



Mark Scheme (Results)

November 2020

Pearson Edexcel International GCSE
In Commerce (4CM1)
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.

Question number	Answer	Mark
1 (a)	AO1 = 1 D To monitor inventory levels	(1)

Question number	Answer	Mark
1 (b)	AO1 = 1 C A product sold at a non-profitable price	(1)

Question number	Answer	Mark
1 (c)	AO1 = 1 Award 1 mark for definition of cooperatives . <ul style="list-style-type: none"> A business that is owned and run by its members (1). 	(1)

Question number	Answer	Mark
1 (d)	AO1 = 1 Award 1 mark for definition of bad debts . <ul style="list-style-type: none"> Debts that will not be paid (1). 	(1)

Question number	Answer	Mark
1 (e) (i)	AO2 = 2 Award 1 mark for calculation and 1 mark for the answer. $102\,610 - 99\,092 = 3\,518$ (1) $3\,518/102\,610 \times 100 = 3.43$ (1) NB a candidate who responds with 3.43 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 one effect of import figures being lower than export figures.</p> <ul style="list-style-type: none"> If export of diamonds are higher than imports then there will be a surplus in the balance of trade (1). <p>Accept any other appropriate response.</p>	(1)

Question number	Answer	Mark
1 (e) (iii)	<p>AO2 = 1</p> <p>Award 1 mark for stating a disadvantage if the crops failed.</p> <ul style="list-style-type: none"> If the crops failed, South Africa will earn less foreign currency/as a result of lower exports (1). <p>Accept any other appropriate response.</p>	(1)

Question number	Answer	Mark
1 (f)	<p>AO1 = 3</p> <p>Award 1 mark for explaining why voluntary chains are still popular and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> It enables small retailers to provide special offers (1) by buying through the wholesaler that provides services for the whole chain (1) these savings can then be passed on to attract more customers (1). By being part of a chain, a small retailer can benefit from other services (1) such as finance, shop-fitting (1) enabling them to provide an improved service to their customers (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 one disadvantage for an ecommerce business of using road transport and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • The cost of transporting the goods by road to customers can be time consuming (1) and requires detailed organisation of the vehicles transporting the goods (1) and the retailer has to cover the costs (1). • If the vehicles are not full then it is a waste of resources (1) and can make the delivery of goods more expensive. (1) Using road transport needs careful planning so that lorries are not used when empty (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	Indicative content	Mark
1 (h)	<p>AO2 = 3 AO3 = 3</p> <ul style="list-style-type: none"> • If a business such as <i>Reve Systems</i> provides good customer service it is more likely to attract customers and retain them (AO2). • Customers will often choose a supplier of software such as <i>Reve Systems</i> if they are known to provide a good after sales service (AO2). • The customer knows that if the software does not work properly or develops a fault, they can get it repaired or replaced without any argument (AO3). • Reputation of a business is important and customers will recommend a business such as <i>Reve Systems</i> if it has a good after sales service (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 D 6250	(1)

Question number	Answer	Mark
2 (b)	AO1 = 1 B Fidelity guarantee	(1)

Question number	Answer	Mark
2 (c) (i)	AO2 = 1 <ul style="list-style-type: none"> Manufacturing Award 1 mark for correct answer.	(1)

Question number	Answer	Mark
2 (c) (ii)	<p>AO2 = 1</p> <ul style="list-style-type: none"> Commercial services <p>Award 1 mark for correct answer.</p>	(1)

Question number	Answer	Mark
2 (d)	<p>AO1 = 1</p> <p>Award 1 mark for defining logo.</p> <ul style="list-style-type: none"> A symbol used by a business to identify itself and its products. 	(1)

Question number	Answer	Mark
2 (e)	<p>AO1 = 3</p> <p>Award 1 mark for identifying why street market stalls are popular and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> Street market stalls can serve distinct localities (1) they get to know the needs and wants of their customers (1) and can supply them with the products they need (1). Stalls in street markets often sell products cheaper (1) as they have lower overheads (1) and can therefore sell at lower prices than shops (1). <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	Answer	Mark
2 (f)	<p>AO1 = 3</p> <p>Award 1 mark for identifying why customers prefer to use mail order and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • Mail order allows you to choose goods in the comfort of your own home (1) at any time of day or night 24/7 (1) and then the goods are delivered to your home (1). • Mail order is easy to use for those with disabilities or who do not live near shops (1) and allows them to purchase the goods (1) without them having to travel to the shop (1). <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>AO2 = 3 AO3 = 3 AO4 = 3</p> <p>Arguments why <i>Jubilee Insurance</i> should choose option 1.</p> <ul style="list-style-type: none"> • Introducing marine insurance opens up the market for those customers wanting to take out insurance for the purchase of leisure boats (AO2). • Marine insurance can involve many different parts such as the vessel, the cargo, the passengers and crew (AO2). • Not all businesses offer this type of insurance, which could lead to a niche market (AO3). • Insuring all the different parts has to be taken into account when working out the cost of insurance (AO3). • However, marine insurance is not an insurance that most insurance companies will offer as it has a limited market and by offering this service it will have access to more customers, which in turn could make it easier to expand (AO4). • However, <i>Jubilee Insurance</i> has no experience in marine insurance and would find it extremely difficult to calculate premiums (AO4). <p>Arguments why <i>Jubilee Insurance</i> should choose option 2.</p> <ul style="list-style-type: none"> • Young drivers cannot always get insurance for their vehicles (AO2). • Taking on younger drivers will lead to more business. (AO2). • If <i>Jubilee Insurance</i> expands in this manner it will be able to offer young driver insurance cover that may not be available from its competitors thus increasing revenue. (AO3). • As young drivers have more accidents they are typically charged higher premiums due to the increased risks for <i>Jubilee Insurance</i> (AO3). • However, young drivers tend to have more accidents, which are more expensive to repair, so <i>Jubilee Insurance's</i> costs will be increased and potentially could be greater than the increase in revenue received (AO4). • However, not all young drivers have accidents and if <i>Jubilee Insurance</i> does take on their insurance they may decide to stay with the business as they get older and therefore remain a customer with them (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)	<p>AO1 = 1</p> <p>B Repeating the same job over and over again.</p>	(1)

Question number	Answer	Mark
3 (b)	<p>AO2 = 1</p> <p>D The shareholders are only liable for the money they invested.</p>	(1)

Question number	Answer	Mark
3 (c)	<p>AO2 = 1</p> <p>Award 1 mark for a reason why <i>PetShop</i> created a website.</p> <ul style="list-style-type: none"> Allows customers to see details about each breed of dog. (1). It is a way of customers contacting <i>PetShop</i> without visiting the shop (1). <p>Accept any other appropriate response.</p>	(1)

Question number	Answer	Mark
3 (d)	<p>AO2 = 2</p> <p>Award 1 mark for identifying one reason for taking out public liability insurance and 1 mark for further development.</p> <ul style="list-style-type: none"> <i>PetShop</i> is a relatively small business and public liability insurance covers the cost of any legal action, e.g. a dog biting visitors (1). This could prevent it from having to close down (1). Public liability insurance protects the business from any accidents that happen while customers are on the property (1) without it a claim could be very expensive (1). <p>Accept any other appropriate response.</p>	(2)

Question number	Indicative content	Mark
3 (e)	<p>AO2 = 3 AO3 = 3</p> <ul style="list-style-type: none"> • A proposal form forms the basis of a contract of insurance between the insurance company and <i>PetShop</i> (AO2). • From the information on the proposal form the insurance company can work out the risks involved in insuring <i>Petshop</i> and its animals (AO2). • It also provides documentary proof of the information given by <i>PetShop</i> and what the insurance quote covers (AO3). • The insurance company can then work out the cost of the insurance for <i>PetShop</i> and the amount of cover required (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>PetShop</i> should choose option 1.</p> <ul style="list-style-type: none"> • Providing customers with suitable products for their newly brought dogs (AO2). • The goods purchased from <i>PetShop</i> may be cheaper than branded products sold elsewhere (AO2). • Enables <i>Petshop</i> to inform customers of the contents products and the suitability for their dogs (AO3). • Customers will be able to discuss products face to face with <i>PetShop</i> and receive professional advice and guidance as to what should or should not be eaten by their particular pet (AO3). • However, <i>PetShop</i> may not be able to supply everything that the pet owner may wish to purchase or have the quantities they wish to buy (AO4). • However, <i>PetShop</i> products may not have the reputation of branded products and it may not achieve planned sales (AO4). <p>Arguments why <i>PetShop</i> should choose option 2.</p> <ul style="list-style-type: none"> • Offering additional services such as grooming or training courses helps customers look after their pets (AO2). • Customers will know that <i>PetShop</i> are familiar with their dogs and their owners (AO2). • By offering additional services <i>PetShop</i> may gain customer loyalty and repeat business, therefore potentially increasing revenue (AO3). • This will make the customers feel happier leaving their dogs for grooming sessions with <i>PetShop</i> as they know they will be looked after (AO3). • However, they may not be able to offer all the services required by some pet owners, such as medical information or treatment, and those customers could go elsewhere (AO4). • However, competitors charge different prices for different services meaning the <i>PetShop</i> might not be competitive and would lose business (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>$7.25 - 5.80 = 1.45$ (1)</p> <p>$1.45 / 5.80 \times 100 = 25$ (1)</p> <p>OR</p> <p>$17.4/69.6 = 0.25$ (1)</p> <p>$0.25 \times 100 = 25$ (1)</p> <p>NB A candidate who responds 25 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>Mayse Artisan Bakery</i> would benefit from being a partnership.</p> <ul style="list-style-type: none"> • Alex's daughter can bring new skills and knowledge of baking to the business (AO2). • By having his daughter in the business means that Alex can share the work-load (AO2). • <i>MAB</i> will be able to offer a wider range of products that could appeal to a wider customer base (AO3). • Each of the partners can concentrate on their own skills to develop products that will sell and improve their reputation (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"> • <i>Mayse Artisan Bakery</i> would want to find out if there is a need for the bakery (AO1). • The partners would also want to consider the location of their suppliers (AO1). • A check would be made to see if there are similar bakeries in that location (AO2). • As it is a small retailer it will need fresh ingredients on a regular basis to bake its products (AO2). • This would enable the partners to know the level and quality of the competition they will face if they open a shop (AO3). • If the suppliers are close this will guarantee the freshness of supplies and reduce transport costs (AO3). • However, if there was limited competition this could still have an impact on the sales of a new business coming in to the area and this could lead to the business failing (AO4). • However, local supplier may charge higher prices and this could make <i>Mayse Artisan Bakery</i> less competitive (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)

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