

INTERNATIONAL GCSE

Commerce

Specification and Sample Assessment Material

Edexcel International GCSE in Commerce (4CM0)

First examination 2011

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Publications code: UG022513

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International GCSE

Commerce (4CM0)

Specification

First examination 2011

Introduction

The Edexcel International General Certificate of Secondary Education (International GCSE) in Commerce is designed for use in schools and colleges. It is part of a suite of International GCSE qualifications offered by Edexcel.

The Edexcel International GCSE in Commerce is designed to provide a sound understanding of commercial activities. In particular it will benefit those who seek employment in commercial occupations, whether in trade or in one of the services ancillary to trade. The International GCSE in Commerce will provide a valuable background for students who plan to study Advanced GCE in Business Studies or Economics, and other business or economics courses.

Key subject aims

The Edexcel International GCSE in Commerce enables students to:

- acquire a knowledge of, and develop an understanding of, the nature and purpose of commercial activities and commercial institutions
- develop an awareness of the context within which commercial activity takes place
- develop an awareness of the nature and significance of innovation and change within the context of commercial activities
- develop skills of numeracy, literacy, inquiry, presentation and interpretation
- increase knowledge and awareness of the dual role of people in everyday life as producers and consumers
- develop an appreciation of the impact of information technology, and the importance of commercial communication and documentation.

About this specification

Key features and benefits of the specification

- 100% examination – single assessment route allowing all students to demonstrate their knowledge and understanding of commerce.
- A course for both those in full-time education and those seeking professional development.
- Accessible questions based on real commercial situations.
- Assessment opportunities in both the January and June examination series.
- Provides a sound foundation for Edexcel AS and Advanced GCE in Business Studies or Economics, or equivalent qualifications.

Contents

Specification at a glance	1
Qualification content	3
Content overview	3
Subject content	5
1 Production and Commercial Activity	5
2 Trade	6
3 Consumer Credit and Protection	9
4 Business Ownership	10
5 Aids to Trade	12
Assessment	17
Assessment summary	17
Assessment Objectives and weightings	17
Entering your students for assessment	18
Student entry	18
Combinations of entry	18
Access arrangements and special requirements	18
Assessing your students	19
Awarding and reporting	19
Language of assessment	19
Malpractice and plagiarism	19
Student recruitment	19
Progression	20
Grade descriptions	20
Support and training	21
Edexcel support services	21
Training	21
Textbooks and resources	22
Useful sources of information	22

Specification at a glance

The Edexcel International GCSE in Commerce is assessed through a written examination paper.

Paper 1: Commerce	Paper code: 4CM0/01
<ul style="list-style-type: none">Externally assessedAvailability: January and June seriesFirst assessment: June 2011	
<p>Overview of content</p> <p>There are five areas of subject content. Students are required to study all five areas.</p> <ol style="list-style-type: none">Production and Commercial ActivityTradeConsumer Credit and ProtectionBusiness OwnershipAids to Trade	
<p>Overview of assessment</p> <ul style="list-style-type: none">This qualification is assessed through a two-hour examination paper, set and marked by Edexcel.Single tier of entry.The total number of marks available is 100.	

Qualification content

Content overview

Where a question does not refer specifically to the UK, students may draw on examples from their own country.

Area	Content summary	
1	Production and Commercial Activity	
1.1	Production	The production of goods and services; the various activities, occupations and commercial functions involved.
1.2	Organisation of Production	
1.3	Barter and Money	
1.4	Kinds of Occupations	
1.5	Commercial Activity	
1.6	Channels of Distribution	
2	Trade	
2.1	Retail Trade	The channels of distribution for goods and services in home and international trade; the role of markets, government involvement.
2.2	Wholesale Trade	
2.3	International Trade	
3	Consumer Credit and Protection	
3.1	Buying Goods and Services	Purchase and payment considerations; sources of finance for purchases of goods and services; methods of protection available to consumers.
3.2	Types of Credit	
3.3	Consumer Protection	
4	Business Ownership	
4.1	Private and Public Ownership	Private and public ownership of business organisations; control, profits and losses; the results of trading; sources of finance.
4.2	Private Sector	
4.3	Public Sector	
4.4	Multi-nationals	
4.5	Commercial Calculations	
4.6	Measuring Business Performance	
4.7	Improving Business Performance	
4.8	Sources of Finance	

Area		Content summary
5	Aids to Trade	
5.1	Banking	The role of banks, transport, communications, insurance, advertising and warehousing in making buying and selling safer and simpler.
5.2	Transport	
5.3	Communications	
5.4	Insurance	
5.5	Advertising	
5.6	Warehousing	

Assessment overview

- The assessment of this qualification is through a two-hour examination paper, set and marked by Edexcel.
- Single tier of entry.
- Comprised of compulsory short-answer structured questions, data-response questions and open-ended questions.
- Questions will be drawn from all areas of the subject content.
- The total number of marks available is 100.

Subject content

1 Production and Commercial Activity

Content	Explanation
	Students should be able to:
1.1 Production	show understanding of the concepts of production and the factors of production as a means of providing goods and services to satisfy human wants show understanding of primary, secondary and tertiary activities
1.2 Organisation of Production	explain specialisation and division of labour, its advantages and disadvantages and how it led to the emergence of commerce and the interdependence of nations
1.3 Barter and Money	show understanding of the concepts of exchange, barter and money
1.4 Kinds of Occupations	classify occupations and show the relationship between primary, secondary and tertiary activities
1.5 Commercial Activity	describe the principal functions of commerce (trade and the aids to trade) and their importance within production
1.6 Channels of Distribution	describe the distribution of manufactured goods, agricultural commodities, and raw materials

2 Trade

Content	Explanation
	Students should be able to:
2.1 Retail Trade	
2.1.1 Functions	explain the functions and services of retailers
2.1.2 Types	<p>identify and describe the organisation of large and small types of retailing</p> <p>give reasons for the existence of each type of retailing</p> <p>outline the distinctive features, particularly services offered and comparative prices</p> <p>analyse reasons for the main differences in their features</p>
2.1.3 Locations	explain factors for the location of retail outlets, including the work of planning authorities
2.1.4 Techniques and trends	<p>describe selling techniques and trends in retailing: branding and packaging, self-service, after-sales service, franchising, bar-coding, shopping centres, loss leaders, seasonal and other 'sales', special offers, loyalty cards</p> <p>explain the reasons for the use of each selling technique</p> <p>analyse the possible influence of each selling technique on consumer buying and the effects on a retailer's sales</p>
2.1.5 Developments	describe recent developments in retailing and e-retailing such as home shopping (by telephone and internet) and explain their likely implications
2.2 Wholesale Trade	
2.2.1 Functions and services	<p>describe the functions of a wholesaler</p> <p>explain the services provided by the wholesaler to the retailer and the manufacturer (see also 5.6 Warehousing)</p>
2.2.2 Organisation	describe the organisation of the different types of wholesalers: traditional, cash-and-carry and voluntary chains
2.2.3 Role in distribution	give reasoned arguments for the abolition or the retention of the wholesaler as part of the chain of distribution
2.2.4 Recent developments	describe recent developments in wholesaling and their possible effects on the consumer

Content	Explanation
	Students should be able to:
2.2 Wholesale Trade <i>continued</i>	
2.2.5 Trade documents	<p>explain the purpose and the use of the following documents in the purchase and the sale of goods in home trade: enquiry, quotation, order, advice, delivery note, invoice (including Value Added Tax (VAT)), debit note, credit note, statement of account, receipt</p> <p>compile and complete any of these documents from information given, including use of cash and trade discounts</p>
2.2.6 Intermediaries	describe the functions of and services to the producer and manufacturer of intermediaries such as factors, agents, brokers, merchants, forwarding agents
2.3 International Trade	
2.3.1 Foreign trade and home trade	explain how international trade differs from home trade
2.3.2 Benefits	describe the advantages of international trade
2.3.3 Goods and services	distinguish between imports and exports; visible and invisible trade
2.3.4 Balance of trade and balance of payments	<p>give the meaning of and the distinction between the balance of trade and the balance of payments</p> <p>calculate the balance of trade and the balance of payments from given figures and be able to recognise whether and why each is favourable or unfavourable</p>
2.3.5 Aids to export	<p>outline the sources of commercial information available to exporters such as government departments, chambers of commerce, banks, trade organisations, overseas agents</p> <p>describe government services available to exporters including credit guarantees, trade fairs, consular services</p>
2.3.6 Duties, quotas and tariffs	differentiate between customs duties and excise duties and between tariffs and quotas
2.3.7 Methods of payment	<p>describe the key features of the current methods of payment provided by banks in home trade: cheques, credit transfers, direct debits, standing orders, bank drafts, credit cards, debit cards</p> <p>describe the main features of these international methods of payments: foreign exchange, bills of exchange, documentary bills, documentary credits, letters of credit, mail transfers, electronic transfers</p> <p>explain the reasons why different methods of payment are needed when compared with home trade</p>

Content		Explanation
		Students should be able to:
2.3 International Trade <i>continued</i>		
2.3.8	Exchange rates	explain why a foreign exchange market is needed; why exchange rates change; effects on trade
2.3.9	Trading blocs	describe the advantages and disadvantages of trading blocs
2.3.10	Difficulties faced by exporters	explain the main difficulties and barriers faced by exporters including language, distance, methods of payment, consumer desires and documentation

3 Consumer Credit and Protection

Content	Explanation
	Students should be able to:
3.1 Buying Goods and Services	outline purchase and payment considerations: for example decisions on what is needed and what can be afforded, paying by cash or through credit
3.2 Types of Credit	describe the following credit facilities available to consumers: credit sale, hire purchase, mail order, store cards, credit cards, debit cards, overdrafts outline the methods of financing such facilities suggest a suitable method of credit in certain circumstances and to give reasons for the choice
3.3 Consumer Protection	show an understanding of the need for protection recognise the part played by government and local authorities (a) through legislation and (b) in disseminating information

4 Business Ownership

Content	Explanation
	Students should be able to:
4.1 Private and Public Ownership	show understanding of the character of a mixed economy with its public and private sectors and outline the economic and social advantages and disadvantages
4.2 Private Sector	describe and compare the organisation of: <ul style="list-style-type: none"> • sole proprietors • partnerships • limited companies (private and public) • franchises in terms of: <ol style="list-style-type: none"> (a) business formation (b) raising of capital (long-term and short-term finance) (c) ownership and control (d) distribution of profits and responsibility for losses (e) suitability of each organisation to a given situation
4.3 Public Sector	describe the features of public corporations in terms of formation, ownership, control, sources of finance, profit use, and liability for loss analyse and evaluate the case for and against these corporations in comparison with private sector ownership and control distinguish public corporations from government departments
4.4 Multi-nationals	define a multi-national evaluate the opportunities for multi-national companies (MNCs) and the possible conflicts of interest when they locate/operate in a particular country
4.5 Commercial Calculations	calculate the gross profit margin and mark-up of a trading business carry out simple calculations of gross profit based on purchases, net sales (net turnover), opening/closing stock and cost price of sales carry out simple calculations of net profit based on gross profit and the main types of operating expense for a trading business calculate average stock and stockturn (rate of turnover)

Content	Explanation
	Students should be able to:
4.6 Measure Business Performance	<p>carry out some key calculations for measuring business performance: % gross profit on turnover, % net profit on turnover, expenses as % of turnover, net profit as % of capital used (return on capital)</p> <p>(Please note, a knowledge of balance sheets is not required)</p> <p>assess the significance of these calculations</p>
4.7 Improving Business Performance	<p>recommend actions which could be taken by a business to improve its performance by changes in turnover, purchasing costs, mark-up and profit margins, expenses, stockturn and fixed assets</p>
4.8 Sources of Finance	<p>understand the functions of stock exchanges</p> <p>describe the organisation of stock exchanges</p> <p>explain the ways in which stock exchanges facilitate investment in both new and existing companies</p> <p>describe the process of issue of shares</p> <p>name and explain different types of shares</p> <p>demonstrate knowledge and show understanding of the following terms in appropriate situations:</p> <ul style="list-style-type: none"> • investors • equities • interest • dividend • yield • speculation <p>describe, including advantages and disadvantages, of the following main types of long-term and short-term sources of finance:</p> <ul style="list-style-type: none"> • long-term: loans, mortgages, owner’s capital, government grants, retained profits, debentures • short-term: trade credit, overdrafts, factoring, leasing, hire purchase, loans <p>suggest a suitable source of finance for different commercial situations, and give reasons for your choice</p>

5 Aids to Trade

Content	Explanation
	Students should be able to:
5.1 Banking	
5.1.1 Money	<p>outline the functions of money (as a medium of exchange, measure of value, store of value, standard for deferred payments) and the role of money in a developed economy, including the concept of legal tender</p> <p>identify and explain reasons for the use of the different types of money: notes and coins, bank deposits, credit</p>
5.1.2 Types of banks	<p>describe the main features and evaluate the use of the following services provided for businesses and consumers by the commercial banks, and other organisations such as post offices:</p> <p>(a) accepting deposits: current, deposit and savings accounts, night safes</p> <p>(b) payment methods: cheques, standing orders, bank giro (credit transfers), direct debits, bank drafts, debit cards, electronic transfers, postal orders, special delivery, cash on delivery</p> <p>(c) other important services: eg financial, investment and taxation advice, insurance service, provision and exchange of foreign currencies, provision of cash for wages, cash dispensers (ATMs), credit cards, safekeeping of documents, information about foreign markets, bank references</p> <p>outline the main functions of a central bank</p>
5.1.3 Trends in banking	describe recent developments, eg telephone banking, internet banking, mobile phone banking, and analyse their likely implications
5.2 Transport	
5.2.1 Importance	show understanding of the importance of transportation in the chain of distribution
5.2.2 Types	<p>state, and show knowledge of, the different forms of transportation available to commerce: road, rail, sea, air, inland waterway, pipelines</p> <p>evaluate benefits to a business of having its own transport</p> <p>evaluate the efficiency of the various forms of transport in relation to cost (including social costs), speed, reliability and safety, situation, convenience, distance</p>
5.2.3 Containerisation	<p>identify the main features of containers</p> <p>explain why containers are used</p>
5.2.4 Trends	describe modern trends in the distribution of goods, eg growth of air freight, couriers

Content	Explanation
	Students should be able to:
5.3 Communications	
5.3.1 Importance	demonstrate the importance of effective communication in business
5.3.2 Types	<p>identify the main methods of communication in common use:</p> <ul style="list-style-type: none"> • written: postal communications, fax, email, teletext, websites • spoken: telephone, mobile phone, pager, radio, television, video and telephone conferencing <p>compare these main methods with reference to speed, cost, convenience to customers, security and suggest when they would be appropriate to use</p>
5.4 Insurance	
5.4.1 Principles	<p>show understanding of the statistical basis of insurance in terms of the pooling of risks, forecasting losses, fixing premiums and compensating for loss, including reference to the work of actuaries and assessors</p> <p>explain why some risks are non-insurable</p> <p>define and analyse the implications of:</p> <ul style="list-style-type: none"> • utmost good faith • indemnity • insurable interest • contribution • subrogation
5.4.2 Risks	<p>identify and explain the main insurance business risks: accident, theft, vehicles, marine, fire and consequential loss, employers' liability and public liability, fidelity guarantee, credit insurance, plate glass</p> <p>give suitable examples of personal and business insurance in these classes</p>
5.4.3 Effecting and renewing insurance	<p>outline procedures in effecting and renewing</p> <p>recognise the importance of the proposal as part of a legal contract</p> <p>state reasons for the inclusion of clauses in a policy relating to the insured, the property or life, and the cover required</p> <p>explain the terms: endorsement, cover note</p>

Content	Explanation
	Students should be able to:
5.4 Insurance <i>continued</i>	
5.4.4 Insurance market	describe how to arrange insurance with commercial companies, mutual societies and Lloyd's understand the roles of underwriters, brokers and syndicates the use of agents and brokers
5.4.5 Documents and calculations	calculate simple premiums when value and rate are given show what indemnity would be given in simple cases
5.5 Advertising	
5.5.1 Purposes	show understanding of how advertising assists trade
5.5.2 Marketing	explain the relationship between market research, test marketing, sales promotion and advertising
5.5.3 Methods	describe the different methods of advertising and the reasons for their use circulars, posters, national and local press, radio and television, cinemas, free gifts and samples, magazines (general and specialised), fairs and exhibitions, point of sale (eg carrier bags, wrappers), catalogues, leaflets, sponsorship, internet
5.5.4 Approaches	recognise and give examples of the various approaches to advertising (a) persuasive (b) informative (c) competitive (d) collective recognise devices, techniques and methods of appeal: eg hidden persuaders — appeal to emotions explain the importance in advertising of trade names/marks, branding, packaging
5.5.5 Agencies	explain the functions of advertising agencies
5.5.6 Safeguards	state and evaluate the advantages, dangers and criticisms of advertising to consumers describe how consumers are protected against misleading advertising by statute, by codes of advertising practice, and by independent organisations

Content	Explanation
	Students should be able to:
5.6 Warehousing	
5.6.1 Role of warehousing	show understanding of the importance of warehousing to trade, eg seasonal production, price stability
5.6.2 Types of warehouses	describe different forms of storage: bonded warehouses, cold storage, regional distribution warehouses outline the main features of each type of warehouse evaluate the importance of each feature in trade

Assessment

Assessment summary

Paper 1 is externally assessed through a two-hour examination paper.

Summary of table of assessment

Paper 1: Commerce	Paper code: 4CM0/01
<ul style="list-style-type: none">• This qualification is assessed through a two-hour examination paper, set and marked by Edexcel.• Single tier of entry.• The total number of marks available is 100.	

Assessment Objectives and weightings

	% in International GCSE
AO1: demonstrate knowledge and understanding of the specified subject content	30–40%
AO2: apply knowledge and understanding to effectively address commercial problems and issues, using appropriate terminology, concepts, methods and calculations	20–30%
AO3: select, organise, analyse and interpret information from various sources to analyse commercial problems and issues	20–25%
AO4: evaluate evidence and make reasoned judgements accurately and appropriately	15–20%
TOTAL	100%

Entering your students for assessment

Student entry

Details of how to enter students for this qualification can be found in Edexcel's *International Information Manual*, copies of which are sent to all active Edexcel centres. The information can also be found on Edexcel's international website.

Combinations of entry

There are no forbidden combinations.

Access arrangements and special requirements

Edexcel's policy on access arrangements and special considerations for GCE, GCSE, International GCSE, and Entry Level qualifications aims to enhance access to the qualifications for students with disabilities and other difficulties without compromising the assessment of skills, knowledge, understanding or competence.

Please see the Edexcel website (www.edexcel.org.uk/sfc) for:

- the Joint Council for Qualifications (JCQ) policy *Access Arrangements and Special Considerations, Regulations and Guidance Relating to Students who are Eligible for Adjustments in Examinations*
- the forms to submit for requests for access arrangements and special considerations
- dates for submission of the forms.

Requests for access arrangements and special considerations must be addressed to:

Special Requirements
Edexcel
One90 High Holborn
London WC1V 7BH

Assessing your students

The first assessment opportunity for Paper 1 of this qualification will take place in the June 2011 series and in each following January and June series for the lifetime of the specification.

Your student assessment opportunities

Paper	June 2011	January 2012	June 2012	January 2013
Paper 1: Commerce	✓	✓	✓	✓

Awarding and reporting

The grading, awarding and certification of this qualification will follow the processes outlined in the current GCSE/GCE Code of Practice for courses starting in September 2009, which is published by the Qualifications and Curriculum Authority (QCA). The International GCSE qualification will be graded and certificated on an eight-grade scale from A* to G. Individual unit results will be reported.

Students whose level of achievement is below the minimum standard for Grade G will receive an unclassified U. Where unclassified is received it will not be recorded on the certificate.

The first certification opportunity for the Edexcel International GCSE in Commerce will be 2011.

Students whose level of achievement is below the minimum judged by Edexcel to be of sufficient standard to be recorded on a certificate will receive an unclassified U result.

Language of assessment

Assessment of this specification will be available in English only. Assessment materials will be published in English only and all work submitted for examination and moderation must be produced in English.

Malpractice and plagiarism

For up-to-date advice on malpractice and plagiarism, please refer to the JCQ's *Suspected Malpractice in Examinations: Policies and Procedures* document on the JCQ website www.jcq.org.uk.

Student recruitment

Edexcel's access policy concerning recruitment to our qualifications is that:

- they must be available to anyone who is capable of reaching the required standard
- they must be free from barriers that restrict access and progression
- equal opportunities exist for all students.

Progression

This qualification supports progression to:

- AS and Advanced GCE in Business Studies
- AS and Advanced GCE in Economics
- AS and Advanced GCE in Economics and Business Studies.

Grade descriptions

Grade A

Candidates will be able to:

- demonstrate knowledge and critical understanding of the full range of the specification content
- apply this knowledge and critical understanding, using terms, principles and methods effectively
- recognise, select, organise and interpret information with a high degree of accuracy
- make reasoned judgements that are supported by appropriate evidence.

Grade C

Candidates will be able to:

- demonstrate knowledge and understanding of most aspects of the specification content
- apply this knowledge and understanding, using terms, principles and methods appropriately
- recognise, select, organise and interpret information with some accuracy
- make some reasoned judgements that are supported by evidence.

Grade F

Candidates will be able to:

- demonstrate knowledge and understanding of some of the specification content
- apply this knowledge and understanding, using some terms, principles and methods
- show some ability to recognise, select, organise and interpret simple information
- make limited judgements that are sometimes supported by evidence.

Support and training

Edexcel support services

Edexcel has a wide range of support services to help you implement this qualification successfully.

ResultsPlus — ResultsPlus is an application launched by Edexcel to help subject teachers, senior management teams, and students by providing detailed analysis of examination performance. Reports that compare performance between subjects, classes, your centre and similar centres can be generated in ‘one-click’. Skills maps that show performance according to the specification topic being tested are available for some subjects. For further information about which subjects will be analysed through ResultsPlus, and for information on how to access and use the service, please visit www.edexcel.org.uk/resultsplus.

Ask the Expert — Ask the Expert is a new service, launched in 2007, that provides direct email access to senior subject specialists who will be able to answer any questions you might have about this or any other specification. All of our specialists are senior examiners, moderators or verifiers and they will answer your email personally. You can read a biography for all of them and learn more about this unique service on our website at www.edexcel.org.uk/asktheexpert.

Ask Edexcel — Ask Edexcel is Edexcel’s online question and answer service. You can access it at www.edexcel.org.uk/ask or by going to the main website and selecting the Ask Edexcel menu item on the left.

The service allows you to search through a database of thousands of questions and answers on everything Edexcel offers. If you don’t find an answer to your question, you can choose to submit it straight to us. One of our customer services team will log your query, find an answer and send it to you. They’ll also consider adding it to the database if appropriate. This way the volume of helpful information that can be accessed via the service is growing all the time.

Examzone — The Examzone site is aimed at students sitting external examinations and gives information on revision, advice from examiners and guidance on results, including re-marking, re-sitting and progression opportunities. Further services for students — many of which will also be of interest to parents — will be available in the near future. Links to this site can be found on the main homepage at www.examzone.co.uk.

Training

A programme of professional development and training courses, covering various aspects of the specification and examination, will be arranged by Edexcel. Full details can be obtained from our website: www.edexcel.org.uk.

Textbooks and resources

Please note that while resources are checked at the time of publication, materials may be withdrawn from circulation and website locations may change at any time.

Fitzmaurice L – *Textbook of Commerce* (Heinemann, 2008) ISBN 9780435982256

Useful sources of information

1 Websites.

The internet provides a vast amount of information from a wide range of sources including businesses, trade associations and government. Search engines such as Google (www.google.com) and Ask Jeeves (www.ask.com) provide good search facilities. Some useful links to other business education subjects can be found at www.bized.ac.uk

2 Newspaper and magazine articles.

3 Booklets from banks, insurance companies, and other commercial institutions.

4 Business documents from commercial organisations such as retailers, wholesalers, banks, insurance companies.

5 Examples of advertising from a range of sources, including the press and television.

6 Commercial information published by government and other public bodies such as the Department for Business Enterprise and Regulators Reform and the Office of Fair Trading.

7 Information from private-sector organisations such as the London Stock Exchange and the Advertising Standards Association (ASA).

8 Talks by people who work in commerce such as shop managers or bank representatives.

In classroom teaching, the use of data response questions (where students answer questions on data presented to them) can contribute to keeping up to date in terms of current trends. Use can be made of magazine articles, newspaper cuttings, advertisements and other low-cost or ‘free’ stimuli to encourage students to use ‘live’ data and to develop analytical skills.

International GCSE

Commerce (4CM0)

Sample Assessment Material

First examination 2011

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	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Co-operative	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Local authority	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Friendly society	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(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
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(3)

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

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(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

Balance on services (favourable)	480

(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.

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(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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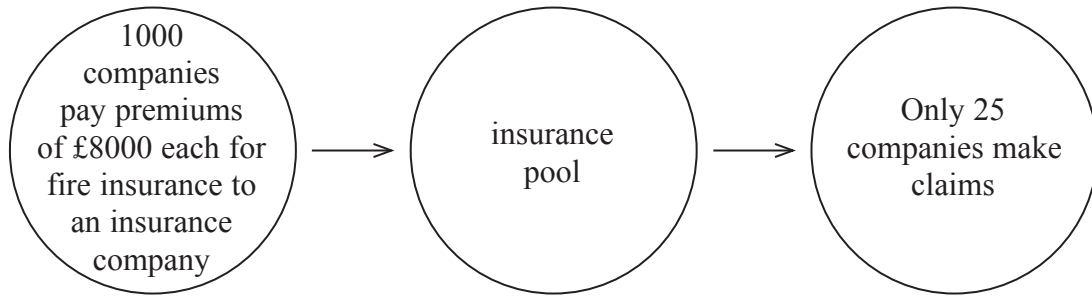
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(4)

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.

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(2)

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

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(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.

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(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)

(Total 20 marks)

Q17

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TOTAL FOR PAPER:100 MARKS

END

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