

# INTERNATIONAL GCSE

## Commerce (9-1)

### SAMPLE ASSESSMENT MATERIALS

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Pearson Edexcel International GCSE in Commerce (4CM1)

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First teaching September 2017

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First certification August 2019



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# Introduction

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The Pearson Edexcel International GCSE in Commerce is part of a suite of International GCSE qualifications offered by Pearson.

These sample assessment materials have been developed to support this qualification and will be used as the benchmark to develop the assessment students will take.



# General marking guidance

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- All candidates must receive the same treatment. Examiners must mark the last candidate in exactly the same way as they mark the first.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than be penalised for omissions.
- Examiners should mark according to the mark scheme – not according to their perception of where the grade boundaries may lie.
- 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/indicative content will not be exhaustive. However different examples of responses will be provided at standardisation.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, a senior examiner must be consulted before a mark is given.
- Crossed-out work should be marked **unless** the candidate has replaced it with an alternative response.

## Marking guidance for levels based mark schemes

### How to award marks

The indicative content provides examples of how students will meet each skill assessed in the question. The levels descriptors and indicative content reflect the relative weighting of each skill within each mark band.

### Finding the right level

The first stage is to decide which level the answer should be placed in. To do this, use a 'best-fit' approach, deciding which level most closely describes the quality of the answer. Answers can display characteristics from more than one level, and where this happens markers must use the guidance below and their professional judgement to decide which level is most appropriate.

### Placing a mark within a level

After a level has been decided on, the next stage is to decide on the mark within the level. The instructions below tell you how to reward responses within a level. However, where a level has specific guidance about how to place an answer within a level, always follow that guidance. Statements relating to the treatment of students who do not fully meet the requirements of the question are also shown in the indicative content section of each levels based mark scheme. These statements should be considered alongside the levels descriptors.

Markers should be prepared to use the full range of marks available in a level and not restrict marks to the middle. Markers should start at the middle of the level (or the upper-middle mark if there is an even number of marks) and then move the mark up or down to find the best mark. To do this, they should take into account how far the answer meets the requirements of the level:

- If it meets the requirements fully, markers should be prepared to award full marks within the level. The top mark in the level is used for answers that are as good as can realistically be expected within that level
- If it only barely meets the requirements of the level, markers should consider awarding marks at the bottom of the level. The bottom mark in the level is used for answers that are the weakest that can be expected within that level
- The middle marks of the level are used for answers that have a reasonable match to the descriptor. This might represent a balance between some characteristics of the level that are fully met and others that are only barely met.



Write your name here

Surname

Other names

Centre Number

Candidate Number

**Pearson Edexcel**  
**International GCSE (9–1)**

# Commerce

## Paper 1: Commercial operations and associated risks

Sample assessment material for first teaching  
September 2017

**Time: 1 hour 30 minutes**

Paper Reference

**4CM1/01**

**Calculators may be used.**

Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*
- You must **show all your working out** with **your answer clearly identified** at the **end of your solution**.

### Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*

### Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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## SECTION A

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1 (a) Which **one** of these commercial enterprises can raise capital by selling shares?

(1)

- ☐ A public limited company
- ☐ B sole trader
- ☐ C partnership
- ☐ D cooperative

- (b) A company that is mining iron ore operates in which industrial sector?

(1)

- ☐ A tertiary
- ☐ B secondary
- ☐ C primary
- ☐ D banking

- (c) Define the term **tariff**.

(1)

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- (d) Define the term **wholesaler**.

(1)

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(e) On 10 August 2016, 1 Singapore Dollar (S\$) bought US\$0.75 and by 10 December 2016 it had changed so that 1S\$ bought US\$0.70.

(i) State the likely impact of this change on Singapore's exports to the USA.

(1)

(ii) State **one** advantage to Singapore of international trade.

(1)

Figure 1 shows the value of visible exports and visible imports in S\$ for Singapore in 2015.

Visible exports	Visible imports
S\$ 577bn	S\$ 515bn

**Figure 1**

(iii) Calculate the balance of trade for Singapore. You are advised to show your working.

(2)

S\$ .....

(f) Explain **one** reason a business may choose to buy insurance.

(3)

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(g) Explain **one** disadvantage to a business of bad debts.

(3)

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There are 24 members of the Asian Pacific Economic Cooperation (APEC). At APEC's annual conference they spoke about reducing protectionism and promoting free trade. The members are considering forming a trading bloc that would account for 57% of world trade. Goods and services could move freely without tariffs. Figure 2 shows countries within APEC.

Australia	New Zealand
Brunei	Papua New Guinea
Canada	Peru
Chile	Philippines
China	Russia
Hong Kong	Singapore
Indonesia	South Korea
Japan	Taiwan
Malaysia	Thailand
Mexico	USA

**Figure 2**

- (h) Analyse the possible impact of this planned trading bloc on businesses within APEC.

(6)

**(Total for Question 1 = 20 marks)**

2 (a) The division of labour will:

(1)

- ☐ **A** reduce boredom for the workers
- ☐ **B** increase the time it takes to make each item
- ☐ **C** increase the number of tasks each worker completes
- ☐ **D** reduce the cost of production per item

(b) What does Figure 3 tell us about mobile retailing (mcommerce) in the USA?

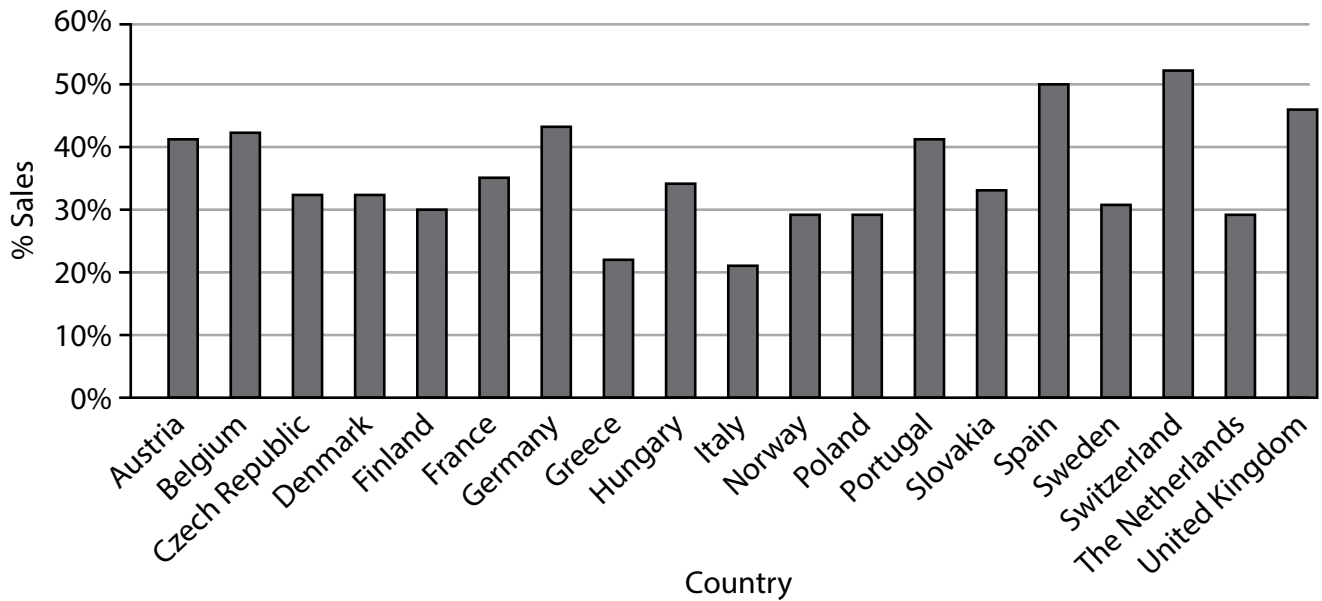
(1)

	US mcommerce market (\$bn)	% year-on-year change in mcommerce
2012	24.8	83
2013	42.1	70
2014	57.8	37
2015	76.4	32

**Figure 3**

- ☐ **A** mcommerce sales have not changed
- ☐ **B** mcommerce is growing but at a declining rate
- ☐ **C** mcommerce is growing and at an increasing rate
- ☐ **D** mcommerce is in decline

(c) Figure 4 shows the percentage share of sales for own-label items.



**Figure 4**

- (i) Identify the country where the percentage share of sales for own-label items is highest.

(1)

- (ii) Identify the country where branded items are most important.

(1)

- (d) Define the term **multinational company**.

(1)

- (e) Explain **one** advantage of being a multinational company.

(3)

(f) Explain **one** difficulty for a business that exports its products.

(3)

*IKEA* Group is a multinational company selling furniture and household items. It has 315 stores in 27 countries. In 2017, *IKEA* is planning to open its first 25 stores and invest €1.43bn in India. Each store will create 2,000 jobs and occupy 14 acres, which may have an impact on the environment.

*IKEA* will pay above-average wages in India, although employees are likely to be paid less than employees in Europe. *IKEA* has promised to invest in training to improve skills.

*IKEA* pays tax in the countries in which it operates and in 2014 paid €1.5bn in taxes in 27 countries. *IKEA* plans to invest in India's infrastructure by improving roads and communication links.

The Indian government has received plans from *IKEA* for this investment and has two options:

Option 1 - to support *IKEA*'s plans

Option 2 - not to support *IKEA*'s plans.

(g) Justify which **one** of these two options the Indian government should choose.

(9)



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(Total for Question 2 = 20 marks)

**TOTAL FOR SECTION A = 40 MARKS**

## SECTION B

Answer ALL questions

Read the following extract before answering the questions.

Write your answers in the spaces provided.

- 3 *Amazon* started as an ecommerce business selling books but expanded to offer other products, including clothing and electronics. In 2017 there were 14 countries that had their own *Amazon* website. *Amazon* employs buyers who travel globally to find suppliers and then negotiate the price *Amazon* will pay.



*Amazon* opened a store in USA called *Amazon Go*. Customers need a mobile phone to select items and payment is taken automatically. There are no cashiers, queues or credit cards. This new idea is likely to cause unemployment among the 850 000 cashiers currently working in the USA. *Amazon* plans to open 2 000 *Amazon Go* stores in 2017, including some in the UK.

*Amazon* plans to work with UK supermarket *Morrisons*. Customers will be able to order food and drinks from *Morrisons* online. These will then be delivered by *Amazon* within two hours. The agreement enables *Amazon* to stock 10 000 additional items. However, *Amazon* could be affected if *Morrisons* products are not of high quality.

- (a) Which **one** of the following is a document of insurance?

(1)

- ☐ A enquiry
- ☐ B proposal form
- ☐ C credit note
- ☐ D underwriter

- (b) Which factor is likely to be the most important for *Amazon* when choosing a location for a new warehouse?

(1)

- ☐ A availability of customer parking
- ☐ B closeness to competition
- ☐ C footfall near location
- ☐ D transport links

(c) State **one** advantage to *Amazon* of ecommerce.

(1)

(d) Outline **one** effect that *Amazon's* use of ecommerce will have on the environment.

(2)

(e) Analyse the impact on *Amazon's* costs of the work carried out by its buyers.

(6)

*Amazon* is planning to expand in the UK and is considering the following two options:

Option 1 - opening its own *Amazon Go* retail stores

Option 2 - delivering *Morrisons* products.

(f) Justify which **one** of these two options *Amazon* should choose.

(9)

(Total for Question 3 = 20 marks)

**TOTAL FOR SECTION B = 20 MARKS**

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**SECTION C BEGINS ON THE NEXT PAGE**

## SECTION C

Answer ALL questions

Read the following extract before answering the questions.

Write your answers in the spaces provided.

- 4 In 2015, *Alibaba* had 80% of ecommerce sales in China. On 11 November each year there is a 'Singles Day' sale in China. On that day in 2015 *Alibaba* sold over \$1bn worth of goods in just eight minutes. Total revenues for the day were \$14.3bn.



*Alibaba* invests a significant amount in advertising to encourage sales. In the weeks before 'Singles Day' some customers delay purchases in the hope that items they want appear in the sale.

*Alibaba* is purchasing Chinese shopping mall operator *InTime*. The shopping malls include a range of department stores, independent retailers and multiples. The purchase will see *Alibaba* move to in-store retail. 80% of retail sales are still sold through or collected from a physical store.

Figure 5 shows the revenue earned by *Alibaba* in 2014 and 2015 in its 'Singles Day' sale.

Year	'Singles Day' revenue for <i>Alibaba</i>
2014	\$9.3bn
2015	\$14.3bn

Figure 5

- (a) Calculate the percentage change in *Alibaba's* 'Singles Day' revenue between 2014 and 2015. Give your answer to two decimal places. You are advised to show your working.

(2)

.....%

Alibaba is planning to build a new *InTime* shopping mall.

- (b) Analyse factors *Alibaba* should consider when deciding where to locate a new *InTime* shopping mall.

(6)

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Some argue that the 'Singles Day' sale results in lower profits being earned per item sold because of large discounts. Some retailers cannot offer such discounts.

- (c) Evaluate whether the 'Singles Day' sales benefit retailers. You should use the information provided and your own knowledge in your answer.

(12)



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**(Total for Question 4 = 20 marks)**

**TOTAL FOR SECTION C = 20 MARKS**  
**TOTAL FOR PAPER = 80 MARKS**

**Source information**

Question (e)(iii):

Source adapted from [https://www.wto.org/english/res\\_e/statis\\_e/its2015\\_e/its2015\\_e.pdf](https://www.wto.org/english/res_e/statis_e/its2015_e/its2015_e.pdf), last accessed on 23.01.2017

Question 1(h):

Source adapted from <http://english.eastday.com/Business/u1ai8561082.html>, last accessed on 24.01.2017

Question 2(b):

Source adapted from <https://marketrealist.imgix.net/uploads/2014/08/Commerce-US-retail-mCommerce-market.png?w=660&fit=max&auto=format>, last accessed on 21.12.2016

Question (c)(i)

Source adapted from <http://www.plmaininternational.com/industry-news/private-label-today>, last accessed on 24.01.2017

Question 2(g):

Source adapted from [http://www.ikea.com/ms/en\\_JP/about-the-ikea-group/company-information/](http://www.ikea.com/ms/en_JP/about-the-ikea-group/company-information/); <http://www.vccircle.com/news/retail/2015/09/09/ikea-starts-hiring-eyes-first-india-store-2017>; [http://www.ikea.com/ms/en\\_JP/pdf/yearly\\_summary/ikea-group-yearly-summary-fy14.pdf](http://www.ikea.com/ms/en_JP/pdf/yearly_summary/ikea-group-yearly-summary-fy14.pdf), last accessed on 24.01.2017

Question 3:

Source adapted from <http://www.telegraph.co.uk/business/2016/11/16/morrisons-tie-up-with-amazon-prime-sends-ocado-shares-plunging/>; <http://www.euronews.com/2016/12/06/amazon-a-go-go-real-time-queue-free-shopping-coming-soon>; <https://www.amazon.jobs/en-gb/jobs/450812>, last accessed on 24.01.2017

Picture source: © Beznoska Radim/Alamy Stock Photo

Question 4:

Source adapted from <http://www.theatlantic.com/business/archive/2015/11/singles-day-alibaba-black-friday/415431/> last accessed on 24.01.2017

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## Paper 1 - Mark Scheme

Question number	Answer	Mark
1(a)	A	(1) AO1a

Question number	Answer	Mark
1(b)	C	(1) AO1a

Question number	Answer	Mark
1(c)	Award 1 mark for reference to tax on imports.  <ul style="list-style-type: none"> <li>A tax on imports (1).</li> </ul>	(1) AO1a

Question number	Answer	Mark
1(d)	Award 1 mark for reference to intermediary linked to role between manufacturers and retailers.  <ul style="list-style-type: none"> <li>A wholesaler is an intermediary who buys products from manufacturers and sells them on to retailers (1).</li> </ul> <p>Accept any other appropriate response.</p>	(1) AO1a

Question number	Answer	Mark
1(e)(i)	Award 1 mark for stating an impact because of the change in the exchange rate of the Singaporean dollar.  <ul style="list-style-type: none"> <li>Exports from Singapore will become cheaper for people in the USA (1).</li> </ul> <p>Accept any other appropriate response.</p>	(1) AO2

Question number	Answer	Mark
1(e)(ii)	Award 1 mark for stating an advantage to Singapore of international trade.  <ul style="list-style-type: none"> <li>The people of Singapore will have a greater choice of products (1).</li> <li>Singapore can sell its exports to a wider range of customers in other countries (1).</li> <li>Enables them to dispose of surpluses (1).</li> </ul> <p>Accept any other appropriate response.</p>	(1) AO2

Question number	Answer	Mark
<b>1(e)(iii)</b>	<p>Award 1 mark for formula shown and 1 mark for correct answer.</p> <ul style="list-style-type: none"> <li>• <math>\text{S\\$}577\text{bn} - \text{S\\$}515\text{bn} (1) = \text{S\\$}62\text{bn} (1)</math></li> <li>• Alternatives may be written <math>\text{S\\$}62\,000\,000\,000</math></li> </ul> <p>NB A candidate who responds with <math>\text{S\\$}62\text{bn}</math> and no calculation would still get both marks.</p>	<p><b>(2)</b>  <b>AO2</b>  <b>QS = 2</b></p>

Question number	Answer	Mark
<b>1(f)</b>	<p>Award 1 mark for identifying a reason for insurance and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> <li>• Risk reduction (1), for example if an employee steals inventory, insurance will reduce the risk of losses being incurred (1) as any losses incurred will be compensated by an insurance company (1).</li> <li>• Business confidence (1) is better when insured as you know any losses are covered (1) so businesses are more likely to invest as there is less risk (1).</li> </ul> <p>Accept any other appropriate response.</p> <p>Answers that list three advantages with no explanation will get a maximum of 1 mark.</p> <p>NB No marks are awarded for a definition.</p>	<p><b>(3)</b>  <b>AO1a = 1</b>  <b>AO1b = 2</b></p>

Question number	Answer	Mark
<b>1(g)</b>	<p>Award 1 mark for identifying a disadvantage of bad debts and up to 2 marks for linked development.</p> <p>Bad debts are debts that will not be recovered (1), meaning the business will receive less cash (1) and find it more difficult to cover their costs (1).</p> <p>Accept any other appropriate response.</p> <p>Answers that list three advantages with no explanation will get a maximum of 1 mark.</p> <p>NB No marks are awarded for a definition.</p>	<p><b>(3)</b>  <b>AO1a = 1</b>  <b>AO1b = 2</b></p>

Question number	Answer	Mark
1(h)	<ul style="list-style-type: none"> <li>When importing supplies from other countries within the trading bloc there will be no tariffs applied (AO2).</li> <li>Trading blocs often allow free movement of labour (AO2).</li> <li>Removing tariffs will lower the cost of importing. Businesses having lower costs will help them offer more competitive prices for their customers within APEC (AO3).</li> <li>Businesses have a shortage of workers with particular skills in their own countries. But with free movement they can employ labour from other countries within APEC (AO3).</li> </ul>	<b>(6)</b> <b>AO2 = 3</b> <b>AO3 = 3</b>
Level	Marks	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
2(a)	D	(1) AO1a

Question number	Answer	Mark
2(b)	B	(1) AO2 QS = 1

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

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

Question number	Answer	Mark
2(d)	Award 1 mark for defining multinational company. <ul style="list-style-type: none"><li>A multinational company operating in more than one country (1).</li></ul> Accept any other appropriate response.	(1) AO1a

Question number	Answer	Mark
2(e)	Award 1 mark for identifying one advantage and up to 2 marks for linked development. <ul style="list-style-type: none"><li>Helps the company operate at lower costs (1) as they can produce products in countries with low labour costs (1), which may help to boost profit margins (1).</li><li>They have more potential customers (1) as they can sell to customers in a number of different countries (1), enabling countries to generate higher sales revenue (1).</li></ul> Accept any other appropriate response.  Answers that list three advantages with no explanation will get a maximum of 1 mark.  NB No marks are awarded for a definition.	(3) AO1a = 1 AO1b = 2

Question number	Answer	Mark
<b>2(f)</b>	<p>Award 1 mark for identifying difficulty and up to 2 marks for linked development.</p> <ul style="list-style-type: none"> <li>Language differences (1) between countries make communication more difficult (1), which can bring about problems where messages are misunderstood (1).</li> <li>Distance to customers is further (1), meaning that transport costs need to be added (1), which may push up the price of the exported good (1).</li> </ul> <p>Accept any other appropriate response.</p> <p>Answers that list three advantages with no explanation will get a maximum of 1 mark.</p> <p>NB No marks are awarded for a definition.</p>	<p><b>(3)</b>  <b>AO1a = 1</b>  <b>AO1b = 2</b></p>

Question number	Answer	Mark
<b>2(g)</b>	<p>Arguments why the Indian Government should support the multinational <i>IKEA</i> building a store in India.</p> <ul style="list-style-type: none"> <li>Each centre will create 2,000 new jobs (AO2).</li> <li>Pay will be above average (AO2).</li> <li>Workers will gain skills (AO2).</li> <li><i>IKEA</i> may invest in transport and communications (AO2).</li> <li>The government may earn taxes (AO2).</li> <li>And with retail jobs created, it helps lower unemployment/increase employment (AO3).</li> <li>Higher pay in India will help raise living standards (AO3).</li> <li>As employees develop skills they might transfer them to other firms when they move. This means other Indian firms will have more-productive staff (AO3).</li> <li>Better roads will make transport easier for other commercial organisations in the area (AO3).</li> <li>As the government earns more from tax they will have more funds for government spending on health or education (AO3).</li> </ul> <p>Arguments why the Indian Government should not support the multinational <i>IKEA</i> building a store in India.</p> <ul style="list-style-type: none"> <li>14 acres is a large amount of land for each store and might have a negative environmental impact (AO4).</li> <li>European workers will be paid more for the same work – Indian workers exploited (AO4).</li> <li>The government may not benefit if <i>IKEA</i> did avoid paying taxes (AO4).</li> </ul> <p>AO4 may be awarded for evaluative comment in support of <i>IKEA</i> if AO1, AO2, AO3 are awarded for arguments against.</p>	<p><b>(9)</b>  <b>AO2 = 3</b>  <b>AO3 = 3</b>  <b>AO4 = 3</b></p>
Level	Marks	Descriptor
	0	No rewardable material.

Level	Marks	Descriptor
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)	B	(1) AO1a

Question number	Answer	Mark
3(b)	D	(1) AO2

Question number	Answer	Mark
3(c)	<p>Award 1 mark for one advantage stated.</p> <ul style="list-style-type: none"> <li><i>Amazon</i> will be able to trade 24 hours a day 7 days a week online (1).</li> <li><i>Amazon</i> will be able to offer a wider range of products online (1).</li> </ul> <p>Accept any other appropriate response.</p>	(1) AO2



Question number	Answer	Mark
<b>3(d)</b>	<p>Award 1 mark for identifying one environmental effect of ecommerce and one mark for further outline.</p> <ul style="list-style-type: none"> <li>• <i>Amazon</i> delivering to homes will mean more vehicles are needed (1), they produce emissions, which will damage the environment (1).</li> <li>• <i>Amazon</i> not having stores will mean less lighting in stores so less electricity needed (1) so less fuel is used by electricity generators (1).</li> <li>• Electricity usage may increase for use of computers to process <i>Amazon</i> orders (1), which will mean more demand for power plants to produce electricity, which may cause pollution (1).</li> </ul> <p>Accept any other appropriate response.</p>	<b>(2)</b> <b>AO2</b>

Question number	Answer	Mark
<b>3(e)</b>	<p>Costs associated with buying.</p> <ul style="list-style-type: none"> <li>• Buyers will travel to other countries (AO2).</li> <li>• In buying in other countries, transaction costs will occur (AO2).</li> <li>• Tax/tariffs imposed when importing products from abroad (AO2).</li> <li>• Administration costs of completing paperwork when buying in products (AO2).</li> <li>• Research in to products to buy takes time (AO2).</li> <li>• Negotiation enables buyers to achieve a lower price (AO2).</li> <li>• Transport costs rise as buyers have to visit suppliers and to bring in products (AO3).</li> <li>• When exchanging currencies when buying from abroad, the business will have to pay commission (AO3).</li> <li>• Taxes and tariffs will add to costs of the business (AO3).</li> <li>• If paperwork takes time and costs money to complete then this will reduce profitability of <i>Amazon</i> (AO3).</li> <li>• Research also costs money to conduct as the buyer finds the correct items (AO3).</li> <li>• Negotiating better prices lowers costs and enables them to charge lower prices (AO3).</li> </ul>	<b>(6)</b> <b>AO2 = 3</b> <b>AO3 = 3</b>
Level	Marks	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>

Level	Marks	Descriptor
<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
<b>3(f)</b>	<p>Arguments why <i>Amazon</i> should expand by opening <i>Amazon Go</i> stores.</p> <ul style="list-style-type: none"> <li>• Less need for cashiers (AO2).</li> <li>• No credit cards needed (AO2).</li> <li>• Able to compete with physical presence (AO2).</li> <li>• With fewer cashiers and less staff needed, wage bills will be lower (AO3).</li> <li>• Without the need to process payments, transaction costs should be lower and the payment process quicker (AO3).</li> <li>• By testing it in Seattle, any problems should be resolved so <i>Amazon Go</i> will work better (AO3).</li> <li>• In the competitive supermarket sector with many large competitors it will be useful to have their own physical stores (AO3).</li> </ul> <p>However:</p> <ul style="list-style-type: none"> <li>• could threaten jobs – 850 000 cashiers in the USA (AO4)</li> <li>• <i>Amazon's</i> main knowledge is of ecommerce and mcommerce so they may find it more challenging operating a store (AO4).</li> </ul> <p>Arguments why <i>Amazon</i> should expand by delivering <i>Morrisons</i> products.</p> <ul style="list-style-type: none"> <li>• <i>Morrisons</i> have experience in the supermarket sector (AO2).</li> <li>• <i>Amazon</i> have expertise in delivery and logistics (AO2).</li> <li>• <i>Amazon</i> can provide 10 000 additional products (AO2).</li> <li>• And the experience of the supermarket will help support <i>Amazon</i> who lack this experience (AO3).</li> <li>• Expertise in delivery will help <i>Amazon</i> deliver in a timely fashion to help meet customer needs (AO3).</li> <li>• By having access to more products <i>Amazon</i> will better meet customer needs (AO3).</li> </ul> <p>However:</p> <ul style="list-style-type: none"> <li>• if <i>Morrisons</i> does not provide quality goods or services <i>Amazon</i> brand could be damaged (AO4)</li> <li>• other competitors, such as Ocado and Tesco, offer an online service like this already (AO4).</li> </ul>	<p><b>(9)</b>  <b>AO2 = 3</b>  <b>AO3 = 3</b>  <b>AO4 = 3</b></p>

Level	Marks	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
<b>4(a)</b>	<p>Award 1 mark for correct calculation and 1 mark for correct answer.</p> $\begin{aligned} &\$14.3\text{billion} - \$9.3\text{billion} = \$5\text{billion} \\ &\$5\text{billion} \div \$9.3\text{billion} \times 100 (1) = 53.76\% (1) \end{aligned}$ <p>NB A candidate who responds with 53.76% and no calculation would still get both marks. Award 1 mark if a candidate provides a correct answer, but not to two decimal places.</p>	<p><b>(2)</b> <b>A02</b> <b>QS = 2</b></p>

Question number	Answer	Mark
4(b)	<p>Factors <i>Alibaba</i> will consider when deciding the location of new <i>InTime</i> shopping malls in China. Award a maximum of 3 marks if only one factor is covered.</p> <ul style="list-style-type: none"> <li>• Availability of labour with skills to work in retail/services (AO2).</li> <li>• Availability of construction workers to build new mall (AO2).</li> <li>• Closeness to consumers so they can easily access the shopping mall (AO2).</li> <li>• Transport links so potential customers can easily travel to mall (AO2).</li> <li>• Communication between <i>Alibaba's</i> and <i>InTime's</i> head offices and the shopping mall (AO2).</li> <li>• Government tax breaks and subsidies (AO2).</li> <li>• The work of planning authorities in China (AO2).</li> <li>• With labour that has the required skills in the area it will make recruitment easier (AO3).</li> <li>• If construction workers are local then they will need to have the skills to be able to build the new shopping mall (AO3).</li> <li>• It is important that potential customers are close by and if many are local then the potential revenues of a location will be greater (AO3).</li> <li>• Good roads and public transport will enable customers to be able to get to stores/for retailers to be able to move inventory easily to their stores (AO3).</li> <li>• If broadband speeds are good, communication will be quicker and more reliable (AO3).</li> <li>• Incentive may be offered to <i>Alibaba/InTime</i> to set up in an area to make that area more attractive as this may help that area to increase employment (AO3).</li> <li>• If the process of getting planning permission is straightforward, it will make it more attractive to set up at a location (AO3).</li> </ul>	<p>(6) AO2 = 3 AO3 = 3</p>
Level	Marks	Descriptor
	0	No rewardable material.
Level 1	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>
Level 2	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>
Level 3	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>Sales involve offering discounts where product prices are cut (AO1). For example, a 25% discount will see product prices fall 25% (AO1). Revenue is money that a business earns (AO1). Profits are the difference between costs to purchase an item and the price sold for (AO1).</p> <p>Arguments that 'Singles Day' sales benefit retailers.</p> <ul style="list-style-type: none"> <li>Growth in sales of 53.76% at <i>Alibaba</i> from 2014 to 2015 (AO2).</li> <li>\$1billion worth of goods sold in eight minutes/\$14.3 billion in one day for one company (AO2).</li> <li><i>Alibaba</i> and other retailers may gain a reputation for good deals (AO2).</li> <li>Growing sales result from offering a sale, which should help the business to generate higher revenue levels (AO3).</li> <li>With such large revenues it shows how lucrative it could be as substantial revenues can be earned (AO3).</li> <li>While profit margins fall on some products, customers may buy more non-sale items (AO3).</li> <li>Being seen as offering such good deals, it will attract more people to the store, helping to boost sales, and will help build trust so they return next year (AO3).</li> </ul> <p>Arguments that 'Singles Day' sales do not benefit retailers.</p> <ul style="list-style-type: none"> <li>Profit margins on each sale will be lower if prices are cut (AO4).</li> <li>Heavy advertising is needed to encourage sales (AO4).</li> <li>Customers delay purchases, which might lower revenue before the day (AO4).</li> <li>No data offered on how other retailers perform (AO4).</li> <li>Depends on whether these additional sales for <i>Alibaba</i> comes at the cost of reduced sales for bricks and mortar retailers (AO4).</li> <li>Some retailers cannot offer such high discounts and may do badly, this may be particular problem for smaller businesses which do not have the buying power to persuade manufacturers to give them discounts (AO4).</li> </ul>	<p>(12)  <b>AO1b = 3</b>  <b>AO2 = 3</b>  <b>AO3 = 3</b>  <b>AO4 = 3</b>  <b>QS = 2</b></p>
Level	Marks	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>

Level	Marks	Descriptor
<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>

Write your name here

Surname

Other names

**Pearson Edexcel**

Centre Number

Candidate Number

**International GCSE (9-1)**

# Commerce

## Paper 2: Facilitating commercial operations

Sample assessment material for first teaching  
September 2017

**Time: 1 hour 30 minutes**

Paper Reference

**4CM1/02**

**Calculators may be used.**

Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*
- You must **show all your working out** with **your answer clearly identified at the end of your solution.**

### Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*

### Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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## SECTION A

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1 (a) Which document is often used between buyers and sellers in home trade?

(1)

- ☐ A bank statement
- ☐ B bill of lading
- ☐ C delivery note
- ☐ D postal order

- (b) Which **one** of the following is a method of oral communication?

(1)

- ☐ A agenda
- ☐ B meeting
- ☐ C email
- ☐ D letter

- (c) Define the term **sales turnover**.

(1)

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- (d) Define the term **direct debit**.

(1)

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(e) *Fyffes* grows bananas in the Caribbean and distributes them to Europe using sea transport.

(i) State **one** mode of sea transport *Fyffes* might use.

(1)

(ii) State **one** reason why *Fyffes* might use a warehouse.

(1)

Figure 1 shows *Fyffes*' financial information for 2015:

	€ million
Revenue	1 200
Gross profit	30

**Figure 1**

(iii) Calculate the 2015 gross profit margin for *Fyffes*. You are advised to show your working.

(2)

..... %

- (f) Explain **one** advantage for a retailer of accepting debit cards in payment for goods.

(3)

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- (g) Explain **one** reason why companies buy foreign currency.

(3)

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A toy retailer in Country B imports toys from a manufacturer in Country A. The retailer can use either a sea freight service or an air-freight service for delivery of the inventory they have ordered.

The costs and time of each method are shown in Figure 2:

	Cost per tonne per km	Time for delivery (days)
Container ship	\$0.83	14
Air freight	\$4.63	2

**Figure 2**

- (h) Analyse the impact on the toy retailer of using container shipping, rather than air freight, to import the toys it sells.

(6)

**(Total for Question 1 = 20 marks)**

2 (a) Which **one** of the following is an example of a banking service?

(1)

- ☐ **A** overdraft facility
- ☐ **B** special delivery
- ☐ **C** trade credit
- ☐ **D** crowdfunding

(b) What conclusion can be drawn from the financial information in Figure 3?

(1)

Profit for the year (net profit)	£20 000
Current assets	£40 000
Capital employed	£100 000

**Figure 3**

- ☐ **A** mark-up = 40%
- ☐ **B** return on capital employed = 20%
- ☐ **C** gross profit margin = 80%
- ☐ **D** profit for the year (net profit) margin = 50%

- (c) Figure 4 shows the share prices of different retailers quoted on a stock exchange on 31 December 2016.

Highest price (2016) cents	Lowest price (2016) cents	Retailer	Present price (31 December 2016) cents
390	310	Crocco	380
520	400	EuroByte	510
300	250	Purple	290
400	320	WorldBus	400
700	490	SmithTech	500

**Figure 4**

- (i) Identify the retailer whose share price reached the highest point on 31 December 2016.

(1)

- (ii) Identify the retailer with the largest difference in share price during 2016.

(1)

- (d) Define the term **delivery note**.

(1)

- (e) Explain **one** way a business might improve its profit margin.

(3)

(f) Explain **one** reason why companies offer hire purchase to consumers.

(3)

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*Spice and Rice* is a restaurant group in Sri Lanka. The group has three restaurants. It is famous for selling a wide range of Asian food. The group uses only the finest, fresh ingredients.

*Spice and Rice* is facing competition from new restaurants. The owners of *Spice and Rice* want to increase sales turnover and are considering the following two advertising options:

Option 1 - increased advertising in local newspapers

Option 2 - designing a new website to advertise the group

(g) Justify which **one** of these two options *Spice and Rice* should choose.

(9)

(Total for Question 2 = 20 marks)

**TOTAL FOR SECTION A = 40 MARKS**

## SECTION B

Answer ALL questions

Read the following extract before answering the questions.

Write your answers in the spaces provided.

In 2015, car manufacturer *Volkswagen* (VW) opened a new regional distribution centre in Bangalore, India. This centre distributes car parts to VW dealers and service centres in South India.

VW keeps its customers updated using different methods of communication, including contacting them by telephone.

The new facility will ensure that car parts are delivered to dealers and service centres within one day of being ordered.

This type of service will help VW meet the needs of its consumers. VW is finding that consumer demand for its cars is growing as income rises and consumer preferences change towards car ownership. This change in consumer preferences is having an impact on the type of advertising that VW carries out.



3 (a) Which document is sent in response to an enquiry?

(1)

- ☐ A quotation
- ☐ B credit note
- ☐ C invoice
- ☐ D advice note

(b) Which **one** of the following is an example of credit available to a customer buying a new car?

(1)

- ☐ A venture capital
- ☐ B retained profit
- ☐ C mortgage
- ☐ D bank loan



(c) State **one** benefit to VW customers of being communicated with by telephone.

(1)

(d) Outline **one** reason why VW use road transport to deliver parts to dealers.

(2)

(e) Analyse the impact on VW's advertising of changing consumer preferences in India towards car ownership.

(6)

VW is considering the following two options to support the delivery of parts to its dealers in Bangalore and South India.

Option 1 - buying its own transport fleet

Option 2 - leasing its own transport fleet

(f) Justify which **one** of these two options VW should choose.

(9)

(Total for Question 3 = 20 marks)

**TOTAL FOR SECTION B = 20 MARKS**

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**SECTION C BEGINS ON THE NEXT PAGE.**

## SECTION C

Answer ALL questions.

Read the following extract before answering the questions.

Write your answers in the spaces provided.

- 4 *Bragi* is a German commercial enterprise that designs and manufactures high-quality headphones. In 2014 it launched the first wireless in-ear headphones, called The Dash. These headphones provide high music quality. They are lightweight and waterproof. They connect to smartphones via Bluetooth.



*Bragi* decided to use crowdfunding to raise the necessary funds to develop their new product. Using the crowdfunding website, Kickstarter, *Bragi* raised over \$3 million in just 50 days.

The Dash is very popular with young people and is seen as a fashionable product. It is sold by retailers in many countries. In Singapore, *Audio Sports* sells The Dash earphones.

- (a) Complete the **two** missing figures from this statement of account.

(2)

Statement of Account <i>Bragi</i> Munich, Germany				
To	<i>Audio Sports</i> Peninsula Shopping Centre Singapore	Month ending		31 March 20XX
DATE	DETAILS	DEBIT €	CREDIT €	BALANCE €
1 March	Balance brought forward			70 000
8 March	Sales	50 000		(i) .....
12 March	Credit note		20 000	(ii) .....

(b) Analyse the likely impact on *Bragi* of using crowdfunding as the source of finance for its development of The Dash.

(6)

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*Bragi* is keen to sell its products in Germany and overseas. It uses a range of methods to identify customer needs, especially social media.

- (c) Evaluate how social media can help *Bragi* to identify customer needs. You should use the information provided as well as your knowledge of commerce.

(12)

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**(Total for Question 4 = 20 marks)**

**TOTAL FOR SECTION C = 20 MARKS**  
**TOTAL FOR PAPER = 80 MARKS**

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### Source information

Question (e)(iii):

Source adapted from <http://investors.fyffes.com/fyffesplc/uploads/finreports/FyffesAR2015.pdf>, last accessed on 29.01.2017

Question 3:

Source adapted from <http://www.autocarpro.in/news-national/volkswagen-india-regional-distribution-centre-bangalore-8425>, last accessed on 11.11.2016

Picture source: © Jeffrey Blackler/Alamy Stock Photo

Question 4:

Source adapted from <https://www.bragi.com/thedash/>; <https://www.kickstarter.com/projects/hellobragi/the-dash-wireless-smart-in-ear-headphones?ref=sidebar>, last assessed on 03.01.2017

Picture source: © Bragi.com

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## Paper 2 - Mark Scheme

Question number	Answer	Mark
<b>1(a)</b>	C	<b>(1)</b> <b>A01a</b>

Question number	Answer	Mark
<b>1(b)</b>	B	<b>(1)</b> <b>A01a</b>

Question number	Answer	Mark
<b>1(c)</b>	<p>Award 1 mark for a definition that shows knowledge of sales turnover.</p> <ul style="list-style-type: none"> <li>Sales turnover is money received from sales. (1)</li> <li>Sales turnover is price × quantity sold. (1)</li> </ul> <p>Accept any other appropriate response.</p>	<b>(1)</b> <b>A01a</b>

Question number	Answer	Mark
<b>1(d)</b>	<p>Award 1 mark for a definition that shows knowledge of direct debit.</p> <ul style="list-style-type: none"> <li>Allows a payee to withdraw funds from an account at regular intervals. (1)</li> <li>A regular payment made from one account to a payee. (1)</li> </ul> <p>Accept any other appropriate response.</p>	<b>(1)</b> <b>A01a</b>

Question number	Answer	Mark
<b>1(e)(i)</b>	<p>Award 1 mark for a valid mode of sea transport for <i>Fyffes</i>.</p> <ul style="list-style-type: none"> <li>Ferry (1)</li> <li>Bulk carrier (1)</li> <li>Container ship (1)</li> </ul> <p>Accept any other appropriate response.</p>	<b>(1)</b> <b>A02</b>

Question number	Answer	Mark
<b>1(e)(ii)</b>	<p>Award 1 mark for a valid role of warehousing for <i>Fyffes</i>.</p> <ul style="list-style-type: none"> <li>• To keep fruit fresh (1)</li> <li>• To meet seasonal demand for bananas (1)</li> <li>• To protect supplies of bananas (1)</li> <li>• To ensure price stability for bananas (1)</li> </ul> <p>Accept any other appropriate response.</p>	<b>(1)</b> <b>AO2</b>

Question number	Answer	Additional guidance	Mark
<b>1(e)(iii)</b>	<p>€30/€1 200 = 0.025 (1) 0.25 × 100 = 2.5% (1)</p> <p>1 mark for correct method but a calculation error.</p>	Award 2 marks if correct answer only is written.	<b>(2)</b> <b>AO2</b> <b>QS = 2</b>

Question number	Answer	Mark
<b>1(f)</b>	<p>Award 1 mark for identification of an advantage, plus 2 further marks for explaining this advantage, for a maximum of 3 marks.</p> <p>Debit cards remove the need for a retailer to hold cash. (1) This is because payments are credited electronically to the retailer's bank account (1). As a result of this, less time can be spent counting and managing money at the retailer's (1).</p> <p>Bank account is credited more quickly than a cheque (1). This is because payments by cheque take time to clear at the bank (1). As a result of receiving card payments, the retailer has money in its account more quickly (1).</p> <p>Accept any other appropriate response.</p> <p>Answers that list three advantages with no explanation will get a maximum of 1 mark.</p> <p>NB No marks are awarded for a definition.</p>	<b>(3)</b> <b>AO1a = 1</b> <b>AO1b = 2</b>

Question number	Answer	Mark
<b>1(g)</b>	<p>Award 1 mark for identification of a reason, plus 2 further marks for explaining this reason for a maximum of 3 marks.</p> <p>Companies buy foreign currency so that they can buy imports from foreign producers (1). This is because foreign businesses require payment in their domestic currency (1). This allows the company to offer a wider range of products, i.e. imports (1).</p> <p>Accept any other appropriate response.</p> <p>Answers that list three reasons with no explanation will get a maximum of 1 mark.</p> <p>NB No marks are awarded for a definition.</p>	<b>(3)</b> <b>AO1a = 1</b> <b>AO1b = 2</b>

Question number	Indicative content		Mark
<b>1(h)</b>	<ul style="list-style-type: none"> <li>Sea freight is cheaper than air freight/is \$3.80 per tonne cheaper than air freight. (AO2)</li> <li>Sea freight takes 12 days longer than air freight. (AO2)</li> <li>By reducing shipping costs, the toy retailer will be able to keep prices as low as possible. As the toy market is very competitive, with rivals such as <i>Amazon</i>, lower prices may be able to give the business a competitive advantage. (AO3)</li> <li>The toy retailer will need to plan the inventory order to ensure that there is a sufficient stock of toys. This will mean that the retailer could run out of the stock of a toy that suddenly increases in popularity. (AO3)</li> </ul>		<b>(6)</b> <b>AO2 = 3</b> <b>AO3 = 3</b>
Level	Marks	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
2(a)	A	(1) AO1a

Question number	Answer	Mark
2(b)	B	(1) AO2

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

Question number	Answer	Mark
2(c)(ii)	Award 1 mark for correct answer.  • SmithTech	(1) AO2

Question number	Answer	Mark
2(d)	Award 1 mark for a definition that shows knowledge of what a delivery note is.  A document included in the shipment/package that lists the contents/a record that goods have been delivered (1).  Accept any other appropriate response.	(1) AO1a

Question number	Answer	Mark
2(e)	Award 1 mark for identification of one way, plus 2 further marks for explaining the way, for a maximum of 3 marks.  One way is to find a cheaper supplier (1), which would lead to lower costs for the business (1). As a result of this, the profit margin would rise if the selling price remains the same (1).  Accept any other appropriate response.  Answers that list three ways with no explanation will get a maximum of 1 mark.	(3) AO1a = 1 AO1b = 2

Question number	Answer	Mark
2(f)	<p>Award 1 mark for identification of a reason, plus 2 further marks for explaining this reason, for a maximum of 3 marks.</p> <p>Hire purchase allows customers to spread the payment for a product (1). This means they do not have to have the full amount for a product (1). As a result of this, companies can increase the number of sales (1).</p> <p>Accept any other appropriate response. Answers that list three reasons with no explanation will get a maximum of 1 mark.</p>	<b>(3)</b> <b>AO1a = 1</b> <b>AO1b = 2</b>

Question number	Indicative content	Mark
2(g)	<ul style="list-style-type: none"> <li>As there are new competitors in the market, increased newspaper advertising is important to make <i>Spice and Rice</i> stand out in this market. (AO2)</li> <li>Website advertising will help <i>Spice and Rice</i> appeal to a wider range of potential customers. (AO2)</li> <li>This is because many people still read local newspapers and means that more potential customers will be aware of the restaurants and will choose to eat there, rather than at new rival restaurants in Sri Lanka. (AO3)</li> <li>This is because many people use the internet, on computers and on mobile devices, to access information and in doing so are exposed to advertising. (AO3)</li> <li>However, increased newspaper advertising might be risky as this can be very expensive. If this increases the costs of <i>Spice and Rice</i> then prices may have to rise and may lead to it becoming less competitive against new rival restaurants. (AO4)</li> <li>The most appropriate option for <i>Spice and Rice</i> is to increase website advertising. For many young people and professionals, the internet is very important. This is the type of customer that can afford to eat out at restaurants and therefore <i>Spice and Rice</i> will be directly targeting the right customer base. (AO4)</li> </ul>	<b>(9)</b> <b>AO2 = 3</b> <b>AO3 = 3</b> <b>AO4 = 3</b>

Level	Marks	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	Marks	Descriptor
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)	A	(1) AO1a

Question number	Answer	Mark
3(b)	D	(1) AO2

Question number	Answer	Mark
3(c)	<p>Award 1 mark for each valid benefit.</p> <p>Do not need to visit dealership to be informed (1)</p> <p>More convenient (1)</p> <p>Accept any other appropriate response.</p>	(1) AO2

Question number	Answer	Mark
3(d)	<p>Award up to 2 marks for linked points describing why VW might use road transport.</p> <p>Road transport means parts can be delivered direct to dealers (1), which mean customers can have cars repaired the next day (1).</p> <p>Other forms of transport in India are less developed (1). Road transport is a better than using alternatives such as rail freight (1).</p> <p>Do not accept reasons that would not be appropriate for VW.</p>	(2) AO2

Question number	Indicative content		Mark
<b>3(e)</b>	<ul style="list-style-type: none"> <li>• Consumers are more prepared to be persuaded by VW advertising. (AO2)</li> <li>• As consumer preferences start to move towards car ownership, people want to be informed by advertising. (AO2)</li> <li>• This will lead to a need by VW to produce adverts which help their cars stand out from competitors' cars. (AO3)</li> <li>• As a result of this, VW will need to create adverts which demonstrate the key features of their cars and how people will benefit from owning a VW rather than other makes. (AO3)</li> </ul>		<b>(6)</b> <b>AO2 = 3</b> <b>AO3 = 3</b>
Level	Marks	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	Indicative content		Mark
3(f)	<ul style="list-style-type: none"> <li>By VW buying its own transport fleet, it will have no monthly outgoing to pay for leasing. (AO2)</li> <li>Leasing a transport fleet will mean that VW does not have to spend a large amount of money buying its own fleet. (AO2)</li> <li>This means overall costs will be lower than they might be, which VW could use for other aspects of the business, such as continuing to expand its dealer network. (AO3)</li> <li>The result may be higher costs of repair in the longer term. As the cost of repairing vehicles is very high, this could be damaging for VW. (AO3)</li> <li>As VW is a car and van maker, it makes sense that it does buy its own fleet. This could be VW vans and lorries, which it has expertise in looking after. Although the initial cost of this investment is high, VW has the expertise to maintain the fleet. It can also be used to promote the brand as the fleet will be seen on the roads in Bangalore and South India. (AO4)</li> <li>However, buying its own fleet is a risk because the vehicles will wear out and depreciate. (AO4)</li> </ul>		<b>(9)</b> <b>AO2 = 3</b> <b>AO3 = 3</b> <b>AO4 = 3</b>
Level	Marks	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	Additional guidance	Mark
4(a)(i)	20 000 (1)  1 mark for correct method but a calculation error.	Award 1 mark if only the correct answer is provided with no workings.	(1) AO2 QS = 1

Question number	Answer	Additional guidance	Mark
4(a)(ii)	40 000 (1) 1 mark for correct method but a calculation error.	Award 1 mark if only the correct answer is provided with no workings.	(1) AO2 QS = 1

Question number	Indicative content	Mark
4(b)	<ul style="list-style-type: none"> <li>• Crowdfunding means <i>Bragi</i> will not have to take out bank loans to fund the development of The Dash. (AO2)</li> <li>• By using crowdfunding, the owners will lose some of their share in the business. (AO2)</li> <li>• By avoiding such repayments, <i>Bragi's</i> fixed costs will be kept to a minimum. Crowdfunding is a relatively cheap way of raising finance, which can be appealing to small business start-ups. As a result of this, the business will be able to devote more funds to the marketing of The Dash. This is important as it is a new product in the market and will need to be well-publicised. (AO3)</li> <li>• This may mean that the owners cannot, in the future, develop products like The Dash, as venture capitalists may be reluctant to fund ventures they are not happy with. (AO3)</li> </ul>	(6) AO2 = 3 AO3 = 3

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	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>
Level 2	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>
Level 3	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	Indicative content		Mark
4(c)	<ul style="list-style-type: none"> <li>Businesses use a range of promotion methods when launching a new product. (AO1b)</li> <li>As the product is aimed at young, trendy people and commuters, these groups are most likely to use social media. (AO2)</li> <li>By promoting it using this method, <i>Bragi</i> is likely to get lots of exposure, with people sharing the promotion using social media. This will lead to increased awareness of The Dash and, possibly, higher sales. In this sense, social media is an excellent method of promotion for a product of this type.(AO3)</li> <li>However, by focusing solely on this type of promotion, <i>Bragi</i> is potentially missing a large group of potential consumers who do not use social media as much as the young. The impact might be lower sales than might be the case. The overall impact depends on which potential customers <i>Bragi</i> want to attract. (AO4)</li> </ul>		<b>(12)</b> <b>AO1b = 3</b> <b>AO2 = 3</b> <b>AO3 = 3</b> <b>AO4 = 3</b>
Level	Marks	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>	



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