

Mark Scheme (Results)

January 2014

Pearson Edexcel International GCSE  
in Commerce (4CM0) Paper 01

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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)           | <ul style="list-style-type: none"> <li>• Duty/ duties/ tariff</li> </ul> | (1)  |
| (b)             | <ul style="list-style-type: none"> <li>• Public</li> </ul>               | (1)  |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 1 (c)           | <ul style="list-style-type: none"> <li>• Mortgage</li> </ul>                 | (1)  |
| (d)             | <ul style="list-style-type: none"> <li>• Brand/ branded/ branding</li> </ul> | (1)  |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 2 (a)           | <ul style="list-style-type: none"> <li>• A group of organisations in the same industry/ trade join together to advertise the product (1)<br/>Eg Milk, Sugar, Eggs, or phrase such as 'go to work on an egg' (1)</li> </ul>   |      |
| (b)             | <ul style="list-style-type: none"> <li>• Advertising undertaken by individual companies to increase sales of their own goods (1)<br/>Eg Heinz, Cadbury's, Lux, supermarkets, bank or phrase such as 'best in the world' (1)</li> </ul> <p>(1 mark for each definition and 1 mark for each example)</p> |      |
|                 |  | (4)  |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 3               | <ul style="list-style-type: none"> <li>• £36 000/ £240 000 (1) = 15% (1)</li> </ul> <p>(1 mark for correct method but calculation error)</p> | (2)  |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 4               | <ul style="list-style-type: none"> <li>• Ask for the product to be returned</li> <li>• Offer a refund</li> <li>• Offer a replacement</li> <li>• Offer a credit note</li> </ul> <p>(1 mark for each action)</p> | (2)  |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 5               | <ul style="list-style-type: none"> <li>• Trade fairs</li> <li>• Credit guarantees</li> <li>• Consular services</li> <li>• Finance/ loans/ grants</li> <li>• Subsidy/ rebate on imported goods</li> <li>• Lower taxes</li> <li>• Advice/ information</li> <li>• Trade exhibitions</li> </ul> <p>(1 mark for each service)</p> | (2)  |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 6               | <ul style="list-style-type: none"> <li>• Suitable for bulk loads</li> <li>• Fuel-efficient/ saving costs of transport</li> <li>• Easy loading and offloading</li> <li>• Cheaper than road</li> </ul> <p>(1 mark for each reason)</p> | (2)  |

| Question Number               | Answer   | Mark |
|-------------------------------|--|------|
| 7(i)<br>(ii)<br>(iii)<br>(iv) | <ul style="list-style-type: none"> <li>• Foundry worker = Secondary</li> <li>• Boat Builder = Secondary</li> <li>• Quarry worker = Primary</li> <li>• Fisherman = Primary</li> </ul> <p>(1 mark for each occupation correctly matched)</p> | (4)  |

| Question Number | Answer  | Mark |
|-----------------|---|------|
| 8               | <ul style="list-style-type: none"> <li>• Quotation/ Catalogue/ Price list/ Estimate</li> <li>• Acknowledgement of order</li> <li>• Advice note</li> <li>• Pro-forma invoice</li> </ul> <p>(1 mark for correct name of document)</p> | (1)  |

| Question Number | Answer  | Mark |
|-----------------|---|------|
| 9               | <ul style="list-style-type: none"> <li>• Access to a ready-made market</li> <li>• Products have been tried/ tested</li> <li>• Market research has already been done</li> <li>• Product will be well-known/ well advertised</li> <li>• Franchisee receives advice/ support from franchisor</li> <li>• Easier to obtain finance</li> <li>• Competition is restricted</li> </ul> <p>(1 mark for each reason)</p> | (2)  |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 10              | <ul style="list-style-type: none"> <li>• Temperature controlled</li> <li>• Use of freezers</li> <li>• Storage of perishables/ examples</li> </ul> <p>(1 mark for each feature)</p> | (2)  |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 11              | <ul style="list-style-type: none"> <li>• Payment can be postponed</li> <li>• Buyers can take advantage of promotions/ discounts offered</li> <li>• Obtain goods that one cannot afford</li> <li>• Spread payments</li> <li>• A way of 'forced saving'</li> <li>• Opportunity cost</li> </ul> <p>(1 mark for each reason)</p> | (3)  |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 12              | <ul style="list-style-type: none"> <li>• Paying wages/ salaries</li> <li>• Paying multiple bills</li> <li>• To pay money from one account to another account</li> <li>• To pay bills if no bank account</li> <li>• Paying government benefits or example</li> </ul> <p>(1 mark for each situation)</p> | (2)  |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 13              | <ul style="list-style-type: none"> <li>• When a cheque is used the debtor draws the cheque on the bank – and pays it to a creditor - but on a bill of exchange the exporter draws up the bill – and sends it to the importer’s bank</li> <li>• Cheques normally paid on demand/ immediately – to pay bills - bills of exchange can be drawn for three months – can be discounted</li> <li>• There are three parties to a cheque – and used in the home trade - there are four parties to a bill of exchange – and used in international trade</li> <li>• Bill of exchange guarantee payment – cheques can bounce</li> </ul> <p>(1 mark for each point with 2 marks maximum for each method of payment)</p> | (4)  |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 14 (a)          | Tertiary (1)   | (1)  |
| (b)             | <ul style="list-style-type: none"> <li>• No need to queue</li> <li>• Can see the prices/ total amount of goods bought</li> <li>• Likely to be quicker than going to a cashier/ less time-consuming / for a few goods</li> </ul> <p>(1 mark for each advantage)</p>         | (2)  |
| (c)             | <ul style="list-style-type: none"> <li>• Reduction of staff - able to cut labour costs/ save wages - increase profits.</li> <li>• Staff can be deployed doing other duties – such as stacking shelves – working at full capacity</li> </ul> <p>(1 mark for each point)</p> | (3)  |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 15 (a) (i)      | <ul style="list-style-type: none"> <li>• Stockbroker – telephone or visit – to obtain best deal</li> <li>• Visit bank – will carry out transaction immediately– using software</li> <li>• Email/ telephone licensed dealer – on website or in newspaper - often cheaper than stockbroker</li> </ul> <p>(1 mark for each point)</p>   | (2)  |
| (ii)            | <p>£9000 - £6000 (1) = £3000(1) profit (1)<br/> OR 300 – 200 = 10 x 3, 000 shares (1)<br/> £3000 profit (1)</p> <p>(1 mark for correct method but calculation error)</p>   | (3)  |
| (iii)           | <p>Shares at £1.25 – lowest rate for that period – less than she paid for the shares – will have lost money - £2250</p> <p>(1 mark for each point plus up to 2 marks for development)</p>  | (3)  |
| (b)             | <ul style="list-style-type: none"> <li>• Performance – if profits are good, the price of shares are likely to remain high – if losses forecast the price of shares will generally fall</li> <li>• Mergers/ takeovers – amount of share price change will depend on shareholders' views of change of ownership – normally takeovers push the share price up</li> <li>• Development of new products – likely to lead to optimism – and a rise in price</li> <li>• Government policies – eg new tax – could lead to share prices within a sector falling – as profits are likely to fall</li> <li>• General economic activity – if there is potential economic growth – this will lead to increases in demand for goods – share prices will generally rise</li> <li>• Speculation – if investors believe</li> </ul> |      |





| Question Number | Answer  | Mark |
|-----------------|---|------|
| 16 (a)          | <ul style="list-style-type: none"> <li>• Arrange transport/ move goods</li> <li>• Arrange insurance of goods</li> <li>• Prepare storage</li> <li>• Pack goods</li> <li>• Arrange customs clearance</li> <li>• Prepare documentation</li> </ul> <p>(1 mark for each service)</p>   | (3)  |
| (b)             | <ul style="list-style-type: none"> <li>• Mrs Patel would be probably too small a business to employ an overseas agent – this would lead to extra costs – such as salary. Import agents will have the necessary expertise in what they are selling – and what the local consumers are likely to demand.</li> <li>• By using an import agent, this cuts down their need to travel to overseas markets – and this will also avoid many of the difficulties involved in international trade – eg transporting the goods over long distances</li> </ul> <p>(1 mark per point plus up to two marks for development for each advantage)</p> <p>Note: Maximum of 3 marks for simply stating reasons</p> | (6)  |

|     |   |     |
|-----|---|-----|
| (c) | <p>Different currencies will be used – eg South African manufacturer would want to be paid in rand – exchange rates, such as the rand, vary daily – if the rand becomes strong, the import agent may not be able to import the same number of goods as before – since the goods will be more expensive – he may have to look for cheaper goods from elsewhere</p> <p>More complex methods of payment will be used – such as documentary credits – explanation – and electronic transfers - explanation</p> <p>(1 mark per point plus up to two marks for development)</p> <p>Often more paperwork involved – also, different language/ complex compared to home trade – eg need for certificate of origin – to know which country the goods came from – also, a licence may be required – eg to bring in sensitive material – such as weapons – need for bill of lading to transfer ownership</p> <p>(1 mark per point plus up to two marks for development)</p> <p>(Note: Maximum of 3 marks for one difficulty)</p> | (6) |
| (d) | <p>Provides goods which may be cheaper to buy – and of better quality – leading to greater choice – allow example - than what could be produced at home – increasing consumers standard of living</p> <p>(1 mark per point plus up to four marks for development)</p> <p>Note: Maximum of 2 marks for simply stating reasons</p>  | (5) |

| Question Number | Answer   | Mark |
|-----------------|--|------|
| 17 (a)          | <ul style="list-style-type: none"> <li>• To obtain financial protection/ cover/ restore back to the original position – so spreading risk – against loss</li> <li>• To obtain compensation – against an accident - so as to replace car or parts</li> <li>• Legal requirement – must have third party –covers claims by others because of injury to them or property</li> </ul> <p>1 mark for each reason plus up to one marks for development x 1)</p> <p>(Note: Maximum of 2 marks for one reason)</p>                 | (4)  |
| (b)             | <p>It is an application for insurance – to find out what the insured wants to insure – to give personal information on the proposal form – eg of details, such as car value – details need to be truthful – on the basis of utmost good faith – so that the insurer will be able to assess the risk – from past records – and decide whether or not to accept the risk – so as to determine or fix the amount of premium – in order to make a profit</p> <p>(1 mark per point plus up to four marks for development)</p> | (5)  |

|     |   |     |
|-----|---|-----|
| (c) | <ul style="list-style-type: none"> <li>• Lacks utmost good faith – he has not declared some relevant fact – such as being in a previous car accident</li> <li>• Outside the age range offered by insurer – such as 19 years old – becomes a non-insurable risk</li> <li>• High theft area for cars – this will increase the risk – increase the likelihood of a claim</li> <li>• Previous convictions for dangerous driving/poor accident record – increases the chances of an accident – considered a bad risk</li> </ul> <p>1 mark for each reason plus up to two marks for development x 2)</p> <p>(Note: Maximum of 3 marks for one reason)</p>   | (6) |
| (d) | <p>He will be offered independent advice – on which insurance company to use – by offering advice on the best policy to choose – as each insurance company offer different quotations – you will be supplied with a range of the most suitable policies – this will save money/ time instead of contacting each company – however, some brokers –as they work on commission – may push the policies of certain companies over others – they will also place the insurance for Gary – and collect premiums – passing all documentation on to Gary so this helps Gary with paperwork</p> <p>(1 mark per point plus up to four marks for development)</p> <p>Note: Maximum of 2 marks for simply stating reasons</p> | (5) |

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