



Mark Scheme (Final)

January 2013

International GCSE Commerce (4CM0)  
Paper 01

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January 2013

Publications Code UG034354

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## General Marking Guidance

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- 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>secondary/manufacturing</li> </ul>	(1)
1 (b)	<ul style="list-style-type: none"> <li>receipt/statement</li> </ul>	(1)
1(c)	<ul style="list-style-type: none"> <li>finance</li> </ul>	(1)
1(d)	<ul style="list-style-type: none"> <li>unlimited</li> </ul>	(1)

Question Number	Answer	Mark
2 (a)	<ul style="list-style-type: none"> <li>A bank service which enables variable amounts/times to be paid (1) eg electricity, gas, telephone (1) (1 mark for definition plus 1 mark for example)</li> </ul>	(2)
2 (b)	<ul style="list-style-type: none"> <li>A bank service which enables regular amounts/times to be paid (1) eg rent, subscriptions, insurance (1)</li> </ul>	(2)

Question Number	Answer	Mark
3	<ul style="list-style-type: none"> <li><math>0.50 \times 100\,000 / 100</math> (1) = £500 (1)</li> </ul> <p>(1 mark for correct method but calculation error)</p>	(2)

Question Number	Answer	Mark
4	<p>Advantage:</p> <ul style="list-style-type: none"> <li>No interest to be paid</li> <li>It does not have to be repaid</li> <li>Extra capital given</li> </ul> <p>Disadvantage:</p> <ul style="list-style-type: none"> <li>May take a long time to arrange</li> <li>Certain conditions may need to be met</li> <li>Open to government inspection</li> </ul> <p>(1 mark each for one advantage and one disadvantage)</p>	(2)

Question Number	Answer	Mark
5	<ul style="list-style-type: none"> <li>• Mainly found at ports/airports</li> <li>• Usually privately owned</li> <li>• Supervised/controlled by customs officials/government</li> <li>• Used for storing dutiable goods</li> <li>• Used in re-export trade</li> <li>• Goods cannot be removed until duty is paid</li> <li>• Goods may be processed in bond</li> <li>• When duty is paid, customs warrant issued</li> </ul> <p>(1 mark for each feature)</p>	(2)

Question Number	Answer	Mark
6	<ul style="list-style-type: none"> <li>• Cost of set-up/providing loyalty cards</li> <li>• Extra costs of computerised tills/online shopping facilities</li> <li>• Most customers are not likely to do all their shopping at a small-scale retailer</li> <li>• Small-scale retailers will not be able to analyse shopping habits</li> </ul> <p>(1 mark for each reason)</p>	(2)

Question Number	Answer	Mark
7 (i) (ii) (iii) (iv)	<ul style="list-style-type: none"> <li>• Franchise = Private (1)</li> <li>• Government department = Public (1)</li> <li>• Public corporation = Public (1)</li> <li>• Public limited company = Private (1)</li> </ul> <p>(1 mark for business correctly matched)</p>	(4)

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

Question Number	Answer	Mark
9	<ul style="list-style-type: none"> <li>• Land/size of land/cost of land</li> <li>• Potential market/residential areas/income level</li> <li>• Competition</li> <li>• Nearness to suppliers</li> <li>• Supply of labour</li> <li>• Transport links</li> <li>• Planning laws/regulations</li> <li>• Security</li> <li>• Power</li> <li>• (1 mark for each factor)</li> </ul>	(2)

Question Number	Answer	Mark
10	<ul style="list-style-type: none"> <li>• Ordinary shares receive dividend dependent upon profits or variable dividend/preference shares have fixed dividend</li> <li>• Ordinary shares are risky/preference shares are more secure</li> <li>• Ordinary shares receive any dividend last/preference shares receive dividend first</li> <li>• Ordinary shares have voting rights/preference shares have no voting rights</li> </ul> <p>(1 mark for each point, with a maximum of one mark for each type of share)</p>	(2)

Question Number	Answer	Mark
11	<ul style="list-style-type: none"> <li>• Creating/designing the advertisement</li> <li>• Producing the advertisement</li> <li>• Placing the advertisement</li> <li>• Carrying out market research</li> <li>• Account planning</li> <li>• Advise on the best media to use</li> <li>• Buying advertising space</li> </ul> <p>(1 mark for each function)</p>	(3)

Question Number	Answer	Mark
12	<ul style="list-style-type: none"> <li>• Immediate contact is made</li> <li>• So a discussion can take place</li> <li>• More personal approach</li> <li>• Instant feedback can be given</li> </ul>	

	<ul style="list-style-type: none"> <li>The shop may not have email/computer</li> </ul> (1 mark for each reason)	(2)
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Question Number	Answer	Mark
13	<ul style="list-style-type: none"> <li>UK exporters have to sell to countries many miles away - example such as China - this makes transport more difficult - use of air/sea transport - which may be more expensive - and more transshipment of goods - as goods need to be transferred from road to air/sea</li> <li>Goods are more likely to be damaged - stolen - increasing insurance costs - as more claims made - extra protection may be needed - such as extra packaging costs involved</li> <li>Communication more difficult over longer distances - greater use of overseas agents - greater possibility of delays in delivery</li> </ul> <p>(1 mark for each point plus 3 marks for development - 2 marks maximum if no development)</p>	(4)

Question Number	Answer	Mark
14 (a) (i)	The maximum amount that can be spent or credit extended to a person (1)	(1)
(ii)	£820 (1)	(1)
(iii)	$£820 \times 25/100$ (1) = £205 (1) (1 mark for correct method but calculation error - allow OFR from part ii)	(2)
(b)	To request payment/balance owing To record payments made To show the details (or examples) of the credit card transactions carried For the customer to check the credit card transactions are accurate/theirs For the customer to check the amount of free airmiles, etc awarded Shows interest owed on credit card statements  (1 mark for each reason)	(2)

Question Number	Answer	Mark
15 (a) (i)	$\text{£}200\,000 - \text{£}120\,000 (1) = \text{£}80\,000 (1)$ (1 mark for correct method but calculation error)	(2)
(ii)	$80\,000/120\,000 \times 100 (1) = 66.6667\% (1)$ (1 mark for correct method but calculation error)	(2)
(iii)	$\text{£}80\,000 - \text{£}40\,000 (1) = \text{£}40\,000 (1)$ (1 mark for correct method but calculation error) (allow OFR)	(2)
(iv)	$120\,000/20\,000 (1) = 6 (1)$ (1 mark for correct method but calculation error)	(2)
(b)	Amount/ Value (1) of sales (1) Less returns (1)	(2)
(c)	Amount of profit might be good for a small business - but not a large one They need to be compared with alternative forms of investment - to see whether such an alternative investment might be more profitable It allows comparison from year to year - as capital varies Allows comparison with success of other businesses - in the same type of business (1 mark for each point plus 1 marks for development - 2 marks maximum if no development of points)	(4)
(d)	Increasing turnover - reduce prices - customers usually like to pay less - the increased demand may cover more than the reduction in price Improve marketing - eg use of internet - to make goods better known Diversifying - moving into other markets eg post office selling holidays Reducing the cost of goods sold - by buying in greater bulk - so that more discount is given - or look for cheaper suppliers Reducing expenses - retailer might change to self- service - to cut wage bill (1 mark for each point plus 2 marks for development - 3 marks maximum for each way)	(6)

Question Number	Answer	Mark
16 (a) (i)	£10 bn + £3 bn (1) = £13 bn (1) (1 mark for correct method but calculation error)	(2)
(b)	Can only go in one direction Expensive to repair/maintain Can be susceptible to sabotage / products can be stolen If part of pipeline broken, the whole pipeline may be out of action Can only be used for a limited range of commodities  (1 mark for each disadvantage)	(2)
(c)	Containers are very secure - can be locked/sealed - to avoid theft Containers are very strong or robust - made of metal - reducing damage - reaching customers in the same condition as they left As there is less risk, the cost of insurance falls  (1 mark for each point plus 3 marks for development - 2 marks maximum if no development)	(4)
(d)	Valuable goods need greater security/safety - such as diamonds - and transported quickly (if linked to urgency) - to reduce risk of theft - compared with other forms of transport Air has limited carrying capacity - bulky goods such as cranes - can only be transported overseas by sea - air transport would be too expensive - more suitable for smaller goods - such as electronics Air transport enables new high value goods to be quickly distributed - e.g. iphone - across the world.  (1 mark for each point plus 5 marks for development - 2 marks maximum if no development)	(6)
(e)	[freight trains] high-speed/long trains - leading to greater capacity allow example - leading to faster journey times - eg Paris to London - use of refrigerated carriages /containers [Express road routes/highways/freeways/motorways] - linked to cities - with up to four lanes - to speed up longer distances - avoiding road congestion  (1 mark for each trend plus 2 marks for development - 3 marks maximum for each trend)	(6)

Question Number	Answer	Mark
17 (a) (i)	Name of partnership / partners Date of partnership Objectives of partnership Details of partners e.g. age Place of business Types of partners Duration of partnership Witnesses Nature of the business Amount of capital contributed by each partner Role/ Duties of each partner Amount of salary to be paid to each partner Conditions for ending the partnership (1 mark for each item)	(2)
(ii)	Andrew = $360\,000 \times 50/100 = \text{£}180\,000$ (1) Carol = $360 \times 30/100 = \text{£}108\,000$ (1) Leanne = $360 \times 20/100 = \text{£}72\,000$ (1)	(3)
(iii)	Contributes more capital - half of the total capital invested Takes a more active part in the partnership - contributing more specialist knowledge or skills  (1 mark for reason plus 1 mark for reason developed)	(2)
(b)	Greater protection in time of loss - as limited liability - no personal possessions can be taken Can raise more capital - by sale of shares - as investors attracted by limited risk - leading to greater expansion - easier to obtain bank loans Greater tax advantages - with lower rate - than top income tax Greater continuity - business can continue - after shareholders' death It is a legal entity - it can buy/sell in its own name - and can sue in its own name (1 mark for each point plus 4 marks for development - 2 marks maximum if no development)	(5)

(c)	<p><u>Loans</u> - The company knows the terms of the loan - cost - repayment - interest rate fixed - usually lower than an overdraft They are usually quick/simple to obtain / large amount given at once - terms can be changed/negotiated - usually for a long period of time As loans are over a long time, this can result in a lot of interest being paid - if the loan is paid off early the company may have to pay additional charges - and some lenders insist on collateral security - on the owner's property</p> <p><u>Retained profits</u> - It is readily available - no need for documentation - it does not have to be paid back - with no interest to be paid - no dividends have to be paid - it can be taken up to any amount of the total available - with no loss of ownership involved Problem of opportunity cost - e.g. can now afford to start a new line of business if it opens new offices - might lead to partners disagreeing Might be insufficient for expansion</p> <p>(1 mark for each point plus 3 marks for development - 2 marks maximum if no development for each option and four marks maximum if only 1 option considered Note: Maximum of eight marks only if advantages/disadvantages of both options discussed)</p>	(8)
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