

CAMBRIDGE INTERNATIONAL EXAMINATIONS  
General Certificate of Education Ordinary Level

**COMMERCIAL STUDIES**

**7101/01**

Paper 1 Elements of Commerce

October/November 2003

Additional Materials: Answer Booklet/Paper

**2 hours**

**READ THESE INSTRUCTIONS FIRST**

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.  
Write your Centre number, candidate number and name on all the work you hand in.  
Write in dark blue or black pen on both sides of the paper.  
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **three** questions from Section A and **both** questions in Section B.  
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.  
The businesses described in this question paper are entirely fictitious.

This document consists of **5** printed pages and **3** blank pages.



**Section A**

Answer **three** questions only from this section.

- 1** “Trade cannot take place without the assistance of aids to trade.”
- (a) (i) What is meant by trade? [2]  
(ii) Name **two** types of trade. [2]
- (b) Production consists of primary and secondary industries. Explain the difference between these two types of industry. [4]
- (c) Describe how a manufactured chair reaches a consumer who lives in the same country as the manufacturer. Include in your answer the trade which takes place and any aids to trade. [12]
- 2** A business might communicate with customers by fax and e-mail.
- (a) Describe each of these methods of communication. [10]
- (b) Apart from fax and e-mail, briefly describe **three** ways a computer is used in a business. [6]
- (c) What are the advantages to a business of providing its sales people with mobile (cell) phones? [4]
- 3** (a) Describe each of the following banking services and give **one** advantage of each to a business.
- (i) cheques [4]  
(ii) direct debits [4]  
(iii) standing orders [4]
- (b) Explain **one** advantage, to the business, of opening a bank deposit account. [2]
- (c) Explain the differences between bank loans and overdrafts. [6]

- 4 Retailing is constantly changing. The number of large-scale retailers has grown and e-commerce is developing.
- (a) Explain what is meant by 'e-commerce'. [2]
  - (b) Large-scale retailers make use of *bar codes* and *self-service*, and offer *after-sales service*. Explain each of these terms. [6]
  - (c) Explain why the packaging of a product is important to the consumer. [4]
  - (d) Explain **two** advantages and **two** disadvantages to a small-scale retailer of opening a shop in a new shopping centre. [8]
- 5 Daniel Ljubic is a fruit and vegetable wholesaler.
- (a) From whom is Daniel likely to buy his stock? [2]
  - (b) Explain why Daniel's warehouse is important to him. [5]
  - (c) Daniel is considering expanding his business by selling overseas. He is also considering adding flowers to the products he buys and sells.
    - (i) State **one** method by which his overseas customers can pay Daniel. [2]
    - (ii) Name **one** form of transport Daniel is likely to use to deliver goods in
      - A the home market and
      - B to overseas customers.Give reasons for each answer. [6]
  - (d) Describe a bonded warehouse and explain why Daniel would **not** need to use this type of warehouse. [5]

## Section B

Answer **both** questions in this section.

- 6 Fig. 1 shows some risks which can be insured against.

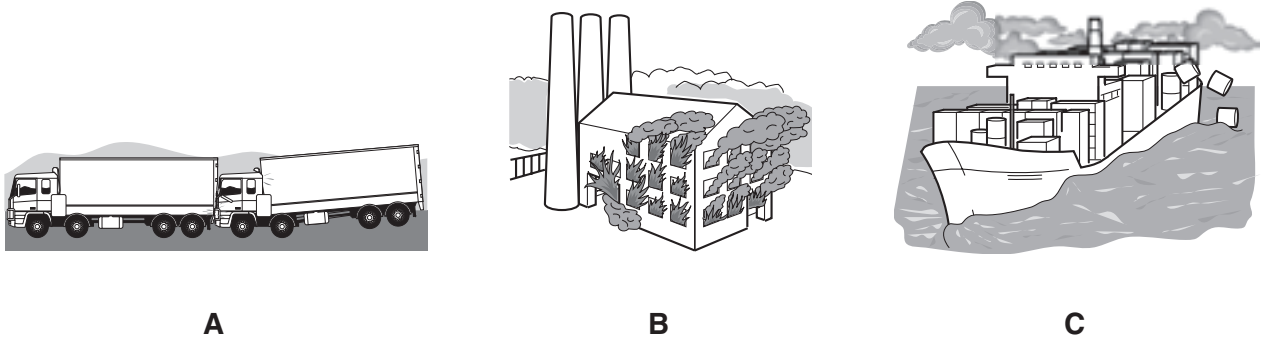
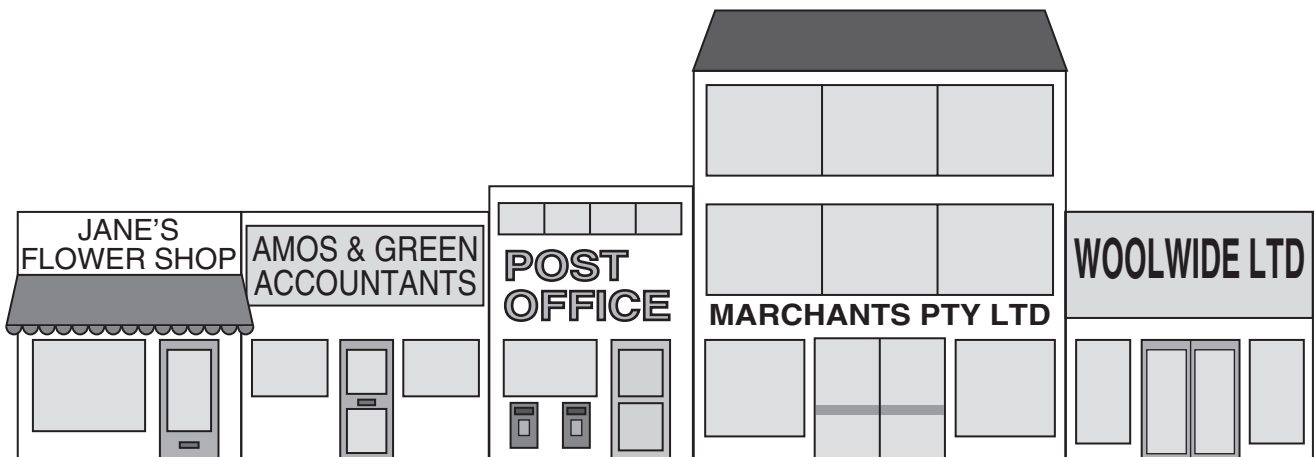


Fig. 1

Study Fig. 1 and use it to help you answer the questions which follow.

- (a) Name the type of insurance which would cover each of the risks shown in A, B and C. [3]
- (b) (i) State and explain **two** other risks the owner of a factory should insure against. [4]
- (ii) Name **one** type of insurance which is compulsory by law. [1]
- (iii) State **two** business risks which are uninsurable. [2]
- (iv) Explain why some business risks are uninsurable. [4]
- (c) Explain the following insurance documents:
- (i) proposal form [3]
- (ii) policy. [3]

7 Fig. 2 shows **five** businesses situated in the main street of a town.



**Fig. 2**

Study Fig. 2 and use it to help you answer the questions which follow.

(a) State the type of business ownership of each of the following:

(i) Woolwide Ltd [1]

(ii) Amos & Green Accountants. [1]

(b) State and explain **two** ways in which these two types of ownership differ from each other. [4]

(c) (i) Which of the businesses in Fig. 2 is likely to be a sole trader? [1]

(ii) Sole traders have unlimited liability. What does this mean? [3]

(d) Why might a customer visit the Post Office? [2]

(e) Marchants Pty Ltd is a department store.

(i) Explain **two** advantages to the customer of shopping in a department store. [4]

(ii) Explain **two** advantages of owning a department store. [4]





