



Mark Scheme (Final)

Summer 2019

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.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question number	Answer	Mark
1 (a)	AO1 = 1 B - Utmost good faith	(1)

Question number	Answer	Mark
1 (b)	AO1 = 1 C - Sells in convenient quantities to the retailer	(1)

Question number	Answer	Mark
1 (c)	AO1 = 1 Award 1 mark for definition of bricks and clicks. <ul style="list-style-type: none"> Businesses which allow customers to order products either online or physically in one of their stores (1). 	(1)

Question number	Answer	Mark
1 (d)	AO1 = 1 Award 1 mark for definition of trading bloc. <ul style="list-style-type: none"> A trading bloc is a group of countries in a region that manage and promote trade activities (1). 	(1)

Question number	Answer	Mark
1 (e) (i)	AO2 = 2 Award 1 mark for calculation and 1 mark for the answer. 12 500 x 1.84 (1) = 23 000 (1) NB a candidate who responds with 23 000 and no calculation would still get both marks.	(2)

Question number	Answer	Mark
1 (e) (ii)	<p>AO2 = 1</p> <p>Award 1 mark for stating a disadvantage to a business, other than changes in the exchange rate.</p> <ul style="list-style-type: none"> • There may be a communication issue because there is no common language (1). • • The distance between the two businesses could cause delays in receiving goods (1). 	(1)

Question number	Answer	Mark
1 (e) (iii)	<p>AO2 = 1</p> <p>Award 1 mark for stating an impact because of the change in exchange rate of the HKD.</p> <ul style="list-style-type: none"> • Malaysian businesses would be able to buy more goods for the same amount of money (1). 	(1)

Question number	Answer	Mark
1 (f)	<p>AO1 = 3</p> <p>Award 1 mark for identifying an action a customer could take regarding faulty goods and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • Take the goods back to the business (1) who should try and rectify the fault (1) and will either offer a replacement or refund the money (1). • Make a complaint by telephone (1) explain the problem with the purchase (1) and then accept or reject the offer made by the business (1). <p>Answers that list three reasons with no development will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Answer	Mark
1 (g)	<p>AO1 = 3</p> <p>Award 1 mark for identifying a benefit to a business of international trade and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> Provides income from exporting goods (1) which means the business can earn money from overseas (1) which in turn enables them to buy from other countries (1). Provides the opportunity for tourists to visit the country (1) which then creates jobs for people to do (1) which helps businesses gain customers and revenue (1). <p>Answers that list three advantages with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Indicative content	Mark
1 (h)	<p>AO2 = 3 AO3 = 3</p> <ul style="list-style-type: none"> It protects employers from claims arising from an accident or injury whilst employees are at work (AO2). If anyone died in the fire their family could claim compensation from the business (AO2). The insurance that <i>Tazreen Fashion</i> takes out means that it will not lose financially (AO3). The insurance company will pay out any valid claims made rather than being paid by <i>Tazreen Fashion</i> (AO3). 	(6)

Level	Marks	Level descriptor
	0	No rewardable material.
Level 1	1-2	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout (AO2). Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question number	Answer	Mark
2 (a)	AO2 = 1 B - 60 000	(1)

Question number	Answer	Mark
2 (b)	AO1 = 1 D - Farmer	(1)

Question number	Answer	Mark
2 (c) (i)	AO2 = 1 Award 1 mark for correct answer. • 65+	(1)

Question number	Answer	Mark
2 (c) (ii)	AO2 = 1 Award 1 mark for correct answer. • 50-64	(1)

Question number	Answer	Mark
2 (d)	AO1 = 1 Award 1 mark for definition of a business partnership. • 2 or more people who jointly own the business.	(1)

Question number	Answer	Mark
2 (e)	<p>AO1 = 3</p> <p>Award 1 mark for identifying one disadvantage and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> Partnerships have unlimited liability (1) this means that if the business fails the partners possessions can be taken to pay the debts (1) including any personal valuable items (1). More people involved than a sole trader (1) which could lead to disagreements (1) and the eventual failure of the business (1). <p>Answers that list three disadvantages 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>AO1 = 3</p> <p>Award 1 mark for identifying an advantage and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> Buying a franchise means using an established brand (1) that advertise nationally (1) which reduces the risk of failure (1). By buying into a franchise you have support and help from the franchisor (1). Being part of a franchise reduces the number of decisions you have to make about suppliers, taking the strain off making them yourself (1) all products sold are decided for you by the franchise (1). <p>Answers that list three advantages 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>AO2 = 3 AO3 = 3 AO4 = 3</p> <ul style="list-style-type: none"> • By giving special offers customers are encouraged to try using <i>Buffalo Tours</i> (AO2). • A discount means that the holiday is going to be cheaper (AO2). • This could lead to more people buying holidays from <i>Buffalo Tours</i> thereby increasing sales (AO3). • Customers will appreciate getting a good holiday at a lower cost (AO3). • The price reduction could increase sales but revenue might decrease (AO4). • Special offers of competitors could be more attractive therefore decreasing the impact of <i>Buffalo Tours</i> discount (AO4). <p>Arguments why <i>Buffalo Tours</i> should choose option 2.</p> <ul style="list-style-type: none"> • Having a loyalty programme means that the more times a customer travels with <i>Buffalo Tours</i> they will gain benefits (AO2). • This type of reward encourages customers to keep travelling with <i>Buffalo Tours</i> so that they earn more rewards (AO2). • Reduces costs of advertising <i>Buffalo Tours</i> holidays (AO3). • Encourages repeat customers, this will increase sales in the long term (AO3). • However the loyalty programme only retains existing customers and will not attract any new customers (AO4). • However as the programme develops the cost to <i>Buffalo Tours</i> increases with a potential drop in profit (AO4). 	(9)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout (AO2). Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). Makes a judgement, providing a clear justification based on a thorough evaluation of commercial information and issues relevant to the choice made (AO4).

Question number	Answer	Mark
3 (a)	AO1 = 1 D - The process of making a product appear different	(1)

Question number	Answer	Mark
3 (b)	AO2 = 1 B - The failure of the business	(1)

Question number	Answer	Mark
3 (c)	AO2 = 1 Award 1 mark for one cost stated. <ul style="list-style-type: none"> • Paying the wages of the 1 million employees (1) • Managing exchange rates to purchase supplies (1) Accept any other appropriate response.	(1)

Question number	Answer	Mark
3 (d)	AO2 = 2 Award 1 mark for identifying one reason for producing their goods in the country they are sold in and one mark for further development. <ul style="list-style-type: none"> • Using ingredients from their own country means the transportation costs are cheaper (1). Reduction in total cost of producing the drinks (1). • <i>Coco-Cola</i> are more likely to sell more drinks (1) because the local population will know that they are supporting their country (1). Accept any other appropriate response.	(2)

Question number	Indicative content	Mark
3 (e)	<p>AO2 = 3 AO3 = 3</p> <ul style="list-style-type: none"> The <i>Coca-Cola</i> should not be producing adverts which do not tell the truth (AO2). Legislation ensures that the <i>Coca-Cola</i> cannot use dangerous ingredients (AO2). This means customers should be able to believe what they read and see otherwise <i>Coca-Cola</i> could be sued (AO3). Customers are secure in the knowledge that the drinks are safe to consume and will continue to buy them (AO3). 	(6)

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1-2	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout (AO2). Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question Number	Indicative content	Mark
3 (f)	<p>AO2 = 3 AO3 = 3 AO4 = 3</p> <p>Arguments why <i>Coca-Cola</i> might choose option 1.</p> <ul style="list-style-type: none"> • Small supermarkets buying directly from <i>Coca-Cola</i> have access to all of their products (AO2). • By buying directly it means that the supermarkets receive the goods immediately (AO2). • Supermarkets will then have a wide range of products making them more competitive than other stores (AO3). • The supermarkets shelves will always be stocked with <i>Coca-Cola</i> products to meet customer demand (AO3). • The <i>Coca-Cola</i> may stop selling smaller quantities to supermarkets because of the cost involved (AO4). • In some areas of India, the infrastructure is poor thereby limiting the delivery services <i>Coca-Cola</i> provides (AO4). <p>Arguments why <i>Coca-Cola</i> might choose option 2.</p> <ul style="list-style-type: none"> • Buying from a wholesaler means that supermarkets are able to purchase the goods in smaller quantities (AO2). • A wholesaler offers trade credit to small supermarkets (AO2). • This could benefit a smaller supermarket that may not have the space to store large quantities of items (AO3). • Small supermarkets can buy more stock than they can pay for immediately (AO3). • Supermarkets can only store small quantities therefore, more deliveries are required increasing their costs (AO4). • The supermarket could easily find itself in debt if they cannot sell the stock quickly (AO4). 	(9)

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1-3	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout (AO2). Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). Makes a judgement, providing a clear justification based on a thorough evaluation of commercial information and issues relevant to the choice made (AO4).

Question number	Answer	Mark
4 (a)	<p>AO2 = 2</p> <p>Award 1 mark for correct calculation and 1 mark for correct answer.</p> <p style="text-align: center;">4.1/79.2 x 100 (1) = 5.18 (1)</p> <p>NB A candidate who responds 5.18 with no calculation would still get both marks.</p> <p>Award 1 mark if a candidate provides a correct answer, but not to two decimal places.</p>	(2)

Question number	Indicative content	Mark
4 (b)	<p>AO2 = 3 AO3 = 3</p> <p>Reasons why <i>Samsung</i> prefers to sell products through its own website.</p> <ul style="list-style-type: none"> • Buying through the website means more sales for <i>Samsung</i> direct (AO2). • <i>Samsung</i> can control the prices charged more easily (AO2). • They are aware of the products that are selling and those that are not (AO3). • <i>Samsung</i> can decide when to have a sale and which product can be reduced or not, depending on sales (AO3). 	(6)

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1-2	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout (AO2). • Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question number	Indicative content	Mark
4 (c)	<p>AO1 = 3 AO2 = 3 AO3 = 3 AO4 = 3</p> <ul style="list-style-type: none"> • Allows customers immediate access (AO1). • To meet their needs and wants (AO1). • Offering credit facilities is likely to increase the sale of tablets and smartphones (AO2). • <i>Samsung</i> sell a range of tablets and smartphones, some of which are more expensive than others (AO2). • <i>Samsung</i> offer these facilities on its website, which is accessible 24/7 to potential buyers of their products (AO3). • This will allow customers to spend more money purchasing more expensive products thereby increasing <i>Samsung's</i> revenue (AO3). • However providing these facilities will cost <i>Samsung</i> money because of administration and the late receipt of payment (AO4). • However customers having taken advantage of the credit facility may be unable to make repayments, increasing <i>Samsung's</i> bad debts (AO4). 	(12)

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1-4	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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).