

Mark Scheme (Results)

Summer 2012

IGCSE 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, ie 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
<b>1(a)</b>	<ul style="list-style-type: none"> <li>• Barter</li> </ul>	<b>(1)</b>

Question Number	Answer	Mark
<b>1(b)</b>	<ul style="list-style-type: none"> <li>• Order/<a href="#">catalogue</a></li> </ul>	<b>(1)</b>

Question Number	Answer	Mark
<b>1(c)</b>	<ul style="list-style-type: none"> <li>• Leaders/<a href="#">leader</a></li> </ul>	<b>(1)</b>

Question Number	Answer	Mark
<b>1(d)</b>	<ul style="list-style-type: none"> <li>• Tele/Telephone/video</li> </ul>	<b>(1)</b>

Question Number	Answer	Mark
<b>2(a)</b>	<p>(Visible trade) is trade in the import/export of goods eg raw materials, electronics or food.</p> <p>(1 mark for definition plus 1 mark for an example)</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>2(b)</b>	<p>(Invisible trade) is trade in the import/export of services eg insurance, tourism or teaching.</p> <p>(1 mark for definition plus 1 mark for an example)</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>3</b>	<p><math>£2240 \times 0.25 = £560</math> (1)</p> <p><math>£2240 - £560 = £1680</math> (2 marks for the correct answer)</p> <p>£ sign <b>is</b> required for total but not calculation.</p> <p>(1 mark for correct method but calculation error)</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>4</b>	<p><b>Valid points could include</b></p> <ul style="list-style-type: none"> <li>Prices charged are often higher</li> <li>Consumer may lose money owing to machine</li> <li>Malfunction/or not receive the item</li> <li>Offer a limited range of goods/product may not be available</li> <li>Goods may be of poor quality</li> <li>They are impersonal</li> <li>Difficult to get a refund/return of goods</li> </ul> <p>(1 mark for each advantage)</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>5</b>	<p><b>Valid points could include</b></p> <ul style="list-style-type: none"> <li>Standard sizes</li> <li>Metal boxes</li> <li>Fitted with devices for easy handling</li> <li>Different types such as refrigerated containers</li> <li>Containers can be locked to prevent theft</li> <li>Can be used by all forms of transport</li> </ul> <p>(1 mark for each feature)</p> <p><b>NB</b> no marks for advantages of containers eg fast to load/unload</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>6</b>	<p><b>Valid points could include</b></p> <ul style="list-style-type: none"> <li>Contribute capital</li> <li>Do not have any voting powers</li> <li>Shares losses</li> <li>Allows the other partners to take decisions</li> </ul> <p>(1 mark for each difficulty)</p> <p><b>NB</b> no marks for decisions are quicker</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>7(i)</b>	<b>A</b>	<b>(1)</b>

Question Number	Answer	Mark
<b>7(ii)</b>	<b>B</b>	<b>(1)</b>

Question Number	Answer	Mark
<b>7(iii)</b>	<b>B</b>	<b>(1)</b>

Question Number	Answer	Mark
<b>7(iv)</b>	<b>A</b>	<b>(1)</b>

Question Number	Answer	Mark
<b>8</b>	Regional distribution warehouse/regional distribution centre/ RDC  (1 mark for any one purpose)	<b>(1)</b>

Question Number	Answer	Mark
<b>9</b>	<b>Valid points could include</b>  The use of colour – conveying the coolness of the drink – targeting youth market The use of lively music – making the drink sound exciting – targeting youth market The use of celebrity – role model – hero worship  (1 mark for each point)	<b>(2)</b>

Question Number	Answer	Mark
<b>10</b>	<p><b>Valid points could include</b></p> <p>Tariffs are taxes on imported goods  Quotas limit the amount of goods allowed into a  Country</p> <p>(1 mark for each point, with a maximum of one mark for either tariffs or quotas)</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>11</b>	<p><b>Valid points could include</b></p> <p>Medium of exchange  Measure of value/unit of account  Store of wealth/value  Standard for deferred payments</p> <p>(1 mark for each function)</p>	<b>(3)</b>

Question Number	Answer	Mark
<b>12</b>	<p><b>Valid points could include</b></p> <p>Misleading descriptions/ false advertising  Ignorance of rights  Unfair sales techniques  Faulty/poor quality goods  Incorrect weights/measures  Unscrupulous traders  Charge very high prices</p> <p>(1 mark for each point)</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>13</b>	<p><b>Valid points could include</b></p> <p>General encouragement of increased trading opportunities – as there is free trade among member countries – giving access to a large-scale market – more opportunities to export</p> <p>Easier for a country's businesses to compete - as there are less trading controls – such as import duties – leading to more competitive</p>	

	<p>prices</p> <p>More investment – eg farming projects – leading to economic growth – greater employment</p> <p>(1 mark for each point plus 3 marks for development – 2 marks maximum if no development)</p> <p><b>NB</b> no marks for example of a trading block</p>	<b>(4)</b>
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Question Number	Answer	Mark
<b>14(a)</b>	<p><b>Valid points could include</b></p> <p>Buyer contacts stockbroker  Either asks for advice on which shares to buy or  informs broker of shares wanted  Stockbroker looks for market maker/jobber  Stockbroker looks for best price  Executes order  Settlement takes around three days  Share register updated  Cost of shares will leave buyer's account  Money credited to the seller  Shares placed into nominee account</p> <p>(1 mark for each stage mentioned)</p>	<b>(3)</b>



Question Number	Answer	Mark
<b>14(b)</b>	<p><b>Valid points could include</b></p> <p>Performance – if profits/dividends are good the price of shares are likely to remain high – if losses/dividend fall are reported or forecast the price of shares will generally fall  Government policies – example of new tax – share prices could fall  General economic activity – if there is improved economic growth – shares likely to be in demand/rise  Mergers/takeovers – amount of share price change will depend upon commentators/public view of merger/takeover – may be optimistic – leading to a share price rise</p> <p><b>NB</b> no marks for increased demand for shares or references to inflation</p>	<b>(3)</b>

Question Number	Answer	Mark
<b>15(a)(i)</b>	<p><b>Valid points could include</b></p> <p>Enables companies to share risks – with the fortunate helping the unfortunate – compensation is given  The bigger the fund – the smaller the premium to be paid</p> <p>(1 mark for each point plus one mark for development)</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>15(a)(ii)</b>	<p>Loss = 10 x £25 000 = £250 000 (1)  £250 000/1000 = £250 each (2 marks for the correct answer)</p> <p>£ sign <b>is</b> required for total but not calculation.</p> <p>(1 mark for the correct method but calculation error)</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>15(a) (iii)</b>	<p><b>Valid points could include</b></p> <ul style="list-style-type: none"> <li>Public liability</li> <li>Employer's liability</li> <li>Product liability</li> <li>Fidelity guarantee</li> <li>Cash in transit</li> <li>Theft/burglary</li> <li>Consequential loss</li> <li>Buildings</li> <li>Motor</li> <li>Plate glass</li> <li>Bad debts</li> <li>Floods/natural disasters</li> </ul> <p>(1 mark for each named risk)</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>15(b)</b>	<p><b>Valid points could include</b></p> <p>Each company must have a direct/legal interest/own the property – suffer the loss - it cannot insure something it does not own – or not have any financial interest in the asset being insured – this makes the principle very important. If they did not, the company could simply profit from the loss – and might be tempted to cause the loss - and profit from something they were not affected by – allow an example</p> <p>(1 mark for each point plus three marks for development)</p>	<b>(4)</b>

Question Number	Answer	Mark
<b>15(c) (i)</b>	<p><b>Valid points could include</b></p> <p>As the insured is placed in the same position after loss as before loss – no profit should be made – the company can only claim back the amount of loss – allow an example – if over-insured cannot claim back more than</p>	

	<p>the damaged goods are worth – otherwise a company could over - insure to gain money          Again, if a company under-insures they cannot claim back the full amount – as shown by the average clause formula – where the company will have to contribute to any loss – allow <b>understanding</b> of contribution – allow <b>understanding</b> of subrogation</p> <p>(1 mark for each point plus 4 marks for development)</p>	<b>(5)</b>
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Question Number	Answer	Mark
<b>15(c)(ii)</b>	<p><b>Valid points could include</b></p> <p>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</p> <p>(1 mark for each point plus four marks for development)</p>	<b>(5)</b>

Question Number	Answer	Mark
<b>16(a)</b>	<p><b>Valid points could include</b></p> <p>The middleman – between the manufacturer and the retailer - buys in bulk – warehouses the goods – breaks bulk – packs/processes the produce – transports the goods - selling in small quantities to retailers          Buys a variety of goods – from different manufacturers – so that retailers do not to contact individual manufacturers – which would waste retailers’ time or money</p> <p>(1 mark for each point plus three marks for development)</p>	<b>(4)</b>

Question Number	Answer	Mark
<b>16(b)</b>	<b>Valid points could include</b>	

	<p>Invoice – acts as a bill – for goods bought on credit</p> <p>Credit note – used when goods have been overcharged – decreasing the amount owed – it can also be used when goods are returned – due to damage – or are not the goods ordered</p> <p>Debit note – used when goods have been undercharged – owing to mistake on invoice</p> <p>Statement of account – shows all the transactions – for the month – and balance owing – acting as a request for payment</p> <p>Cheque – payment for goods – acts as proof of payment</p> <p>Receipt – shows that payment has been made – proof goods paid for</p> <p>(1 mark for name of document plus two marks for development)</p>	<p><b>(3)</b></p>
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Question Number	Answer	Mark
16(c)	<p><b>Valid points could include</b></p> <p>Due to increasing size of large-scale retailers – who have their own warehouses/distribution facilities – so they can afford to bulk buy – directly from manufacturers – where they can gain better prices/terms – which means that they can undercut the wholesaler</p> <p>With the declining number of small-scale retailers – due to the increase in large hyper-markets opening – as well as more people buying off the internet - leading to difficult trading conditions/losses – so with less small retailers the wholesalers have fewer customers – and this leads to them going out of business</p> <p>Some goods are perishable – and need to be delivered quickly – as they would decay - such as bread – having a wholesaler would simply delay the process – and customers getting fresh bread from elsewhere</p> <p>Some goods are large – eg furniture – expensive to store</p> <p>Some goods are highly technical – eg ship – made to individual specification</p> <p>Use of internet selling – many retailers prefer to buy online – to remain competitive</p> <p>Manufacturers opening their own retail outlets/websites – can push their own goods better – to remain competitive.</p> <p>(1 mark for basic point plus six marks for development.)</p> <p>Maximum 3 marks if points not developed</p>	<p><b>(7)</b></p>

Question Number	Answer	Mark
<b>16(d)</b>	<p><b>Valid points could include</b></p> <p>Brokers bring buyers and sellers together whereas – factors sell goods on behalf of their principals</p> <p>Brokers are responsible for the delivery of goods whereas – factors do not buy goods for their principals</p> <p>Brokers do not have possession of the goods whereas – factors have possession of the goods – collect payments</p> <p>Brokers cannot arrange contracts in their own names whereas – factors can only deal with goods as if they were the owners – can sell/buy in their own name</p> <p>Brokers gain commission for their services – but a factor can earn extra commission if acting as a del credere agent/can make a profit</p> <p>(1 mark for each point plus two marks for development for each of the two intermediaries)</p> <p>Maximum 2 points if not developed.  <b>NB</b> Maximum 3 marks for broker and factor</p>	<b>(6)</b>

Question Number	Answer	Mark
<b>17(a)</b>	<p><b>Valid points could include</b></p> <p>Chance of bargains – with possible haggling on prices</p> <p>Pleasant way of shopping – colourful environment – possible entertainment</p> <p>Goods may be fresh – straight from grower – goods that are not available elsewhere</p> <p>May be near customers homes – cuts down on expenses of travelling into town – traders may be known to customers</p> <p>(1 mark for each point plus four marks for development)</p> <p><b>NB</b> no marks for ‘cheaper goods’ or ‘low prices’ if not explained and developed</p>	<b>(5)</b>

Question Number	Answer	Mark
<b>17(b)</b>	<p><b>Valid points could include</b></p> <p>Avoids cost/time – no need to wait for payment - in clearing cheques  Needs cash to restock quickly – aids cash flow – can make payment  Sells mainly cheap goods – no need for use of credit - unaffordable  Transient customers – difficult to trace – in case of non-payment  Stall holders change location – no fixed place for debt collection – inappropriate to offer credit</p> <p>(1 mark for each point plus two marks for development)</p> <p><b>NB</b> no marks for why they do not offer credit facilities</p>	<b>(3)</b>

Question Number	Answer	Mark
<b>17(c)</b>	<p><b>Valid points could include</b></p> <p>A range of shops or two examples  Large building/area  Several floors  Escalators  Information desks/customer service  Food courts/restaurants/play areas/restrooms  Cinemas  Car parking  Security guards  Air conditioning</p> <p>(1 mark for each feature)</p>	<b>(4)</b>

Question Number	Answer	Mark
<b>17(d)</b>	<p><b>Valid points could include</b></p> <p>They offer the 'total shopping' experience – visitors can combine shopping with leisure – for example, go to the cinema or bowling – have a meal afterwards with the family – no need for cash/use of debit/credit cards</p> <p>Increased car ownership – making it difficult to park in some urban areas – easier to park in a shopping centre – where there are many car spaces available – and car parking is free</p> <p>Can obtain all goods under one roof – as a wide range of goods/shops available – expectation of quality goods – to choose from in well decorated surroundings</p> <p>(1 mark for each point plus seven marks for development)</p>	<b>(8)</b>



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