



# **Examiners' Report June 2022**

**GCSE Commerce 4CM1 02**

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## Introduction

This paper proved accessible to the majority of candidates.

It used four case studies:

- James Bond and *Aston Martin* cars
- *Pepsico*, dredging of the River Ganges, modes of transport
- *Book-keeping Services Singapore*, promotion, websites, mobile apps and trade journals
- *Meccano* and the development of the Meccanoid robot, mortgages and trade fair

This report aims to provide a tool to use in the classroom. It will demonstrate some responses achieving high marks and some where improvements can be made.

Often, the issues identified are experienced by many candidates, in a wide range of centres.

## Question 1 (c)

Q1c asked for a definition of 'money transfer'. An answer demonstrating reasonable knowledge and understanding of this business term would gain one mark for the candidate.

## Question 1 (d)

Q1d is another definition question, requiring candidates to define 'yield'.

(d) Define the term **yield**.

The <sup>size of the</sup> yield is the financial return a shareholder gets after investing in a company. (1)



**ResultsPlus**  
Examiner Comments

This is an example of a good response.

Total: 1 Mark

## Question 1 (e)(i)

Q1ei was the first 'state' question in the paper. It requires application of the response to the case study. Application cannot be achieved by using any term that is used in the question. In this case, that includes AML, James Bond, film and cinema.

However, candidates could extract 'luxury Aston Martin sports cars' or 'car designs' and use this to apply their answer to the case study. The example below did exactly that.

When a candidate reads a 'State' command, it can be useful to look at the stem and highlight what can be used as application in the answer. Check that this is not used in the question.

Sometimes, candidates forget to apply when answering a 'State' question. It can be helpful to circle these particular 'State' command words when the paper is first opened and read, to prompt the candidate as they progress through the paper later.

Q1ei is the first 'state' question on the paper.

Candidates need to state one benefit for AML, of the new James Bond film playing in cinemas worldwide. This requires application in the answer.

The application cannot be extracted from the question, therefore in this case, cannot be James Bond, film or cinema or worldwide.

(e) *Astonmartinlagonda Global Holdings plc (AML) makes the luxury Aston Martin sports cars driven by James Bond in Bond films. Despite falling sales in 2020, AML wanted to ensure its car designs were kept up-to-date.*

(i) State **one** benefit for AML of a new James Bond film playing in cinemas worldwide.

(1)

AML would get a wide recognition from people all over the world - the film can also be a source of advert for the company's car design.



This candidate makes good use of application by linking the advertisement of the car design to the benefit of gaining recognition all over the world.

Total:1 Mark

## Question 1 (e)(ii)

Q1eii was another 'State' question.

It required candidates to offer an applied reason why AML might choose to raise capital by selling shares.

Many candidates were able to offer a reason, but few applied it to the case study.

In this case, application could be achieved by reference to the cars, or car designs, or falling sales. None of these is mentioned in the question.

(ii) State **one** reason why AML might choose to issue further shares as a way of raising capital.

(1)

This is because they can attract investors to invest in the new cars they want to produce and investors would buy shares as it would raise their capital.



The candidate offers the reason that it was a long-term source of finance, suitable because it allowed the business to produce 'the sports cars that are up to date' thus achieving application back to the case study.

Total: 1 Mark

(ii) State **one** reason why *AML* might choose to issue further shares as a way of raising capital.

(1)

By issuing shares AML would be able to raise large amounts of capital as investors are attracted to dividends.



**ResultsPlus**  
Examiner Comments

This candidate offers a very good reason, but does not apply it to the case study and therefore does not gain any marks.

Total: 0 Marks



**ResultsPlus**  
Examiner Tip

Look back to the case study for application, before starting to answer the question

### Question 1 (e)(iii)

Q1eiii required a calculation of profit for the year.

This needed two stages to gain the 2 marks:

- selecting the correct numbers from those provided
- subtracting Operating expenses from Gross profit

**Figure 1** shows some financial information for AML in 2018.

	£m
Revenue	1 097
Gross profit	436
Operating expenses	368

**Figure 1**

(iii) Calculate the profit for the year for 2018. You are advised to show your working.

(2)

$$436 - 368 =$$

$$\begin{array}{r} 212 \\ 2816 \\ 436 \\ \hline 368 \\ 168 \end{array}$$

£ .....168..... m





This response extracts the correct numbers and attempts to subtract them in the correct order but miscalculates.

However, this candidate does achieve 1 mark because the workings are shown and the first stage is correct.

Total: 1 Mark



**Always** show your workings, so that you can achieve 1 mark if you miscalculate

Figure 1 shows some financial information for AML in 2018.

	£m
Revenue	1 097
Gross profit	436
Operating expenses	368

Figure 1

(iii) Calculate the profit for the year for 2018. You are advised to show your working.

(2)

= Gross profit - operating expenses  
= £436m - £368m  
= £68m

£ .....68..... m



This is a correct response.

Total: 2 Marks

## Question 1 (f)

Q1f was the first 'Explain' question on the paper. Explain questions need a candidate to offer the benefit, or possibly advantage or reason requested in the question and then explain this with development in another two stages. The answer must be linked throughout. Candidates must avoid offering a list.

This question asked for one advantage to a business of using overseas agents.

(f) Explain **one** advantage to a business of using overseas agents.

(3)

By using a overseas agent a business can get to know about that particular country's the preferences of that particular country's people. Therefore by this the business can produce the products according to the people's preferences. As a result, then people will most likely buy from this business.



This response achieves full marks by explaining, and developing how the business is helped, by:

- an overseas agent knowing the country's preferences (1 mark)
- this allowing the business to alter its products to meet those needs (1 mark)

The candidate develops this further to say that this will:

- increase sales (1 mark)

Total: 3 Marks

(f) Explain **one** advantage to a business of using overseas agents.

(3)

→ The business can get information about the market in other countries. ~~The business can also~~ from overseas agents.



**ResultsPlus**  
Examiner Comments

This response offers one advantage but does not develop that and explain how this helps the business.

As a result, the response can only achieve 1 mark.

Total: 1 Mark

## Question 1 (g)

Q1g was another 'Explain' question, asking for one function of a stock exchange.

(g) Explain **one** function of a stock exchange.

For companies to <sup>more</sup> raise capital (3)  
as the listed companies can  
sell their shares in the stock  
exchange to investors therefore  
earning ~~capital~~ funds or  
finance in form of capital



This response develops the reason of 'companies to raise more capital' with 'sell shares in the stock exchange to investors'.

- 'raise more capital' (1)
- 'listed companies can sell shares in the stock exchange' (1)

However, it does not develop further and becomes repetitive of raising more capital.

'earning finance in form of capital' is repetitive of first line.

Total: 2 Marks

This response achieves full marks with a development of the function of showing all the companies in the stock market.

(g) Explain **one** function of a stock exchange.

(3)

Shows all companies who are in the stock market and allows companies to sell shares and investors to be able to buy the shares. It also provides the consumer with the companies documents, to help them choose which company to invest in (potential growth).



Credit is given for:

- 'Shows all companies who are in the stock market' (1 mark)
- 'allows companies to sell shares and investors ...buy' (1 mark)
- 'provides....companies documents.....help them choose... which company to invest in' (1 mark)

Total: 3 Marks

## Question 1 (h)

Q1h was the first 6-mark question asking candidates to 'Analyse'. This was also the first question to be marked holistically as a Level of Response with Level 1, Level 2 and Level 3.

- Level 1 requires limited applied knowledge and connections
- Level 2 requires sound applied knowledge and interconnected points
- Level 3 requires detailed applied knowledge and chains of reasoning

Often the weakness lay in the application. If application were missing, this significantly reduced the level achieved. There were no marks available for knowledge and understanding, without analysis or application.

The stem of the question offered two possible uses of application. One was the £160 000 price, and the other was the recent drop in sales.

It was very possible to achieve a Level 3 with one chain of reasoning in context, which was very detailed. However, it was also possible to offer a slightly less-detailed chain of reasoning to achieve the same Level.

Many candidates, therefore, achieved this with just two chains of reasoning, with application, for a 6 mark 'Analyse' question to achieve a higher level of detail.

The average price of an *Aston Martin* car is £160 000. Recently sales of *Aston Martin* cars have fallen.

(h) Analyse why AML might encourage customers to use hire purchase when buying an *Aston Martin* car.

(6)

AML might encourage its customers to use hire purchase because the average price of the car is £160 000 which is very high and customers might not be able to afford the car at one go hence by encouraging the customers to buy on hire purchase AML will most likely be able to increase its revenue and due to the increase in sales there might also be an increase in profit generated by AML.

Another reason for AML to encourage their customers to use hire purchase might be that AML can get the car back if the customer did not pay the full amount by time and also the company won't have to return the amount of money he ~~hasn't~~ has already paid as instalments hence ~~the~~ ~~for~~ AML would ~~incur~~ incur less expenses since the car could be brought back easily and as a result of that the profit for AML might increase.





This example achieves Level 3, because it answers with application and detail.

Level 3

Total: 6 Marks

The average price of an *Aston Martin* car is £160 000. Recently sales of *Aston Martin* cars have fallen.

(h) Analyse why *AML* might encourage customers to use hire purchase when buying an *Aston Martin* car.

(6)

*AML* may encourage customers to use higher purchase so as to encourage them to be able to buy the car using a deposit then paying for it in installments. This will cause an increase in sales because customers who cannot pay for it (*Aston Martin*) can pay in installments thinking it is a better way to acquire the car after installments.

*AML* may also encourage customers to use higher purchase because it will increase sales through higher purchase and by that *AML* will be able to acquire additional income from the interest of higher purchase. This method will increase revenue for *AML*. This way *AML* may advise customers to use higher purchase for personal use.



This example achieves a Level 2, with detailed chains of logical reasoning but no application.

The chains of reasoning were not quite as detailed as the first example but had the response linked the logical analysis to the falling sales, this would have entered Level 3.

Level 2

Total: 3 Marks



Always look to the stem for a clue as to the relevant application before starting to answer the question

## Question 2 (c)(i)

Q2ci asked candidates to identify the country with the highest e-commerce growth.

Candidates needed to extract the correct country from a table listing details for four countries.

## Question 2 (c)(ii)

Q2cii asked candidates to identify the lowest value e-commerce sales in 2018, from four values offered in a table.

(ii) Identify the lowest value of ecommerce sales in 2018.

(1)

South Korea.



A frequent error is shown here.

Candidates misread the question and identified the country, not the value of the e-commerce sales.

Total: 0 Marks

## Question 2 (d)

Q2d was another definition question. Candidates were required to define a cheque. It was necessary for candidates to refer to the cheque being a method of payment, in some way.

## Question 2 (e)

Q2e required the candidate to 'explain' one benefit to a customer of using internet banking. This followed the pattern of all 'explain' questions,

Candidates should offer a benefit to the customer and then explain how or why this is a benefit, in two developments.

(e) Explain **one** benefit to a customer of using internet banking.

(3)

They can avail the banking services from anywhere around the world with an internet connection. They can receive receipts, issue payments like standing order without going to the bank. As a result it saves the customers valuable time.



Credit is given for:

- avail..services from anywhere (1 mark)
- without going to bank (1 mark)
- ...saves valuable time(1 mark)

Total: 3 Marks

(e) Explain **one** benefit to a customer of using internet banking.

(3)

The customer does not need to go visit the bank to make a dep purchase online. The



No development, therefore only 1 mark.

Total: 1 Mark

## Question 2 (f)

Q2f was another 'explain' question.

Candidates needed to explain one benefit to the business of a customer using a debit card to pay for purchases.

Candidates should check that their response offers a benefit to the *business*, rather than the customer, before they start writing.

## Question 2 (g)

Q2g This was the first 9-mark question on the paper.

It was marked assessing the levels of response. Marks were available for responses with applied knowledge, chains of reasoning and evaluation.

The case study centred around the opening of the River Ganges to container shipping and how this could possibly benefit *Pepsico* – or whether the use of roads may offer a better alternative.

Again, it was important to look for relevant application when reading the stem. In this case, candidates could have chosen to comment and link a chain of reasoning to the:

- 422 miles apart
- 15 hours of travelling time for a truck carrying one container
- 15 days travelling time for river travel, with 50% less cost

Another important thing to do is to look for what the business is trying to achieve. *Pepsico* is trying to meet the demand identified in its market research. Can *Pepsico* do this best by road or river?

There is neither a correct nor an incorrect answer. An argument can be made, through applied chains of reasoning, for either option.

It is good practice to follow this with evaluation by reasoning why it may not be a perfect option.

This was a good response.

Kolkata and Varanasi are Indian cities. They are 422 miles apart and until recently were only connected by road and rail. Indian roads are often narrow, poorly maintained and very busy. In 2018 the river Ganges was dredged, allowing the passage of small ships capable of carrying containers.

Transporting containers by road between Kolkata and Varanasi will take 15 hours with one truck needed for every container. Transporting containers by water will take 15 days but costs 50% less than using roads. Whichever method is used, once the containers arrive in Varanasi the products would be delivered to small retailers using local transport businesses.

PepsiCo's drinks and snacks will arrive in the port of Kolkata and then its containers will be unloaded and taken to Varanasi. PepsiCo's market research has indicated a large demand for its products in Varanasi. PepsiCo is considering two transport options:

**Option 1:** using small container ships on the river

**Option 2:** using many container trucks on the road.

(g) Justify which **one** of these two options PepsiCo should choose.

(9)

PepsiCo should use many container trucks as it will save them a lot of time as it will only take 15 hours for the drinks to reach Varanasi meaning the drinks can be sold much faster in Varanasi which allows PepsiCo to meet the high demand that Varanasi has hence they are able to satisfy the customer's needs as a result improving PepsiCo's image as their products are always available to them. Additionally by using the trucks they can easily meet with the local transport and the products can be distributed much quicker and to a lot more shops as it is more accessible to the small retailers moreover the trucks can directly deliver the goods to the retailers meaning it reduces the transport costs for the retailers therefore



they will put a lower markup on the drinks hence their products are cheaper and more attractive to consumers in voranasi. However the trucks require more fuel and have a higher cost hence it may become expensive for PepsiCo to transport their products. In addition the roads between holkate and voranasi are poorly maintained meaning the goods may be victims to damage or theft which will create losses for PepsiCo.

In conclusion trucks are faster and help meet demand but it depends on the roads and drivers to transport them safely.

(Total for Question 2 = 20 marks)



**ResultsPlus**  
Examiner Comments

The response meets all the requirements of Level 3, with much application.

With just a little more evaluation this would have achieved 9 marks.

Total: 8 Marks

Kolkata and Varanasi are Indian cities. They are 422 miles apart and until recently were only connected by road and rail. Indian roads are often narrow, poorly maintained and very busy. In 2018 the river Ganges was dredged, allowing the passage of small ships capable of carrying containers.

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**Option 2:** using many container trucks on the road.

(g) Justify which **one** of these two options PepsiCo should choose.

(9)

using small container ships on the river because it takes 15 day and the cost becomes 50% less than using roads because one truck can carry one container only so the fuel prices become high and a small container ship might be ~~carried~~ can carry around 10-15 containers at one once so it can be cheaper. However if the truck gets spoilt it becomes more expensive to fix it.

However if the port becomes busy and forget to unload the container for a long time the goods inside the container might get expired if they have a short expiry date.



This response achieves Level 1.

It offers application, with limited connections between points, and limited evaluation.

This response could move in to Level 2 with just a little development of the chains of reasoning and evaluation.

For example, in the first paragraph, how does a lower cost benefit *Pepsico*? Will *Pepsico* make more profit or will that money be invested in marketing to this new market?

In the second paragraph, what effect would goods passing their expiry date have on *Pepsico* and the serving of new customers in this new market?

Level 1

Total: 3 Marks



Always try to link your argument back to how this helps the business achieve its stated aim

### Question 3 (c)

Q3 used a new case study about *Bookkeeping Services Singapore (BSS)*.

Q3c was another 'state' question. This meant that the question of how *BSS* could reduce stationery costs had to be answered with application to *BSS*.

Stationery was mentioned in the question so could not be used. The simplest application was any stationery that *BSS* may have used, such as pens and printing paper.

(c) State **one** way the *BSS* bookkeepers could reduce their costs of buying stationery.

(1)

They can reduce their costs of buying cheaper material like pens and pencils from cheaper suppliers.



**ResultsPlus**  
Examiner Comments

Application achieved through mentioning pens and papers.

Total: 1 Mark



**ResultsPlus**  
Examiner Tip

Always check that your answers to a 'state' question have application

(c) State **one** way the BSS bookkeepers could reduce their costs of buying stationery.

(1)

~~BSS~~ BSS could find <sup>retailers</sup> ~~cheap~~ who sell stationery at lower prices.



**ResultsPlus**  
Examiner Comments

This is a valid possibility, although warehouses or suppliers would be the correct response.

This cannot be given any marks because it lacks application.

Total: 0 Marks

### Question 3 (d)(i)

Q3di required candidates to calculate the Total Due on a Statement of Account.

This question needed an addition of 350+600, followed by a subtraction of 100, to achieve 850.

Centres may find it useful to remind candidates that when a figure is in brackets (100), this means it is a negative figure.

(d) Complete the Statement of Account to show the missing amounts.

STATEMENT OF ACCOUNT		Bookkeeping Services Singapore		
To: Lims Florist Scotts Road Shaw Centre Singapore		From: Bookkeeping Services Singapore Burn Road Trivex Singapore		
18 August 2021		Ref: 137		
Date	Ref	Amount	Credit	Amount due
02.08.2021	S1 2202	S\$ 350		S\$ 350
09.08.2021	S11 2116	S\$ 600		S\$ 600
15.08.2021	CR 31560		S\$ 100.00	(S\$ 100)
<b>SUBTOTAL</b>				(i) <u>950</u>
<b>OPENING BALANCE</b>				S\$ 2 450
<b>TOTAL DUE</b>				(ii) <u>3400</u>
Payment Due by: 20 September 2021				
Please make payments to Bookkeeping Services Singapore				

Figure 3

(2)



Q3di The answer of 950 is incorrect.

However the second answer for Q3dii would gain 1 mark because it takes the answer of 950 and adds on the Opening Balance of 2,450.

Total: 0 Marks

### Question 3 (d)(ii)

Q3dii took the figure calculated in 3di and required the candidate to add on the Opening Balance.

(d) Complete the Statement of Account to show the missing amounts.

STATEMENT OF ACCOUNT		Bookkeeping Services Singapore		
To: Lims Florist Scotts Road Shaw Centre Singapore		From: Bookkeeping Services Singapore Burn Road Trivex Singapore		
18 August 2021		Ref: 137		
Date	Ref	Amount	Credit	Amount due
02.08.2021	S1 2202	S\$ 350		S\$ 350
09.08.2021	S11 2116	S\$ 600		S\$ 600
15.08.2021	CR 31560		S\$ 100.00	(S\$ 100)
<b>SUBTOTAL</b>				(i) <u>850</u>
<b>OPENING BALANCE</b>				S\$ 2 450
<b>TOTAL DUE</b>				(ii) <u>3,300</u>
Payment Due by: 20 September 2021				
Please make payments to Bookkeeping Services Singapore				

Figure 3

(2)



This is a perfect response.

Total: 1 Mark



### Question 3 (e)

Q3e is another analysis 6-mark question.

This question required candidates to analyse why BSS might prefer customers to pay by standing order.

Looking at the stem of the question, it was seen that application might be achieved with reference to the packages available to customers.

Therefore, a chain of reasoning may be that using standing orders might tempt customers to upgrade themselves to a platinum package, because they would have control over the standing orders.

The mark scheme offered another two suggestions of how to achieve application.

(e) Analyse why BSS may prefer customers to use a standing order to pay for their package.

(6)

A standing order will allow customers to pay an exact amount every month to BSS hence it is easier to use for them and more reliable as the bank will conduct the payment hence customers will not miss a payment for the bookkeeping packages as BSS charges on a monthly basis which also allows them to have cash flow in the business as they receive payment every month. Additionally the standing order will provide an easy time for customers since payment has to be done every month end the bookkeeping service will be needed for a long time they payment is hassle free and can be paid directly from the customers bank account assuring the payment is valid.



This response achieves Level 3.

Application offered is with reference to the monthly payments for packages and the book-keeping services, with detailed chains of reasoning.

However, the second argument centres on the ease to customers, and not why this might make *BSS* prefer standing orders. Consequently, the response does not quite achieve full marks.

Level 3

Total: 5 Marks

(e) Analyse why BSS may prefer customers to use a standing order to pay for their package.

(6)

So that BSS can get there paymets at the same time and they ~~can get~~ or are able to buy/order there new-stock of goods however if customers don't pay on time BSS can have a hard time to ask for there payments from customers and they might have hard time in ordering there new stock because they don't have enough money to get there goods.



This response achieves Level 2.

It includes a chain of reasoning which was better than basic, but was neither applied nor detailed enough to reach a Level 3.

Level 2

Total: 2 Marks

### Question 3 (f)

Q3g was the second, and last, 9-mark question.

It asked candidates to consider how BSS might achieve its aim of increasing market share.

Responses needed to decide whether this was best achieved through promotion in trade journals, or through the launch of a mobile app to offer a new service organising business travel.

As the mark scheme shows, application could be achieved with chains of reasoning, either using the small business customers or by referencing the geographical spread in which BSS operated.

The responses needed to offer chains of reasoning supporting the choice made, and then more applied chains of reasoning evaluating why this option may not be perfect.

Bookkeeping Services Singapore (BSS) wants to attract new customers to increase its market share and is developing a marketing campaign.

It is considering the following two methods:

**Option 1:** a mobile app to manage business travel as a new service

**Option 2:** advertising its services in specialist trade journals.

(f) Justify which **one** of these two options will help BSS attract new customers.

(9)

BSS can attract new customers by advertising its services in specialist trade journals. Because by advertising about their services it will allow more people to know what type of services are offered and hence this will increase allow BSS to attract more customers who are interested in getting bookkeeping service.

By advertising in the specialist trade journal it can reach out to be targeted for businessmen's and it can help them to reach out to only the people who are interested like businessmen and this will allow many businessmen's to check out what services are provided by BSS and if they require that service. hence increasing the allowing BSS to attract more customers at a low cost.

However BSS will miss out on customers who don't read the trade journal and this means that it will not be effective as other methods if compared.



This response achieves Level 2

The first paragraph provides a sound chain of reasoning, with application to bookkeeping services.

In order to achieve Level 3, this response needs to develop paragraph 2, to achieve detailed, thorough, evaluation of why trade journals may not be a good option.

The mark scheme suggests there is likely to be a lot of competition in the trade journals and the advert may not be noticeable.

It may have to be repeated several times and may, as a result, be expensive or not achieve the aim of increasing market share.

Level 2

Total: 4 Marks

Bookkeeping Services Singapore (BSS) wants to attract new customers to increase its market share and is developing a marketing campaign.

It is considering the following two methods:

**Option 1:** a mobile app to manage business travel as a new service

**Option 2:** advertising its services in specialist trade journals.

(f) Justify which **one** of these two options will help BSS attract new customers.

(9)

Option 1: a mobile app to manage business travel as a new service.

BSS using a mobile app will be easier for the business to start their new service as they are experienced with working online and since their business sells books to customers online they could use this information to target advertise to their customers about their new mobile app which could bring in more customers.

BSS is also known for professional accounting and it can introduce its customers to their app and ask them to tell other people about their app this way BSS can start getting customers to manage its business travels as well as do their accounting for them.

However using a mobile app is not guaranteed to bring in new customers as there may already be similar apps online that may offer the same service and since BSS has no experience in managing business travels it may need new employees which increase costs of training and salary for the new employee.



This response achieves Level 3.

The first and second paragraphs offer detailed chains of reasoning with application of the mobile app option.

The third paragraph offers sound evaluation of the disadvantages of the mobile app option.

This response could have achieved more marks by linking this back to the aim of increasing market share.

Level 3

Total: 7 Marks



## Question 4 (a)

Q4a was an 'outline' question, which had to be answered with application, to gain the marks.

### SECTION C

Answer ALL questions.

Read the following extract before answering the questions.

Write your answers in the spaces provided.

The global market for construction toys was worth \$7 260 million in 2020 and is forecast to grow annually by 4% up to 2023. Meccano makes a build-your-own robot toy, 'The Meccanoid'.

Meccano was aware of the potential growth in the construction toys market many years earlier and in 2013 it invested in new technology for its existing French factory at a cost of €2 million. The aim was to increase production of construction toys over the next 10 years to meet an expected increase in demand.

- 4 (a) Outline **one** reason why Meccano publishes the instructions on how to build the robot on its website.

(2)

So consumers would know how to  
build the robot and ~~may increase sales~~  
may increase as customers know how to build the  
robots



**ResultsPlus**  
Examiner Comments

This response receives no marks because it needs to add in application to the valid argument that consumers would then know how to build the robot.

'Robot' is in the question, so cannot achieve application. However, the candidate could have used 'Meccanoid'.

Total: 0 Marks

## SECTION C

Answer ALL questions.

Read the following extract before answering the questions.

Write your answers in the spaces provided.

The global market for construction toys was worth \$7 260 million in 2020 and is forecast to grow annually by 4% up to 2023. Meccano makes a build-your-own robot toy, 'The Meccanoid'.

Meccano was aware of the potential growth in the construction toys market many years earlier and in 2013 it invested in new technology for its existing French factory at a cost of €2 million. The aim was to increase production of construction toys over the next 10 years to meet an expected increase in demand.

- 4 (a) Outline **one** reason why Meccano publishes the instructions on how to build the robot on its website.

(2)

~~This is done to ensure the customers are easily able to construct their robots and toys, so therefore get more customers. This could be done for targetted advertising purposes. When customers who want to build the toy login to Meccano's website they would be able to see other advertisements which relate to Meccano's other construction toys. therefore customers would be persuaded to buy~~

~~to construct their robots and toys, so therefore get~~  
~~more customers. This could be done for targetted advertising~~  
~~purposes. When customers who want to build the toy login~~  
~~to Meccano's website they would be able to see other~~  
~~advertisements which relate to Meccano's other construction~~  
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~~to Meccano's website they would be able to see other~~  
~~advertisements which relate to Meccano's other construction~~  
~~toys. therefore customers would be persuaded to buy~~



**ResultsPlus**  
Examiner Comments

Application is achieved with 'construction toys'.

Full marks are awarded to this response.

Total: 2 Marks

## Question 4 (b)

Q4b was the last 6 mark 'analyse' question.

Candidates needed to analyse why *Meccano* may have chosen a mortgage to finance the development of its factory.

Many candidates were able to extract suitable application, such as the time expected before the growth of the market – which was in the region of 10 years – and the fact that the mortgage was a long-term source of finance.

(b) Analyse why *Meccano* may have chosen a mortgage to raise the capital it needed to improve its French factory.

(6)

Meccano may have chosen a mortgage as they can raise a huge amount of capital to improve its French factory. In 2013 it invested in new technology for its existing French factory at a cost of £2 million. By choosing a mortgage, Meccano can raise a capital of about £2 million for the improvement of ~~the~~ <sup>the</sup> French factory. Therefore, mortgages are more effective.

Furthermore, Meccano has more time to repay mortgages. As mortgage time period is normally around 25 years, Meccano has more time to use their newly modified French factory to produce better quality <sup>toys and robots,</sup> ~~toys~~ and generate higher sales revenue. Consequently, Meccano can repay the mortgage within the ~~too~~ long time period which improves their credit worthiness.



This response is clearly applied to the investment in technology in the factory and the cost.

It expands to address why a mortgage is suitable for the time period.

This was a Level 3 response which achieved 5 marks. To achieve 6 marks, the response may have referred to the growing market that prompted the investment.

Level 3

Total: 5 Marks

(b) Analyse why Meccano may have chosen a mortgage to raise the capital it needed to improve its French factory.

(6)

That is because Meccano can pay the bank little by little every year or ~~a~~ month for a long period of time. This will give Meccano enough time to improve the french factory and pay back for the ~~the~~ ~~mortg~~ mortgage.



**ResultsPlus**  
Examiner Comments

This response offers some consequence in the gaining of time to improve the factory but does not apply it to the case study.

This is, therefore, a Level 1 response.

Level 1

Total: 2 Marks

## Question 4 (c)

Q4c was the final, 12-mark, 'evaluate' question.

Candidates were asked to evaluate how the London Toy Fair might help *Meccano* achieve exports of the Meccanoid.

Marks were available for knowledge, application, analysis and evaluation.

The London Toy Fair is a major annual event in Europe. However, it is smaller than some others such as the Hong Kong Toy Fair. Meccano launched the 4 ft tall 'The Meccanoid' robot at the London Toy Fair first. It was programmed to interact with all the buyers by moving about, making jokes and gazing up at them with enormous, curious eyes.

- (c) Evaluate how the London Toy Fair may have helped Meccano achieve exports of 'The Meccanoid'. You should use the information provided and your own knowledge of commerce in your answer.

(12)

London Toy Fair is where many people around London and other business people come to visit the fair to see the toys and to help the businesses who participate in the fair. By Meccano participating in the fair it has helped them export the The Meccanoid.

An advantage of the London Toy Fair is that many business people visit the fair. Because of this exporters may have taken to interest of ~~the~~ The Meccanoid toy and wanted to export it. This will increase sales as the exporter will buy the toy and export it around the world as it will reach people not only in London but in other ~~ea~~ countries also. This has gone to help Meccano to increase their revenue ~~for~~ from the sales they have achieved.

Another advantage is that Meccano was able to attract consumers that were present at the London Toy Fair. Meccano may have been able to achieve this by their 4 ft tall 'The Meccanoid' robot that was at the London Toy Fair. Exporters may have observed Meccano and the consumers that took interest in the ~~the~~ robot toy produced by Meccano. Since Meccano was able to attract more consumers towards them the exporters may have thought that Meccanoid will be a successful toy so they took interest in the toy. This would be a reason as to why Meccano exports

Sales leading to more profits.

However, through Meccano getting exports they have been able to produce meet the demand of the exporters of the 'The Meccanoid' toy. As Meccano already has increased the technology in their French factory they are able to meet the demand of the exporter. As that was their initial aim to increase production of construction toys over the next 10 years to meet unexpected increase in demand. If Meccano wasn't able to do this their exporters will be dissatisfied as they will not be able to export anymore leading to low sales and less revenue generated.

~~However, by participating at the London Toy Fair~~ However, <sup>Meccano</sup> by participating in the London Toy Fair they may have not been able to attract sufficient consumers or exporters as the London Toy Fair is smaller than the Hong Kong Toy Fair. If they participated in that Toy Fair with the 'The Meccanoid' toy that interacted with all buyers and making jokes they maybe able to increase their exports much more. Therefore, this will lead to Meccano having only a little exports. (Total for Question 4 = 20 marks)

In conclusion, Meccano was successfully able to gain interest of exporters and successfully start exporting 'The Meccanoid' robot toy to consumers in other countries also by participating at the London Toy Fair. It was a good idea that Meccano decided to participate in the London Toy Fair.

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





This response demonstrates knowledge and analysis of the business visitors to the trade fair, who may help *Meccano* achieve exports around the world.

The chain of reasoning in the second paragraph is applied to the toys and related back to an aim of increasing sales. This is a good, logical, chain of reasoning.

This is further developed in the third paragraph, with another thorough chain of reasoning with reference to the height of the robot and how this may attract the visitors.

The second page offers applied evaluation, which is then related back to the original aim of meeting the increased demand and the dependence on the development of the factory.

This is further developed with reference to the smaller size of the London Toy Fair, rather than the Hong Kong Toy Fair.

This is a Level 3 response.

Some areas, particularly the first paragraph are largely generic and more application would have increased the marks achieved.

The conclusion is a summary and does not introduce anything new into the response.

This may have been developed to consider the short and long term benefit of trade fairs. Trade fairs are often used to build relationships with international buyers over a long period of time, which may have helped *Meccano* in the launch of future products.

Level 3

Total: 10 Marks

The London Toy Fair is a major annual event in Europe. However, it is smaller than some others such as the Hong Kong Toy Fair. Meccano launched the 4 ft tall 'The Meccanoid' robot at the London Toy Fair first. It was programmed to interact with all the buyers by moving about, making jokes and gazing up at them with enormous, curious eyes.

(c) Evaluate how the London Toy Fair may have helped Meccano achieve exports of 'The Meccanoid'. You should use the information provided and your own knowledge of commerce in your answer.

(12)

Exports are when goods are being purchased from the overseas buyers.

The London Toy fair helped Meccano due to the massive amount of people that were at the venue. Most of the people being children, who are attracted to toys and may have been introduced to the Meccano toy. This means that Meccano had gained much exposure and the demand for the toy had increased as a result. Which means that children from overseas may also want to purchase Meccano's toy.

Due to the many people at the Fair, they were able to see all of Meccanoid's programs and functions. By the Meccanoid interacting with the audience and giving the buyers an experience of the toy; the number of exports will begin to increase and Meccanoid will gain popularity overseas as well.

However, Meccano<sup>no</sup> may have not been able to gain much exposure as they had hoped due to the London Toy Fair having much less people compared to the Hong Kong Toy Fair. This may be a huge loss as the company could have received a better number of exports for the Meccano<sup>id</sup> if they had travelled to Hong Kong instead.



**ResultsPlus**  
Examiner Comments

This response meets all the requirements of Level 1 and moves into Level 2 with application of knowledge and chains of reasoning.

The first paragraph offers some limited connections between children attending and exports being gained.

The second paragraph offers better and sound application, which refers to the interaction of the robot, its programs and features attracting buyers at the trade fair. Thus, leading to the increase in exports, which is the aim of the business. A sound chain of reasoning.

The second page provides limited evaluation of the possible lower value of the London Toy Fair compared with the Hong Kong Fair, but needs more development and chains of reasoning to be considered sound.

Level 2

Total: 5 Marks

## **Paper Summary**

Based on their performance in this examination, candidates are offered the following advice:

### **Key points:-**

- Remember to apply answers to the case studies for all 'State' questions, all 6-mark, 9-mark and the 12-mark question
- Link the development of answers to the original benefit or reason in the 3-mark questions

## **Grade boundaries**

Grade boundaries for this, and all other papers, can be found on the website on this link:

<https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html>

