

Mark Scheme (Results)

June 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) (b)	<ul style="list-style-type: none"> • Tertiary (1) • Distribution (1) 	(1) (1)

Question Number	Answer	Mark
(c) (d)	<ul style="list-style-type: none"> • Cards/points/voucher (1) • Safe (1) Do not accept: ATM	(1) (1)

Question Number	Answer	Mark
2 (a)	<ul style="list-style-type: none"> • Goods that last a long time (1) • Eg Dishwashers, washing machines (1) (1 mark for definition and 1 mark for example)	(2)
2 (b)	<ul style="list-style-type: none"> • Laws for protection of consumer (1) • Eg Sales of Goods Act, Weights and Measures Act (1) (1 mark for definition and 1 mark for example)	(2)

Question Number	Answer	Mark
3	<ul style="list-style-type: none"> • $\frac{£54\,000}{£300\,000} \times 100(1) = 18\%$ (1) (1 mark for correct method but calculation error)	(2)

Question Number	Answer	Mark
4	<ul style="list-style-type: none"> • Fear of losing national identity • No protection given by the government • Greater competition/prices kept low • Countries may become over-regulated • Goods bought outside the trading bloc will be more expensive • Businesses may have to adapt products to suit tastes of consumers of countries within the trading bloc • Local businesses may be affected • Cost of becoming a member (1 mark for each disadvantage)	(2)

Question Number	Answer	Mark
5	<ul style="list-style-type: none"> • Provides temporary cover/policy is not always available as it takes time to prepare • Confirms that cover is provided/evidence you are protected • Gives details of what is covered • Provides proof that the person is insured while policy is prepared • Shows that premium has been paid <p>(1 mark for each point)</p>	(2)

Question Number	Answer	Mark
6	<ul style="list-style-type: none"> • Slow method • Not available everywhere/not direct to destination • May not be always navigable • Some rivers freeze over in winter <p>(1 mark for each disadvantage)</p>	(2)

Question Number	Answer	Mark
7 (i) (ii) (iii) (iv)	<ul style="list-style-type: none"> • Bill of lading = International • Quotation = Home • Debit note = Home • Air waybill = International <p>(1 mark for each document correctly matched)</p>	(4)

Question Number	Answer	Mark
8	<ul style="list-style-type: none"> • Broker/agent <p>(1 mark for correct name)</p>	(1)

Question Number	Answer	Mark
9	<ul style="list-style-type: none"> • Coupons • Competitions • Product endorsements • Product placing • Free offers/special offers • Special credit terms • Free samples • Discounts • Points/loyalty cards • Sales periods • Gifts • Premium packs <p>(1 mark for each method)</p>	(2)

Question Number	Answer	Mark
10	<ul style="list-style-type: none"> • Ordinary shares receive variable dividend - Preference shares receive fixed dividend • Ordinary shares receive voting rights - Preference shares have no vote • Ordinary shares are second in the order in which dividend is paid - Preference shares are first in the order in which dividend is paid • Ordinary shares are risky - preference shares are secure <p>(2 marks for one difference)</p>	(2)

Question Number	Answer	Mark
11	<ul style="list-style-type: none"> • Boredom • Unemployment/skills may become out-of-date/workers replaced by machines • Difficult to transfer to other jobs • Less job satisfaction/pride in work/less valued/demotivated • Less variety of jobs <p>(1 mark for each disadvantage)</p>	(3)

Question Number	Answer	Mark
12	<ul style="list-style-type: none"> • Cheap to operate • Usually take a direct route • A continuous flow is guaranteed • Have a high capacity • Not affected by weather • Less pollution • Safe means of transporting flammable/dangerous goods • Can be used for long distances <p>(1 mark for each reason)</p>	(2)

Question Number	Answer	Mark
13	<ul style="list-style-type: none"> • Enables buying and selling to take place quickly - deals are made across countries • Enables information about goods/services to be readily available - through the internet • Enables businesses to be in touch with a wide range of suppliers - in different countries • Communication has speeded up international trade - opened up new markets • Has enabled the growth of international trading organisations - eg such as stock exchanges • Has enabled multinationals to operate on different sites - in many different countries • Has allowed teleconferencing/video conferencing to take place - allows customers to talk to each other <p>(1 mark for each point)</p>	(4)
14(a)	Hire Purchase	(1)

(b)	<ul style="list-style-type: none"> • Danger of over-commitment/buying too many goods • Difficulties in keeping up repayments • Can be expensive/high interest rates • Goods can be repossessed • Some shops do not offer HP facilities • Computer may be out-of-date before payment is completed • Can take time to arrange • Goods not owned until final payment <p>(1 mark for each disadvantage)</p>	(3)
(c)	<ul style="list-style-type: none"> • No initial cost of purchasing - can use money for other purposes • Computer is repaired when it breaks down - according to maintenance contract • No borrowing to purchase - so no interest paid • Computer may be upgraded - at regular intervals/to keep up with technology/as computers quickly go out-of-date <p>(1 mark per point plus one mark for development)</p>	(2)
15 (a) (i)	<p>Visible trade balance = (938) (1 mark) Current balance = (651) (1 mark) Accept OFR</p>	(2)
(ii)	<ul style="list-style-type: none"> • Banking • Insurance • Tourism • Education <p>(1 mark for each valid example)</p>	(2)
(iii)	<p>Balance of trade is only one element of the balance of payments - if a country is importing more than it exports, its trade balance will be in deficit - but the shortfall will have to be counter-balanced – by other parts of the balance of payments accounts - eg funds earned from its foreign investments - by running down central bank reserves - or by receiving loans from other countries.</p> <p>(1 mark for first point plus one mark for development)</p> <ul style="list-style-type: none"> • Higher exports can produce jobs - eg 	(2)

<p>(b)</p>	<p>jobs in car exports have created jobs in car plants such as BMW and Nissan - cutting unemployment - increasing standard of living</p> <ul style="list-style-type: none"> • Maintains balance of trade /payments - helps to avoid/cover deficits - country will earn foreign currency - to pay for imports - which can be used for a country's infrastructure - eg such as road building, hospitals • Increase in exports helps economic growth - increases GDP - giving an increase in national income/business investment - with a positive effect on a country's economy <p>(1 mark per point plus up to 4 marks for development)</p> <p>Note: Maximum of 2 marks for simply stating reasons</p>	<p>(5)</p>
<p>(c) (i)</p>	<p>Acts as a tax on goods - making goods more expensive - consumption of goods may be discouraged/less demanded - thereby protecting home industries - improving balance of payments</p> <p>(1 mark per point plus one mark for development)</p>	<p>(2)</p>
<p>(ii)</p>	<p>Restricts the amount of goods imported - eg x tons of tea - would increase prices - reduce the amount of imports - leading to shortages - so as to protect home production - improves balance of payments</p> <p>(1 mark per point plus one mark for development)</p>	<p>(2)</p>
	<p>Price of exports to other countries is higher - more foreign currency to be paid - fewer</p>	

(d)	<p>exports bought - therefore lower income for the country - price of imports cheaper for the country - less foreign currency to be paid for foreign currency rate - more imports bought - therefore more paid out to other countries - lower exports/higher imports leads to current account deficit</p> <p>(1 mark per point plus up to 4 marks for development)</p>	
16 (a)	<p>Regional distribution centre at road/rail junctions supplying supermarkets/hypermarkets/multiple chain store branches - quickly /efficiently</p> <p>(1 mark per point plus one mark for development)</p>	(5)
(b)	<p>They provide easy access to manufacturers who supply them - and close to branches they supply - thereby cutting costs - and continuous supply - and also saves by putting all goods in their own warehouse - saving renting someone else's warehouse</p> <p>(1 mark per point plus up to 3 marks for development)</p>	(2)
(c) (i)	<p>Storing large stocks of goods - by buying say agricultural produce at harvest time - and releasing it gradually over the year - the wholesaler can reduce the wider price fluctuations - as you would expect prices to be low when being harvested - and high prices at other times of the year - therefore balancing out the price of goods</p> <p>(1 mark per point plus up to 2 marks for development)</p>	(4)
(ii)	<p>Helps in minimising the effects of seasonal production - goods that can be produced at only certain times of year - eg apples - can be stored and released throughout the year - enabling everyone to have these goods throughout the year - so there are no shortages</p> <p>(1 mark per point plus up to 2 marks for development)</p>	(3)
	Stores dutiable goods -payment of duty is	(3)

	<p>(d) postponed - saves on working capital - while looking for buyers - goods can be left to mature - eg whisky Only released from bond when payment is made - can be withdrawn in separate groups - helps spread the payment of duty. Controlled by Customs and Excise (HMRC) who prevents importers from evading customs duties - goods can be sold in bond - payment will be made by the buyer - goods for re-export can be kept - refund of duty possible - through customs drawback While in bond goods can be processed - bottled/blended/packaged/labelled or graded Located near ports so goods can be transported quickly</p> <p>(1 mark per point plus up to 7 marks for development)</p> <p>The owner/Mr Tomkins - Board of Directors</p>	
17 (a) (i)	(2 marks for each difference)	(8)
	By the owner/Mr Tomkins - Shareholders	(2)
(ii)	(2 marks for each difference)	(2)
(b)	Likely to get a more personal service - will not have to travel far/more local - will be able to discuss other issues on a more friendly basis - likely to be cheaper - as Mr Tomkins will have lower overheads - charge lower prices to compete <p>(1 mark per point plus up to 3 marks for development)</p>	(4)
(c)	Financial incentives - such as low-cost land - reduced taxes - purpose-built factories Where wages are low - compared to western economies - eg India - so reducing production costs - earn higher profits Access to bigger market - more convenient to supply customers - increase sales <p>(1 mark per point plus up to 3 marks for development)</p> <p>Bring in employees from other parts of world - eg managers - less scope for local people - who</p>	(4)

<p>(d)</p>	<p>tend to end up in lower paid jobs - exploiting a country's cheap labour rates - eg child labour May leave the country when grant/agreement runs out - especially if labour costs are cheaper elsewhere - leading to unemployment Profits leave the host country back to HQ country - the host country does not get the benefit of it - reducing the country's foreign currency exchange reserves May exploit the environment - pollution from industrial waste - air pollution from factories - going against international global warming agreements - also exploiting natural resources - once resources are used up - multinationals move on Local firms may go out of business - locals prefer branded goods - cannot compete with multinationals' economies of scale Damage local culture/traditions -disregard for national customs - eg working on days of worship</p> <p>(1 mark per point plus up to 7 marks for development)</p> <p>Maximum of three marks for simply stating reasons</p>	<p>(8)</p>
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