

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS General Certificate of Education Ordinary Level

CANDIDATE NAME					
CENTRE NUMBER			CANDIDATE NUMBER		

5 5 2 1 4 8 2 1 2 8

COMMERCIAL STUDIES

7101/01

Paper 1 Elements of Commerce

October/November 2012

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 the 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 20 printed pages.



SECTION A

For Examiner's Use

Answer three questions from this section.

1 Fig. 1 shows a typical channel of distribution in home trade.

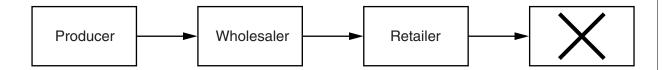


Fig. 1

U

Use	Fig.	1 to help you answer the following questions.
(a)	(i)	Identify \mathbf{X} in this channel of distribution.
		[1]
	(ii)	Why is X important to production?
		[2]
(b)	List	three services provided by a wholesaler to a producer.

.....[3]

(c)	Explain why a wholesaler is of more importance to a small-scale retailer than to a large-scale retailer.	For Examiner's Use
	[6]	
(d)	Name and explain the functions of two commercial documents which might be sent between a retailer and a wholesaler after an order for goods has been made.	
	[4]	

e)	Two intermediaries who work on behalf of other people in international trade are brokers and factors.	For Examiner's Use
	Compare the work of brokers and factors as intermediaries.	
	[41	

incr	easir	ngly using videoconferencing and other methods of telecommunication iday operations.	•
(a)	Wha	nat is meant by a multinational company?	
			[3]
(b)	(i)	State two pieces of equipment used when videoconferencing.	
	/ii\	Name two other methods of telecommunication that Dinetroes might use	[2]
	(ii)	Name two other methods of telecommunication that Pinetrees might use.	
			[2]

2

(c)	Security is one of the many factors which affect the choice of the method of communication used by a company.
	State and explain two other factors affecting the choice of the method of communication used by a company.
	Factor 1
	Explanation
	Factor 2
	Explanation
	[4]
(d)	
(d)	Give reasons why postal services are still needed by companies despite the development
(d)	Give reasons why postal services are still needed by companies despite the development of telecommunications.
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(e)	Explain how Pinetrees, as a multinational company that manufactures furniture, will use methods of transport in its day-to-day operations.	For Examiner's Use
	[5]	

3

Businesses spend millions of dollars on media advertising every year to inform and persuade people.		
(a)	What is meant by media advertising?	
	[2]	
(b)	Using examples, explain the difference between informative and persuasive advertising.	
	[4]	
(c)	Will businesses expect to gain from expenditure on advertising? Give reasons for your answer.	
	[4]	

(d)	How do the following assist businesses with advertising:		
	(i)	branding	Examiner's Use
		[3]	
	(ii)	packaging?	
		[3]	
(e)	Ехр	lain why television is a very effective advertising medium for many goods.	
		[4]	

bus He	Danny owns a small shop that specialises in selling quality meat. He hopes to expand the business by installing a cold storage warehouse and by selling his meat using the Internet. He has a good relationship with the bank manager at his bank where he has both a current account and a deposit account.		
(a)	What are the differences between a bank current account and a bank deposit account?		
	[41]		
	[4]		
(b)	Explain why a cold storage warehouse would be important to Danny's business.		

(c)	(i)	Discuss the advantages and disadvantages to Danny of using the Internet to sell his meat.
		[6]
	(ii)	Name and describe a method of payment used when buying goods using the Internet.
		[3]

(d)	The expansion of the business will cost more than \$40000. After some research on sources of finance, Danny has decided to ask his bank for a loan.	For Examiner's Use
	Explain why taking a bank loan is the best decision for Danny.	
	[4]	

5 Fig. 2 shows the hierarchical structure of a multiple chain store.

For Examiner's Use



Fig. 2

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

(a) (i)	What do the numbers in brackets represent?
	[1]
(ii)	Who do shareholders elect to run the business on their behalf?
	[1]
(iii)	Using examples from Fig. 2, explain what is meant by a hierarchical structure.
	[3]
(iv)	How does the role of the Managing Director differ from that of a Store Manager?
	[2]

(c) What is meant by a multiple chain store? (d) Explain why multiple chain stores are successful.	(b)	Suggest one advantage and one disadvantage to employees of using organisation charts in businesses.	For Examiner's Use
(c) What is meant by a multiple chain store?			
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(d) Explain why multiple chain stores are successful.			
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		[0]	
	(d)	Explain why multiple chain stores are successful.	

SECTION B

Answer both questions in this section.

For Examiner's Use

6 Fig. 3 shows a country's balance of payments between 2005 and 2011.

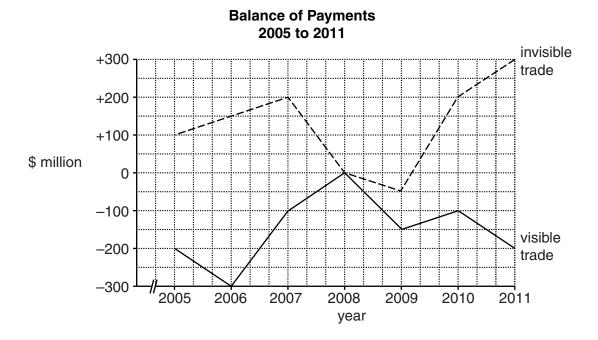


Fig. 3

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

(a) (i)	Identify the year when the visible trade and invisible trade were of equal value.	
(ii)		
(iii)	Calculate the balance on the current account for 2011.	. [1]
		. [2]

(b)	Giving an example of each, state the differences between the visible trade and the invisible trade.	For Examiner's Use
	[4]	
(c)	Explain why international trade is important to a country.	
	[6]	

(d)		government of a country is supported in international trade by the work of a toms Authority.
	(i)	State and explain two functions of a Customs Authority.
		[4]
	(ii)	Give two pieces of information contained in a bill of lading.
		[2]

7 Fig. 4 is an insurance document.

For Examiner's Use

ORION INSURANCE LTD

MOTOR CAR INSURANCE COVER NOTE

Name of insured: Premier Metals Ltd Cover Note Number: 412619

Address: No 15, Chyung Street, Policy Number: PN5279

Taipei, Taiwan

The insured name above has applied for insurance which is hereby provided in the terms of the insurer's form of policy. This temporary cover note is not evidence of an annual contract and may be terminated by the insurer by notice in writing.

Reason for issue: Company business use

Operative from: **0900** time **1st** day of **Oct** to the same time on the 30th day afterwards.

Make and model: BMAX Reg No: NK67RYP Body type: Hatch

No of doors: 3 Engine Capacity: 1.4 Chassis No: 624147

Policy Cover: Comprehensive/Third Party Fire and Theft/Third Party

Driving/cover restrictions: Any licensed driver

Premium paid: \$700

Date of issue: 29/09/2012 Signature for Orion Insurance Ltd: BPearce

Fig. 4

Use Fig. 4 to help you answer the following questions.

(a) (i) Identify the document shown in Fig. 4.

.....[1]

(ii) Which permanent insurance document will be issued after this document?

.....[1]

(iii)	What is the difference between comprehensive cover and third party cover?	For Examir
		Use
	[2]	
(iv)	List three other risks, other than motor insurance, that a business should insure against.	
	[3]	
	plain how the pooling of risk enables businesses such as Premier Metals Ltd to obtain otor car insurance for a small premium.	
••••		
••••		
•••		
	[4]	

The motor car is involved in an accident six months after it has been insured. Premier Metals Ltd makes an insurance claim for \$25000.				
(i)	Identify five actions, following the accident, that Premier Metals Ltd would take when making this insurance claim.			
	[5]			
(ii)	Explain why Orion Insurance Ltd may not pay the \$25000 claimed.			

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