



Mark Scheme (Provisional)

May 2021

Pearson Edexcel International GCSE

In Commerce 4CM1

Paper 01

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) 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	Which one of the following is a sum of money paid to an insurance company to provide cover? Answer	Mark
1 (a)	<p>AO1 = 1</p> <p>B A premium</p> <p>A Proposal is incorrect as it is a document used before insurance is taken out</p> <p>C An endorsement is incorrect as it is a clause put on a policy</p> <p>D A claim is incorrect as it is made after the insurance is taken out</p>	(1)

Question number	Which one of the following is a payment given by a government to businesses to lower the cost of production? Answer	Mark
1 (b)	<p>AO1 = 1</p> <p>D Subsidy</p> <p>A – Duty is incorrect as it is a tax on goods</p> <p>B – Privatisation is incorrect as it is not a payment given by the government</p> <p>C – Factoring is incorrect as it is sent to customers before the goods</p>	(1)

Question number	Define the term specialisation . Answer	Mark
1 (c)	<p>AO1 = 1</p> <p>Award 1 mark for definition of specialisation.</p> <ul style="list-style-type: none"> When people/businesses/countries focus on carrying out a particular task/producing specific product (1) 	(1)

Question number	Define the term insurance contribution . Answer	Mark
1 (d)	<p>AO1 = 1</p> <p>Award 1 mark for definition of insurance contribution.</p> <ul style="list-style-type: none"> When a risk covered by more than one insurance company each will pay part of the claim (1) 	(1)

Question number	Calculate the percentage loss for <i>GreenHeart</i> when selling a box of fruit. Answer	Additional guidance	Mark
1 (e) (i)	<p>AO2 = 2</p> <p>Award 1 mark for calculation and 1 mark for the answer.</p> <p>$28 \div 160 \times 100$ (1)</p> <p>$= 17.5$ (1)</p> <p>1 mark for the correct method but a calculation error.</p>	NB a candidate who responds 17.5 with no calculation would still gain both marks.	(2)

Question number	State one advantage loss leaders could have for a customer of <i>GreenHeart</i> . Answer	Mark
1 (e) (ii)	<p>AO2 = 1</p> <p>Award 1 mark for stating an advantage of loss leaders for a customer.</p> <ul style="list-style-type: none"> Customers can buy a box of fruit for a lower price (1) Customer saves money they can spend on other groceries (1) 	(1)

Question number	State one disadvantage for <i>GreenHeart</i> of using loss leaders. Answer	Mark
1 (e) (iii)	<p>AO2 = 1</p> <p>Award 1 mark for stating a disadvantage of using loss leaders.</p> <ul style="list-style-type: none"> • Selling fruit/vegetable as loss leaders could lead to a decrease in revenue for <i>GreenHeart</i> (1) • Customers may only purchase the box of fruit on offer and no other products thus <i>GreenHeart</i> would not gain any profit from the sale (1) 	(1)

Question number	Explain one disadvantage of a business partnership. Answer	Mark
1 (f)	<p>AO1 = 3</p> <p>Award 1 mark for identifying a disadvantage of a business partnership and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • Unlimited liability (1) if the partnership is not successful each partner is responsible for the debts incurred (1) with all personal possessions at risk (1) • Partners may disagree (1) and this could disrupt the working of the partnership (1) leading to the break-up of the partnership (1) <p>Answers that list three disadvantages of being in a partnership with no development will get 1 mark only.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Explain one advantage for a country of being a member of a trading bloc. Answer	Mark
1 (g)	<p>AO1 = 1 AO2 = 2</p> <p>Award 1 mark for identifying an advantage for a country being a member of a trading bloc and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • By being a member it gives free access with no tariff barriers to other countries within the trading bloc (1) This means that prices between the countries will be competitive (1) as businesses outside the trading bloc will have to charge higher prices (1) • It gives a wider choice of goods for consumers (1) as goods move freely with no trade restrictions (1) from one country to another country (1) <p>Answers that identify three advantages of being a member of a trading bloc with no development will get 1 mark only.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Analyse why <i>BBQBB</i> should take out public liability insurance. Indicative content	Mark
1 (h)	<p>A02 = 3 A03 = 3</p> <p><u>A02</u></p> <ul style="list-style-type: none"> • <i>BBQBB</i> takes out public liability in case a customer slips and falls breaking a leg whilst purchasing food • If a customer's belongings such as a bag or holdall was damaged by <i>BBQBB</i> through cooking fat leaking on to it <p><u>A03</u></p> <ul style="list-style-type: none"> • The customer can then claim compensation for the hospital treatment incurred and <i>BBQBB</i> would not have to pay the bill • The customer could sue <i>BBQBB</i> and the insurance company would meet the compensation if it was found <i>BBQBB</i> was guilty of not protecting its customers 	(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. (A02) • Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (A03)
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. (A02) • Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (A03)
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. (A02) • Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (A03)

Question number	Which one of the following is the most likely reason why <i>TJL</i> uses road transport? Answer	Mark
2 (a)	AO2 = 1 D It offers greater flexibility A It is not labour intensive is incorrect as it is not connected to road transport B It does not cause pollution is incorrect as it would cause pollution C It can carry extra large loads is incorrect as there is a limit on the size that can be carried by road due to the size of vehicles available.	(1)

Question number	Which one of the following is the role of an insurance broker? Answer	Mark
2 (b)	AO1 = 1 C To arrange insurance cover on behalf of insurance companies A To underwrite the risk taken by the insurance companies is incorrect as it is the insurance company not the insurance broker B To sell insurance company shares on the stock exchange is incorrect as selling shares on the stock exchange is not done by an insurance broker D To pay claims for compensation against policies is incorrect as a broker does not pay claims out	(1)

Question number	Identify the year with the lowest value of claims. Answer	Mark
2 (c) (i)	AO2 = 1 Award 1 mark for correct answer. <ul style="list-style-type: none"> • 2004 	(1)

Question number	Identify the year with the highest value of claims. Answer	Mark
2 (c) (ii)	AO2 = 1 Award 1 mark for correct answer. <ul style="list-style-type: none"> • 2016 	(1)

Question number	Define the term mail order . Answer	Mark
2 (d)	AO1 = 1 Award 1 mark for defining the term mail order. <ul style="list-style-type: none"> • Shopping by post 	(1)

Question number	Explain one benefit to customers of online retailers offering a delivery service. Answer	Mark
2 (e)	AO1 = 3 Award 1 mark for a benefit why online retailers offer a delivery service to customers and up to 2 marks for linked development. <ul style="list-style-type: none"> • The customer does not have to leave their home (1) as the goods are delivered directly at a convenient time (1) delivering to the customer encourages more sales (1) • If the item is large or awkward to carry (1) customers may not be able to get the item home themselves (1) therefore, they would need it delivered in a suitable sized vehicle (1) <p>Answers that list three benefits why online retailers deliver to customers with no explanation will get 1 mark only.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Explain why the principle of utmost good faith is important to an insurance company. Answer	Mark
2 (f)	<p>AO1 = 3</p> <p>Award 1 mark for explaining why the principle of utmost good faith is important and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • The insured must include all required information (1) if the insured does not tell the truth and it is later known the contract may/will become invalid (1) thus, the insurance company would not pay out the claim if the information is incorrect (1) • The insurer and insured must be truthful about the information given (1) insurance is provided/offered on the understanding that the information is correct (1) this information then enables the correct premium to be calculated (1) <p>Answers that list three explanations why the principle of utmost good faith is important with no explanation will get 1 mark only.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	<p>Option 1: locate the shops closer to its market Option 2: locate the shops near to suppliers. (g) Justify which one of these two options <i>Tzulai</i> should choose.</p> <p>Indicative content</p>	Mark
2 (g)	<p>A02 = 3 A03 = 3 A04 = 3</p> <p>Arguments for choosing option 1</p> <p><u>A02</u></p> <ul style="list-style-type: none"> • Move near to <i>Tzulai's</i> customers so they can buy their coffee cups • Having more shops in larger cities in Taiwan <p><u>A03</u></p> <ul style="list-style-type: none"> • Customers across Taiwan will have better access to their shops, therefore increasing potential sales • More shops in larger cities will increase market recognition across Taiwan improving its brand image <p><u>A04</u></p> <ul style="list-style-type: none"> • However, there is no guarantee that sufficient sales will be made in that particular area to warrant opening a shop • However, these additional shops will mean <i>Tzulai</i> will have to spend more money on transporting the products to each shop <p>Arguments for choosing option 2</p> <p><u>A02</u></p> <ul style="list-style-type: none"> • Locating near to new suppliers of coffee-related products will ensure inventory levels are maintained • By locating near to suppliers <i>Tzulai</i> can easily discuss with its suppliers to meet changing customer demands for its coffee cups <p><u>A03</u></p> <ul style="list-style-type: none"> • This will reduce the amount of time to supply its shops allowing <i>Tzulai</i> more time to spend selling goods • New colours and shapes may be demanded for sale in the coffee shops <i>Tzulai</i> can then easily keep up to date when customers' needs change leading to possible increased sales <p><u>A04</u></p> <ul style="list-style-type: none"> • However, <i>Tzulai</i> will still need to deliver the coffee-related products to its new shops in other cities that could be time-consuming and expensive • However, <i>Tzulai</i> would need sufficient funds to be able to make the changes 	(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	Which one of the following describes a sole trader? Answer	Mark
3 (a)	<p>AO1 = 1</p> <p>C Has limited capital</p> <p>A Has to share profits made is incorrect as a sole trader is only one person B Has only one partner is incorrect as a sole trader is only one person D Has limited liability is incorrect as a sole trader is responsible for all debts</p>	(1)

Question number	Which one of the following is a physical limit on the quantity of items imported by <i>Tuskys</i> ? Answer	Mark
3 (b)	<p>AO2 = 1</p> <p>D Quotas</p> <p>A Tariffs is incorrect as it is a tax on goods imported B Import licence is incorrect as it is not a limit on the quantity C Exchange control is incorrect as it is not a limit on the quantity to be imported</p>	(1)

Question number	State one reason why <i>Tuskys</i> would take out plate glass insurance. Answer	Mark
3 (c)	<p>AO2 = 1</p> <p>Award 1 mark for one reason why <i>Tuskys</i> would take out plate glass insurance.</p> <ul style="list-style-type: none"> • Cover is provided if any of the shop windows get broken (1) • All <i>Tuskys</i> shops have glass windows (1) <p>Accept any other appropriate response.</p>	(1)

Question number	Outline one reason why <i>Tuskys</i> would use general wholesalers. Answer	Mark
3 (d)	<p>AO2 = 2</p> <p>Award 1 mark for identifying one reason why <i>Tuskys</i> use general wholesalers, and one mark for further development.</p> <ul style="list-style-type: none"> • Some wholesalers might specialise in fresh farm products (1) that <i>Tuskys</i> will purchase on a regular basis to sell in its stores (1) • Some wholesalers will specialise in clothing (1) allowing <i>Tuskys</i> to have a wide range of dresses available for sale (1) <p>Answers that list two reasons with no explanation will get 1 mark only.</p> <p>Accept any other appropriate response.</p>	(2)

Question number	Analyse why <i>Tuskys</i> insures all its shops against theft. Indicative content	Mark
3 (e)	<p>A02 = 3 A03 = 3</p> <p><u>A02</u></p> <ul style="list-style-type: none"> • <i>Tuskys</i> stores are closed for 8 hours overnight (1) • Items displayed on the shelves such as laptops are easy to steal (1) <p><u>A03</u></p> <ul style="list-style-type: none"> • This gives a period of time when stores could be broken into because there is no one there and items can be stolen (1) • Because they are easy to steal from the shelves <i>Tuskys</i> must have insurance to cover the cost of such theft (1) 	(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. (A02) • Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (A03)
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. (A02) • Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (A03)
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. (A02) • Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (A03)

Question Number	<p>Option 1: sell additional shares in the private limited company</p> <p>Option 2: become a public limited company.</p> <p>(f) Justify which one of these two options <i>Tuskys</i> should choose.</p> <p>Indicative content</p>	Mark
3 (f)	<p>A02 = 3 A03 = 3 A04 = 3</p> <p>Arguments for choosing option 1.</p> <p><u>A02</u></p> <ul style="list-style-type: none"> • They could raise the finance of 14 000 000 KES from family and friends • <i>Tuskys</i> remains as a family business <p><u>A03</u></p> <ul style="list-style-type: none"> • As a private limited company <i>Tuskys</i> might not be able to raise all 140 000 000 Kenya Shillings • This allows <i>Tuskys</i> to continue to make decisions on how the business is run <p><u>A04</u></p> <ul style="list-style-type: none"> • However, if <i>Tuskys</i> could not raise the full amount needed, they may need to go to lenders to request a loan. • However, family members may not wish to invest further in the business <p>Arguments for choosing option 2.</p> <p><u>A02</u></p> <ul style="list-style-type: none"> • <i>Tuskys</i> is a well-known electrical retailer in Kenya • As a family business <i>Tuskys</i> wishes to expand throughout Kenya <p><u>A03</u></p> <ul style="list-style-type: none"> • Because <i>Tuskys</i> is well known there may be large numbers of people who would want to buy shares in the business • By being able to sell shares to everybody <i>Tuskys</i> might be able to obtain sufficient funds for its expansion plans. <p><u>A04</u></p> <ul style="list-style-type: none"> • However, the cost of launching a plc may too expensive for <i>Tuskys</i> • However, there may not be sufficient investors wishing to buy shares in <i>Tuskys</i> if it is not seen to be profitable 	(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	Calculate the cost of the 25 birthday cards in euros. Answer	Mark
4 (a)	<p>AO2 = 2</p> <p>Award 1 mark for correct calculation and 1 mark for correct answer.</p> <p style="padding-left: 40px;">$275 \times 0.13 = 35.75$ (1) $= 35.75$ (1)</p> <p>NB A candidate who responds with 35.75 and no calculation would still get both marks.</p>	(2)

Question number	Analyse how <i>PrintedinchinaOnline</i> could reduce bad debts. Indicative content	Mark
4 (b)	<p>AO2 = 3 AO3 = 3</p> <p><u>AO2</u></p> <ul style="list-style-type: none"> • <i>PrintedinchinaOnline</i> could ensure that all customers orders are paid before they start printing their card order • Customers have to pay for their catalogue order by using credit card, debit card or bank transfer <p><u>AO3</u></p> <ul style="list-style-type: none"> • This means that goods are paid for before they are printed, therefore no bad debts • By using these methods, it ensures that <i>PrintedinchinaOnline</i> is guaranteed payment for orders 	(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	Evaluate why <i>PrintedinchinaOnline</i> would comply with consumer protection legislation. Indicative content	Mark
4 (c)	<p style="text-align: center;">AO1 = 3 AO2 = 3 AO3 = 3 AO4 = 3</p> <p><u>AO1</u></p> <ul style="list-style-type: none"> • <i>PrintedinchinaOnline</i> must follow all consumer protection legislation • <i>PrintedinchinaOnline</i> follows consumer protection so that its customers receive what they order from the catalogues <p><u>AO2</u></p> <ul style="list-style-type: none"> • This will ensure that they will not receive customer complaints about poorly printed birthday cards • Customers will therefore receive their catalogues with the correct pictures and descriptions of the birthday cards they offer for sale <p><u>AO3</u></p> <ul style="list-style-type: none"> • If customers are satisfied with the goods they are more likely to recommend <i>PrintedinchinaOnline</i> to other people • This will ensure <i>PrintedinchinaOnline</i> will not have to bear the cost of reprinting the catalogues <p><u>AO4</u></p> <ul style="list-style-type: none"> • However, even when complying with customer protection legislation, <i>PrintedinchinaOnline</i> may still receive customer complaints • However, if <i>PrintedinchinaOnline</i> do not carry out the work to the customer instructions they could cancel the order and <i>PrintedinchinaOnline</i> would be left with the goods 	(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)