



Pearson  
Edexcel

Mark Scheme (Standardisation)

Summer 2019

Pearson Edexcel International GCSE  
In Commerce 4CM1 Paper 02  
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.
- 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) 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	Answer	Mark
1 (a)	AO1 = 1  C - Cheques	(1)

Question Number	Answer	Mark
1 (b)	AO1 = 1  D - Overdraft	(1)

Question Number	Answer	Mark
1 (c)	AO1 = 1  Award 1 mark for correct definition of bank loan  • A bank loan is a long-term source of finance (1)	(1)

Question Number	Answer	Mark
1 (d)	AO1 = 1  Award 1 mark for correct definition of a standing order  • A standing order is an instruction given by account holders to their bank to pay a set amount at regular intervals. (1)	(1)

Question Number	Answer	Mark
1 (e) (i)	AO2 = 1  Award 1 mark for stating a reason.  • Cash is an immediate payment by the customer for coffee (1). Accept any other appropriate response.	(1)

Question Number	Answer	Mark
1 (e) (ii)	<p><b>AO2 = 1</b></p> <p>Award 1 mark for stating a reason</p> <ul style="list-style-type: none"> <li>• Neo has 30 coffee shops so there is a need for a regional centre <b>(1)</b>.</li> <li>• It can meet increased demand at its coffee shops faster <b>(1)</b>.</li> </ul> <p>Accept any other appropriate response.</p>	<b>(1)</b>

Question Number	Answer	Additional guidance	Mark
1 (e) (iii)	<p><b>AO2 = 2</b></p> <p><math>112 - 52 = 60</math> <b>(1)</b></p> <p><math>60 / 180 \times 100 = 33.33\%</math> <b>(1)</b></p> <p>1 mark for the correct method but a calculation error.</p>	Award 2 marks if only correct answer is written	<b>(2)</b>

Question Number	Answer	Mark
1 (f)	<p><b>AO1 = 3</b></p> <p>Award 1 mark for identifying an advantage to a business of 60 days' trade credit and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> <li>• It improves the cash flow of the business <b>(1)</b> as payment is delayed for 60 days <b>(1)</b> allowing it to sell the goods and earn revenue to pay the supplier <b>(1)</b>.</li> </ul> <p>Answers that list three advantages with no development will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	<b>(3)</b>

Question Number	Answer	Mark
1 (g)	<p><b>AO1 = 3</b></p> <p>Award 1 mark for identifying a reason and up to 2 marks for explaining this reason for a maximum of 3 marks</p> <ul style="list-style-type: none"> <li>It is convenient for customers <b>(1)</b>. The convenience allows for more purchases to be made <b>(1)</b>. The businesses can access the funds more quickly as they are credited to their bank account <b>(1)</b>.</li> </ul> <p>Answers that list three reasons with no development will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	<b>(3)</b>

Question Number	Indicative content	Mark
1 (h)	<p><b>AO2 = 3 AO3 = 3</b></p> <ul style="list-style-type: none"> <li>Rail would be more expensive at \$2.73 per tonne but faster by 3 days <b>(AO2)</b>.</li> <li>Delivery van is slower by 3 days but cheaper at \$1.12 per tonne <b>(AO2)</b>.</li> <li>Distributing by rail would allow it to be delivered and remain fresh <b>(AO3)</b>.</li> <li>The reduced cost to deliver by road per tonne of \$1.61 would bring savings that could be reinvested in <i>Neo</i> <b>(AO3)</b>.</li> </ul>	<b>(6)</b>

Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	1-2	<ul style="list-style-type: none"> <li>Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. <b>(AO2)</b></li> <li>Attempts to deconstruct commercial information and/or issues, finding limited connections between points. <b>(AO3)</b></li> </ul>
<b>Level 2</b>	3-4	<ul style="list-style-type: none"> <li>Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies. <b>(AO2)</b></li> <li>Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. <b>(AO3)</b></li> </ul>
<b>Level 3</b>	5-6	<ul style="list-style-type: none"> <li>Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. <b>(AO2)</b></li> <li>Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. <b>(AO3)</b></li> </ul>

Question Number	Answer	Mark
2 (a)	AO1 = 1 B - Mortgage	(1)

Question Number	Answer	Mark
2 (b)	AO1 = 1 D - Interest	(1)

Question Number	Answer	Mark
2 (c) (i)	AO2 = 1 Medicine (1)	(1)

Question Number	Answer	Mark
2 (c) (ii)	AO2 = 1 Sterile equipment (1)	(1)

Question Number	Answer	Mark
2 (d)	AO1 = 1 Award 1 mark for correct definition of ROCE. <ul style="list-style-type: none"><li>Return on capital employed is a financial ratio that measures a business's profitability and the efficiency with which its capital is employed (1).</li></ul>	(1)

Question Number	Answer	Mark
2 (e)	<p><b>AO1 = 3</b></p> <p>Award 1 mark for identifying one way and up to 2 marks for explaining the way for a maximum of 3 marks.</p> <ul style="list-style-type: none"> <li>• One way would be to increase the price on each product the business makes <b>(1)</b>. If a business were to raise the price of sales it would lead to more revenue being earned per sale <b>(1)</b>. Therefore improving the chance of increased gross profit <b>(1)</b>.</li> <li>• Reducing the cost of raw materials <b>(1)</b> by finding cheaper suppliers of raw materials <b>(1)</b> but keeping the price the same will increase gross profit <b>(1)</b>.</li> </ul> <p>Answers that list three ways with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question Number	Answer	Mark
2 (f)	<p><b>AO1 = 3</b></p> <p>Award 1 mark for identifying a reason and up to 2 marks for explaining the reason for a maximum of 3 marks.</p> <ul style="list-style-type: none"> <li>• Electronic transfers allow a payment to take place over a computerised network <b>(1)</b>. The business will receive payment immediately <b>(1)</b> and it is available for its use <b>(1)</b>.</li> <li>• The use of electronic transfers reduces the risk of non-payment <b>(1)</b>. Electronic payment can be completed at the time the product is ordered or delivered <b>(1)</b> and is secure reducing problems and speeding up the transaction <b>(1)</b>.</li> </ul> <p>Answers that list three reasons with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)



Question Number	Indicative Content	Mark
2 (g)	<p><b>AO2 = 3 AO3 = 3 AO4 = 3</b></p> <p>Arguments for option 1:</p> <ul style="list-style-type: none"> <li>• Using \$200m of its retained profit will account for the majority of that source <b>(AO2)</b>.</li> <li>• This will leave a retained profit of \$21m <b>(AO2)</b>.</li> <li>• This amount covers all the costs of expansion without the need to borrow from other sources <b>(AO3)</b>.</li> <li>• This money could be used to cover other aspects of <i>Zipline's</i> business <b>(AO3)</b>.</li> <li>• Expanding into India may come at a cost to <i>Zipline</i> as if it use all of its retained profits there would not be much left if unexpected costs arise with the new distribution centre <b>(AO4)</b>.</li> <li>• However, if <i>Zipline</i> uses £200m of its retained profit it would result in less money being available for an emergency or improvements to its current operations <b>(AO4)</b>.</li> </ul> <p>Arguments for option 2:</p> <ul style="list-style-type: none"> <li>• Issuing 8m shares at \$25 would raise \$200m <b>(AO2)</b>. 8m shares would bring in a large number of new owners <b>(AO2)</b>.</li> <li>• \$200m will cover the costs of the planned expansion <b>(AO3)</b>.</li> <li>• If all these shares are sold no demand will be made on <i>Zipline's</i> retained profit <b>(AO3)</b>.</li> <li>• But could result in <i>Zipline</i> losing control of the business and its objective of expanding into India being stopped <b>(AO4)</b>.</li> <li>• The sale of ordinary shares would reduce the potential dividends and share price of its current shareholders in the short term. This could cause it to sell them back on the stock market <b>(AO4)</b>.</li> </ul>	<b>(9)</b>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	<ul style="list-style-type: none"> <li>Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2)</li> <li>Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3)</li> <li>Makes a judgement, providing a simple justification based on limited evaluation of commercial information and issues relevant to the choice made. (AO4)</li> </ul>
Level 2	4-6	<ul style="list-style-type: none"> <li>Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies. (AO2)</li> <li>Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)</li> <li>Makes a judgement, providing a justification based on sound evaluation of commercial information and issues relevant to the choice made. (AO4)</li> </ul>
Level 3	7-9	<ul style="list-style-type: none"> <li>Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2)</li> <li>Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)</li> <li>Makes a judgement, providing a clear justification based on a thorough evaluation of commercial information and issues relevant to the choice made. (AO4)</li> </ul>

Question Number	Answer	Mark
3 (a)	AO1 = 1 A - Quotation	(1)

Question Number	Answer	Mark
3 (b)	AO1 = 1 B - Store card	(1)

Question Number	Answer	Mark
3 (c)	AO2 = 1 Award 1 mark for one benefit stated.  <ul style="list-style-type: none"> <li>One benefit for <i>OYO Rooms</i> using email is that it is immediate and can contain information about hotel rooms and facilities (1).</li> <li>It also allows <i>OYO Rooms</i> to inform existing customers about special offers (1).</li> </ul> Accept any other appropriate response.	(1)

Question Number	Answer	Mark
3 (d)	AO2 = 2 Award 1 mark for each correct figure inserted  (i) \$33 600 (1) (ii) \$28 224 (1)	(2)

Question Number	Indicative content	Mark
3 (e)	AO2 = 3 AO3 = 3 Impacts on <i>OYO Rooms</i> of using factoring.  <ul style="list-style-type: none"> <li>Factoring allows <i>OYO Rooms</i> to sell the accounts receivable to a third party (AO2).</li> <li>Factoring allows <i>OYO Rooms</i> 80% of the invoice total (AO2).</li> <li>It enables <i>OYO Rooms</i> to meet its present and immediate cash needs (AO3).</li> <li>The debt has moved from <i>OYO Rooms</i> to its bank thereby reducing the risk to <i>OYO Rooms</i> (AO3).</li> </ul>	(6)

Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	1-2	<ul style="list-style-type: none"> <li>Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. <b>(AO2)</b></li> <li>Attempts to deconstruct commercial information and/or issues, finding limited connections between points. <b>(AO3)</b></li> </ul>
<b>Level 2</b>	3-4	<ul style="list-style-type: none"> <li>Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies. <b>(AO2)</b></li> <li>Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. <b>(AO3)</b></li> </ul>
<b>Level 3</b>	5-6	<ul style="list-style-type: none"> <li>Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. <b>(AO2)</b></li> <li>Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. <b>(AO3)</b></li> </ul>

Question	Answer	Mark
3 (f)	<p><b>A02 = 3 A03 = 3 A04 = 3</b></p> <p>Arguments for option 1</p> <ul style="list-style-type: none"> <li>• National Japanese newspapers would target a large population <b>(A02)</b>.</li> <li>• Newspaper adverts are relatively cheap <b>(A02)</b>.</li> <li>• The advertisement in the newspapers may be seen by more hoteliers and more specific to <i>OYO Rooms</i> achieving its target allowing a greater range of hotels to choose from <b>(A03)</b>.</li> <li>• This will allow <i>OYO Rooms</i> to place adverts on a regular basis increasing the chances of hoteliers seeing them and responding .</li> <li>• However, the newspapers may not be read by the hoteliers leading to <i>OYO Rooms</i> not increasing its list <b>(A04)</b>.</li> <li>• The use of national newspapers would cost <i>OYO Rooms</i> regular fees and would significantly increase costs to the firm. <b>(A04)</b>.</li> </ul> <p>Arguments for option 2</p> <ul style="list-style-type: none"> <li>• Using a trade fair would allow <i>OYO Rooms</i> to specifically target hoteliers <b>(A02)</b>.</li> <li>• The trade fair gives <i>OYO Rooms</i> face to face contact with Tokyo hotel owners <b>(A02)</b>.</li> <li>• The international business trade fair would attract more hotels to be listed by <i>OYO Rooms</i> increasing the wider range of rooms to sell <b>(A03)</b>.</li> <li>• This will allow <i>OYO Rooms</i> to engage with hotel owners and businesses where it can talk and persuade them to join the list <b>(A03)</b>.</li> <li>• But it may not gain more hotels for its list as there may be similar businesses there that are competing for the same hotels. This puts the expansion in jeopardy <b>(A04)</b>.</li> <li>• However, the use of the trade fair is a one-off event which will not require regular fees to be paid <b>(A04)</b>.</li> </ul>	<b>(9)</b>

Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	1-3	<ul style="list-style-type: none"> <li>Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2)</li> <li>Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3)</li> <li>Makes a judgement, providing a simple justification based on limited evaluation of commercial information and issues relevant to the choice made. (AO4)</li> </ul>
<b>Level 2</b>	4-6	<ul style="list-style-type: none"> <li>Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies. (AO2)</li> <li>Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)</li> <li>Makes a judgement, providing a justification based on sound evaluation of commercial information and issues relevant to the choice made. (AO4)</li> </ul>
<b>Level 3</b>	7-9	<ul style="list-style-type: none"> <li>Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2)</li> <li>Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)</li> <li>Makes a judgement, providing a clear justification based on a thorough evaluation of commercial information and issues relevant to the choice made. (AO4)</li> </ul>

Question Number	Answer	Mark
4 (a)	<p><b>AO2 = 2</b></p> <p>Up to 2 marks for linked points outlining why <i>HSBC</i> would use persuasive advertising.</p> <p><i>HSBC</i> uses persuasive advertising to:</p> <ul style="list-style-type: none"> <li>• Relay product information about its banking and financial services <b>(1)</b>.</li> <li>• Endorsements by charismatic or famous people often can overcome product weaknesses and persuade consumers to buy products <b>(1)</b>.</li> </ul> <p>Accept any other appropriate response.</p>	<b>(2)</b>

Question Number	Answer	Mark
4 (b)	<p><b>AO2 = 3 AO3 = 3</b></p> <ul style="list-style-type: none"> <li>• Due to <i>Lloyds Bank</i> using competitive advertising it will show current and potential customers that some of <i>HSBC's</i> products and services are not as competitive as its rivals <b>(AO2)</b>.</li> <li>• A key impact of <i>Lloyds Bank</i> using competitive advertising is that it will show the limitations of its products and services <b>(AO2)</b>.</li> <li>• <i>HSBC</i> will lose customer to <i>Lloyds Bank</i> because <i>Lloyds Bank</i> services and products appear to be better <b>(AO3)</b>.</li> <li>• This will reduce <i>HSBC's</i> customer base at the same time as increasing <i>Lloyds Bank's</i>. <b>(AO3)</b>.</li> </ul>	<b>(6)</b>

Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	1-2	<ul style="list-style-type: none"> <li>• Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2)</li> <li>• Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3)</li> </ul>
<b>Level 2</b>	3-4	<ul style="list-style-type: none"> <li>• Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies. (AO2)</li> <li>• Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)</li> </ul>
<b>Level 3</b>	5-6	<ul style="list-style-type: none"> <li>• Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2)</li> <li>• Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)</li> </ul>



Question Number	Answer	Mark
4 (c)	<p><b>AO1 = 3 AO2 = 3 AO3 = 3 AO4 = 3</b></p> <ul style="list-style-type: none"> <li>• Social media includes Facebook, WeChat, Instagram <b>(AO1)</b></li> <li>• Allows businesses to identify customer needs <b>(AO1)</b> .</li> <li>• By using social media <i>HSBC</i> can increase brand awareness and loyalty <b>(AO2)</b>.</li> <li>• It will allow <i>HSBC</i> to run targeted adverts aimed at the needs of existing customers <b>(AO2)</b>.</li> <li>• By increasing brand awareness <i>HSBC</i> is more likely to increase customer retention and brand loyalty which will lead to increased sales of its products <b>(AO3)</b>.</li> <li>• If <i>HSBC</i> ran targeted advertisements it will allow it to segment the market by things such as location, company, job, title, gender, and age. This will let it send product related information to each segment <b>(AO3)</b>.</li> <li>• However, by using social media <i>HSBC</i> could potentially lose out on a large customer base as it is only seen by people who follow <i>HSBC</i> and are already its customers <b>(AO4)</b>.</li> <li>• However, social media is primarily used by younger people, who may not need <i>HSBC</i> services resulting in its popularity not increasing with that age group <b>(AO4)</b>.</li> </ul>	(12)

Level	Mark	Descriptor
	0	No rewardable material
<b>Level 1</b>	1-4	<ul style="list-style-type: none"> <li>• Demonstrates elements of knowledge and understanding of commercial concepts and issues, with limited commercial terminology used. (AO1)</li> <li>• Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2)</li> <li>• Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3)</li> <li>• Draws a conclusion, supported by generic assertions from limited evaluation of commercial information and issues. (AO4)</li> </ul>
<b>Level 2</b>	5-8	<ul style="list-style-type: none"> <li>• Demonstrates mostly accurate knowledge and understanding of commercial concepts and issues, including appropriate use of commercial terminology in places. (AO1)</li> <li>• Sound application of knowledge and understanding of commercial concepts and issues to the commercial context, although there may be some inconsistencies. (AO2)</li> <li>• Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)</li> <li>• Draws a conclusion based on sound evaluation of commercial information and issues. (AO4)</li> </ul>
<b>Level 3</b>	9-12	<ul style="list-style-type: none"> <li>• Demonstrates accurate knowledge and understanding of commercial concepts and issues throughout, including appropriate use of commercial terminology. (AO1)</li> <li>• Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2)</li> <li>• Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)</li> <li>• Draws a valid and well-reasoned conclusion based on a thorough evaluation of commercial information and issues. (AO4)</li> </ul>