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Mark Scheme (Results)

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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)	A01 = 1 mark C Money supply	(1)

Question Number	Answer	Mark
1 (b)	A01 = 1 mark A Enquiry	(1)

Question Number	Answer	Mark
1 (c)	A01 = 1 mark Award 1 mark for definition of postal order . <ul style="list-style-type: none"> Used to send money through the mail and bought at a post office (1). 	(1)

Question Number	Answer	Mark
1 (d)	A01 = 1 mark Award 1 mark for definition of debenture . <ul style="list-style-type: none"> A long term source of finance used by businesses to borrow money at a fixed rate of interest (1). 	(1)

Question Number	Answer	Mark
1 (e) (i)	A02 = 1 mark Award 1 mark for stating a suitable method of short-term finance that <i>Aqua Science</i> could use to increase its fleet of vehicles. <ul style="list-style-type: none"> <i>Aqua Science</i> could use leasing to acquire more lorries (1). <i>Aqua Science</i> could use hire purchase to buy more lorries (1). Accept any other appropriate response.	(1)

Question Number	Answer	Mark
1 (e) (ii)	<p>A02 = 1 mark</p> <p>Award 1 mark for a reason why <i>Aqua Science</i> would use emails to communicate with its customers.</p> <ul style="list-style-type: none"> • <i>Aqua Science</i> uses emails to respond to its customers' questions about water purifying equipment (1). • <i>Aqua Science</i> uses emails to promote its products to customers by sending information out on water purifying equipment (1). <p>Accept any other appropriate response.</p>	(1)

Question Number	Answer	Additional guidance	Mark
1 (e) (iii)	<p>A02 = 2 mark</p> <p>$1\ 116 \times 0.5 = 558$ (1)</p> <p>$1\ 116 + 558 = 1\ 674$ (1)</p>	<p>Award 1 mark for correctly substituting numbers into the formula.</p> <p>Award 2 marks correct answer is given.</p>	(2)

Question Number	Answer	Mark
1 (f)	<p>A01 = 3 marks</p> <p>Award 1 mark for identifying an advantage of crowdfunding and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • Crowdfunding uses social networks and websites (1) to bring a large amount of investors and entrepreneurs together (1) where they each pay a business a small amount of money in exchange for a gift or future return (1). • Crowdfunding has reduced risk (1) because each donation is small (1) which lowers the impact on the business if it has to pay back an investor (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	Answer	Mark
1 (g)	<p>A01 = 3 marks</p> <p>Award 1 mark for identifying a reason for using a commercial bank and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • A business would use commercial banks to look after its funds (1) which then makes them available when requested (1). The bank acts as security to all the funds stored (1). • A business uses commercial banks to borrow money (1) in the form of a loan or debenture (1) to purchase assets that it cannot afford out of its retained profit (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
1 (h)	<p>AO2 = 3 marks AO3 = 3 marks</p> <ul style="list-style-type: none"> • Radio stations advertising is often cheaper to produce than other methods such as television (AO2). • Newspapers could be used by <i>Aqua Science</i> to target specific demographics that do not listen to the radio (AO2). • By spending less on a radio advert, <i>Aqua Science</i> could also increase the use of other promotion methods such as trade journals (AO3). • Unlike the radio, newspapers can contain QR codes and website links to direct the readers to <i>Aqua Science's</i> website (AO3). 	(6)

Level	Mark	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)	A01 = 1 mark B Credit sale	(1)

Question Number	Answer	Mark
2 (b)	A01 = 1 mark A Letter	(1)

Question Number	Answer	Mark
2 (c) (i)	A02 = 1 mark <ul style="list-style-type: none"> • Traditional Lemonade • Lemonade Traditional • Traditional Spelling does not have to be correct.	(1)

Question Number	Answer	Mark
2 (c) (ii)	A02 = 1 mark <ul style="list-style-type: none"> • Pink Lemonade • Lemonade Pink • Pink Spelling does not have to be correct.	(1)

Question Number	Answer	Mark
2 (d)	A01 = 1 mark Award 1 mark for a definition of equities . <ul style="list-style-type: none"> • Equities are stocks and shares that carry no fixed interest (1). • Equity is the value of shares issued by a business (1). 	(1)

Question Number	Answer	Mark
2 (e)	<p>A01 = 3 marks</p> <p>Award 1 mark for identifying one reason a business would offer store cards and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • Store cards are specific to only the business who is offering it (1). It encourages people to buy more products from their store (1) when they do not have the money to buy it (1). • A business could offer store cards to get repeat purchases (1) which increases revenue (1). This could result in the business's market share improving (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>A01 = 3 marks</p> <p>Award 1 mark for identifying one reason why a business might use informative advertising and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> • Informative advertising is often used to when launching a new product (1). A business would use this type of advertising to show the product's attributes and use (1). This will improve customer perception (1). • Informative advertising is used to improve the reputation of the business (1) because it uses facts and figures to show the benefits of the product (1) and why customers should buy it (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 (g)	<p>AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks</p> <p>Arguments for option 1</p> <ul style="list-style-type: none"> • Opening 10 more outlets could see increased consumers for <i>Wilson's Juice Company</i> (AO2). • This would increase <i>Wilson's Juice Company</i> outlets by 50% (AO2). • With more consumers the sales revenue would increase (AO3). • A 50% increase in outlets could see the same percentage increase in sales (AO3). • However, to open 10 more outlets will take time and reduce profit in the short term until the cost is recovered (AO4). • However, there is no guarantee that opening more stores will double sales as the extra 10 is only half the increase on the original amount (AO4). <p>Arguments for option 2</p> <ul style="list-style-type: none"> • Introducing a 300 ml bottle is double the original volume (AO2). • Introducing a 300 ml bottle will increase <i>Wilson's Juice Company's</i> product range (AO2). • The doubled volume would increase the sales revenue as the price would be higher (AO3). • By increasing the product range, the customers would have a greater choice to choose from and more sales could be made (AO3). • However, although <i>Wilson's Juice Company's</i> sales of the 300 ml may increase it could come at the expense of the 150 ml sales resulting in only a slight increase in sales (AO4). • However, unless <i>Wilson's Juice Company</i> sells its product in more outlets it will simply be selling the increased bottle to the same customers (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)	A01 = 1 mark A Bank	(1)

Question Number	Answer	Mark
3 (b)	A01 = 1 mark A Electronic transfer	(1)

Question Number	Answer	Mark
3 (c)	A02 = 1 mark Award 1 mark for the benefit of <i>Dalmia</i> having <i>PepsiCo</i> as a customer. <ul style="list-style-type: none"> • A large company such as <i>PepsiCo</i> would most likely place large sugar orders regularly (1). • Large orders would lead to regular revenue and sales for <i>Dalmia</i> (1). 	(1)

Question Number	Answer	Additional guidance	Mark
3 (d)	A02 = 2 mark (i) 36 800 000 (1) (ii) 7 728 000 (1) 1 mark for the correct formula	Award 1 mark for correctly substituting numbers into the formula. Award 2 marks if correct answer is given.	(2)

Question Number	Indicative content	Mark
3 (e)	<p>A02 = 3 marks A03 = 3 marks</p> <ul style="list-style-type: none"> • <i>Dalmia</i> could lose an order for 800,000 tons and potentially a large customer (A02). • <i>PepsiCo</i> could potentially find a new supplier (A02). • Losing the revenue earned from the 800,000 order could impact on <i>Dalmia's</i> ability to continue its growth path (A03). • Losing <i>PepsiCo</i> as a customer could significantly impact on its reputation which could potential affect its long-term success (A03). 	(6)

Level	Mark	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	Answer	Mark
3 (f)	<p>A02 = 3 A03 = 3 A04 = 3</p> <p>Arguments for option 1</p> <ul style="list-style-type: none"> • Building a new warehouse allows <i>Dalmia</i> to store more products (A02). • A new warehouse would avoid damage to stock and allow <i>Dalmia</i> to protect its price (A02). • Being able to store more products allows <i>Dalmia</i> to meet unexpected demand (A03). • By protecting its price, <i>Dalmia</i> can ensure that it remains competitive (A03). • However, simply storing stock does not increase sales and can increase costs to <i>Dalmia</i> (A04). • However, if stock is damaged/or stored too long, it cannot be sold which reduces its ability to meet demand by <i>PepsiCo</i> or any other customer (A04). <p>Arguments for option 2</p> <ul style="list-style-type: none"> • Expanding its sugar factory will increase production levels for <i>Dalmia</i> (A02). • By expanding its sugar factory, <i>Dalmia</i> can increase its promotion (A02). • The increased production ability will allow a higher volume of orders to be taken from their customers (A03). • By increasing its promotion, <i>Dalmia</i> can look to attract more customers (A03). • However, it will take time to build the expansion to the current factory which could cause further orders to be lost (A04). • However, without a warehouse to store the finished goods <i>Dalmia</i> may have too much production for its demands causing it to reduce price to sell it (A04). 	(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) <p>Makes a judgement, providing a simple justification based on limited evaluation of commercial information and issues relevant to the choice made. (AO4)</p>
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>A02 = 2 marks</p> <p>Award 1 mark for a reason why <i>Uber</i> only uses its website or apps to accept bookings.</p> <ul style="list-style-type: none"> Using websites and apps <i>Uber</i> achieves lower operating costs (1) this would increase profits (1). <p>Accept any other appropriate response.</p>	(2)

Question Number	Answer	Mark
4 (b)	<p>A02 = 3 marks A03 = 3 marks</p> <ul style="list-style-type: none"> A growing cashless society would see more transactions for <i>Uber</i> (A02). A cashless society would see more people use electronic payments such as credit cards and app-based payments that <i>Uber</i> accept (A02). This growing trend will increase sales and profits potentially making <i>Uber</i> more competitive in the market (A03). As more transactions will be taking place through <i>Uber's</i> website and app, it will cause costs to decrease which may increase profits (A03). 	(6)

Level	Mark	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	Indicative content	Mark
4 (c)	<p>A01 = 3 marks A02 = 3 marks A03 = 3 marks A04 = 3 marks</p> <ul style="list-style-type: none"> • Dividends are a sum of money paid regularly by a business to its shareholders out of its profits (A01). • Retained profit is the amount of money held by the business at the end of the reporting period (A01). • Issuing \$500 million in ordinary shares will create more shareholders for <i>Uber</i> (A02). • Retaining 50% of the profit until 2021 will reduce the amount that <i>Uber</i> can use for dividends in the short term (A02). • As <i>Uber</i> will have more shareholders the dividend amount per share will reduce potentially causing dissatisfaction (A03). • As <i>Uber</i> is retaining 50% of its profit it may be difficult to sell the extra shares to potential shareholders causing dividends not to be affected (A03). • However, after <i>Uber</i> releases its 'Elevate' project, profits would be expected to increase causing dividends to go up (A04). • However, after 2021 the retained profit will be stopped and expected dividends will increase in the long term (A04). 	(12)

Level	Mark	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)