



Mark Scheme (Results)

November 2020

Pearson Edexcel International GCSE
In Commerce (4CM1)
Paper 2 Facilitating Commercial Operations

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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)	A01 = 1 mark C They can give you discounts on the first purchase	(1)

Question Number	Answer	Mark
1 (b)	A01 = 1 mark B Reduce expenses	(1)

Question Number	Answer	Mark
1 (c)	A01 = 1 mark Award 1 mark for a definition that shows knowledge of a standing order. An instruction from an account holder to a bank to make regular, fixed payments (1).	(1)

Question Number	Answer	Mark
1 (d)	A01 = 1 mark Award 1 mark for a definition that shows knowledge of speculation. The risk of buying shares that when sold may make a profit or a loss (1).	(1)

Question Number	Answer	Mark
1 (e) (i)	A02 = 1 mark Award 1 mark for a valid trading document. Advice note telling the customer the date their car will be delivered (1)	(1)

Question Number	Answer	Mark
1 (e) (ii)	A02 = 1 mark Award 1 mark for a valid reason to want electronic transfers. As the vehicles are often expensive requiring large amounts of money to be transferred (1). As the money would be instantly transferred securely into its bank account (1)	(1)

Question Number	Answer	Additional guidance	Mark
1 (e) (iii)	A02 = 2 mark Selling price calculation $28 / 42 \times 100$ (1) = 66.67% (1) 1 mark for the correct method but a calculation error.	Award 2 marks if correct answer is given but no working shown.	(2)

Question Number	Answer	Mark
1 (f)	A01 = 3 marks Award 1 mark for identifying an advantage of longer trade credit and up to 2 marks for explaining the advantage, for a maximum of 3 marks. • A business having longer trade credit terms gives them extra time to turn the raw materials into products (1). This allows the business to sell products before payment is due (1) which gives it greater opportunity to earn enough money to pay creditors (1). • A business having longer trade credit terms improves its cash flow (1) because payment for purchases is not immediate (1) which may enable it to pay day-to-day expenses without having to use an overdraft. Answers that list three advantages with no explanation will get a maximum of 1 mark. Accept any other appropriate response.	(3)

Question Number	Answer	Mark
1 (g)	A01 = 3 marks Award 1 mark for identifying a reason for using an overdraft and up to 2 marks for explaining that reason, for a maximum of 3 marks. • An overdraft is an amount of money that a business can use from its current account that is more than it has in that account. (1) This can be used to pay unexpected debts (1) which reduces the risk of business failure (1). • Interest is added on a daily basis (1). This means if a business receives payment for sales early it can pay its overdraft off quickly (1) which reduces the interest paid making it less expensive (1). Answers that list three reasons with no explanation will get a maximum of 1 mark. Accept any other appropriate response.	(3)

Question Number	Indicative content	Mark
1 (h)	A02 = 3 marks A03 = 3 marks • Sponsoring a famous sports team can target a large number of people/spectators (A02). • Trade fairs would be useful as <i>Tata Motors</i> could specifically run them in certain areas where it needs to increase sales (A02). • This would improve <i>Tata Motors</i> brand recognition and potential loyalty from the supporters that could increase sales (A03). • This would allow <i>Tata Motors</i> to be specific and targeted with its promotion and in control of who would be interested in selling <i>Tata Motors</i> vehicles, leading to an increase in global sales (A03).	(6)

Level	Mark	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)	A01 = 1 mark A Night safe	(1)

Question Number	Answer	Mark
2 (b)	A01 = 1 mark C Telephone	(1)

Question Number	Answer	Mark
2 (c) (i)	A02 = 1 mark Award 1 mark for correct answer. Courteney Selous Men's Safari Boot Accept Men's Men's Safari Boot Men's Boot	(1)

Question Number	Answer	Mark
2 (c) (ii)	A02 = 1 mark Award 1 mark for correct answer. Ladies Classic Courteney Safari Boot Accept Ladies Ladies Safari Boot Ladies Boot	(1)

Question Number	Answer	Mark
2 (d)	A01 = 1 mark Award 1 mark for a definition that shows knowledge of mark-up. • The ratio between the cost of a good or service and its selling price (1). • The value added to the cost price of a product or service in order to make a profit (1).	(1)

Question Number	Answer	Mark
2 (e)	A01 = 3 marks Award 1 mark for identifying one reason a business would lower its price and up to 2 marks for explaining why, for a maximum of 3 marks. • Lowering price would increase demand (1). This would increase the number of products that need to be made (1) which would increase its inventory turnover (1). • A business would lower price to be more competitive (1) which could increase its sales turnover (1) allowing it to potentially increase its gross profit (1). Answers that list three reasons with no explanation will get a maximum of 1 mark. Accept any other appropriate response.	(3)

Question Number	Answer	Mark
2 (f)	AO1 = 3 marks Award 1 mark for identifying a reason why a business might use email to send invoices to customers and up to 2 marks for explaining the reason, for a maximum of 3 marks. • If a business uses email to send invoices it is much faster than other methods (1) and can be kept as proof that the invoice has been received (1). This might mean that the business receives payment quicker. • If a business uses email to send invoices it is very secure (1). This reduces invoices getting lost or altered (1) and payment being delayed (1). Answers that list three reasons with no explanation will get a maximum of 1 mark. Accept any other appropriate response.	(3)

Question Number	Answer	Mark
2 (g)	AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks Arguments why <i>Courteney Boot Company</i> should choose option 1 • Using retained profit gives <i>Courteney Boot Company</i> immediate finance to buy the new sewing machines (AO2). • Using retained profit is very quick as the company does not need permission or apply for an external source of finance (AO2). • The retained profit would allow <i>CBC</i> to increase its output immediately (AO3). • Using retained profit would mean that <i>CBC</i> would not have to pay interest thereby saving money (AO3). • However, if unexpected costs occur, such as the machines break down, it could leave <i>Courteney Boot Company</i> without the finance to correct such problems (AO4). • However, if retained profit has been used to purchase new machines shareholders may not get the dividends they expected (AO4). Arguments why <i>Courteney Boot Company</i> should choose option 2 • Using hire purchase to obtain the new sewing machines means the cost can be spread (AO2). • Using hire purchase to obtain the new sewing machines reduces the initial outlay (AO2). • This would then allow <i>Courteney Boot Company</i> to cater for the increased demand whilst making regular monthly payments (AO3). • This saving could then be used to advertise its products in more places, which might further increase sales (AO3). • However, the total cost of purchasing the new sewing machines will be higher because of interest charges (AO4).	(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)	A01 = 1 mark C Teleconferencing	(1)

Question Number	Answer	Mark
3 (b)	A01 = 1 mark A Quotation	(1)

Question Number	Answer	Mark
3 (c)	A02 = 1 mark Award 1 mark for one benefit to <i>Odyssey Airlines</i> . • Having its own planes allows <i>Odyssey Airlines</i> to meet the needs of its business customers (1). • Having its own planes gives <i>Odyssey Airlines</i> flexibility in its services/schedules (1). Accept any other appropriate response.	(1)

Question Number	Answer	Mark
3 (d) (i)	A02 = 1 marks (i) £14 000 (1)	(1)

Question Number	Answer	Mark
3 (d) (ii)	A02 = 1 mark (ii) £6 200 (1)	(1)

Question Number	Indicative content	Mark
3 (e)	A02 = 3 marks A03 = 3 marks • A falling dividend payment to shareholders of <i>Odyssey Airlines</i> would mean they would receive lower dividends (A02). • A falling dividend payment may lead to shareholders selling their shares in <i>Odyssey Airlines</i> (A02). • Lower dividend payments might result in shareholders losing confidence (A03). • This could cause <i>Odyssey Airlines</i> shareholders to buy shares in other airlines where they can earn a higher dividend (A03).	(6)

Level	Mark	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)	A02 = 3 marks A03 = 3 marks A04 = 3 marks Arguments why <i>Odyssey Airlines</i> should choose option 1 • The chamber of commerce might have links with other local businesses who already operate in Toronto (A02). • The chamber of commerce may have international trade specialists (A02). • If <i>Odyssey Airlines</i> uses this business knowledge, it may be able to identify the level of demand for its services (A03). • They would be able to advise <i>Odyssey Airlines</i> on growing markets in Canada, which could help it identify where to advertise (A03). • However, the businesses in the chamber of commerce may not be large enough to be regular users of transatlantic flights, therefore their information may not be valid (A04). • However, there is no guarantee that the advice given would be in enough depth to specifically identify demand (A04). Arguments why <i>Odyssey Airlines</i> should choose option 2 • An overseas agent would introduce <i>Odyssey Airlines</i> to customers who it could target (A02). • An overseas agent would give <i>Odyssey Airlines</i> use of their extensive knowledge of the market (A02). • This would allow <i>Odyssey Airlines</i> to waste less time promoting its flights to businesses who will not use them (A03). • This might allow <i>Odyssey Airlines</i> to better identify the demand in the Canadian market, specifically in Toronto (A03). • However, using an overseas agent would increase costs as they often work on commission, which reduces the profit per sale (A04). However, an overseas agent may not have the knowledge of the requirements for a premium private airline and this could waste time and money (A04).	(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
4 (a)	A02 = 2 marks Using TV advertising allows <i>Apple</i> to show the visual aspects of its products (1) this might persuade people to buy them (1). Accept any other appropriate response.	(2)

Question Number	Answer	Mark
4 (b)	A02 = 3 marks A03 = 3 marks • The increased use of mobile payments would encourage more consumer to use <i>Apple Pay</i> (A02). • Increased use of mobile payments would see businesses allowing the use of <i>Apple Pay</i> (A02). • This would allow <i>Apple</i> to make more profit as consumers would be using its services (A03). • This would increase <i>Apple's</i> profits as the businesses pay a small commission on each transaction (A03).	(6)

Level	Mark	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)	A01 = 3 marks A02 = 3 marks A03 = 3 marks A04 = 3 marks • Social media is an electronic platform that allows users to connect with people and businesses of interest (A01). • Social media gives users an online profile where they can share things of interest and what they like (A01). • If <i>Apple</i> is using the most popular social media platforms, such as <i>Facebook</i> and <i>YouTube</i>, it will give access to targeting the 30- to 50-year-old market (A02). • By attracting a proportion of the 30- to 50-year-old market to share information on <i>Apple Pay</i> it will be seen by their 'friends' who are of a similar age (A02). • This is because with paid advertisements everyone has an equal chance of seeing and following <i>Apple</i>, which would then self-populate amongst the online community (A03). • This would then be seen by the target age group, increasing awareness of <i>Apple Pay</i> and potential use and demand for it (A03). • However, as only 14% of India's population uses social media it may take longer to reach this market, which reduces the effectiveness of the targeted campaign and increases <i>Apple's</i> costs (A04). • However, it does require the target market to have an <i>Apple</i> phone otherwise <i>Apple Pay</i> cannot be used and the social media campaign is then wasted advertising (A04).	(12)

Level	Mark	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)

