Mark Scheme (Results)

Summer 2017

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)	Tertiary Accept any recognisable spelling	**(1)**

Question Number	Answer	Mark
1 (b)	Offer/Offers NB Do not accept promotion/promotions Accept any recognisable spelling	**(1)**

Question Number	Answer	Mark
1 (c)	2/Two/Two owners Accept any recognisable spelling	**(1)**

Question Number	Answer	Mark
1 (d)	Agent/agency Accept any recognisable spelling	**(1)**

Question Number	Answer	Mark
2 (a)	Obtaining or extracting raw materials from the earth/nature/natural sources **(1)** e.g. coal miner, farmer and lumberjack **(1)** (1 mark for definition and 1 mark for example)	**(2)**

Question Number	Answer	Mark
2 (b)	Changing raw materials into finished goods **(1)** mechanic, machinist, carpenter, bricklayer, baker **(1)** (1 mark for each definition and 1 mark for example)	**(2)**

Question Number	Answer	Mark
3	12 x £20 =£240 £240 x 20% = £48 **(1)** £240 - £48 = £192 **(1)** **OR** Cost of chairs returned = £20 less 20% each = £16 each **(1)** and as 12 chairs were returned, the total cost is £16 each x 12 = £192 **(1)** (2 marks for correct answer with 1 mark for correct method but calculation error)	**(2)**

Question Number	Answer	Mark
4	- Boredom - Unemployment/skills may become out-of-date/workers replaced by machines - Less job satisfaction/less pride in work/feeling less valued/less motivated - Difficult to transfer to other jobs (1 mark for each disadvantage)	**(2)**

Question Number	Answer	Mark
5	- Means of payment in international trade - Issued by importer's bank/issuing bank - Used to pay an exporter - Exporter produces documents to prove goods have been dispatched - Exporter is guaranteed payment (1 mark for each feature)	**(2)**

Question Number	Answer	Mark
6	• Costs of computer/broadband/internet fee • Costs to design a website • Costs of maintaining website • Cost of packing/postage • Cost of courier/delivery (1 mark for each example)	**(2)**

Question Number	Answer	Mark
7	(i) Small (ii) Large (iii) Large (iv) Small (1 mark for each method correctly matched)	**(4)**

Question Number	Answer	Mark
8	Cash and carry Accept any recognisable spelling	**(1)**

Question Number	Answer	Mark
9	• Romance • Colour • Hero worship/Celebrity • Attractive image (1 mark for each method)	**(2)**

Question Number	Answer	Mark
10	• Goods can be taken by a buyer after payment of a deposit • Ownership happens after the last payment made • Payments made in instalments • Interest is charged • There is a cooling-off period after a HP agreement is signed • The seller can sue/repossess the goods if hirer falls behind with payment (1 mark for each feature)	**(2)**

Question Number	Answer	Mark
11	• Questionnaires/surveys • Interviews • Focus groups • Observations • Product sampling • Consumer panels (1 mark for each method)	**(3)**

Question Number	Answer	Mark
12	• Presents company in a positive way/gain reputation • Raise brand/product awareness • Enables product to be shown/promoted at event • Provide events for promoting public relations NB Do not accept increase in sales (1 mark for each reason)	**(2)**

Question Number	Answer	Mark
13	Handling is mechanised **(1)** less physical handling/labour **(1)** with containers stacked/moved by robots/cranes **(1)** this has speeded up the transport of goods/with quick turnaround **(1)** (1 mark per point plus up to three marks for development)	**(4)**

Question Number	Answer	Mark
14 (a) (i)	Ordinary shares NB Do not accept any other answer e.g. shares	**(1)**

Question Number	Answer	Mark
14 (a) (ii)	£2 000 000 (4 000 000 x 50p)	**(1)**

Question Number	Answer	Mark
14(a) (iii)	£490 000 (7% of £7 000 000)	**(1)**

Question Number	Answer	Mark
14 (b)	£2 000 000 **(1)** (revenue) - £1 200 000 **(1)** = £800 000 **(1)** (other outgoings i.e. £160 000 (preference share dividend) + £490 000 (debentures) + £500 000 (production costs) + £50 000 (income tax) = £1 200 000) Allow OFR (3 marks for correct answer with 2 marks for correct method but one calculation error)	**(3)**

Question Number	Answer	Mark
15 (a) (i)	£494m - £760m **(1)** = -£266m **(1)** (2 marks for correct answer with 1 mark for correct method but calculation error) for correct answer with 1 mark for correct method but calculation error) NB Correct answer without the minus sign but identified as deficit is acceptable	**(2)**

Question Number	Answer	Mark
15 (a) (ii)	-£266m - £185m (£425m - £240m) **(1)** = -£81m **(1)** **OR** £919m - £1000m **(1)** = -£81m **(1)** Allow OFR (2 marks for correct answer with 1 mark for correct method but calculation error) NB Correct answer without the minus sign but identified as deficit is acceptable	**(2)**

Question Number	Answer	Mark
15 (b)	• Provides foreign currency **(1)** to pay for imports **(1)** • Creates jobs **(1)** to cut unemployment figures **(1)** • Increases standard of living **(1)** wider choice of goods not produced in the country **(1)** • Maintains a positive balance of payments **(1)** avoids deficit **(1)** • Increases government revenue **(1)** through customs duties **(1)** • National income will increase **(1)** the economy will grow **(1)** • Enables them to dispose of surplus food **(1)** to obtain goods they need **(1)** • A country may specialise **(1)** increased output **(1)** (1 mark plus 1 mark for development for each advantage)	**(4)**

Question Number	Answer	Mark
15 (c) (i)	Tariffs will act as a tax on imported goods **(1)** causing the price of imported goods to rise **(1)** leading to a reduction of demand for these goods/consumers will buy domestic goods instead **(1)** (1 mark per point plus up to 2 marks for development)	**(3)**

Question Number	Answer	Mark
15 (c) (ii)	Quotas will place a limit on the number of foreign goods coming into a country **(1)** leading to shortages/reduced supply **(1)** will increase import prices/less dumping of goods on a market **(1)** (1 mark per point plus up to 2 marks for development)	**(3)**

Question Number	Answer	Mark
15 (d)	It will lower export prices **(1)** and increase import prices **(1)** this will raise export revenue **(1)** and lower import spending **(1)** more domestic goods will be produced/bought **(1)** will raise production/economic growth **(1)** (1 mark per point plus up to 5 marks for development)	**(6)**

Question Number	Answer	Mark
16 (a) (i)	Teleconferencing/Videoconferencing/Telex/Text messaging/Fax	**(1)**

Question Number	Answer	Mark
16 (a) (ii)	• The conversation can develop into a discussion/points can be clarified • Immediate feedback is given/quick response • Customer may be persuaded to buy insurance NB Do not accept saves time/costs (1 mark for one benefit)	**(1)**

Question Number	Answer	Mark
16(a) (iii)	• Provides a record/proof/reference • The phone line may be busy/do not want to hang on/avoids automated options • Telephone signal may be poor/difficult to understand • Email is cheaper/quicker than a phone call • Can use attachments (1 mark for one reason)	**(1)**

Question Number	Answer	Mark
16 (b)	• Lloyd's is not an insurance company **(1)** but it is a market place where buyers and sellers trade **(1)** • Business is conducted face-to-face between Lloyd's brokers and underwriters **(1)** rather than telephoning or making an online insurance application **(1)** • Lloyd's insurance has to be conducted through a Lloyds broker **(1)** unlike when a member of the public can directly contact an insurance company for a policy **(1)** • Lloyd's syndicates accept the insurance risk/provide compensation **(1)** rather than the insurance company accepting the risk/ providing the compensation **(1)** • Lloyd's syndicates are funded by 'Names' **(1)** rather than by shareholders of a company **(1)** (1 mark plus 1 mark for development for each difference)	**(4)**

Question Number	Answer	Mark
16 (c)	In order to obtain the lowest premium/choosing the cheapest insurer **(1)** and getting the best/most suitable cover **(1)** by comparing what each company offers **(1)** (1 mark per point plus 2 marks for development) (1 mark per point)	**(3)**

Question Number	Answer	Mark
16 (d)	Need to obtain information about the person **(1)** and what is being insured **(1)** The information will determine risk **(1)** and allow correct calculation of premium **(1)** details need to be truthful/utmost good faith **(1)** and to decide whether or not to accept/cover the risk **(1)** (1 mark per point plus up to 5 marks for development)	**(6)**

Question Number	Answer	Mark
16 (e)	Premiums are collected from customers **(1)** If correct the losses will be less than the total premiums paid **(1)** The money collected will be invested **(1)** in property/stock market **(1)** (1 mark per point plus up to 3 marks for development)	**(4)**

Question Number	Answer	Mark
17 (a)	• Ability to carry large quantities of cars/lorries **(1)** and to be efficiently rolled on/rolled off **(1)** • Less handling **(1)** thus protecting cargo against theft/damage **(1)** • Enables a range of products to be transported **(1)** in one journey **(1)** (1 mark plus 1 mark for development for each benefit) (x2 benefits)	**(4)**

Question Number	Answer	Mark
17 (b) (i)	Shares cannot be bought by the public (1) on the stock exchange (1) with the transfer of shares restricted/to family/friends (1) (1 mark per point)	**(2)**

Question Number	Answer	Mark
17 (b) (ii)	There is limited liability (1) where the liability of shareholders is limited to the amount invested (1) personal possessions are not at risk (1) (1 mark per point)	**(2)**

Question Number	Answer	Mark
17 (c)	Retained profits: It is readily available **(1)** no need for documentation **(1)** it does not have to be paid back **(1)** with no interest to be paid **(1)** no dividends have to be paid **(1)** it can be taken up to any amount of the total available **(1)** with no loss of ownership involved **(1).** Problem of opportunity cost **(1)** e.g. can now afford to start a new line of business if it buys two new ferries **(1)** and the retained profits might be insufficient for expansion **(1)** Loans: Company knows the terms of the loan **(1)** cost **(1)** repayment **(1)** interest rate fixed **(1).** They are usually quick/simple to obtain **(1)** large amount needed to buy ferries **(1)** usually for a long period of time **(1).** As loans are over a long time, this can result in a lot of interest being paid **(1)** if the loan is paid off early the company may have to pay additional charges **(1)** and some lenders insist on collateral security **(1)** on the owner's property **(1)** (1 mark for each point plus 3 marks for development on why option selected and 1 mark for each point plus 3 marks for development on why other option rejected Note: 2 marks maximum if no development for each option and four marks maximum if only 1 option considered.	**(8)**

Question Number	Answer	Mark
17 (d)	Overdraft is short-term finance **(1)** not used for capital projects **(1)** which could work out more expensive than a fixed rate of interest loan/attract high interest rate **(1)** rather than for long-term projects **(1)** (1 mark per point of development)	**(4)**