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# Mark Scheme (Results)

## January 2018

### 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>Tariff</li> </ul> N.B Accept Tariffs/Tarriff/Tarif Accept with upper or lower case Do not accept duty	(1)

Question Number	Answer	Mark
1 (b)	<ul style="list-style-type: none"> <li>Franchisee</li> </ul> N.B Accept Franchicee Accept with upper or lower case Do not accept Franchise/Franchisor	(1)

Question Number	Answer	Mark
1 (c)	<ul style="list-style-type: none"> <li>Loss</li> </ul> Accept with upper or lower case	(1)

Question Number	Answer	Mark
1 (d)	<ul style="list-style-type: none"> <li>Profit</li> </ul> N.B Accept Profit Accept with upper or lower case Do not accept Net Profit/Gross Profit	(1)

Question Number	Answer	Mark
2 (a)	<ul style="list-style-type: none"> <li>Private sector organisations are owned by individuals or companies (1) e.g. sole trader, partnership, limited company, co-operative, franchise (1)</li> </ul> (1 mark for definition and 1 mark for example)	(2)

Question Number	Answer	Mark
2 (b)	<ul style="list-style-type: none"> <li>Public sector organisations are owned by government or state (1) e.g. Nationalised industries, local council/government, British Council (1)</li> </ul> (1 mark for each definition and 1 mark for example)	(2)

Question Number	Answer	Mark
3	<ul style="list-style-type: none"> <li>• 750 x 15 divided by 100 (1) = £112.50 (1) or</li> <li>• 750 x 0.15 (1) = £112.50 (1)</li> <li>• 750 x 15 pence (1) = 11250 pence (1)</li> </ul> <p>(2 marks for correct answer with 1 mark for correct method but calculation error)</p>	(2)

Question Number	Answer	Mark
4	<ul style="list-style-type: none"> <li>• Overspending</li> <li>• Only used in stores that accept the card</li> <li>• May have reached credit limit on store card</li> <li>• Need to pay interest if debt not settled within a month</li> <li>• Privacy concerns/email spam</li> <li>• Interest rates can be high, making them expensive</li> </ul> <p>(1 mark for each disadvantage)</p>	(2)

Question Number	Answer	Mark
5	<ul style="list-style-type: none"> <li>• To obtain discounts</li> <li>• To be able to sell to consumers at lower prices</li> <li>• To deal with one/fewer supplier(s) rather than many suppliers</li> </ul> <p>(One mark for each reason)</p>	(2)

Question Number	Answer	Mark
6	<ul style="list-style-type: none"> <li>• Bill of lading</li> <li>• Insurance policy</li> <li>• Invoice</li> <li>• Certificate of origin</li> <li>• Bill of exchange</li> <li>• Air waybill</li> </ul> <p>(1 mark for each document)</p>	(2)

Question Number	Answer	Mark
7	(i) Providing services (ii) Producing goods (iii) Producing goods (iv) Providing services  (1 mark for each type correctly matched)	(4)

Question Number	Answer	Mark
8	<ul style="list-style-type: none"> <li>• Recorded delivery/signed for</li> <li>• Special Delivery</li> </ul>	(1)

Question Number	Answer	Mark
9	<ul style="list-style-type: none"> <li>• Expand the menu to attract more customers</li> <li>• Offer loyalty rewards/cards for repeat business</li> <li>• Advertising</li> <li>• Special offers for larger purchases/lower prices</li> <li>• Product-bundle offers</li> <li>• Host events eg music evening to attract more customers</li> <li>• Open a social network account</li> <li>• Extend opening hours</li> </ul> (1 mark for each way)	(2)

Question Number	Answer	Mark
10	<ul style="list-style-type: none"> <li>• Instruction to bank to pay directly into the payee's account/from one account to another account</li> <li>• Used for single/multiple payments</li> <li>• Credit transfer form completed for each bill</li> <li>• One cheque is written for total amount owed</li> </ul> (1 mark for each feature)	(2)

Question Number	Answer	Mark
11	<ul style="list-style-type: none"> <li>• Issuing of notes</li> <li>• Acts as banker to the government</li> <li>• Custodian of nation's reserves</li> <li>• Acts as banker/supervisor to the other banks</li> <li>• Acts as lender of last resort</li> <li>• Controls monetary policy/sets interest rates/quantitative easing</li> <li>• Target inflation</li> <li>• Publishes economic data</li> <li>• Handles government debt</li> </ul> <p>(1 mark for each function)</p>	(3)

Question Number	Answer	Mark
12	<ul style="list-style-type: none"> <li>• Urgency of need</li> <li>• Speed of delivery</li> <li>• Value of equipment</li> <li>• Lower insurance/packing costs</li> <li>• Access to remote areas</li> </ul> <p>(1 mark for each reason)</p>	(2)

Question Number	Answer	Mark
13	<ul style="list-style-type: none"> <li>• Brokers bring buyers and sellers together (1) whereas factors sell goods on behalf of their principals (1)</li> <li>• Brokers do not have possession of the goods (1) whereas factors have possession of the goods and deliver sold goods directly to buyers (1)</li> <li>• Brokers cannot arrange contracts/sell in their own names (1) whereas factors can only deal with goods as if they were the owners/can sell in their own name (1)</li> <li>• Brokers gain commission for their services (1) but factors can earn extra commission if they act as a del credere agent (1)</li> </ul> <p>(1 mark per point for factors or brokers plus up to 2 marks for explaining the difference)</p> <p>(Note: Maximum of 2 marks for brokers or factors)</p>	(4)

Question Number	Answer	Mark
14 (a)(i)	Zanny Flowers N.B Accept Zanny Flowers LTD Accept with upper or lower case	(1)

Question Number	Answer	Mark
14 (a)(ii)	Premier Bank N.B Accept Premier Bank PLC Accept with upper or lower case	(1)

Question Number	Answer	Mark
14(b)	<ul style="list-style-type: none"> <li>• Site Z is located in relation to other businesses on the main street (1) has passing trade from other shops (1)</li> <li>• Some people may want to buy a book and go into the internet café to read (1) as the book shop is conveniently placed next door (1)</li> <li>• No competition (1) because there are no other book shops in the town centre (1)</li> </ul> <p>(1 mark for each reason and 1 mark for development)</p>	(4)



Question Number	Answer	Mark
15 (a)	<ul style="list-style-type: none"> <li>• Visible trade is the trade in goods (1) e.g. tea/clothing/cars/chemicals (1)</li> <li>• Invisible trade is the trade in services (1) e.g. tourism/shipping (1)</li> </ul> <p>(1 mark for each definition, plus one mark for each example)</p>	(4)

Question Number	Answer	Mark
15 (b)(i)	<ul style="list-style-type: none"> <li>• Total Exports – £550 million + £235 million = £785million (1)</li> <li>• Total Imports – £650 million + £380 million = £1 030million (1)</li> <li>• Balance of Payments = £785 million minus £1030 million = minus/deficit £245 million (1)</li> </ul> <p>(3 marks for correct answer with 2 marks for correct method but one calculation error)</p>	(3)

Question Number	Answer	Mark
15 (b) (ii)	<ul style="list-style-type: none"> <li>• There is a deficit of £245million which means the country is importing more than it is exporting (1) therefore not enough goods/services sold abroad to pay for imports (1) leading to less economic growth/unemployment (1)</li> </ul> <p>Allow OFR for balanced of payment in (i)</p> <p>(1 mark plus 2 mark for development)</p>	(3)

Question Number	Answer	Mark
15 (c)	<ul style="list-style-type: none"> <li>• Due to comparative advantage (1) which suggests that countries who have a lower opportunity cost (giving up production of a particular good) at producing a certain good (1) should efficiently allocate their resources to producing just that good (1) so after domestic consumption they can trade/benefit (1)</li> <li>• Certain countries have natural resources/expertise of labour (1) such as Madeira produces flowers because of its climate/soil (1) thus having an absolute advantage in producing that good (1) so it is more efficient to produce that good/can produce to a higher quality (1)</li> </ul> <p>(1 mark per point plus up to 3 marks for development)</p>	(4)

Question Number	Answer	Mark
15 (d)	<ul style="list-style-type: none"> <li>• Bring in employees from other parts of world (1) with less scope for local people (1) who tend to end up in lower paid jobs (1)</li> <li>• Exploiting a country's cheap labour rates (1) eg use of child labour (1) abusing human rights (1)</li> <li>• May leave the country when grant/agreement runs out (1) especially if labour costs are cheaper elsewhere (1) leading to unemployment (1)</li> <li>• Profits leave the host country back to HQ country (1) the host country does not get the benefit of tax receipts (1) reducing the governments income (1)</li> <li>• May exploit the environment (1) pollution from industrial waste (1) going against international global warming agreements (1)</li> <li>• Exploiting natural resources (1) once resources are used up, multinationals move on (1) the country will have lost natural resources for future generations (1)</li> <li>• Local firms may go out of business (1) locals prefer branded goods (1) cannot compete with multinationals' economies of scale/cheaper prices (1)</li> <li>• Damage local culture/traditions (1) disregard for national customs (1) eg working on days of worship (1)</li> </ul> <p>(1 mark per disadvantage plus up to 2 marks for the development of each disadvantage – 2 x 3 marks)</p>	(6)

Question Number	Answer	Mark
16 (a)	Wholesaler to retailer to consumer  (2 marks for correct chain of distribution) Note:1 mark for two elements of the correct chain)	(2)

Question Number	Answer	Mark
16 (b)	Fruity Wholesalers are dealing with perishable goods (1) without goods being kept at the right temperature they would perish/not be fresh (1) and would not be saleable/wasted (1) they would lose money (1) and whilst in storage gives Fruity Wholesalers time to sell the goods/find a market/sell goods throughout the year (1)  (1 mark per point plus up to 3 marks for development)	(4)

Question Number	Answer	Mark
16 (c)	<ul style="list-style-type: none"> <li>• Door-to-door (1) no transshipment necessary (1) as no other form of transport necessary (1)</li> <li>• Routes not fixed (1) can take the shortest route (1) thereby cutting costs (1)</li> <li>• Flexibility (1) as not reliant on timetables (1) allowing the meeting of urgent orders at short notice (1)</li> <li>• Large road network (1) making roads accessible everywhere (1) making it easy to deliver up to shopfront (1)</li> <li>• Most suitable form of transport (1) as retailers are locally based (1) need to use transport which is quick over short distances (1)</li> </ul> (1 mark for a reason plus 2 marks for development)	(3)

Question Number	Answer	Mark
16 (d)	<ul style="list-style-type: none"> <li>• In order to obtain the lowest cost large-scale retailers agree with this view have the capital to buy directly from manufacturers in bulk/or manufacturer their own goods and provide the wholesaler services themselves. Also many manufacturers agree with this view as they sell branded goods direct to consumers through the internet/mail order these goods as they are easily recognised do not have to be marketed.</li> <li>• However, many small-scale retailers cannot afford to buy in bulk. They only require small quantities of goods as their turnover is small. Wholesalers provide an expanded consumer market potential in terms of geographical locations and consumer purchasing power while at the same time providing a cash flow for the manufacturer. For most small producers, an immediate geographic location is typically insufficient to provide and maintain an on-going customer base for their operations.</li> <li>• Overall, much depends on the type of retailer and the capacity of the manufacturer. It is better for manufacturers to deal with large-scale retailers in bulk purchases. Manufacturers do not have the capacity to deliver to small-scale retailers. It is better for small-scale retailers to use the wholesaler as they need to survive and cannot afford to overbuy or have their own transport/warehouses.</li> </ul> <p>(Up to 4 marks for argument and up to 2 marks for judgement/conclusion)</p>	(6)

Question Number	Answer	Mark
16 (e)	<p>There are no bad debts (1) as no credit is given (1) which helps the wholesaler to pay when purchasing manufacturers' stock (1). Expenses are reduced as there is no delivery (1).</p> <p>Cash-and-carry wholesalers have enabled wholesalers to increase trade with small-scale retailers/public (1) attracting other businesses such as caterers (1) and increasing the wholesaler trade with consumers (1).</p> <p>(1 mark per point plus up to 4 marks for development)</p>	(5)

Question Number	Answer	Mark
17 (a) (i)	<p>Sum of money (1) paid for cover/insured (1)</p> <p>(1 mark per point)</p>	(2)

Question Number	Answer	Mark
17 (a) (ii)	<ul style="list-style-type: none"> <li>• Value of motor (1) the greater the value (1) the greater the premium (1)</li> <li>• Age of motor (1) the older the motor (1) the greater the premium (1)</li> <li>• Type of motor (1) eg a sports car would command a higher premium (1) than a hatchback (1)</li> <li>• Cost of repairs (1) repairing a more valuable car would command a higher premium (1) as they are more expensive to repair (1)</li> <li>• Districts where driven (1) a district with many accidents/incidents of theft (1) would increase the premium (1)</li> <li>• Past record of driver (1) eg poor record of accidents (1) would increase the premium (1)</li> <li>• Previous claims made (1) eg the more claims (1) the higher the premium (1)</li> <li>• Length of cover (1) the longer you pay for (1) the lower the premiums will be (1)</li> <li>• Amount of cover required/sum to be insured (1) the greater the cover (1) the more the premium (1)</li> <li>• Amount of excess (1) the greater the excess cover (1) may lower the premium (1)</li> <li>• Insurance company used (1) premiums will vary depending upon the size of their pool (1) and whether the insurer is making enough profit from motor insurance (1)</li> <li>• Size of insurance pool (1) the bigger the pool (1) the lower the premium paid (1)</li> </ul> <p>(1 mark for the factor plus 2 marks for development of one factor)</p>	(3)

Question Number	Answer	Mark
17 (b)	<ul style="list-style-type: none"> <li>• Lack experience (1) will meet up with road conditions never met before (1) whereas older drivers used to all road conditions (1)</li> <li>• More likely to take more risks (1) eg cutting in and out of traffic/driving too fast/use of drink/drugs (1) whereas older drivers are often perceived as more responsible (1)</li> <li>• Night driving (1) drive more at night (1) than older drivers (1)</li> <li>• Distracted driving (1) eg use of mobile phone (1) less older drivers caught driving and phoning/texting (1)</li> </ul> <p>(1 mark for why plus 2 marks for development)</p>	(3)

Question Number	Answer	Mark
17 (c)	<ul style="list-style-type: none"> <li>• Take details of other driver (1)</li> <li>• Take photographs/find witnesses/evidence (1)</li> <li>• Check to see if the accident is covered by the policy (1)</li> <li>• Contact the police (1)</li> <li>• Contact the insurer/insurance company (1)</li> </ul> <p>(1 mark per step)</p>	(4)



Question Number	Answer	Mark
17 (d)	<ul style="list-style-type: none"> <li>• Indemnity - Is where the insured is placed in the same position after loss as before loss with no profit being made, as the car owner can only claim back the amount of loss. If over-insured they cannot claim back more than the damaged car is worth; otherwise a car owner could over-insure to gain money. Again, if a car owner under-insures they cannot claim back the full amount.</li> <li>• Utmost good faith - The insurer will refuse to pay out any compensation if the questions in the proposal form had not been answered truthfully or relevant facts had been omitted because they determined the premiums to be paid. If the proposal form had been completed incorrectly to reduce the premium paid or to minimise the danger of the risk the insurer may declare the contract void and not pay out any compensation in the event of a claim.</li> <li>• Overall, under indemnity it is important to have the cost of the car restored, so that you can start again. You would not receive any money if lies about the accident or car had been made under the principle of utmost good faith. Therefore, utmost good faith is the most important principle on the grounds that you lose everything if the truth has not been told.</li> </ul> <p>(Up to 6 marks for analysis of indemnity and utmost good faith plus up to 2 marks for judgement/conclusion)  Note: Maximum of 4 marks for any one insurance principle</p>	(8)

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