



Mark Scheme (Results)

June 2016

Pearson Edexcel International GCSE
Commerce (4CM0) Paper 1

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information, please visit our website at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus

Pearson: helping people progress, everywhere

Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Summer 2016

Publications Code 4CM0_01_1606_MS

All the material in this publication is copyright

© Pearson Education Ltd 2016

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)	Raw/Primary NB: Allow if misspelt	(1)

Question Number	Answer	Mark
1 (b)	Centre/Mall/Precinct NB: Allow if misspelt Allow if 'shopping' is included in the answer	Do not allow 'complex' (1)

Question Number	Answer	Mark
1 (c)	Tanker(s)/VLCC/OBO NB: Allow if misspelt Allow if 'tankers' is included in the answer	Do not allow 'tanks' (1)

Question Number	Answer	Mark
1 (d)	Code(s) NB: Allow if misspelt	(1)

Question Number	Answer	Mark
2 (a)	Indemnity means to restore a person to the position before a loss occurred/compensated to amount lost and not making a profit (1) Eg If you insure your watch for £100, and it is worth £40 you will only receive £40 in compensation (1)	
2 (b)	Subrogation means that no one can be compensated and then retain the rights to the property that has been compensated/the insurance company takes over the rights of the insured (1) Eg Person receives compensation for a car written off in an accident, the insured person cannot keep the van/the insurer can sell the van for scrap (1) (1 mark for each definition and 1 mark for each example)	(4)

Question Number	Answer	Mark
3	250 divided by £5 000 x 100% (1) = 5% (1) (1 mark per point or 2 marks for the correct answer) NB: If response is 5 only give one mark	(2)

Question Number	Answer	Mark
4	- There may be delays in replying/not reading - Risk of hacked emails/viruses - The computer may crash - Emails can be deleted/lost by accident - Can be seen as impersonal - Not always appropriate if a discussion is needed/email may take too long - Spam emails can clutter up inbox - There may be overuse by staff of sending less important emails/time lost by staff reading them (1 mark for each disadvantage)	(2)

Question Number	Answer	Mark
5	- Means that goods do not have to be priced individually/saving labour costs - Enables stock levels to be updated - New supplies ordered/sent - Information provided by the bar-code tells the retailer what goods are selling well/slower selling lines - Speeds up the process at the cash desk/less queues (1 mark for each reason)	(2)

Question Number	Answer	Mark
6	• Shares not sold on the stock exchange/not sold to the general public • Shares not transferable unless all shareholders agree • Has Ltd/Pte/Pvt/Pty after its name • Many Ltd's will be family businesses (1 mark for each point)	(2)

Question Number	Answer	Mark
7	(i) Consequential loss = Business (ii) Life assurance = Personal (iii) Mortgage protection = Personal (iv) Plate glass = Business (1 mark for each insurance risk correctly matched)	(4)

Question Number	Answer	Mark
8	• Debenture • Mortgage (1 mark for correct name) NB: Allow if misspelt	(1)

Question Number	Answer	Mark
9	• Advertisement/example • Displays • Fashion show • Competitions/free draws • Discounts/offers/free gifts • Better credit terms • Product placement • Endorsement by celebrities (1 mark for each way)	(2)

Question Number	Answer	Mark
10	• Temperature controlled • Refrigerated/freezer compartments • Controlled by computers • Storage of perishable/seasonal products (1 mark for each feature)	(2)

Question Number	Answer	Mark
11	• Provides direct contact with customers • Goods are better supervised/less theft/security • Delivery times/routes can be flexible • Advertising can be done on side of van • More economic if regular loads • Less documentation/paperwork needed • Vans can be hired out • Specialised vans can be bought to company's needs (1 mark for each benefit)	(3)

Question Number	Answer	Mark
12	• Has insufficient funds/finds it difficult to pay on time/promptly • Wishes to use funds elsewhere • There may be more pressing bills to pay • The cash discount offered is low/small amount (1 mark per reason)	(2)

Question Number	Answer	Mark
13	• By the forces of supply and demand (1) by how much demand there is in relation to the supply of a currency (1) will determine the currency's value in relation to another currency (1) Eg if the demand for US dollars by Europeans increases, there will be an increase in the price of the US dollar (1) • Deficit on balance of trade (1) shows that a country is spending more on foreign trade than it is earning (1) and requires more foreign currency to make up the deficit (1) with the excess demand for currency lowering the country's exchange rate (1) • The terms of trade (1) if the price of a country's exports rises by a greater rate than of its imports its terms of trade have favourably improved (1) which increases demand for the country's exports (1) and increases demand for the country's currency (1) • Interest rates (1) if the central bank increases interest rates, lenders receive a higher return (1) which attracts foreign capital (1) and causes the exchange rate to rise (1) • By inflation (1) If inflation in say the UK is relatively lower than elsewhere, then UK exports will become more competitive (1) and there will be an increase in demand for Pound Sterling to buy UK goods (1). Also foreign goods will be less competitive (1) and so UK citizens will buy less imports (1) • By speculation (1) if speculators believe the sterling will rise in the future, they will demand more (1) now to be able to make a profit (1). This increase in demand will cause the value to rise (1) • Change in competitiveness (1) If UK goods become more attractive/competitive (1) there will be a greater demand for UK goods (1) this will also cause the value of the exchange rate to rise (1) • Government debt (1) If markets fear a government may default on its debt (1) then investors will sell their bonds (1) causing a fall in the value of the exchange rate (1) Eg Iceland debt	(4)

	problems in 2008, caused a rapid fall in the value of the Icelandic currency (1) • Government intervention (1) Some governments attempt to influence the value of their currency (1) China has sought to keep its currency undervalued (1) to make Chinese exports more competitive (1) they can do this by buying US dollar assets (1) which increases the value of the US dollar to Chinese Yuan (1) • Economic growth/recession (1) with higher growth comes higher inflation (1) with the central banks will lower interest rates (1) which causes the exchange rate to increase (1) whereas in a recession (1) where there is economic stagnation (1) central banks will lower interest rates (1) to decrease the exchange rate (1) (One mark per point plus up to three marks for development) NB: Allow a maximum of two reasons identified for two marks only.	
--	--	--

Question Number	Answer	Mark
14 (a) (i)	• Manufactured goods	(1)

Question Number	Answer	Mark
14 (a) (ii)	• $6 + 5 + 11 + 51 = 73\%$ (1) $100 - 73 = 27\%$ (1) (One mark per point or two marks for the correct answer)	(2)

Question Number	Answer	Mark
14 (a) (iii)	• Reliant on imports of manufactured/secondary goods (1) over one-third of imported goods are machinery (1) • Relies on primary goods for exports (1) over half of exports based on one product ie cocoa (1) • Does import one tertiary service (1) ie tourism (1) • More imports than exports shown (1) as it is a developing country (1) (Note: Reward any suitable conclusion/analysis of figures from data, including that they may be insufficient information to conclude whether the balance of trade of this country is good or poor – there are no marks for straight copying of figures shown)	(3)

Question Number	Answer	Mark
15 (a) (i)	• Barter is the exchange of goods/services (1) for other goods/services (1) (One mark for each point) NB: No mark for examples	(2)

Question Number	Answer	Mark
15 (a) (ii)	• must be accepted (1) as settlement/payment of debt (1). (One mark for each point)	(2)

Question Number	Answer	Mark
15 (b)	• Problem of double coincidence of wants (1) must find someone who wants your goods/services (1) and someone who wants to get rid of their goods/services (1) • Problem of assessing relative value (1) eg how many pigs to an axe (1) you could not offer half a cow in exchange for the axe since this would mean killing the cow (1) which would mean a drop in value (1) • Problem of portability of goods (1) not easy to transport (1) how do you get bulky furniture to the market? (1) (One mark per point plus up to two marks for development)	(3)

Question Number	Answer	Mark
15 (c)	• Acts as a medium/means of exchange (1) in the form of acceptable money (1) for the buying and selling of goods/services (1) eg buy a television for £300 (1) • Value can be measured in money terms (1) by price (1) Eg a toy priced at £15 (1) • Acts as a standard of deferred payments (1) the modern business world is based on credit (1) so that Eg loans can be repaid in the future (1) this would be impossible with barter as it is not possible to make future payments (1) • Acts as a store of value (1) in order to be a medium of exchange, money must hold its value over time (1) If money could not be stored for some period of time and still remain valuable in exchange (1) it would not solve the double coincidence of wants problem of barter (1) (One mark per point plus up to three marks for development) NB: Allow a maximum of two functions identified for two marks only.	(4)

Question Number	Answer	Mark
15 (d) (i)	• Saving on staff costs (1) as less customers will be carrying out their transactions on bank premises (1) as customers do not have to visit bank (1) • Saves on premise/fixed assets (1) banks can close branches (1) that do not have enough footfall (1) • Provides 24/7 service (1) keeping customers satisfied (1) outside normal banking hours (1) or where banks are not available (1) • Help to speed up banking transactions (1) with more customers served in a shorter time (1) and less queues (1) (One mark per point plus up to 3 marks for development)	(4)

Question Number	Answer	Mark
15 (d) (ii)	• It may be difficult to hear clearly (1) so numbers (1) such as your account number can be confused with another (1) or you may not catch a mobile signal (1) or suffer noise nuisance (1) when on a train, for example (1) • The account holder may press the wrong security number (1) or press the wrong key on the telephone (1) so that the account is locked (1) until contact is made again with the bank (1) • Insufficient detail can be given about individual transactions (1) such as standing orders (1) where you would need to look at a bank statement (1) or visit the bank to find out more information (1) • Can be time-consuming to get through (1) and then you are asked a number of security questions (1) eg sort code of bank branch (1) where sometimes you may not have the information to hand (1) (One mark per point plus up to four marks for development)	(5)

Question Number	Answer	Mark
16 (a) (i)	£500 000 x 0.2 (1) = £100 000 (1) (One mark per point or two marks for the correct answer)	(2)

Question Number	Answer	Mark
16 (a) (ii)	£500 000 - £100 000 (1) = £400 000 (1) (One mark per point or two marks for the correct answer)	(2)

Question Number	Answer	Mark
16 (a) (iii)	£500 000 x 0.05 (1) = £25 000 (1) (One mark per point or two marks for the correct answer)	(2)

Question Number	Answer	Mark
16 (a) (iv)	£100 000 - £25 000 (1) = £75 000 (1) (One mark per point or two marks for the correct answer) NB: Allow OFR from part (iii)	(2)

Question Number	Answer	Mark
16 (b)	The rate of turnover is the number of times each year/accounting period that the average stock is sold (1) and is a measure of how quickly goods are sold (1) showing how busy a retailer is (1) eg a jewellery retailer the rate of turnover will be low/1 or 2 (1) whereas for eg a greengrocer, the rate of turnover will be high (1). May help with making business decisions (1) A low rate of turnover will impact on the amount of working capital needed (1) as a retailer with a low rate of turnover will need greater working capital (1) because much of their working capital is tied up in stock (1). Allied to this, the longer the goods remain in stock, the greater the risk of damage/deterioration/wastage (1) with goods then possibly having to be sold at reduced prices (1) or becoming unsaleable (1) (One mark per point plus up to three marks for development)	(4)

Question Number	Answer	Mark
16 (c)	• The retailer will need to have the necessary technology (1) eg computer/broadband/software packages (1) you may need specialised IT support (1) and need a courier to deliver goods (1) which will increase costs (1) • Individual websites can be difficult to locate (1) as there are millions of websites offering similar goods (1) so the retailer will need to design an attractive website (1) to tempt consumers to use their website instead of others (1) • Some consumers are resistant to online shopping (1) so sales could decline (1) and impulse purchases will be lost (1) particularly if they do not have a store to visit (1) and the retailer is not able to promote the goods directly (1) • If an order has been placed, it is important that the processing of the order is efficient (1) to make sure that the customer is satisfied (1) so that goods are not returned (1) or lost/not delivered (1) and this may lead to more staff being involved on a 24 hour basis to deal with queries (1) (One mark per point plus up to seven marks for development)	(8)

Question Number	Answer	Mark
17 (a) (i)	• Road	(1)

Question Number	Answer	Mark
17 (a) (ii)	• Rail	(1)

Question Number	Answer	Mark
17 (a) (iii)	• 300 miles	(1)

Question Number	Answer	Mark
17 (b)	• More goods are being traded within countries (1) with many of these goods suitable for transporting in containers (1) as containers can hold a variety of goods (1) eg frozen food to televisions (1) with the ability to make up mixed cargoes (1) known as groupage (1). Container construction varies (1) eg refrigerated/shelving/insulated (1) and the container acts as a warehouse (1) • Goods can be transhipped from road to rail without being unpacked (1) reducing handling costs (1) with less chance of theft (1) because containers are locked (1) in metal containers (1) (One mark per point plus up to four marks for development)	(5)

Question Number	Answer	Mark
17 (c) (i)	• Lack of investment in the railway system (1) compared with other forms of transport (1) not favoured by government/private investors (1) as high costs of infrastructure (1) and ongoing maintenance (1) • Increased wealth means many more people use their own transport (1) as cars more flexible (1) on times (1) and more comfortable (1) with other forms of transport being needed at the railway station to go direct to destination (1) • Decline of industries dependent on railways (1) iron and steel in some countries (1) and rail is not suitable for carrying small quantities of goods (1) (One mark per point plus up to three marks for development)	(4)

Question Number	Answer	Mark
17 (c) (ii)	• The service will get better (1) as private companies have a duty to reward their shareholders/making profits (1) and will tend to cut corners/underinvest (1) whereas in the public sector there is a greater emphasis on giving value-for-money (1) and providing a good public service rather than simply to make a profit (1) with lower train fares (1) and less duplication of rail services (1) and providing employment (1) • However, government interference can make public sector industries difficult to manage (1) with more bureaucracy (1) leading to more inefficiencies (1) not responding to change (1) with a lack of consumer choice on train journeys (1) and lack of profit incentive (1) with costs/losses met by the taxpayer (1) (One mark per point plus up to 7 marks for development) Note: Maximum of 4 marks for either advantages or disadvantages	(8)