Pearson
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Mark Scheme (Results)

Summer 2024

Pearson Edexcel International GCSE
In Commerce (4CM1) Paper 01R
Paper 1: 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.
- 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 meaning is clear*

ii) *(ii) select and use a form and style of writing appropriate to purpose and to complex subject matter*

iii) *iii) organise information clearly and coherently, using specialist vocabulary when appropriate.*

Q. No.	Which **one** of the following is in the primary sector? **Answer**	Mark
1 (a)	**AO1 - 1 mark** **The only correct answer is B - Farming** **A** - is not the correct answer as engineering is in the secondary sector **C** – is not the correct answer as construction is in the secondary production **D** - is not the correct answer as retailing is in the tertiary sector	**(1)**

Q. No.	Which **one** of the following is an example of invisible trade? **Answer**	Mark
1 (b)	**AO1 - 1 mark** **The only correct answer is D – Providing insurance to overseas countries** **A** – is not the correct answer as exports of goods is not invisible trade **B** – is not the correct answer as subsidies are not invisible trade **C** - is not the correct answer as importing cars is not invisible trade	**(1)**

Q. No.	Define the term **proposal form.** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **proposal form** • It is an application form requesting insurance cover **(1)**	**(1)**

Q. No.	Define the term **fidelity guarantee.** **Answer**	Mark
1 (d)	**AO1 - 1 mark** Award 1 mark for a correct definition of **fidelity guarantee.** • A policy to protect businesses against loss by fraud or stealing y employees **(1)**	**(1)**

Q. No.	Calculate the price, in euros, of 1 kilo of Ajwain Cookies. You are advised to show your working. **Answer**	**Additional Guidance**	Mark
1 (e) (i)	**AO2 - 2 marks** Award 1 mark for calculation and 1 mark for the answer. 590 / 90.07 **(1)** = 6.55 **(1)** **NB** a candidate who responds with 6.55 and no calculation is awarded both marks.	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	**(2)**

Q. No.	State **one** effect this change in the exchange rate could have on *Dadu's* foreign sales to Europe. **Answer**	Mark
1 (e) (ii)	**AO2 - 1 mark** Award 1 mark for a valid effect on the change in the exchange rate could have on *Dadu's* foreign sales to Europe. • Demand for *Dadu's* cookies would increase as the price in euros would be less **(1)** **NB** Do not accept an effect that is not in the context of *Dadu's* Accept any appropriate response	**(1)**

Q. No.	State **one** reason for *Dadu*'s of having seasonal sales. **Answer**	Mark
1 (e) (iii)	**AO2 - 1 mark** Award 1 mark for a valid reason of having seasonal sales in the context of the business • This could encourage more customers to come to *Dadu*'s to purchase their savoury items that are not selling well **(1)** • *Dadu*'s can sell off cookies so there is space for new inventory for an annual festival **(1)** **NB** Do not accept a reason that is not in the context of *Dadu*'s. Accept any appropriate response	**(1)**

Q. No.	Explain **one** benefit for insurance companies of the pooling of risks. **Answer**	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a benefit for insurance companies of the pooling of risks, plus 2 further marks for explaining the benefit, for a maximum of 3 marks. • Pooling of risk is where an insurance company pays premiums into a pool **(1)** that will be used to pay out claims to the insured **(1)** spreading the risk across those insured **(1)** • Claims from the insured **(1)** are paid from the pool **(1)** which was established to lessen risks to the insurance company **(1)** **NB** No marks are awarded for a definition. Answers that list three benefits with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	Explain **one** benefit to a business of buying from a wholesaler. **Answer**	Mark
1 (g)	**A01 - 3 marks** Award 1 mark for identification of a benefit of a business buying from a wholesaler plus 2 further marks for explaining the benefit, for a maximum of 3 marks. • Buying from the wholesaler means that a business can buy smaller quantities they need **(1)** when they have sufficient space to store the goods **(1)** reducing their storage costs **(1)** • Wholesalers can offer advice on products to a business **(1)** including reliability **(1)** and the range of products available **(1)** **NB** No marks are awarded for a definition. Answers that list three benefits with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	Analyse how *Cake2Thailand* could reduce the risk of bad debts. **Indicative content**	**Mark**
1 (h)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • *Cake2Thailand* could insist that all customers pay for the birthday cakes when the order is taken • All customers have to pay for their celebration cakes using credit or debit cards **AO3** • This ensures that *Cake2Thailand* receive the payment before the cake is made • This would ensure that payment is made immediately to *Cake2Thailand* bank	**(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)**

Q. No.	Which **one** of the following would the insurance company pay out. **Answer**	Mark
2 (a)	**AO1 - 1 mark** **The only correct answer is C** - $50 000 **A** – is not the correct answer as $90 000 is the value of shop **B** - is not the correct answer as $80 000 is the cost of the fire **D** - is not the correct answer as $40 000 is the difference between the value of the shop and the cost paid for insurance	**(1)**

Q. No.	Which **one** of the following is the name for an owner of a public limited company? **Answer**	Mark
2 (b)	**AO1 - 1 mark** **The only correct answer is D –** Shareholder **A** – is not the correct answer as the name for an owner is not an employee **B** – is not the correct answer as the name for an owner is not the government **C** - is not the correct answer as the name for an owner is not the local government	**(1)**

Q. No.	Identify the credit card with the highest interest rate. **Answer**	Mark
2 (c) (i)	**AO2 - 1 mark** ♦ American Express	**(1)**

Q. No.	Identify the credit card that offers the most points from spending. **Answer**	Mark
2 (c) (ii)	**AO2 - 1 mark** ♦ John Lewis	**(1)**

Q. No.	Define the term **international trade**. **Answer**	Mark
2 (d)	**AO1 - 1 mark** Award 1 mark for a correct definition of **international trade.** • Countries trading in goods and services with each other **(1)**	**(1)**

Q. No.	Explain **one** way actuaries are important to insurance businesses. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for identification of one way actuaries are important to insurance businesses, plus 2 further marks for explaining the way, for a maximum of 3 marks. • Actuaries calculate the premium to be paid for the insurance **(1)** using statistical data **(1)** which is related to the number of previous claims for similar cover **(1)** • Actuaries calculate the risk of cover **(1)** thus enabling the insurance business to assess the risk of a claim being made **(1)** the higher the risk, the higher the premium **(1)** **NB** No marks are awarded for a definition. Answers that list three ways with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	Explain **one** disadvantage of damaged inventory for a business. **Answer**	Mark
2 (f)	**A01 - 3 marks** Award 1 mark for identification of disadvantage to a business of damaged inventory, plus 2 further marks for explaining the disadvantage, for a maximum of 3 marks. • It may prove difficult to sell damaged inventory **(1)** the business could then reduce the price **(1)** but this could reduce profit for the business **(1)** • Customers may not want to buy damaged goods **(1)** this could result in a loss of sales **(1)** which could reduce turnover for the business **(1)** **NB** No marks are awarded for a definition. Answers that list three disadvantages with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	**Option 1**: click and collect **Option 2**: mobile retailing. Justify which **one** of these two options *Lakritsroten* should choose. **Indicative content**	Mark
2 (g)	**AO2 = 3 marks, AO3 = 3 marks, AO4 = 3 marks** **Arguments for option 1** **<u>AO2</u>** • Customers using click and collect reduce the queues of customers in the shop purchasing their sweets • It can save the customers time as they collect their sweets from a convenient location **<u>AO3</u>** • As they have already ordered their chocolates, it means they can leave the store quicker and therefore *Lakritsroten* can serve more customers • No delivery charge made for this service meaning more customers will use it **<u>AO4</u>** • However, there could be problems with staff locating their order, delaying its collection • However, there is no guarantee that the correct items have been delivered to the collection point Arguments why *Lakritsroten* should choose option 2 **<u>AO2</u>** • Customers can place their orders of chocolates before they arrive at the shop • By using the mobile app customers can be informed of daily special offers on the sale of sweets **<u>AO3</u>** • The sweets will be paid for and waiting for customers to collect, increasing *Lakritsroten* sales • This could lead to customers buying a variety of sweets and chocolates from *Lakritsroten* increasing its revenue **<u>AO4</u>** • However, customers can only use the app if they have internet connection • However, if there are other sweets shops offering similar incentives on their mobile apps there is no guarantee that *Lakritsroten* will keep its customers or gain new ones	**(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 business context throughout. (AO2) • Deconstructs business 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 business information and issues relevant to the choice made. (AO4)

Q. No.	Which **one** of the following is the principle of insurance that requires all information given to be true? **Answer**	Mark
3 (a)	**AO1 - 1 mark** **The only correct answer is A -** Utmost good faith **B** - is not correct as indemnity is protection against loss **C** - is not correct as subrogation is payment for a loss **D** – is not correct as insurable interest is the insured person would suffer financially if an event occurred	**(1)**

Q. No.	Which **one** of the following would be the price of a pair of shoes costing €475.00 after the discount has been applied. **Answer**	Mark
3 (b)	**AO2 - 1 mark** **The only correct answer is A -** €418.00 **B** – is not the correct answer as €463.00 is €475.00 minus 12 **C** - is not the correct answer as €487.00 is €475.00 plus 12 **D** - is not the correct answer as €532.00 is €475.00 plus 57	**(1)**

Q. No.	State **one** advantage for *Moreschi* of having its logo on all its products. **Answer**	Mark
3 (c)	**AO2 - 1 mark** Award 1 mark for one advantage for *Moreschi* of having its logo on all its products. • By having a logo on its shoes, the shoes are easily identifiable by everyone **(1)** • Someone seeing the logo on a scarf may become more interested in buying the scarf **(1)** **NB** Do not accept an advantage that is not in the context of *Moreschi* Accept any other appropriate response	**(1)**

Q. No.	Outline **one** reason why *Moreschi* uses insurance brokers and not insurance agents. **Answer**	Mark
3 (d)	**AO2 - 2 marks** Award 1 mark for identifying one reason why *Moreschi* uses insurance brokers and not insurance agents and one mark for further development. • An insurance broker could offer a better deal by arranging cover from different businesses for factories, shops and employees **(1)** whereas an agent can only offer cover from a single insurance business **(1)** **NB** Do not accept a reason that is not in the context of *Moreschi*. Accept any other appropriate response.	**(2)**

Q. No.	Analyse why insurance cover for product liability is important to *Moreschi*. **Indicative content**	Mark
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • *Moreschi* has many customers who buy its shoes and handbags • A pair of bespoke shoes are not made using the customers correct details **AO3** • With a large customer base, it is likely that there could be several claims against *Moreschi* and without insurance cover this could prove expensive • This could create bad publicity for *Moreschi* and reduce the number of bespoke shoes being ordered	**(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)**

Q. No.	**Option 1**: increase the number of speciality shops selling its products **Option 2**: start selling its products in department stores. Justify which **one** of these two options *Moreschi* should choose**.** **Indicative content**	**Mark**
3 (f)	**AO2 = 3 marks, AO3 = 3 marks, AO4 = 3 marks** **Arguments for option 1** **AO2** • Increasing specialist shops means that customers will know where to buy the quality shoes as they are made by *Moreschi* • Specialist employees will be employed to sell the handbags as they know exactly how and where they are made and with what materials **AO3** • By visiting a speciality shop customers will have access to a wide range of buying options giving them more choice • They can pass their knowledge and expertise of the products on to the customer and this may encourage additional sales **AO4** • However, it will be expensive to purchase more shops and there is no guarantee the sales will cover the costs • However, they may not have sufficient trained employees to cover the additional speciality shops **Arguments for option 2** **AO2** • As department stores are usually located in city centres, they can attract more people who are interested in buying the shoes • Customers may be able to purchase the more expensive handbags on their store card	

	AO3 • There would be a wider choice of different types of shoes for customers to choose from • This will enable customers to spread the cost of the expensive handbag over a longer of period of time **AO4** • However, department stores may only be found in large cities and this may stop some shoppers from visiting the department store as it is too far away • However, there is no guarantee that all customers have a store card	**(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 business context throughout. (AO2) • Deconstructs business 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 business information and issues relevant to the choice made. (AO4)

Q. No.	Calculate the price of the coffee in Malaysian ringgits. You are advised to show your workings. **Answer**	**Additional Guidance**	**Mark**
4 (a)	**AO2 - 2 marks** Award 1 mark for calculation and 1 mark for the answer. Award 1 mark for correct calculation and 1 mark for correct answer 8.00 x 4.93 **(1)** = 39.44 **(1)** **NB** A candidate who responds with 39.44 and no calculation is awarded both marks	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	**(2)**

Q. No.	Analyse why *LOKL Coffee Co* have to comply with consumer protection legislation. **Indicative content**	**Mark**
4 (b)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • By complying with the legislation customers will know if the cakes made are free from ingredients causing allergies • By complying with the legislation tourists can buy desserts from the shop knowing they meet the legislation **AO3** • This will ensure that *LOKL Coffee Co* customers are willing to buy and eat the items for sale • If *LOKL Coffee Co* tourists are satisfied with the coffee and cakes they are more likely to recommend the shop to people they are travelling with	**(6)**

Q. No.	Analyse why *LOKL Coffee Co* have to comply with consumer protection legislation. **Indicative content**	Mark
4 (b)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • By complying with the legislation customers will know if the cakes made are free from ingredients causing allergies • By complying with the legislation tourists can buy desserts from the shop knowing they meet the legislation **AO3** • This will ensure that *LOKL Coffee Co* customers are willing to buy and eat the items for sale • If *LOKL Coffee Co* tourists are satisfied with the coffee and cakes they are more likely to recommend the shop to people they are travelling with	**(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)**

<table>
<tr><th>Q. No.</th><th>Evaluate why labour and customers could be important factors for LOKL Coffee Co when deciding on locations for its new shops. You should use the information provided and your own knowledge of commerce in your answer.</th><th>Mark</th></tr>
<tr><td>4 (c)</td><td>AO1 = 3 marks   AO2 = 3 marks   AO3 = 3 marks
AO4 = 3 marks

<u>AO1</u>
LOKL Coffee Co would need to locate its shops near to where labour can be found
Locating the shops where there are likely to be many customers
<u>AO2</u>
LOKL Coffee Co will need a wide variety of skilled labour from employees making coffee and preparing food
The shops will be easily accessible for customers who want to buy coffee and breakfast
<u>AO3</u>
By locating near to a skilled labour force required to operate and run the coffee shop this could reduce training costs
This could lead to an increase in sales and revenue
<u>AO4</u>
However, the wage costs may be a small proportion of the total costs and will be less important in the location decision
However, the number of customers and tourists may not remain the same and may go down and this would have the affect of decreasing sales and revenue</td><td>(12)</td></tr>
</table>

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 business 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	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) • Makes a judgement, providing a justification based on sound evaluation of commercial information and issues relevant to the choice made. (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 business 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)

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