 = 3 <u>AO1</u> - Each country has a different language and this could cause problems if no one speaks the language of the country they are exporting to. - The exchange rate can change fluctuate up and down. <u>AO2</u> - They may have to employ interpreters to converse with the overseas businesses. - The fluctuation can lead to higher or lower prices for their customers. <u>AO3</u> <i>Namdhari's Fresh</i> may not be able to communicate effectively with the business they wish to export to and this could cause problems when trying to complete an order or sort a query on an order which would increase the cost of exporting the goods to that country. - The fluctuation in currency may lead to a reduction in sales and this could impact up on <i>Namdhari's Fresh</i> revenue when exporting to different countries the cost of exchanging currency has to be taken into account and this can be quite expensive. <u>AO4</u> - However, if they are not able to converse in a common language businesses might decide to purchase goods from another supplier that are easier to communicate with. - However, the fluctuation in currencies may benefit suppliers from other countries whose products could be cheaper than similar products supplied by <i>Namdhari's Fresh</i>.	(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).

