



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

CANDIDATE
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COMMERCIAL STUDIES

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 Examiner's Use	
Section A	
Section B	
6	
7	
Total	

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



Section A

Answer **three** questions from this section.

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1 Fig. 1 shows the divisions of commerce.

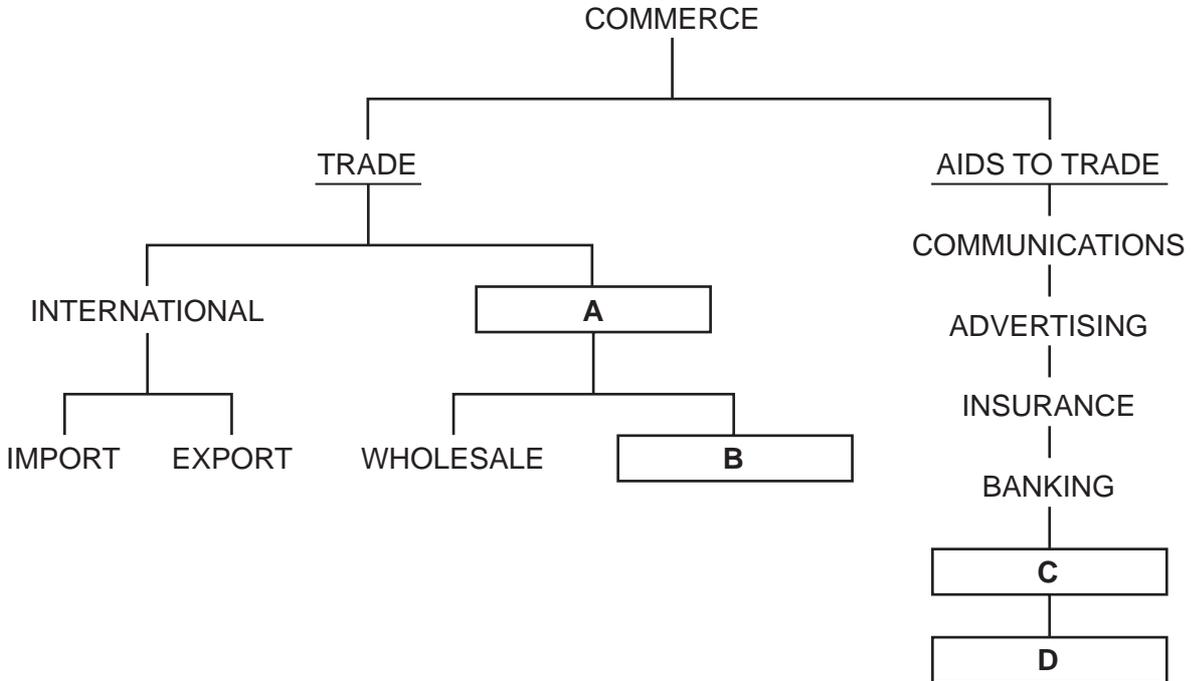


Fig. 1

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

(a) What are the missing words that should appear in the boxes A, B, C and D?

- A
- B
- C
- 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 exports each year?

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.....
.....
.....
.....
..... [4]

(c) Name and explain **two** documents used in international trade.

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.....
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.....
..... [4]

(d) Using examples, explain why communication is important to trade.

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..... [6]

2 Mr Peter Phiri is a wholesaler. He is often referred to as a middleman.

(a) Why is a wholesaler often known as a middleman?

.....
.....
..... [2]

(b) State **four** services the wholesaler might provide for a retailer.

.....
.....
.....
..... [4]

(c) Goods 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 **one** benefit for Mr Phiri of receiving cash discount.

.....
.....
..... [2]

(d) Explain how Mr Phiri helps a manufacturer who produces seasonal goods, such as raincoats.

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..... [4]

(e) Explain **two** factors which have led to a decline in the number of wholesalers in some countries.

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.....
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.....
.....
..... [4]

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3 Sulieman & Samed is a partnership. Oriental Traders Ltd is a public limited company.

(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 **two** details that are usually found in a partnership deed.

.....
.....
..... [2]

(ii) Why is it important to have a partnership deed?

.....
.....
..... [2]

(c) State and explain **two** departments found in a public limited company, such as Oriental Traders Ltd.

.....
.....
.....
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.....
..... [4]

(d) Explain **two** advantages to a public limited company, such as Oriental Traders Ltd, of becoming a multinational company.

.....
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..... [4]

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4 Safi Matsoso wants to open a small coffee shop alongside the bookshop that she owns. She wishes to advertise the coffee shop and to take out insurance.

(a) (i) Explain why Safi needs to advertise the new coffee shop.

.....
.....
.....
.....
.....
..... [4]

(ii) State and explain **two** advertising methods which Safi could use to advertise her new coffee shop.

.....
.....
.....
.....
.....
..... [4]

(b) Using examples, distinguish between insurable and non-insurable risks.

.....
.....
.....
.....
.....
..... [4]

(c) Explain why the insurance company requires Safi to complete a proposal form before providing her with cover.

.....
.....
.....
.....
.....
..... [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.

.....
.....
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.....
.....
..... [4]

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5 Susan Best is a student and wishes to open a bank account.

(a) (i) State **two** kinds of bank account that Susan might open.

.....
.....
..... [2]

(ii) Explain the differences between open cheques and crossed cheques.

.....
.....
.....
.....
.....
..... [4]

(iii) Give **two** reasons why a bank may refuse to honour a cheque.

.....
.....
..... [2]

(b) Using examples, explain why Susan might use the following banking services.

(i) standing order

.....
.....
..... [2]

(ii) overdraft

.....
.....
..... [2]

Section B

Answer **both** questions in this section.

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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	
			+ PACKING CHARGE	3.00
			+ SALES TAX	20.00
Delivery instructions TO CUSTOMER ADDRESS			Total	\$
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.

.....
.....
.....
.....
.....
..... [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]

7 Fig. 3 shows a type of ship.

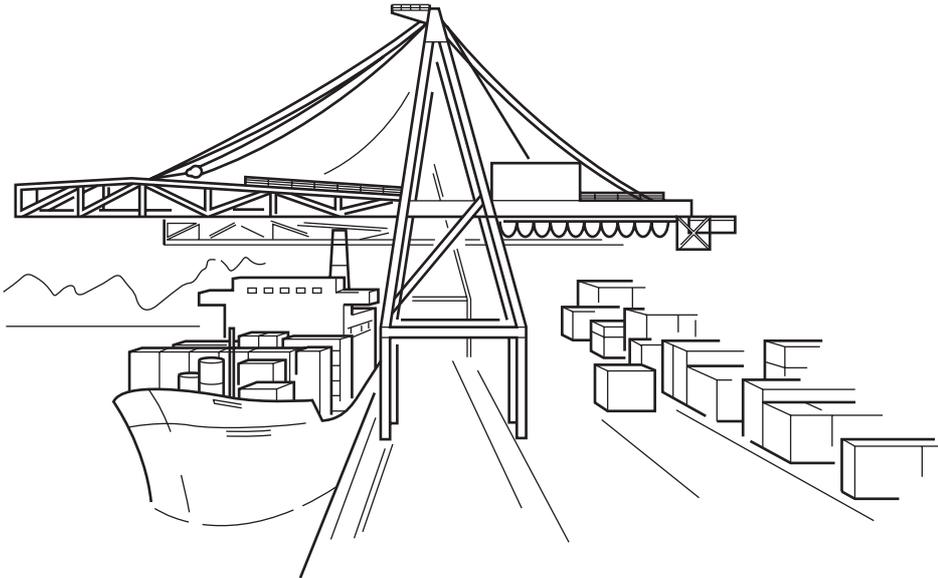


Fig. 3

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

(a) (i) Identify the type of ship shown in Fig. 3.

..... [1]

(ii) Give **two** examples of the types of goods which are likely to be carried on the ship shown in Fig. 3.

.....
..... [2]

(b) Name **two** other types of ships used for carrying goods.

.....
..... [2]

(e) State **three** general factors affecting the choice of freight transport to be used by businesses.

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.....

.....

.....

.....

..... [3]

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