



**CANDIDATE** 

# UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS General Certificate of Education Ordinary Level

COMMERCIAL	STUD
CENTRE NUMBER	
NAME	

CANDIDATE		
NUMBER		

#### **DIES**

7101/01

Paper 1 Elements of Commerce

October/November 2009

2 hours

Candidates answer on the Question Paper. No Additional Materials are required.

#### **READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

Do not use staples, paper clips, highlighters, glue or correction fluid.

DO NOT WRITE IN ANY BARCODES.

Section A

Answer three questions.

**Section B** 

Answer all questions.

The businesses described in this Question Paper are entirely fictitious.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [ ] at the end of each question or part question.

For Exam	iner's Use
Section A	
Section B	
6	
7	
Total	

This document consists of 17 printed pages and 3 blank pages.



Fig. 1 shows the divisions of commerce.

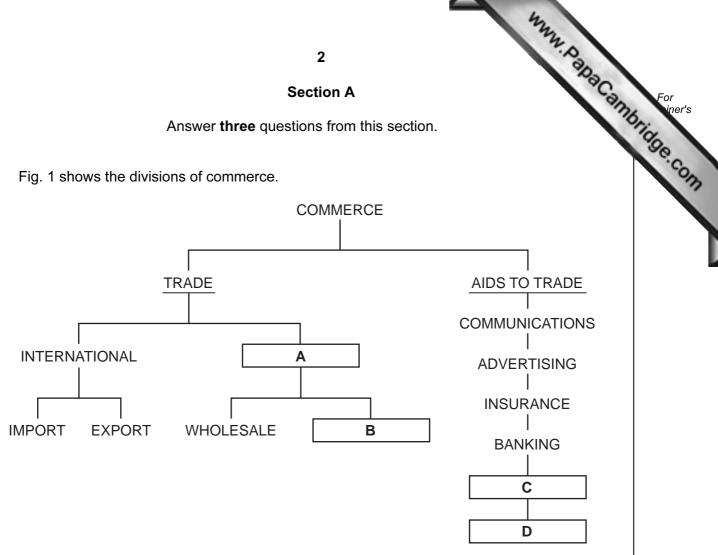


Fig. 1

Use Fig. 1 to help you answer the following questions.

(a)	Wł	nat are the missing words that should appear in the boxes A, B, C and D?	
	Α		
	В		
	С		
	D		[4]
(b)	(i)	Explain how imports differ from exports.	
			[2]

	(ii)	Why is it important that a country should continue to increase its total export year?
		[4]
(c)	Nar	me and explain <b>two</b> documents used in international trade.
	•••••	[4]
(d)	Usii	ng examples, explain why communication is important to trade.
		[6]

For iner's

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		r Phiri is a wholesaler. He is often referred to as a middleman.  y is a wholesaler often known as a middleman?
		4
Mr I	Pete	r Phiri is a wholesaler. He is often referred to as a middleman.
(a)	Wh	y is a wholesaler often known as a middleman?
		[2]
(b)	Sta	te <b>four</b> services the wholesaler might provide for a retailer.
		[4]
(c)	God	ods were invoiced to Mr Phiri as follows:
		'\$10 000 less trade discount at 40%. Cash discount 5% 30 days.'
	(i)	Calculate how much Mr Phiri would pay, if he takes advantage of both discounts. Show your working.
		[4]
	(ii)	Explain <b>one</b> benefit for Mr Phiri of receiving cash discount.
		[2]

	5	
(d)	Explain how Mr Phiri helps a manufacturer who produces seasonal goods, straincoats.	For
		Se.
		·
	[4]	
(e)	Explain <b>two</b> factors which have led to a decline in the number of wholesalers in some countries.	
	[4]	

Suliema	an & Samed is a partnership. Oriental Traders Ltd is a public limited company.	Ca
(a) (i)	How would each of these businesses obtain capital?	
		[2]
(ii)	How is each business managed?	
		[2]
(iii)	What happens in each business to any profits that are made?	
		•••••
		[2]
(iv)	How does each business differ on liability for business debts?	
		[2]
(b) (i)	State <b>two</b> details that are usually found in a partnership deed.	
		•••••
		[2]
(ii)	Why is it important to have a partnership deed?	
		[2]

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(c)	State and explain <b>two</b> departments found in a public limited company, such as Traders Ltd.	For inel
		age C
	[4]	
(d)	Explain <b>two</b> advantages to a public limited company, such as Oriental Traders Ltd, of becoming a multinational company.	
	[4]	

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8	
Safi Matsoso wants to open a small coffee shop alongside the bookshop that she She wishes to advertise the coffee shop and to take out insurance.	SCAMBRIDGE.CO.
(a) (i) Explain why Safi needs to advertise the new coffee shop.	Tide
	[4]
(ii) State and explain two advertising methods which Safi could use to advertise new coffee shop.	her
	[4]
(b) Using examples, distinguish between insurable and non-insurable risks.	
	[4]

	Explain why the insurance company requires Safi to complete a proposal form providing her with cover.	
(c)	Explain why the insurance company requires Safi to complete a proposal form providing her with cover.	For iner's
		26.C
		OH
	[4]	
(d)	Safi's new coffee shop is valued at \$120 000. Safi is thinking of insuring the coffee shop for \$110 000 against the risk of fire.	
	Unfortunately, a few months later, the coffee shop is totally destroyed by fire. Explain how much you would expect the insurance company to pay. Give reasons for your answers.	
	[4]	

Susan Best is a student and wishes to open a bank account.  (a) (i) State two kinds of bank account that Susan might open.		
(a) (i)	State <b>two</b> kinds of bank account that Susan might open.	
	[2]	
(ii)	Explain the differences between open cheques and crossed cheques.	
	[4]	
(iii)	Give <b>two</b> reasons why a bank may refuse to honour a cheque.	
	[2]	
	[2]	
<b>(b)</b> Us	ng examples, explain why Susan might use the following banking services.	
(i)	standing order	
	[2]	
(ii)	overdraft	
	[2]	
	[2]	

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	My My
	11
(c)	Susan is keen to use Internet banking but does not know much about this beservice.  Explain the advantages and disadvantages to Susan of using Internet banking.
	Explain the advantages and disadvantages to Susan of using Internet banking.
	ខេរ

## **Section B**

Answer both questions in this section.

**6** Fig. 2 shows an order form.

## Purchase Order

Another Bookshop Ltd 223 Victoria Avenue London SW1 5BA

To Mrs Pat Moyo 4 Hilton Place Aberdeen A324 4FA

Order no. 606 Date 10/10/09

Please supply the following and debit my credit card account

Cat no.	Quantity	Description	Unit price	Cost
			\$	\$
97804	10	TEXTBOOK OF COMMERCE	5.70	
41321	5	COMMERCE	6.00	
26189	7	COMMERCE IN SCHOOLS	4.00	
		DA OLCIV	10 0114 005	0.00
			NG CHARGE	3.00
		+ SALES	IAX	20.00
			\$	
TO CUSTOMER ADDRESS				
NOTE: NO DELIVERY CHARGE ON ORDERS OVER \$50				

Fig. 2

Use Fig. 2 to help you answer the following questions.

(a) (i)	Who is the customer of the order?	
		[1]

(ii)	In the space below, calculate the total cost of the order. Show your working.
	OTIGE A
	<b>1</b> 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
	[4]
(iii)	Explain why the order number is important.
	[2]
(iv)	Explain why Another Bookshop Ltd does not make delivery charges on orders above \$50.
	[2]
(v)	Why does the customer keep a copy of the order?
	[1]

	4	
	State and explain three other documents used in buying and selling.	
(b)	State and explain three other documents used in buying and selling.	For
		Orido
		30,0
	[6]	
Mrs	s Moyo pays for her goods by credit card.	
(c)	What are the advantages to Mrs Moyo of paying for the books by credit card?	
	[41]	
	[4]	

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Fig. 3 shows a type of ship.

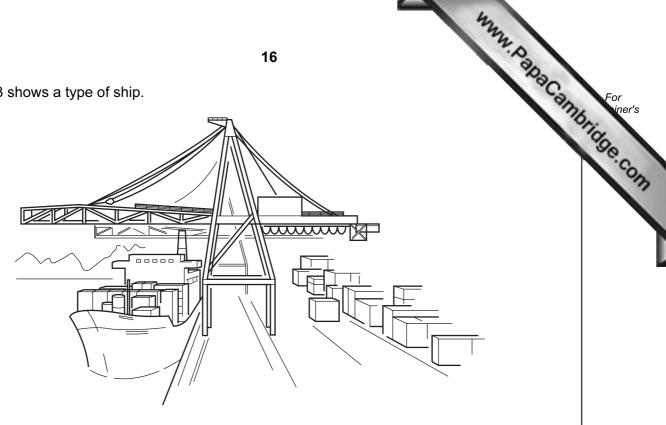


Fig. 3

Use Fig.3 to help you answer the following questions.

(a)	(i)	Identify the type of ship shown in Fig. 3.	
			[1]
	(ii)	Give <b>two</b> examples of the types of goods which are likely to be carried on the s shown in Fig. 3.	hip
			[2]
(b)	Naı	me <b>two</b> other types of ships used for carrying goods.	
			[2]

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	17 AM, Par
(c)	Explain three reasons why some businesses are using sea transport instance, sending their goods by air transport.
	[6]
(d)	Flowers and newspapers are often carried by air transport.
	Explain why air transport is the most suitable method for carrying these goods.
	[6]

(e)	State <b>three</b> general factors affecting the choice of freight transport to be usual businesses.	70
	[3]	

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