

IGCSE

Commerce

Sample Assessment
Materials (SAMs)

Edexcel IGCSE in Commerce (4CM0)

First examination 2011



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Introduction

The sample assessment material has been prepared to support the specification.

The aim of the material is to provide students and centres with a general impression and flavour of the actual question paper and mark scheme in advance of the first operational examinations.

Sample question paper

Paper 1: Commerce

7

Answer ALL questions.

1. Complete the following sentences by inserting only **one** word in each space.

(a) Selling goods in shops is one form of trade. **(1)**

(b) Market research can be divided broadly into two types: research and field research. **(1)**

(c) Investors have to buy and sell shares on the Stock Exchange through **(1)**

(d) The return on capital invested in a business can be calculated by taking the profit as a percentage of the capital used. **(1)**

(Total 4 marks)

Q1

2. Define and give an example of:

(a) consumer goods
.....
.....
..... **(2)**

(b) producer goods
.....
.....
..... **(2)**

(Total 4 marks)

Q2

3. A retailer orders goods from a manufacturer to the value of £800. Trade discount of 25% and cash discount of 5% is allowed on this sale.

Calculate the final invoice amount to be paid to the manufacturer from the information above. Show your working.

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

(Total 2 marks)

Q3

4. Explain **one** reason for protecting consumers when they buy goods.

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

(Total 2 marks)

Q4

5. State **two** advantages of using cheques instead of cash.

1

.....

2

.....

(Total 2 marks)

Q5

6. Explain **one** reason why hypermarkets are located out of town.

.....

.....

.....

.....

(Total 2 marks)

Q6

7. Businesses are organised into the private or public sector of the economy.

Identify each of the following businesses as either private or public sector by putting a cross (☒) in the correct boxes below.

Business	Private	Public
Partnership	☒	☒
Co-operative	☒	☒
Local authority	☒	☒
Friendly society	☒	☒

(Total 4 marks)

Q7

8. State **one** reason why records of business transactions should be kept.

.....

.....

(Total 1 mark)

Q8

9. State **two** benefits to a business of using video conferencing.

1

.....

2

.....

(Total 2 marks)

Q9

10. Define the terms

(a) the insurer

(b) the insured

as used in an insurance contract.

(a)
..... (1)

(b)
..... (1)

(Total 2 marks)

Q10

11. List **three** disadvantages of using the barter system.

1
.....

2
.....

3
.....

(Total 3 marks)

Q11

12. Give **two** reasons for movements in the exchange rate of a country's currency.

1
.....

2
.....

(Total 2 marks)

Q12

13. Commercial high street banks provide a wide range of services for both individuals and businesses, such as the lending of money by loans and overdrafts.

Describe **two** differences between loans and overdrafts as methods by which commercial banks lend money.

.....

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.....

(Total 4 marks)

Q13

14. The two pictures below show containers being transported by road and rail to a port container terminal.



Source: Clipart



Source: Wikipedia

(a) List **three** factors businesses consider when choosing a form of transport.

- 1
-
- 2
-
- 3
-

(3)

(b) Using an example, explain when rail transport would be preferred to road transport.

-
-
-
-
-
-
-
-
-
-

(3)

(Total 6 marks)

Q14

15. Study the information below relating to the foreign trade of a country, and then answer the questions which follow.

Goods	£m
Total goods (visibles) exported	2 700
Total goods imported	3 000
	?
Balance of trade	
Services	
Total services (invisibles) exported	?
Total services imported	720
	480
Balance on services (favourable)	

(a) (i) Calculate the balance of trade figure.

.....
(1)

(ii) Why is it important for the government to calculate the balance of trade figure?

.....

(3)

(iii) Calculate the figure for total services exported.

.....
(1)

(iv) Discuss the significance of the foreign trade situation of the country.

.....

.....

.....

.....

.....

.....

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.....

(5)

16. Businesses spend a great deal of money each year on advertisements for their products.

(a) Why do businesses advertise?

.....

.....

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.....

.....

.....

.....

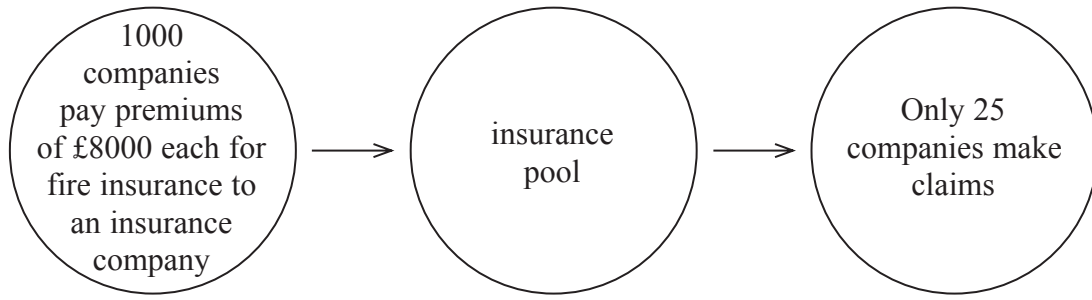
.....

.....

.....

(4)

17. The following diagram shows the pooling of risks in insurance. Use the diagram to help you answer the following questions.



(a) (i) Calculate the total amount paid in premiums to the insurance company for fire insurance. Show your working.

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

(ii) Explain the benefits to the 1 000 companies of the pooling of risks.

.....
.....
..... (3)

(iii) State **two** other risks the owner of a company should insure against.

1
2 (2)

(iv) Explain why some business risks are uninsurable.

.....
.....
.....
..... (3)

Many people buy a new or secondhand car. They will need to take out insurance on the car.

(b) (i) Discuss the importance of 'utmost good faith' in a car insurance policy.

.....

.....

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.....

.....

(5)

(ii) Discuss the importance of 'indemnity' in a car insurance policy.

.....

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.....

.....

.....

(5)

Q17

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(Total 20 marks)

TOTAL FOR PAPER:100 MARKS

END

Sample mark scheme

General marking guidance	25
Paper 1: Commerce	27

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.

Paper 1: Commerce

Question Number	Answer	Mark
1(a)	Retail	1

Question Number	Answer	Mark
1(b)	Desk (or secondary)	1

Question Number	Answer	Mark
1(c)	Stock brokers (or a broker)	1

Question Number	Answer	Mark
1(d)	Net	1

Question Number	Answer	Mark
2(a)	Consumer goods are those sold to and used by consumers for their satisfaction or goods bought by consumers - eg food, drink, clothing (or any specific example of these). (1 mark for definition plus 1 mark for an example)	2

Question Number	Answer	Mark
2(b)	Producer goods are those which are used in the production process to help make other goods - eg raw materials, power, machinery, semi-finished goods (or any specific example of these). (1 mark for definition plus 1 mark for an example)	2

Question Number	Answer	Mark
3	£800 - £200 (25%) = £600 (1) £600 - £30 (5%) = £570 (2 marks for correct answer) (1 mark for correct method but calculation error)	2

Question Number	Answer	Mark
4	<ul style="list-style-type: none"> • Limited understanding of rights - example such as laws • Limited knowledge of goods - example such as cars • Weak position - compared to the financial resources of business • Example of possible danger such as poor quality of goods - so that consumers can use the goods <p>(1 mark for one reason plus 1 mark for development)</p>	2

Question Number	Answer	Mark
5	<ul style="list-style-type: none"> • Large sums of money do not need to be carried/portable • Clearing of cheques acts as proof of payment • Cheques can be sent through the post • More easily traced when stolen • Less time in counting money/convenient • Less money kept on premises • Safer than carrying cash <p>(1 mark for each of two advantages)</p>	2

Question Number	Answer	Mark
6	<ul style="list-style-type: none"> • Large stores - need 4650 square metres of selling space • Visited by shoppers in cars - who buy weekly shop - need a large area to park • Sell a wide variety of goods - example such as furniture <p>(1 mark for one point plus 1 mark for development)</p>	2

Question Number	Answer	Mark
7	Partnership = Private Co-operative = Private Local authority = Public Friendly society = Private	4

Question Number	Answer	Mark
8	<ul style="list-style-type: none"> • Proof of transaction taking place • Record for future query • Evidence to support tax position • Information for preparing accounts • Evidence for claiming payment/having paid • Government statistics <p>(1 mark for one reason)</p>	1

Question Number	Answer	Mark
9	<ul style="list-style-type: none"> • Saves people time travelling to meetings • Large savings in terms of cost • Face-to-face communication is possible <p>(1 mark for each of two benefits)</p>	2

Question Number	Answer	Mark
10(a)	<ul style="list-style-type: none"> • Insurer - business taking the risk of loss/compensation 	1

Question Number	Answer	Mark
10(b)	<ul style="list-style-type: none"> • Insured - business/person receiving compensation following any covered loss/person receiving insurance cover 	1

Question Number	Answer	Mark
11	<ul style="list-style-type: none"> • Double coincidence of wants • Valuing goods • Indivisibility of goods • Storage of goods <p>(1 mark for each of three disadvantages)</p>	3

Question Number	Answer	Mark
12	<ul style="list-style-type: none"> • Balance of payments position • Interest rate change • Change of government • Natural disaster • Conflicts • Speculation/investment • Government intervention • Inflation • Demand/supply of currency <p>(1 mark for each of two reasons)</p>	2

Question Number	Answer	Mark
13	<p>Loans</p> <ul style="list-style-type: none"> • fixed sum • interest on full sum • agreed repayment schedule • loan account opened • not linked to current account • use of collateral security <p>customer completes application form</p> <p>Overdrafts</p> <ul style="list-style-type: none"> • variable sum • amount by which current account overdrawn • interest calculated daily • usually renewable annually • no fixed repayment date <p>customer has a current account</p> <p>(1 mark for each of two contrasting features for each method) (Maximum of 2 marks for any one method)</p>	4

Question Number	Answer	Mark
14 (a)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • nature of goods • urgency/speed • value of goods • cost of the transport • distance involved • size/weight of goods • return loads • reputation of carrier <p>(1 mark for each factor - accept up to three)</p>	3

Question Number	Answer	Mark
14 (b)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • nature of goods • urgency/speed • value of goods • cost of the transport • distance involved • size/weight of goods • return loads • reputation of carrier <p>(1 mark for each factor - accept up to three)</p>	3

Question Number	Answer	Mark
15 (a)(i)	$£2700m - £3000 = -£300m$	1

Question Number	Answer	Mark
15 (a)(ii)	<ul style="list-style-type: none"> • So that the government knows if imports are greater than exports or visa versa - this will let the government know if economic policy changes are necessary • So that the government knows if it needs to encourage exports or deter imports - to correct a negative balance of trade - change will affect the exchange rate • To know if the country's goods are more or less competitive with other countries - may need to introduce policies to improve competitiveness <p>(1 mark for each reason plus 1 mark for development)</p>	3

Question Number	Answer	Mark
15 (a)(iii)	$£480m + £720m = £1200m$	1

Question Number	Answer	Mark
15 (a)(iv)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • surplus of foreign currency - strengthen the exchange rate • policy options for government - eg for building up foreign currency reserves • for repayment of loans from abroad - reduce interest payments in future <p>(1 mark for each point plus up to 2 marks for development)</p>	5

Question Number	Answer	Mark
15 (b)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • language (1) - increased costs of translating documents/catalogues (1) - can staff deal with written/verbal communications (1) • extra costs may arise from staff training/employing additional staff (1) - may lead to decreased profitability (1) • transit risks (1) - increased distance to transport the goods and may lead to damage/theft (1) • import restrictions (1) - tariffs raise the price of the goods (1) - may be less competitive and reduce sales • credit risks (1) - more difficult to check the creditworthiness of importers (1) - may not get paid/loss of money (1) <p>(1 mark for each problem plus 1 mark for explaining why it is a problem for the company plus 1 additional mark for development. 5 marks maximum if no development of any problems)</p>	10

Question Number	Answer	Mark
16 (a)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • persuade people to buy goods - increase sales /profits • inform customers - eg new goods, price changes • to compete - to maintain/increase market share • remind people - maintain brand loyalty <p>(1 mark per point plus 1 mark for development of each)</p>	4

Question Number	Answer	Mark
16 (b)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • get to know what goods are available - details • allows comparisons of different suppliers - price /quality • helps to make a choice - best 'buy' for customer • increased competition - lowers prices • saves time in searching the market - no need to go round shops • public services are advertised - eg bus timetables <p>(1 mark per point plus 1 mark for development of each)</p>	6

Question Number	Answer	Mark
16 (c)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • may lead to overspending - buying goods which you cannot afford • prices may rise - due to unsuccessful/high cost of advertising • may lead to purchase of unwanted goods - example • may lead to purchase of harmful goods - example • advertising can be misleading - disappointed consumers <p>(1 mark for each problem plus 1 mark for explaining why it is a problem for consumers plus 1 additional mark for development. 5 marks maximum if no development of any problems)</p>	10

Question Number	Answer	Mark
17 (a)(i)	<p>£8000 x 1000 = £8 000 000</p> <p>(1 mark for correct method if answer is incorrect)</p>	2

Question Number	Answer	Mark
17 (a)(ii)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • eg financial loss shared by a number of companies (1) - unfortunate companies who suffer loss (1) - are paid out of the pool of funds (1) • eg loss from risk will occur only for a small percentage (1) - relatively small premium paid for large scale cover (1) <p>(1 mark for a point plus up to 2 marks for development)</p>	3

Question Number	Answer	Mark
17 (a)(iii)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • eg theft • eg public liability <p>(1 mark per valid point)</p>	2

Question Number	Answer	Mark
17 (a) (iv)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • eg risk cannot be assessed from past records (1) - no statistics available (1) - on which to calculate the premium (1) <p>(1 mark for a point plus up to 2 marks for development)</p>	3

Question Number	Answer	Mark
17 (b)(i)	<p>Valid points could include:</p> <ul style="list-style-type: none"> eg all relevant facts must be disclosed (1) - which might affect the premium (1) - or acceptance of risk (1) - applies to both parties (1) - if utmost good faith is not observed the contract will be void (1) - no compensation paid out (1) - person insured will have lost out (1) <p>(1 mark for a point plus up to 4 marks for development)</p>	5

Question Number	Answer	Mark
17 (b)(ii)	<p>Valid points could include:</p> <ul style="list-style-type: none"> eg a sum paid by way of compensation for loss (1) - a person should be placed in the same position as before the event (1)- allow example (1) - compensation will be limited to the amount for which the item is insured (1) - they cannot make a profit from a loss (1) <p>(1 mark for a point plus up to 4 marks for development)</p>	5

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