



Mark Scheme (Results)

Summer 2022

Pearson Edexcel International GCSE
In Commerce (4CM1)
Paper 01R 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 would be in the secondary sector?	Mark
	Answer	
1 (a)	AO1 = 1 B Baking the cakes A – is not correct as drilling for oil is primary C – is not correct as farming the land is primary D – is not correct as insuring the risk is tertiary	(1)

Question number	Which one of the following defines the chain of distribution?	Mark
	Answer	
1 (b)	AO1 = 1 D The transfer of goods from the manufacturer to the consumer A – is not correct as goods for sale is not a definition B – is not correct, as a method of transport is not a definition C – is not correct, as preparing the goods is not a definition	(1)

Question number	Define the term cash-and-carry .	Mark
	Answer	
1 (c)	AO1 = 1 Award 1 mark for definition of cash-and-carry . Customers purchase the products at the wholesaler and take them away (1)	(1)

Question number	Define the term compensation .	Mark
	Answer	
1 (d)	AO1 = 1 Award 1 mark for definition of compensation . • Money that is paid in recognition of loss or injury (1)	(1)

Question number	Calculate the price of a dress after a 27% discount given by <i>Magonn</i> on the original price of 730 000 Vietnamese Dong (VND).	Mark
	Answer	
1 (e) (i)	AO2 = 2 Award 1 mark for calculation and 1 mark for the answer. $730\,000 \times 0.27$ (1) = 197 100 $730\,000 - 197\,100 = 532\,900$ (1) NB a candidate who responds with 532 900 and no calculation is awarded both marks.	(2)

Question number	State one possible disadvantage for <i>Magonn</i> of discounting the price of its dresses.	Mark
	Answer	
1 (e) (ii)	AO2 = 1 Award 1 mark for stating a disadvantage of this discounting. • <i>Magonn</i> will receive less revenue from the sale of blouses and therefore may not make any profit (1) • There is no guarantee that customers will purchase other items such as jackets to go with dresses as fashions change quickly (1) NB Do not accept a disadvantage that is not in the context of <i>Magonn</i>	(1)

Question number	State one advantage for <i>Magonn</i> customers of buying clothes that have been discounted. Answer	Mark
1 (e) (iii)	A02 = 1 Award 1 mark for stating an advantage for <i>Magonn</i> customers. - Customers will be able to buy dresses at a much cheaper price (1) - Some customers may now be able to afford to buy these fashionable trousers and blouses (1) NB Do not accept an advantage that is not in the context of <i>Magonn</i>	(1)

Question number	Explain one reason why a country might place quotas on the products it imports. Answer	Mark
1 (f)	A01 = 3 Award 1 mark for identifying one reason for a country to set a quota on the products it imports and up to 2 marks for linked development - It will reduce imports (1) meaning that domestic suppliers sales could increase (1) and this could create more jobs (1) - Imported products may be cheaper than home goods (1) by using a quota this may help to improve the sales of the same products in the home country (1) increased sales could lead to increased revenue for the business (1) Answers that list three reasons with no development will get 1 mark only Accept any other appropriate response	(3)

Question number	Explain one reason why a business might outsource its production. Answer	Mark
1 (g)	A01 = 3 Award 1 mark for identifying a reason why a business might outsource its production and up to 2 marks for linked development • Outsourcing could reduce its cost of production (1) then prices may be lowered (1) helping to increase the number of sales (1) (1) • It allows a business to specialise and focus on its main area (1) allowing other businesses to carry out less important tasks (1) increase output of the business (1) Answers that identify three reasons for with no development will get 1 mark only Accept any other appropriate response	(3)

Question number	Analyse why <i>Pomelo</i> should insure against any fire occurring at the market place.	Mark
	Indicative content	
1 (h)	A02 = 3 A03 = 3 <u>A02</u> • <i>Pomelo</i> would insure against fire because if the market place burnt down there would be no where to sell the products made • Protection against fire means that if there was a fire in the market <i>Pomelo</i> would have the finance from the insurance pay out to rebuild their market place <u>A03</u> • This would lead to loss of revenue for the market traders and <i>Pomelo</i> • Which then means that the traders will be able to continue to sell their products at some time in the future as they could not afford to rebuild the market place	(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 a sole trader have?	Mark
	Answer	
2 (a)	A01 = 1 B Total control A – is not correct as a sole trader does not have shares to sell C – is not correct as a sole trader does not have partners D – is not correct as a sole trader has unlimited liability	(1)

Question number	Answer	Mark
2 (b)	A02 = 1 C 11,424,000 A – is incorrect $14,000,000 \div 81.6 = 171,569$ B – is incorrect $14,000,000 - 11,424,000 = 2,576,000$ D – is incorrect $14,000,000 - 18.4 = 13,999,982$	(1)

Question number	Identify the business with the lowest euro exchange rate against the US dollar.	Mark
	Answer	
2 (c) (i)	A02 = 1 Award 1 mark for correct answer ICE plc Travel Money	(1)

Question number	Identify the business that has the lowest cost for standard delivery.	Mark
	Answer	
2 (c) (ii)	A02 = 1 Award 1 mark for correct answer The Currency Club	(1)

Question number	Define the term voluntary chain .	Mark
	Answer	
2 (d)	AO1 = 1 Award 1 mark for defining voluntary chain A group of shop keepers who join together to purchase products in bulk	(1)

Question number	Explain one reason why businesses sell own label products.	Mark
	Answer	
2 (e)	AO1 = 3 Award 1 mark for one reason why businesses use own labels and up to 2 marks for linked development. - A business uses own labels so that its products are easily identified (1) from other businesses in the same trade (1) to generate sales (1) - Own label products are normally sold at a cheaper price (1) than branded items (1) to attract customers to buy them and therefore increase sales (1) Answers that list three reasons with no explanation will get 1 mark only Accept any other appropriate response	(3)

Question number	Explain one benefit for insurance companies from the pooling of risks. Answer	Mark
2 (f)	A01 = 3 Award 1 mark for a benefit of insurance companies pooling of risk and up to 2 marks for linked development. • Pooling of risk spreads the cost of a loss (1) as it is shared (1) amongst those that have contributed to the pool (1) • Pooling of risk is where a number of companies (1) contribute to a fund or the 'pool' (1) to compensate if there is a loss (1) Answers that list three benefits with no explanation will get 1 mark only Accept any other appropriate response	(3)

Question number	Justify which one of two options <i>Salon du Chocolat</i> should choose. Option 1: taking on additional partners Option 2: expanding by opening more franchises. Indicative content	Mark
2 (g)	AO2 = 3 AO3 = 3 AO4 = 3 Arguments why <i>Salon du Chocolat</i> should choose option 1 <u>AO2</u> • Adding additional partners would mean that the workload of the expansion of <i>Salon du Chocolat</i> is shared between more people • The additional finance that the partners bring can be further invested in <i>Salon du Chocolat</i> <u>AO3</u> • The new partners may have different skills which will help to further develop the business • Increasing the finance allows for expansion without having to take out loans <u>AO4</u> • However, the more partners involved in the business could lead to disagreements on the expansion plans • However, the additional funds may not be sufficient to meet the needs of the expansion plans Arguments why <i>Salon du Chocolat</i> should choose option 2 <u>AO2</u> • By offering franchise opportunities it allows <i>Salon du Chocolat</i> to gain the franchise fee for each franchise opened • For each franchise <i>Salon du Chocolat</i> receive a royalty payment on goods sold <u>AO3</u> • <i>Salon du Chocolat</i> can use these fees to further expand its shops and cover additional advertising costs • Each year the franchisee earns revenue and a proportion of this is paid to <i>Salon du Chocolat</i> as a royalty <u>AO4</u> • However, not all franchises are successful and it depends upon how the franchisee runs the franchise, which could incur <i>Salon du Chocolat</i> lost revenue	

	However, if the franchisee does a poor job in serving customers this could give them a poor reputation and <i>Salon du Chocolat</i> will be negatively affected	(9)
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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 describes a department store?	Mark
	Answer	
3 (a)	AO1 = 1 A Each department operates as a separate shop B – is not correct as there is normally a wide range of goods at various prices C – is not correct as a department store may sell both food and household goods D – is not correct as the size of department stores vary considerably	(1)

Question number	Which one of the following is the main reason why <i>Sugarfina</i> might buy some ingredients from a wholesaler?	Mark
	Answer	
3 (b)	AO2 = 1 D Wholesalers sell Ingredients in large quantities A – is not correct as ingredients are not usually cheaper than bought from a manufacturer B - is not correct as Wholesaler will sell to any business C - is not correct as ingredients can be returned if they are faulty	(1)

Question number	State one advantage for <i>Sugarfina</i> of using a window displays in its shops. Answer	Mark
3 (c)	AO2 = 1 Award 1 mark for one reason for <i>Sugarfina</i> using window displays in its shops. - Window displays encourages customers to go into the shop to see what other sweets <i>Sugarfina</i> has for sale (1) - Having displays in the window means that people passing the shop may enter it to buy sweets (1) NB Do not accept an advantage that is not in the context of <i>Sugarfina</i> Accept any other appropriate response	(1)

Question number	Outline one possible reason why having a logo is important to <i>Sugarfina</i> Answer	Mark
3 (d)	AO2 = 2 Award 1 mark for identifying one reason why <i>Sugarfina</i> have a logo which is recognised and one mark for further development. People will recognise the logo on the packages that customers have bought (1) and may then decide to visit a shop (1) NB Do not accept a reason that is not in the context of <i>Sugarfina</i> Accept any other appropriate response	(2)

Question number	Analyse the impact on <i>Sugarfina</i> if customers receive damaged or faulty products.	Mark
	Indicative content	
3 €	AO2 = 3 AO3 = 3 AO2 - Customers could take the faulty sweets back to the shop and ask for a refund - A customer could write a poor review on Tripadvisor commenting on their dissatisfaction of sweets purchased AO3 <i>Sugarfina</i> could apologise and immediately give a replacement with perhaps additional sweets as compensation, which is likely to increase the costs for <i>Sugarfina</i> - This could give <i>Sugarfina</i> negative publicity which may lose customers due to a poor reputation	(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	Justify which one of these two options <i>Sugarfina</i> should choose. Option 1: introduce self-scan checkouts Option 2: introduce click and collect Indicative content	Mark
3 (f)	A02 = 3 A03 = 3 A04 = 3 Arguments for choosing option 1 A02 - Customers using self-scan reduces the queue for other customers purchasing their sweets - It can save the customers time purchasing their sweets A03 - As they use the self-scan to purchase the goods, it means they can leave the store quicker and therefore serve more customers - Different checkout options appeal to different customers as this could increase the sales of sweets A04 - However, there is no check that the customers pay for all the items they have and therefore <i>Sugarfina</i> could have loss of revenue - However, if there are problems with the technology it could mean that the customers spend longer at the checkout than planned, and they do not return to the store reducing the revenue for <i>Sugarfina</i> Arguments for choosing option 2 A02 - Customers can browse the website for all the different sweets that <i>Sugarfina</i> sell rather than going to the shop - Using this method allows customers to purchase sweets as birthday gifts A03 - The customer can then select the method of payment as well as a date and place from which they want to collect their order, as this is more convenient for them and could increase sales - Once purchased the customer can quickly collect them when in the vicinity of the shop as they are already paid for and packaged A04 - However, customers may find the delay in placing the order and collecting is too long and would prefer to purchase direct from the shop	

	However, this might not always be convenient to some customers having to collect at times when the stores are open	(9)
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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	Calculate to two decimal places the monthly payments on the television. Answer	Mark
4 (a)	A02 = 2 Award 1 mark for correct calculation and 1 mark for correct answer $148\,500.00 \div 24 \text{ (1)}$ $= 6\,187.50 \text{ (1)}$ NB A candidate who responds with 6 187.50 and no calculation is awarded both marks	(2)

Question number	Analyse why <i>Tryaksh</i> has to complete a claim form when a product has been stolen from its warehouse. Indicative content	Mark
4 (b)	AO2 = 3 AO3 = 3 AO2 - If a games console was stolen in <i>Tryaksh</i> the insurance company would want to have full details of the cost of the product - With a range of different sound bars they will need to identify which model has been stolen AO3 - This is so they can assess the circumstances surrounding the claim and whether the insurance policy covers the stolen games console The claim forms will give details of the model to ensure the correct payment is made to <i>Tryaksh</i>	(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 it is important for <i>Tryaksh</i> to follow consumer protection legislation. You should use the information provided and your own knowledge of commerce in your answer. Indicative content	Mark
4 (c)	A01 = 3 A02 = 3 A03 = 3 A04 = 3 <u>A01</u> - Customers will purchase products from <i>Tryaksh</i> as they know products are protected for example by the Consumer Affairs Authority Act, No 9 of 2003 issued by the Parliament of Sri Lanka - Legislation provides cover for customers if the product is found to be faulty, they can apply the Malayan 2011 Trade Description Act as an example that all goods must be accurate and honest <u>A02</u> - They know that the games console is manufactured to the standards set by the government and if there is a problem it will be sorted out - If the television did not work properly, the customer could return the product for an exchange or repair <u>A03</u> - The customers know that the manufacturer does not sort the issue out then the Sri Lankan Consumer Protection section will assist the customer with the action to take against <i>Tryaksh</i> - This would mean that the customer would not be out of pocket and therefore, remain loyal to <i>Tryaksh</i> and keep its customers satisfied with the service they have received <u>A04</u> - However, the legislation may not be applicable to <i>Tryaksh</i> as they only sell well-known brands that are often more expensive and have been tested before sale - However, if <i>Tryaksh</i> sells too many products with faults and customers are having to use legislation to gain compensation, this will give them a bad reputation and could reduce sales	(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)

