

Answer ALL questions

1. The following pictures show two methods of transporting goods in international trade.

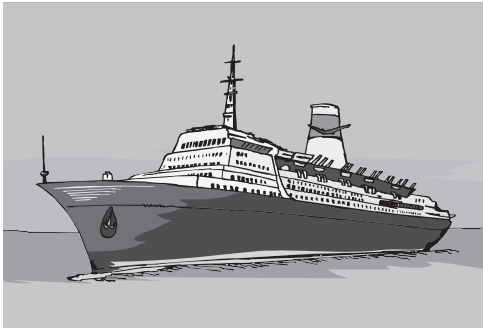


Image A

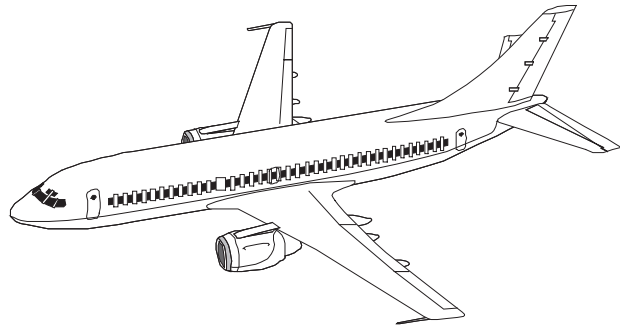


Image B

Using the pictures, answer the following questions.

(a) (i) Name **two** products likely to be carried by the transport shown in picture A.

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(2)

(ii) Using an example, state how the transport labelled B would be used in your country.

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(2)

(iii) What is meant by international trade?

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(2)



(b) Discuss how air transport has developed over the past 50 years.

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(6)

(c) Analyse why some goods are more suitable for transport by sea rather than by air.

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(6)



(d) Explain the benefits of international trade to people.

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(7)

Q1

(Total 25 marks)



2. Digital Systems Ltd, a private limited company, makes a net profit of \$200 000 in a year.

(a) (i) Calculate how much Digital Systems Ltd would distribute to its shareholders in dividends if the company retained 50% of its profit.

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..... (2)

(ii) Give **two** reasons why Digital Systems Ltd might retain 50% within the company.

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..... (2)

(b) Why is the company referred to as:

(i) private

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..... (3)

(ii) limited?

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(c) Analyse the advantages to Digital Systems of becoming a public limited company.

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(5)



Digital Systems Ltd has decided not to become a public limited company. However, it does need a new computer system costing more than \$250 000.

The company is considering the following two options:

- Using its retained profits.
- Leasing the new computer system.

(d) Evaluate **each** of the **two** options.

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(10)

(Total 25 marks)

Q2	



3. A typical chain of distribution is as follows.

Manufacturer → Wholesaler → Retailer → Consumer

(a) What is the role of **each** of the **four** parts involved in this chain of distribution?

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(4)

(b) (i) Explain **one** advantage for the **manufacturer** of leaving out the retailer from this chain of distribution.

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(3)

(ii) Explain **one** disadvantage for the **consumer** of leaving out the retailer from this chain of distribution.

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(3)



(c) Analyse the importance of cold storage warehouses in a chain of distribution.

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(5)

(d) Explain why, in different chains of distribution, wholesalers:

(i) continue to have a very important role

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(5)



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blank

(ii) are no longer used.

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(5)

Q3

(Total 25 marks)



4. Mrs Rowell wishes to obtain motor insurance cover for her new car. She is not sure whether she should go to an insurance broker or directly contact an insurance company.

(a) Outline **two** reasons why Mrs Rowell should insure her new car.

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(4)

(b) Why will the broker and the insurance company require a proposal form to be completed before providing insurance cover?

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(6)



(c) Examine **two** reasons why Mrs Rowell might be refused insurance for her new car.

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(6)



(d) Evaluate whether Mrs Rowell should go to an insurance broker or to insurance companies to arrange insurance cover for her new car.

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(9)

(Total 25 marks)

Q4

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