

Mark Scheme (Results) November 2009

IGCSE

IGCSE Commerce (4340) Paper 2H

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Question Number	Answer	Mark
1 (a) (i)	E.g. oil, sand, cement, furniture, timber, gravel, chemicals, cars, machinery	(2)

Question Number	Answer	Mark
1 (a) (ii)	Valid points could include Food aid – carrying emergency supplies to remote areas Perishable goods – so that they do not perish	(2)

Question Number	Answer	Mark
1 (a) (iii)	E.g. concerned with the importing of goods/services concerned with the exporting of goods/services between countries	(2)

Question Number	Answer	Mark
1 (b)	Valid points could include E.g. larger aircraft – with more powerful engines – which can now fly longer distances – with larger carrying capacity enabling air to carry even larger loads larger airports – with longer runways allowing for the handling of large quantities of freight more airports – enabling air transport to more destinations – goods can then be collected from possibly a closer locations – making it more convenient for air freight companies	(6)

Question Number	Answer	Mark
1 (c)	Valid points could include E.g. ships can carry heavier cargoes – such as iron ore – iron ore is a cheap commodity so the cost of air transport would be too expensive many goods are too bulky for air – such as steel – would not be able to be loaded inside many aircraft – whereas there are a variety of ships to carry bulky goods still cheaper charges for most goods compared to air transport – so enabling the goods to be sold cheaper – thereby increasing demand	(6)

Question Number	Answer	Mark
1 (d)	<p>Valid points could include</p> <p>E.g. wider choice of goods available to the people – because certain goods are not available or produced in a country – because of reasons such as climate and lack of natural resources</p> <p>goods may be cheaper for the people from other countries even if they are available – as comparative advantage leads to greater efficiencies – that reduces costs of production – making goods less expensive for the people</p> <p>creates employment for the people – leading to increased standard of living for workers – who have more money to spend on goods and services</p>	(7)

Question Number	Answer	Mark
2 (a) (i)	\$200 000/50% (1) = \$100 000 (1) or 2 marks for the correct answer	(2)

Question Number	Answer	Mark
2 (a) (ii)	<p>Valid points could include</p> <p>e.g. used for expansion to purchase fixed assets to be used as working capital</p>	(2)

Question Number	Answer	Mark
2 (b) (i)	<p>Valid points could include</p> <p>E.g. shares cannot be bought on the stock exchange - by the general public</p> <p>shares are not freely transferable – transfer can be restricted by other shareholders</p>	(3)

Question Number	Answer	Mark
2 (b) (ii)	<p>Valid points could include</p> <p>E.g. There is limited liability – for shareholders – who can only lose the value of their shares/capital – not personal possessions</p>	(3)

Question Number	Answer	Mark
2 (c)	<p>Valid points could include</p> <p>E.g. Large funds can be raised – by advertising shares to the general public – these large funds can be used for greater expansion</p> <p>Allows stock exchange quotation – as shares are treated as investments more investors are attracted to buy their shares</p> <p>As company grows in size it benefits more from economies of scale – enabling it to become more dominant in the market</p>	(5)

Question Number	Answer	Mark
2 (d)	<p>Valid points could include</p> <p>E.g. If the company uses retained profits this means that this amount does not have to be repaid (AO3) so that they are not over-committed (AO4). As they are making \$200 000 profit in a year, we can assume that this profit together with a \$50 000 overdraft would cover this amount (AO3) so this means there is little interest to be paid (AO4).</p> <p>If the company leased the computer system it would still pay a rental charge (AO3) and then could use the retained profits for other purposes (AO4). The company would not need a large cash outlay to purchase (AO3) so there would no drain on working capital (AO4). A computer system is likely to become outdated within a short period (AO3) so leasing would be useful as the computer system would be replaced when necessary (AO4).</p>	(10)

Question Number	Answer	Mark
3(a)	<p>Manufacturer = produce semi-finished/finished goods</p> <p>Wholesaler = buys goods in bulk and sells goods to retailers</p> <p>Retailer = sell goods to the consumer</p> <p>Consumer = buy goods and services</p>	(4)

Question Number	Answer	Mark
3 (b) (i)	<p>Valid points could include</p> <p>E.g. Advantage: Manufacturers can open their own shops/websites – can sell directly to consumers at a higher price than they would receive previously –saving wholesale costs - increasing the possibility of greater</p>	

	profits Manufacturers can control the whole operation – push their products more – get better market feedback	(3)
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Question Number	Answer	Mark
3 (b) (ii)	Valid points could include E.g. Disadvantage: consumers may suffer from a lack of shops/outlets to look at the goods – collect the goods from immediately – gain personal advice on the goods May reduce consumer choice – as retailers stock goods from a range of manufacturers – for example, a supermarket may offer twenty varieties of shampoo	(3)

Question Number	Answer	Mark
3 (c)	Valid points could include E.g. enables goods to be kept in cool conditions – through use of refrigeration systems - so that the goods remain edible for as long as possible particularly important for perishable goods – example such as meat – where the meat would go rotten if not properly stored – if this happens, this would hinder trade	(5)

Question Number	Answer	Mark
3 (d) (i)	Valid points could include E.g. pays manufacturer promptly (AO1) with cash (AO1) reduces the amount of working capital required by the manufacturer (AO3) the manufacturer will therefore have a regular inflow of cash (AO4) this reduces the amount of borrowing (AO4). provides the retailer with a wide choice of goods (AO1) from a range of manufacturers (AO1) thereby allowing consumers to have a greater choice of goods (AO3) this enables the small retailer to compete with larger stores (AO4) so that consumers can get their goods at their nearest small store (AO4).	(5)

Question Number	Answer	Mark
3 (d) (ii)	<p>Valid points could include</p> <p>E.g. increasing size of large scale retailers (AO1) who have their own warehouses/distribution facilities (AO1) so they can afford to bulk buy directly from manufacturers (AO3) this leads to negotiating better prices/terms (AO4) which means that they do not have to rely on wholesalers (AO4). declining number of small retailers (AO1) due to the increase in large hypermarkets opening (AO1) leading to difficult trading conditions/losses (AO3) with less small retailers, wholesalers have fewer customers (AO4) and might as well go out of business themselves (AO4).</p>	(5)

Question Number	Answer	Mark
4 (a)	<p>Valid points could include</p> <p>E.g. to obtain financial protection/cover – against risk of accident to obtain compensation – to replace the car or parts legal requirement – third party</p>	(4)

Question Number	Answer	Mark
4 (b)	<p>Valid points could include</p> <p>E.g. it is an application for insurance – to find out what the insured wants to insure – to give personal information on the proposal form – example of details such as car value – details need to be truthful – on the basis of the principle of utmost good faith the proposal will be needed to assess the risk – whether or not to accept the risk - so as to determine or fix the premium – in order to cover the risk and make a profit</p>	(6)

Question Number	Answer	Mark
4 (c)	<p>Valid points could include</p> <p>E.g. lacks utmost good faith (AO1) - she has not declared some relevant fact – such as being in a serious car accident age (AO1). outside the age range offered by a insurer – too young such as 15 years old high theft area (AO1) – this will higher the risk – increase the likelihood of a claim convictions for dangerous driving/drink driving/poor accident record (AO1) – increases the chance of having an accident – considered a bad risk</p>	(6)

Question Number	Answer	Mark
4 (d)	<p>Valid points could include</p> <p>E.g. If Mrs Rowell goes to an insurance broker they will offer independent advice on which insurance company to use – by offering expert advice on the best policy to choose – as each insurance company offer different quotations – they will then supply you with information on a range of policies from a number of insurance companies – this will save time/money instead of contacting each insurance company – however, as the broker is tied to commission from the insurance company – they may not offer the best advice that they need – as they will tend to push the policies that will offer the most commission. If Mrs Rowell goes to insurance companies or uses their websites they will promote their own policies – for which there will be less of a range to choose from – she may then not receive all the information that she requires.</p>	(9)

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