

Mark Scheme (Results) Summer 2008

GCE

IGCSE Commerce (4340) Paper 2H

4340 2H Mark Scheme Summer 2008

Question Number	Answer	Mark
1(a) (i)	<p><i>(AO2 Apply = 6)</i></p> <p>£1 120 - 25% of £1 120 (1) = £840 (1) 10% of £840 = £84 (1) £840 + £84 = £924 (1) £924/24 (1) = £38.50 (1)</p> <p>Alternative method</p> <p>£1 120 - 25% of £1 120 (1) = £840 (1) 10% of £840 = £84 (1) £840 + £84 = £924 (1) + 10% = £92.40 (1) £1016.40/24 = £42.35 (1)</p> <p>(5 marks for correct method if answer is incorrect)</p>	(6)

Question Number	Answer	Mark
1(a) (ii)	<p><i>(AO2 Apply = 2)</i></p> <p>Valid points could include:</p> <p>e.g. Betty will save money - £84 savings - Betty will not pay interest - does not worry about paying instalments</p>	(2)

Question Number	Answer	Mark
1(a) (iii)	<p><i>(AO3 Analyse = 4)</i></p> <p>Valid points could include:</p> <p>e.g. can complain to the retailer - ask for replacement - within a year - goods not of merchantable quality/not fit for purpose - covered by Sales of Goods Act - but cannot withdraw from hire purchase agreement as more than five days old - can report the retailer to a consumer protection agency - if retailer refuses to replace, can take retailer to court</p>	(4)

Question Number	Answer	Mark
1(b)	<p><i>(AO2 Apply = 3)</i></p> <p>Valid points could include:</p> <p>e.g. owns the goods immediately under credit sales - not owned under hire purchase until final instalment paid can be sued for amounts owing if instalments not paid under credit sales - under hire purchase the goods can be repossessed cannot cancel the agreement and return the goods under credit values - can cancel at any time and return the goods under hire purchase</p>	(3)

Question Number	Answer	Mark
1(c) (i)	<p><i>(AO1 Demonstrate = 1) (AO2 Apply = 2)</i></p> <p>Valid points could include:</p> <p>e.g. loan (AO1) large amount for some people - can be off in monthly instalments - some protection if car becomes faulty - second-hand value (AO2)</p>	(3)

Question Number	Answer	Mark
1(c) (ii)	<p><i>(AO1 Demonstrate = 1) (AO2 Apply = 2)</i></p> <p>Valid points could include:</p> <p>e.g. mortgage (AO1) - large amount of money - long-term debt - e.g. 25 years - usually given on percentage of property value</p>	(3)

Question Number	Answer	Mark
1(d)	<p><i>(AO2 Apply = 4)</i></p> <p>Valid points could include:</p> <p>e.g. easy to obtain - obtains instant credit - no formalities involved compared to hire purchase</p> <p>-</p> <p>could be paid off without interest - interest-free</p> <p>period - relatively easy to increase credit limit</p>	(4)

Question Number	Answer	Mark
2(a) (i)	<p><i>(AO1 - Demonstrate = 2 marks)</i></p> <p>e.g. ordinary shares - part-owners of a company</p> <p>risk-bearers of a company - paid last in distribution</p> <p>of profits</p> <p>contribute to capital - helps financing of company</p>	(2)

Question Number	Answer	Mark
2(a) (ii)	<p><i>(AO1 - Demonstrate = 2 marks)</i></p> <p>e.g. share of profits - if profits are low, dividends will be</p> <p>low or nil</p> <p>distributed to shareholders - ordinary shareholders</p>	(2)

Question Number	Answer	Mark
2(b) (i)	<p><i>(AO2 - Apply = 2 marks)</i></p> <p>Valid points could include:</p> <p>e.g. stockbroker - telephone or visit to obtain best deal</p> <p>visit bank - will carry out transaction immediately</p> <p>email or telephone licensed dealer - often cheaper</p> <p>than stockbroker</p>	(2)

Question Number	Answer	Mark
2(b) (ii)	<p><i>(AO2 - Apply = 2 marks)</i></p> <p>£1600 - £1000 (1) = £600 profit (1)</p> <p>(1 mark for correct method but wrong answer)</p>	(2)

Question Number	Answer	Mark
2(b) (iii)	<p><i>(AO2 - Apply = 2 marks)</i></p> <p>e.g. shares at 20 pence - very low rate</p> <p>OR</p> <p>£1000 - £200 (1) = £800 loss (1)</p> <p>(1 mark for correct method but wrong answer)</p>	(2)

Question Number	Answer	Mark
2(c)	<p><i>(AO3 - Analyse = 8 marks)</i></p> <p>Valid points could include:</p> <p>e.g. performance - if profits are good the price of shares are likely to remain high - if losses are reported or forecast the price of shares will generally fall</p> <p>mergers - amount of share price change will depend on shareholders' view taken on the merger</p> <p>development of new products - may lead to optimism and rise in price</p> <p>government policies - example of new tax - share prices could fall</p> <p>general economic activity - if there is improved economic growth - shares likely to be in demand and share prices will generally rise</p> <p style="text-align: right;">4 x 2 marks</p>	(8)

Question Number	Answer	Mark
2 (d)	<p><i>(AO4 - Evaluate = 7 marks)</i></p> <p>Valid points could include:</p> <p>e.g. capital raising - companies can gain long-term capital - even though investors do not want to commit their money to a company permanently</p> <p>investor protection - highest standards of behaviour</p> <p>from stock exchange members</p> <p>people more likely to invest due to such protection</p> <p>pension funds/insurance companies - profitable outlet for their funds</p> <p>government - ready market in gilt-edged securities</p> <p>valuations for tax purposes indicator of opinion/trends - reflects the underlying economic conditions - low prices reflect pessimism - high prices reflect optimism</p>	(7)

Question Number	Answer	Mark
3(a) (i)	<p><i>(AO1 - Demonstrate = 4 marks)</i></p> <p>e.g. inform - of new goods or prices</p> <p>persuade - to sell goods</p> <p>remind - to create brand loyalty</p>	(4)

Question Number	Answer	Mark
3(a) (ii)	<p><i>(AO2 - Apply = 3 marks)</i></p> <p>Valid points could include:</p> <p>e.g. makes a memorable name - distinguishes it from competitors - make consumers buy their goods instead of other brands</p> <p>establishes brand loyalty - known quality of product</p> <p>- consumers trust the goods to brands such as Superwash rather than others</p>	(3)

Question Number	Answer	Mark
3(a) (iii)	<p><i>(AO1 - Demonstrate = 4 marks)</i></p> <p>Valid points could include:</p> <p>e.g. relatively cheap number of hits can be monitored can be targeted can be easily changed can use sound and vision can be seen 24/7 can be seen globally use of video clips</p>	(4)

Question Number	Answer	Mark
3 (b)	<p><i>(AO4 - Evaluate = 6 marks)</i></p> <p>Valid points could include:</p> <p>e.g. national advertising campaign needs care if is to be effective - few manufacturers have the skills to carry out a campaign - advertising agency has specialists - no need for company to employ specialists - to create the advertisement - employ specialist copywriters to devise the advertisements - production department puts the ideas of copywriter into practice - agency books time or space on appropriate media</p>	(6)

Question Number	Answer	Mark
3 (c)	<p><i>(AO3 - Analyse = 8 marks)</i></p> <p>Valid points could include:</p> <p>e.g. may lead to higher prices - to cover advertising costs may lead to consumers buying goods that they do not want - by the use of subtle advertising techniques may lead to over-spending - buying goods that consumers cannot afford may exploit consumers - use of example misleading advertisements - consumers being 'ripped-off'</p>	(8)

Question Number	Answer	Mark
4(a) (i)	<i>(AO1 - Demonstrate = 2 marks)</i> Balance of trade = visible exports - visible imports	(2)

Question Number	Answer	Mark
4(a) (ii)	<i>(AO2 - Apply = 2 marks)</i> Valid points could include: Balance of payments = visible exports + invisible exports - visible imports + invisible imports A record of financial transactions between a country and the rest of the world	(2)

Question Number	Answer	Mark
4(a) (iii)	<i>(AO2 - Apply = 2 marks)</i> Valid points could include: e.g. less to pay for imports - no need to import them more revenue - surplus can be exported	(2)

Question Number	Answer	Mark
4(b) (i)	<i>(AO1 - Demonstrate = 1 mark) (AO2 - Apply = 2 marks)</i> Valid points could include: e.g. pipeline (AO1) continuous flow - cheaper when installed - safe means - not affected by weather/congestion (AO2)	(3)

Question Number	Answer	Mark
4(b) (ii)	<i>(AO1 - Demonstrate = 1 mark) (AO2 - Apply = 2 marks)</i> Valid points could include: e.g. road tanker (AO1) specialist container for inflammable liquids - safe means - ease of loading and unloading - door to door - able to carry bulk loads (AO2)	(3)

Question Number	Answer	Mark
4 (c)	<p style="text-align: center;"><i>(AO3 - Analyse = 6 marks)</i></p> <p>Valid points could include:</p> <p>e.g. need for speed - especially for perishables/valuable goods</p> <p>growth of global economy - increased demand for foreign goods</p> <p>increased number of airports - more air routes available</p> <p>safer than sea/rail transport - less packaging required</p> <p>transports long distances - reaching inaccessible places</p> <p>increase in number of low bulk/high value goods</p> <p>- can absorb air costs</p>	(6)

Question Number	Answer	Mark
4 (d) (i)	<p style="text-align: center;"><i>(AO4 - Evaluate = 4 marks)</i></p> <p>Valid points could include:</p> <p>e.g. stores dutiable goods - payment of duty is postponed - saves on working capital</p> <p>only released from bond - when payment of duty is made - if rules are broken a large fine - controlled by Customs and Excise</p> <p>goods can be sold in bond - payment will be made by the buyer</p> <p>goods for re-export can be kept - refund of duty possible - customs drawback</p> <p>while in bond goods can be processed - bottled/blended/packaged or graded - but cannot be manufactured</p>	(4)

Question Number	Answer	Mark
4(d) (ii)	<p style="text-align: center;"><i>(AO4 - Evaluate = 3 marks)</i></p> <p>Valid points could include:</p> <p>e.g. without goods being kept at the right temperature - they would waste - they would be ruined by frost/damp - particularly over long distances - businesses would not be able to sell over long distances if there was no cold storage example - such as ice cream</p>	(3)