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Mark Scheme (Results)

Summer 2023

International GCSE

Commerce (4CM1 01R)

Paper 1R: Commercial operations and
associated risks

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question number	Answer	Mark
1 (a)	AO1 = 1 The only correct answer is B Primary A is incorrect as direct services is selling to the customers C is incorrect as secondary is the manufacture of goods D is incorrect as tertiary is the provision of services	(1)

Question number	Answer	Mark
1 (b)	AO1 = 1 The only correct answer is D Failure of a business A – is incorrect as damage to stock caused by flooding can be insured against B – is incorrect as injury to an employee at work would be covered by insurance D – is incorrect as injury to a customer visiting a shop would be covered by insurance	(1)

Question number	Answer	Mark
1 (c)	AO1 = 1 Award 1 mark for definition of specialisation. <ul style="list-style-type: none">• When people/organisations/countries concentrate on a specific task or product/service (1)	(1)

Question number	Define the term indemnity . Answer	Mark
1 (d)	AO1 = 1 Award 1 mark for definition of indemnity . <ul style="list-style-type: none">A policyholder is compensated for any loss that occurs (1)	(1)

Question number	Calculate to two decimal places, the price of the television in Great Britain. Answer	Additional guidance	Mark
1 (e) (i)	AO2 = 2 Award 1 mark for calculation and 1 mark for the answer. $858\,329.00 \div 1\,619.00$ (1) $= 530.16$ (1)	NB a candidate who responds 530.16 with no calculation would still gain both marks. 1 mark for the correct method but a calculation error.	(2)

Question number	State one possible effect on <i>Samsung</i> from the appreciation of the KRW against the GBP in 2021. Answer	Mark
1 (e) (ii)	AO2 = 1 Award 1 mark for stating an effect on <i>Samsung</i> from the appreciation of the KRW against the GBP. <ul style="list-style-type: none">The televisions that <i>Samsung</i> exports will be more expensive for those living in the UK (1)<i>Samsung's</i> cost would fall as imported component parts from the UK for its mobile phones would be cheaper (1)	(1)

Question number	State one disadvantage for <i>Samsung</i> of exporting its products to many countries. Answer	Mark
1 (e) (iii)	AO2 = 1 Award 1 mark for stating a disadvantage for <i>Samsung</i> of exporting its products. <ul style="list-style-type: none">• Damage may be caused to the phones during transport to other countries (1)• The cost of using a variety of methods to transport the products, such as the televisions and phones may be too expensive for <i>Samsung</i> (1)	(1)

Question number	Explain one reason why a business buys directly from suppliers in its own country. Answer	Mark
1 (f)	AO1 = 3 Award 1 mark for a reason why a business buys directly from suppliers in its own country and up to 2 marks for linked development. <ul style="list-style-type: none">• Supplies can get to the business quicker (1) production is not interrupted (1) so the business can continue to manufacture its products (1)• It is easier to speak to suppliers in your own country (1) as there is no language barrier (1) and any queries can quickly be sorted (1) <p>Answers that list three reasons why a business prefers to buy direct from suppliers in its own country with no development will get 1 mark only.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Answer	Mark
1 (g)	<p>AO1 = 3</p> <p>Award 1 mark for one advantage to a business of being a multinational and up to 2 marks for linked development.</p> <ul style="list-style-type: none">• Multinationals have a larger pool of customers (1) that could lead to increased demand for their products (1) leading to improved sales revenue/profit (1)• Multinationals can lower costs (1) as they operate in more than one country (1) and salaries and wages can be lower in some countries (1) <p>Answers that identify three reasons for being a multinational business with no development will get 1 mark only.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Indicative content	Mark
1 (h)	<p>AO2 = 3 AO3 = 3</p> <p>AO2</p> <ul style="list-style-type: none">• It protects <i>Imarat Group</i> from any claims arising from an accident to a bricklayer on one of their construction sites• If an electrician is electrocuted from wiring a house, they could claim compensation from the business <p>AO3</p> <ul style="list-style-type: none">• As the <i>Imarat Group</i> takes out the insurance they will not lose financially if claims are made against them by their employees• Employees will be more motivated/easier to recruit new employees to work for the <i>Imarat Group</i> knowing that if injured they will receive compensation	(6)

Level	Marks	Level descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none">Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2)Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3)
Level 2	3–4	<ul style="list-style-type: none">Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies. (AO2)Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5–6	<ul style="list-style-type: none">Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2)Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question number	Which one of the following would the sandals be sold for? Answer	Mark
2 (a)	AO2 = 1 The only correct answer is B 6 000 A is not correct as 1 500 is the actual discount off the sandals C is not correct as 7 300 is 7 500 minus 200 D is not correct as 9 000 is 7 500 plus 1500	(1)

Question number	Which one of the following best describes a quota?	Mark
2 (b)	Answer The only correct answer is C a quota is a limit on the number of goods imported A is incorrect as a ban on importing goods stops goods being imported B is incorrect as a licence to import goods allows goods into the country D is incorrect as a tax on imports is additional costs on importing goods	(1)

Question number	Identify the product with the largest price difference between branded and own label items.	Mark
2 (c) (i)	Answer Award 1 mark for correct answer. <ul style="list-style-type: none">• Detergent	(1)

Question number	Identify the product with the smallest price difference between branded and own label items.	Mark
2 (c) (ii)	Answer Award 1 mark for correct answer. <ul style="list-style-type: none">• Soup	(1)

Question number	Define the term cash-and-carry. Answer	Mark
2 (d)	AO1 = 1 Award 1 mark for defining the term cash-and-carry . <ul style="list-style-type: none">• Customers immediately pay for the goods before taking them away	(1)

Question number	Explain one reason why a business might take out insurance for consequential loss. Answer	Mark
2 (e)	AO1 = 3 Award 1 mark for one advantage for why a business might take out insurance for consequential loss and up to 2 marks for linked development. <ul style="list-style-type: none">• To reduce risks of loss of income (1) if the business is unable to trade due to flooding (1) the loss incurred will be covered by the insurance policy (1)• By having insurance, a business does not need to set aside additional funds (1) to cover the failure of a supplier to deliver crucial components (1) which could halt production (1) Answers that list three reasons why a business might take out insurance for consequential loss with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question number	Explain one role of an actuary in insurance. Answer	Mark
2 (f)	AO1 = 3 Award 1 mark for explaining one role of an actuary in insurance and up to 2 marks for linked development. <ul style="list-style-type: none">• Actuaries calculate the premium (1) using statistical data (1) relating to the number of previous claims made for similar cover (1)• Actuaries evaluate a wide range of risks (1) and assess the potential financial consequences (1) to establish a premium for the risk (1) Answers that list three roles of actuaries with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question number	Option 1: Open seven days a week Option 2: Offer additional services of making/repairing leather handbags Indicative content	Mark
2 (g)	<p>A02 = 3 A03 = 3 A04 = 3</p> <p>Arguments for choosing option 1</p> <p><u>A02</u></p> <ul style="list-style-type: none">• Having flexible hours means that customers wanting their shoes repaired can visit <i>Tony Leather</i> when it is convenient for them (1)• If <i>Tony Leather</i> opened for seven days a week it may mean that he would have to employ additional shoe repair staff (1) <p><u>A03</u></p> <ul style="list-style-type: none">• This will allow <i>Tony Leather</i> to possibly increase his sales (1)• This will incur additional costs and there is no guarantee of extra customers (1) <p><u>A04</u></p> <ul style="list-style-type: none">• However, there is no guarantee that customers will visit the shop at the times <i>Tony Leather</i> is open• However, the cost involved in employing additional employees may be less than the increased revenue <p>Arguments for choosing option 2</p> <p><u>A02</u></p> <ul style="list-style-type: none">• By offering additional services of making handbags could increase the number of customers visiting the shop• Customers will now be able to get their shoes and handbags repaired at the same place <p><u>A03</u></p> <ul style="list-style-type: none">• This could gain <i>Tony Leather</i> additional customers who may visit the shop again but to buy shoes• Customers will return and will recommend <i>Tony Leather</i> to their friends and relatives <p><u>A04</u></p> <ul style="list-style-type: none">• However, <i>Tony Leather</i> may have to employ more staff to cope with the demand in work• However, competitors may charge lower prices for manufactured handbags meaning that <i>Tony Leather</i> might not be as competitive and would lose business	(9)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	<ul style="list-style-type: none">Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2)Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3)Makes a judgement, providing a simple justification based on limited evaluation of commercial information and issues relevant to the choice made. (AO4)
Level 2	4-6	<ul style="list-style-type: none">Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies. (AO2)Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)Makes a judgement, providing a justification based on sound evaluation of commercial information and issues relevant to the choice made. (AO4)
Level 3	7-9	<ul style="list-style-type: none">Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2)Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)Makes a judgement, providing a clear justification based on a thorough evaluation of commercial information and issues relevant to the choice made. (AO4)

Question number	Which one of the following describes branding? Answer	Mark
3 (a)	AO1 = 1 D is the only correct answer the process of products being different A is incorrect as pricing the product does not make the product different B is incorrect as selling the product is not branding C is incorrect as branding is not making a new product	(1)

Question number	Which one of the following is the balance of trade? Answer	Mark
3 (b)	AO2 = 1 B is the only correct answer -\$69 181 million A is incorrect as -\$260 448 million is -95 632 + -164 813 C is incorrect as \$69 181 million is 164 813 minus 95 632 D is incorrect as \$260 445 million is 164 813 + 95 632	(1)

Question number	State one reason why <i>Happy Fresh</i> considers the principle utmost good faith to be important when completing its insurance forms. Answer	Mark
3 (c)	AO2 = 1 Award 1 mark for one reason why <i>Happy Fresh</i> consider the principle of utmost good faith to be important when completing its insurance forms. <ul style="list-style-type: none">• If <i>Happy Fresh</i> did not honestly include all the information about its delivery methods of fruit and vegetables it may not be covered in the policy (1)• <i>Happy Fresh</i> would expect the insurance business to pay out a claim if one of its delivery vans was involved in an accident (1) Accept any other appropriate response.	(1)

Question number	Outline one reason why <i>Happy Fresh</i> would make a claim if goods were lost or damaged while being delivered Answer	Mark
3 (d)	AO2 = 2 Award 1 mark for identifying one reason why <i>Happy Fresh</i> would make a claim if goods were lost or damaged while being delivered, and one mark for further development. <ul style="list-style-type: none">• <i>Happy Fresh</i> would want compensation for any fruit and vegetables that might fall off a bike (1) so they would not lose out financially (1)• <i>Happy Fresh</i> would need to be able replace a delivery van and the vegetable if it was damaged in an accident (1) as this would reduce the number of delivery vans (1) Answers that list two reasons with no explanation will get 1 mark only. Accept any other appropriate response.	(2)

Question number	Analyse how <i>Happy Fresh</i> could reduce the risk of bad debts from its clients. Indicative content	Mark
3 (e)	AO2 = 3 AO3 = 3 AO2 <ul style="list-style-type: none">• <i>Happy Fresh</i> could ensure that customers pay for their fruit before delivery (1)• <i>Happy Fresh</i> may only allow customers to pay for their vegetables by credit/debit card to avoid any payment problems (1) AO3 <ul style="list-style-type: none">• This ensure that all fruit and vegetables delivered are paid for in advance (1)• <i>Happy Fresh</i> will know that payments would have been made to the credit card company/bank (1)	(6)

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1-2	<ul style="list-style-type: none">Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2)Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	<ul style="list-style-type: none">Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies. (AO2)Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	<ul style="list-style-type: none">Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2)Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	Option 1: an offer of 15% off their first shopping bill for new customers Option 2: a loyalty card offering lower prices to existing customers Indicative content	Mark
3 (f)	<p>A02 = 3 A03 = 3 A04 = 3</p> <p>Arguments for choosing option 1.</p> <p><u>A02</u></p> <ul style="list-style-type: none">• This would save customers money on their first shop for vegetables and fruit• The lower prices means that shoppers will pay less for their vegetables <p><u>A03</u></p> <ul style="list-style-type: none">• The 15% offer may encourage new shoppers to try out <i>Happy Fresh</i> for their fresh vegetables and grocery shopping• Then they are more likely to return to purchase their grocery products on a regular basis <p><u>A04</u></p> <ul style="list-style-type: none">• However, they may only make the first purchase and then go back to where they originally buy their weekly shopping from• However, there is no guarantee that the 15% offered by <i>Happy Fresh</i> is better than similar offers by its competitors <p>Arguments for choosing option 2.</p> <p><u>A02</u></p> <ul style="list-style-type: none">• By offering a loyalty card it encourages customers to stay with <i>Happy Fresh</i> to obtain the lower prices on their grocery shopping• The more that customers purchase vegetables and grocery items the more rewards they will collect which can reduce their shopping bill <p><u>A03</u></p> <ul style="list-style-type: none">• Customers may be tempted to purchase more items and different grocery items because of the loyalty card• The more customers that join the loyalty scheme means that <i>Happy Fresh's</i> profits increase <p><u>A04</u></p> <ul style="list-style-type: none">• However, the loyalty card only retains existing customers and does not attract new customers• However, the loyalty scheme may become too expensive for <i>Happy Fresh</i> with the additional administration associated with the organisation of the scheme	(9)

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1-3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2) Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3) Makes a judgement, providing a simple justification based on limited evaluation of commercial information and issues relevant to the choice made. (AO4)
Level 2	4-6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies. (AO2) Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) Makes a judgement, providing a justification based on sound evaluation of commercial information and issues relevant to the choice made. (AO4)
Level 3	7-9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2) Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) Makes a judgement, providing a clear justification based on a thorough evaluation of commercial information and issues relevant to the choice made. (AO4)

Question number	Calculate to two decimal places, the percentage decrease in energy consumption from 2019 to 2020. Answer	Mark
4 (a)	<p>AO2 = 2</p> <p>Award 1 mark for correct calculation and 1 mark for correct answer.</p> <p>$50,281 - 48,978 = 1,303$ (1) $1,303 \div 50,281 \times 100 = 2.59$ (1)</p> <p>NB A candidate who responds with 2.59 and no calculation would still get both marks.</p>	(2)

Question number	Analyse the advantages to <i>Wilmar International</i> of being based in a country that is a member of the ASEAN trading bloc. Indicative content	Mark
4 (b)	<p>A02 = 3 A03 = 3</p> <p>A02</p> <ul style="list-style-type: none"> • It enables <i>Wilmar International</i> to sell its flour to other member countries of ASEAN such as Thailand without paying additional costs • It is easier to obtain experienced employees as these can move from one country to another within ASEAN <p>A03</p> <ul style="list-style-type: none"> • The cost of the exporting the flour is cheaper within the trading bloc and thus increases the profits made • This can save <i>Wilmar International</i> time and money as they do not spend money on advertisements for employees 	(6)

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2) • Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3)
Level 2	3–4	<ul style="list-style-type: none"> • Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies. (AO2) • Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5–6	<ul style="list-style-type: none"> • Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2) • Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question number	Evaluate why <i>Wilmar International</i> wants to maintain its reputation by obeying consumer protection legislation Indicative content	Mark
4 (c)	<p style="text-align: center;">AO1 = 3 AO2 = 3 AO3 = 3 AO4 = 3</p> <p><u>AO1</u></p> <ul style="list-style-type: none">• <i>Wilmar International</i> would want customers to be satisfied with the sugar they purchased as it meets all the standards set• <i>Wilmar International</i> must meet the requirements of the consumer protection legislation <p><u>AO2</u></p> <ul style="list-style-type: none">• If the customer is satisfied with the standard of sugar, they are more likely to purchase more• Customers may complain about the flour and give <i>Wilmar International</i> a bad reputation <p><u>AO3</u></p> <ul style="list-style-type: none">• This will enhance the reputation of <i>Wilmar International</i> selling good quality products and would encourage more businesses to purchase from them• This could have an impact on <i>Wilmar International</i> by losing sales and reducing revenue <p><u>AO4</u></p> <ul style="list-style-type: none">• However, if they do not maintain the quality of the sugar then customers may go to other businesses to purchase their ingredients• However, just because one customer is dissatisfied the quality of the products, it does not mean that all other customers are dissatisfied	(12)

Level	Marks	Descriptor
	0	No rewardable material.
Level 1	1-4	<ul style="list-style-type: none">• Demonstrates elements of knowledge and understanding of commercial concepts and issues, with limited commercial terminology used. (AO1)• Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2)• Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3)• Draws a conclusion, supported by generic assertions from limited evaluation of commercial information and issues. (AO4)
Level 2	5-8	<ul style="list-style-type: none">• Demonstrates mostly accurate knowledge and understanding of commercial concepts and issues, including appropriate use of commercial terminology in places. (AO1)• Sound application of knowledge and understanding of commercial concepts and issues to the commercial context, although there may be some inconsistencies. (AO2)• Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)• Draws a conclusion based on sound evaluation of commercial information and issues. (AO4)
Level 3	9-12	<ul style="list-style-type: none">• Demonstrates accurate knowledge and understanding of commercial concepts and issues throughout, including appropriate use of commercial terminology. (AO1)• Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2)• Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)• Draws a valid and well-reasoned conclusion based on a thorough evaluation of commercial information and issues. (AO4)