

Centre No.						Paper Reference						Surname	Initial(s)	
Candidate No.						4	3	4	0	/	2	H	Signature	

Paper Reference(s)

4340/2H

**London Examinations
IGCSE**

Commerce

Paper 2H

Higher Tier

Monday 5 May 2008 – Morning

Time: 2 hours

Examiner’s use only

--	--	--

Team Leader’s use only

--	--	--

Question Number	Leave Blank
1	
2	
3	
4	
Total	

Materials required for examination

Nil

Items included with question papers

Nil

Instructions to Candidates

In the boxes above, write your centre number, candidate number, your surname, initials and signature. Check that you have the correct question paper. Answer ALL the questions. Write your answers in the spaces provided in this question paper.

Information for Candidates

The marks for individual questions and the parts of questions are shown in round brackets: e.g. (2). There are 4 questions in this question paper. The total mark for this paper is 100. There are 12 pages in this question paper. Any blank pages are indicated. You may use a calculator.

Advice to Candidates

You will be assessed on your ability to organise and present information, ideas, descriptions and arguments clearly and logically, including your use of grammar, punctuation and spelling. You are advised to spend an equal amount of time, about 30 minutes, on each question.

This publication may be reproduced only in accordance with Edexcel Limited copyright policy. ©2008 Edexcel Limited.

Printer’s Log. No.
H31396A

W850/4340/57570 5/5/5/



H 3 1 3 9 6 A 0 1 1 2

Turn over

Answer ALL questions

1. Betty has moved into a new apartment and wants to buy a suite of leather furniture for £1 120. She has decided to buy the furniture on hire purchase. A deposit of 25% is paid and interest at 10% per annum is charged on the outstanding balance. The balance is paid in 24 monthly instalments.

(a) (i) Calculate how much each instalment will be. (Show your working)

.....
.....
.....
.....
.....
.....
.....
.....
.....

(6)

(ii) What would be the advantage to Betty of paying cash rather than buying on hire purchase?

.....
.....
.....

(2)

After one month's use, the leather started to split.

(iii) Explain the consumer rights that Betty has in this situation.

.....
.....
.....
.....
.....
.....

(4)



(b) How does a credit sale agreement differ from hire purchase?

.....
.....
.....
.....

(3)

(c) Explain a suitable method of borrowing in the following situations:

(i) a motor car costing £15 000.

.....
.....
.....
.....

(3)

(ii) a house costing £180 000.

.....
.....
.....
.....

(3)

(d) How would Betty benefit from using a credit card to buy other goods for her apartment?

.....
.....
.....
.....
.....
.....

(4)

(Total 25 marks)

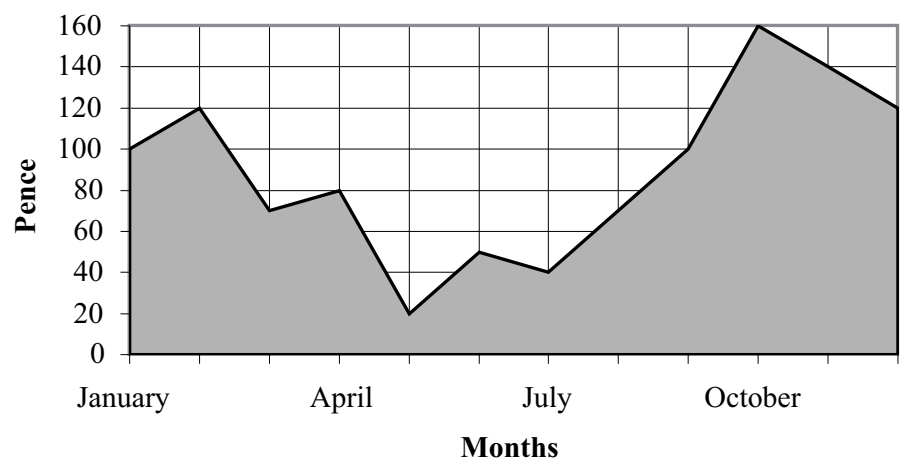
Q1

--	--



2. The following graph shows the monthly prices of the equities (shares) in Igloo plc for 2007. Catherine Hickey has owned Igloo equities for a number of years. In 2007 she received a good dividend on her investment.

IGLOO EQUITY PRICE 2007



Study the graph, and answer the questions that follow.

(a) State the meaning of:

(i) an equity.

.....
.....
.....

(2)

(ii) dividend.

.....
.....
.....

(2)



Catherine purchased 1 000 more equities on 1 January 2007.

(b) (i) How might Catherine have purchased these equities?

.....
.....
..... (2)

(ii) Calculate her profit or loss if she sold the 1 000 equities when they were at their highest price.

.....
.....
..... (2)

(iii) Why would May have been the worst time to sell the equities?

.....
.....
..... (2)



Leave
blank

(c) Analyse **two** factors that could have caused the equity price of Igloo plc to change during the year.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(8)



Leave blank

(d) Discuss the importance of stock exchanges to companies such as Igloo plc.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(7)

(Total 25 marks)

Q2

--	--



3. A large company has produced a new washing powder with the brand name, 'Superwash'. 'Superwash' is to be promoted widely with the company allocating a large sum of money for the advertising campaign. It has decided to use the services of an advertising agency.

(a) (i) Describe **two** purposes of advertising.

.....
.....
.....
.....
.....
.....

(4)

(ii) Why do manufacturers use brand names?

.....
.....
.....
.....

(3)

(iii) State **four** advantages of using the internet to advertise goods such as washing powders.

.....
.....
.....
.....
.....
.....

(4)



Leave blank

(b) Explain why the company has decided to use an advertising agency rather than run the advertising campaign themselves.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(6)

(c) Discuss the dangers and criticisms of advertising to consumers.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(8)

(Total 25 marks)

Q3

--	--



4. Thirty years ago Zarabia had no natural resources and imported most of its oil. Ten years ago, oil was discovered in the sea off Zarabia's coast. The discovery is expected to affect the country's balance of trade and balance of payments.

(a) Give the meaning of each of the following:

(i) balance of trade

.....
.....
.....

(2)

(ii) balance of payments.

.....
.....
.....

(2)

(iii) Why will Zarabia's balance of trade be affected by the discovery and production of oil?

.....
.....
.....
.....

(2)



(b) Explain how the oil produced by Zarabia is likely to be transported:

(i) from the sea to the oil refinery.

.....
.....
.....
.....

(3)

(ii) from the oil refinery to petrol stations.

.....
.....
.....
.....

(3)

Recently, Zarabia has become an international trading nation and is increasingly using air transport to carry many of its imports and exports.

(c) Analyse the reasons for the continued growth of transporting goods by air.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

(6)



Leave blank

(d) Discuss how the following types of warehouse assist international trade:

(i) bonded warehouses

.....
.....
.....
.....
.....
.....

(4)

(ii) cold storage warehouses.

.....
.....
.....
.....

(3)

Q4

(Total 25 marks)

TOTAL FOR PAPER: 100 MARKS

END

