



Mark Scheme (Results)

January 2023

Pearson Edexcel International GCSE
In Commerce (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 secondary sector? Answer	Mark
1 (a)	AO1 = 1 The only correct answer is B Car production A is incorrect as farming is in the primary sector C is incorrect as coal mining is in the primary sector D is incorrect as banking is in the tertiary sector	(1)

Question number	Which one of the following is a physical limit on the amount of goods imported into a country? Answer	Mark
1 (b)	AO1 = 1 The only correct answer is D Quota A is incorrect as a tariff is a tax paid on imported goods B is incorrect as a licence is a document to own an item C is incorrect as duty is a tax on goods	(1)

Question number	Define the term bad debt Answer	Mark
1 (c)	AO1 = 1 Award 1 mark for definition of bad debt . An amount of money owed which is unlikely to be paid (1)	(1)

Question number	Define the term cash and carry	Mark
	Answer	
1 (d)	AO1 = 1 Award 1 mark for definition of a cash and carry . Customers pay for goods and immediately take them away (1)	(1)

Question number	Calculate the balance of trade for the UK third quarter of 2018. You are advised to show your working	Mark
	Answer	
1 (e) (i)	AO2 = 2 Award 1 mark for calculation and 1 mark for the answer. 71 585 – 50 038 (1) = 21 547 (1) NB a candidate who responds with 21 547 and no calculation would still get both marks.	(2)

Question number	State one advantage of international trade for the UK	Mark
	Answer	
1 (e) (ii)	AO2 = 1 Award 1 mark for a valid an advantage of international trade for the UK. - Cars produced in UK can be exported to other countries such as India, or China (1) - Consumer in the UK will have a choice of products made in America or Australia to choose from (1) NB Do not accept a reason that is not in the context of the UK. Accept any appropriate response	(1)

Question number	State one effect on South Africa of the appreciation in the pound	Mark
	Answer	
1 (e) (iii)	AO2 = 1 Award 1 mark for a valid effect on South Africa of the appreciation in the pound. • It will cost South African importers more to buy UK products and services (1) • Consumers in South Africa will buy fewer UK products (1) NB Do not accept a reason that is not in the context of South Africa. Accept any appropriate response	(1)

Question number	Explain one advantage for a business of division of labour.	Mark
	Answer	
1 (f)	AO1 = 3 Award 1 mark for identifying an advantage of division of labour and up to 2 marks for linked development. • Is where a worker only completes one task. (1) This enables the worker to become skilled and proficient at the task they do (1) and this can result in increased output (1) • It allows for the quick learning of a task (1) workers become more confident in what they are doing (1) improving the quality of the task undertaken (1) NB No marks are awarded for a definition. Answers that list three reasons with no development will get a maximum of 1 mark. Accept any other appropriate response.	(3)

Question number	Explain one disadvantage to consumers of mobile retailing (mcommerce). Answer	Mark
1 (g)	AO1 = 3 Award 1 mark for identifying a disadvantage of mobile retailing (mcommerce) and up to 2 marks for linked development. • To purchase goods customer must use their mobile phone (1). If they are in an area which does not have a connection (1) then they are unable to purchase goods (1) • There is always a threat of mobile phones picking up a virus or being hacked (1) this could mean that bank details are passed to other organisations (1) leading to money being taken from an account without permission (1) NB No marks are awarded for a definition. Answers that identify three disadvantages for mobile retailing (mcommerce) with no development will get a maximum of 1 mark. Accept any other appropriate response.	(3)

Question number	Analyse the disadvantages to <i>NEXT</i> of allowing customers to return unwanted goods.	Mark
	Indicative content	
1 (h)	AO2 = 3 AO3 = 3 <u>AO2</u> • <i>NEXT</i> have to pay for the costs of returning the clothes to the warehouses • Unwanted clothes returned by customers may be difficult to sell again <u>AO3</u> • The costs that <i>NEXT</i> have to pay could, if there were an increase in goods returned, impact on their profit • The clothes may be damaged and this would make them unsaleable. <i>NEXT</i> would have paid for the clothes but would not gain revenue from selling them	(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 customer pay for the car?	Mark
	Answer	
2 (a)	AO2 = 1 The only correct answer is B €5 900 A is incorrect as 3 589 is C is incorrect as 59 000 is $460\,200/78 \times 10$ D is incorrect as 460 122 is $460\,200 - 78$	(1)

Question number	Which one of the following is an arrangement where a business gives permission to another to use its name and products?	Mark
	Answer	
2 (b)	AO1 = 1 The only correct answer is C Franchise A is incorrect as brand is the name of the product B is incorrect as a guarantee is a formal promise to do what has been agreed D is incorrect as leasing is similar to renting property or equipment	(1)

Question number	Identify which insurance company offered the lowest amount of cover for lost baggage.	Mark
	Answer	
2 (c) (i)	AO2 = 1 Award 1 mark for correct answer. • ERV	(1)

Question number	Identify the insurance company that offered the highest amount of medical cover.	Mark
	Answer	
2 (c) (ii)	AO2 = 1 Award 1 mark for correct answer. Cheaper Travel Insurance	(1)

Question number	Define the term multinational	Mark
	Answer	
2 (d)	AO1 = 1 Award 1 mark for defining multinational . A business that produces and sells in a number of different countries	(1)

Question number	Explain the importance of the principle of insurable interest when taking out insurance.	Mark
	Answer	
2 (e)	AO1 = 3 Award 1 mark for identifying the importance of the principle of insurable interest and up to 2 marks for linked development. The principle states that you cannot insure something that does not belong to you or that you do not have an interest in (1). An example of this would be if you insured a car that you did not own (1). Therefore, you would not suffer financially if it was lost (1) NB No marks are awarded for a definition Answers that list three reasons why insurable interest is important with no explanation will get a maximum of 1 mark Accept any other appropriate response	(3)

Question number	Explain the function of the wholesaler breaking bulk. Answer	Mark
2 (f)	AO1 = 3 Award 1 mark for identifying the function of a wholesaler of breaking bulk and up to 2 marks for linked development. • The wholesaler buys in bulk from the producer (1), wholesaler then breaks down the large quantity of goods into smaller manageable sizes for retailers (1). Retailers can then purchase the goods in more convenient and saleable quantities (1) • The wholesaler reduces the quantity of goods retailers have to purchase (1) retailers often have limited storage for inventory (1) it saves them from having to keep large quantities of inventory at the shop (1) NB No marks are awarded for a definition Answers that list three reasons with no explanation will get a maximum of 1 mark Accept any other appropriate response	(3)

Question number	Option 1: reducing the costs of buying components from around the world Option 2: reduce the number of <i>Nissan</i> showrooms. Justify which one of these two options <i>Nissan</i> should choose. Indicative content	Mark
2 (g)	A02 = 3 A03 = 3 A04 = 3 Arguments why <i>Nissan</i> should choose option 1. <u>A02</u> • Reduce the number of car component suppliers • Use car component suppliers near to the car factories <u>A03</u> • Reduce administration costs • Will reduce the cost of transporting components around the world <u>A04</u> • Any problems with suppliers could have a greater impact on the manufacturer of cars • However, local suppliers might not be positioned near factories or may be more expensive Arguments why <i>Nissan</i> should choose option 2. <u>A02</u> • Less rent to be paid for car showrooms • Fewer sales staff will need to be employed in the showrooms <u>A03</u> • Money will be saved not just on rent but all associated costs of running the showroom, such as electricity • Wage costs will fall, helping to reduce total costs <u>A04</u> • However, sales may fall as there are fewer showrooms for customers to buy <i>Nissan</i> cars	

	However, staff will be made redundant and this will impact on <i>Nissan's</i> global brand and there may be redundancy costs to pay	(9)
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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 a feature of a hypermarket?	Mark
	Answer	
3 (a)	AO1 = 1 The only correct answer is C One-stop shopping A is incorrect as hypermarkets are not located in city centres B is incorrect as selling a narrow range of goods is a feature of a small shop D is incorrect as operating with limited opening hours is a feature of a small shop	(1)

Question number	Which one of the following is a retail technique <i>Tesco</i> could use to sell its products?	Mark
	Answer	
3 (b)	AO2 = 1 The only correct answer is D Own label A is incorrect as competition is what <i>Tesco's</i> has to compete with B is incorrect as advertising is used by all businesses C is incorrect as subsidy is financial support given to a domestic producer	(1)

Question number	State one reason why <i>Tesco</i> gives its customers loyalty cards.	Mark
3 (c)	AO2 = 1 Award 1 mark for a valid reason why <i>Tesco</i> gives its customers loyalty cards. - Keeps a record of the goods bought by customers when they visit <i>Tesco</i> (1) - Encourages customers to return to <i>Tesco</i> rather than using other supermarkets (1) NB Do not accept a reason that is not in the context of <i>Tesco</i> Accept any other appropriate response	(1)

Question number	Outline one reason why <i>Tesco</i> prefers to use local suppliers for the fresh food it sells at its stores	Mark
3 (d)	AO2 = 2 Award 1 mark for identifying one reason why <i>Tesco</i> prefers to use local suppliers for is fresh food and one mark for further development. - The fresh food can be delivered more quickly to the stores (1) meaning the food keeps fresher for <i>Tesco</i> customers (1) - Local suppliers may be more willing to respond quickly to demands from <i>Tesco</i> as they are an important customer (1) if there is a sudden demand for fresh food they have grown and can deliver the items to the <i>Tesco</i> stores as and when needed (1) NB Do not accept a reason that is not in the context of <i>Tesco</i> Accept any other appropriate response	(2)

Question number	Analyse why <i>Tesco</i> stores have flexible opening hours. Indicative content	Mark
3 (e)	AO2 = 3 AO3 = 3 • Having flexible opening hours means that shoppers can visit a <i>Tesco</i> store at a time convenient to them (AO2) • <i>Tesco</i> stores are normally open seven days a week, so customers can shop there at any time (AO2) • This means that <i>Tesco</i> has the opportunity of increasing its sales (AO3) • Often if customers go into <i>Tesco</i> for one item, they will often purchase additional items (AO3)	(6)

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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	Option 1: buying direct from suppliers Option 2: buying from a wholesaler Justify which one of these two options <i>Tesco</i> should choose. Indicative content	Mark
3 (f)	A02 = 3 A03 = 3 A04 = 3 Arguments for <i>Tesco</i> choosing option 1. <u>A02</u> • If <i>Tesco</i> buys direct from the supplier, it means that they can negotiate better prices for purchasing fresh vegetables • By buying direct from the supplier <i>Tesco</i> can receive vegetables as and when it needs them <u>A03</u> • This could reduce costs for <i>Tesco</i>, as the more they sell the greater the profit made • Ensuring that <i>Tesco</i> orders regularly and delivery is quick so that stores are always fully stocked with goods to sell <u>A04</u> • However, there is no guarantee that they are going to sell all the products as <i>Tesco</i> is new to the area and has to build up its customer base • However, the infrastructure of the area may not be up to the standard that <i>Tesco</i> is used to in other countries and this may cause them problems, such as late delivery Arguments for <i>Tesco</i> choosing option 2. <u>A02</u> • As <i>Tesco</i> is new to the country using a wholesaler means they can buy goods in quantities needed by the store • Food wholesalers may not offer the same delivery options that <i>Tesco</i> wants <u>A03</u> • This will reduce the need for storage expenses of <i>Tesco</i> until they have become established in the area	

	- This would therefore cost <i>Tesco</i> more money by having to collect and deliver the goods to the individual stores AO4 - However, <i>Tesco</i> will have to pay a higher price to the wholesaler and this will reduce their profit considerably - However, by using a wholesaler it means that <i>Tesco</i> can decide whether there is sufficient demand for the goods before they decide on a supplier for the goods	(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 the cost of buying a P20 after the discount has been applied. 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. $250 \times 0.875 = \textbf{(1)}$ $218.75 \textbf{(1)}$ OR $250 \times 0.125 = 31.25 \textbf{(1)}$ $250 - 31.25 = 218.75 \textbf{(1)}$ NB A candidate who responds with 218.75 and no calculation would still get both marks	(2)

Question number	Analyse why <i>Huawei</i> need to regularly update its website.	Mark
	Indicative content	
4 (b)	AO2 = 3 AO3 = 3 AO2 <i>Huawei</i> would want to keep the website up to date so that customers viewing models of mobile phone can see the latest products and prices <i>Huawei</i> can add new and interesting features both on the mobile phones and the website AO3 - If they do not keep it up to date then customers are more likely to view other websites leading to loss of sales and may even disregard <i>Huawei's</i> altogether - Adding new and different features on mobile phones or tablets, encourages customers to buy the product from <i>Huawei's</i> as opposed to other mobile retailers	(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>Huawei</i> to ensure that the goods it sells are not faulty. 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> • By purchasing a phone, the customer would expect it to work by being 'fit for purpose' • If a customer receives a phone that is reliable and lasts then they will return to purchase again <u>AO2</u> • By selling quality products <i>Huawei</i> can gain brand loyalty from customers • By offering a reliable phone, customers are more likely to recommend <i>Huawei</i> products to friends and family <u>AO3</u> • This would then maintain a good reputation for <i>Huawei</i> phones and other products it sells and could attract many new customers from reviews written on the websites and chat sites • This could increase the sales and publicity of <i>Huawei</i> by the amount of increased sales in all products <u>AO4</u> • However, if the quality of the products is not maintained then <i>Huawei</i> may have to replace faulty products or repair products which could raise costs • However, if the service provided is not up to the standard, then dissatisfied customers may post negative reviews which could cause bad publicity for <i>Huawei</i> and this could mean loss of 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)

