

**UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE**  
**Joint Examination for the School Certificate**  
**and General Certificate of Education Ordinary Level**

**COMMERCE**

**7100/1**

**OCTOBER/NOVEMBER SESSION 2001**

2 hours 30 minutes

Additional materials:  
Answer paper

**TIME** 2 hours 30 minutes

**INSTRUCTIONS TO CANDIDATES**

Write your name, Centre number and candidate number in the spaces provided on the answer paper/answer booklet.

Answer any **five** questions.

Write your answers on the separate answer paper provided.

If you use more than one sheet of paper, fasten the sheets together.

**INFORMATION FOR CANDIDATES**

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

The businesses mentioned in the questions are entirely fictitious.

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**This question paper consists of 6 printed pages and 2 blank pages.**

- 1 Busi and Mordecai work for themselves as farmers. They grow vegetables which they sell to Masiya Canning Factory Ltd which processes the vegetables. The canned vegetables are then sold to Rejoice Supermarkets.

(a) Rewrite the following sentences in your answer booklet filling in the missing information:

Busi and Mordecai are ..... producers. They sell products to ..... who are ..... in the secondary sector. Rejoice Supermarkets, who are in the ..... sector, sell the canned vegetables to the ..... . [5]

(b) Explain what is meant by the terms:

(i) factory [2]

(ii) Ltd. [3]

(c) Explain, with examples, how Busi and Mordecai make use of the following in their business:

(i) transport [5]

(ii) finance. [5]

- 2 A shopping centre (plaza) is planned for the centre of a town.

(a) State **three** features of a shopping centre. [3]

(b) Describe the benefits of a shopping centre to consumers. [6]

(c) Explain how retailers in the shopping centre will make use of road transport. [5]

(d) Give a 6-point suggestion scheme to advertise and promote the new shopping centre to consumers. [6]

3 Masuku Foods is a cash and carry warehouse on an industrial estate.

- (a) (i) Name **two** features of a cash and carry warehouse. [2]
- (ii) State and explain **two** reasons why this form of trading has helped small shops to compete against large supermarket chains. [4]
- (b) State and explain **three** other reasons for the survival of small shops. [6]

The map below shows the location of Masuku Foods.

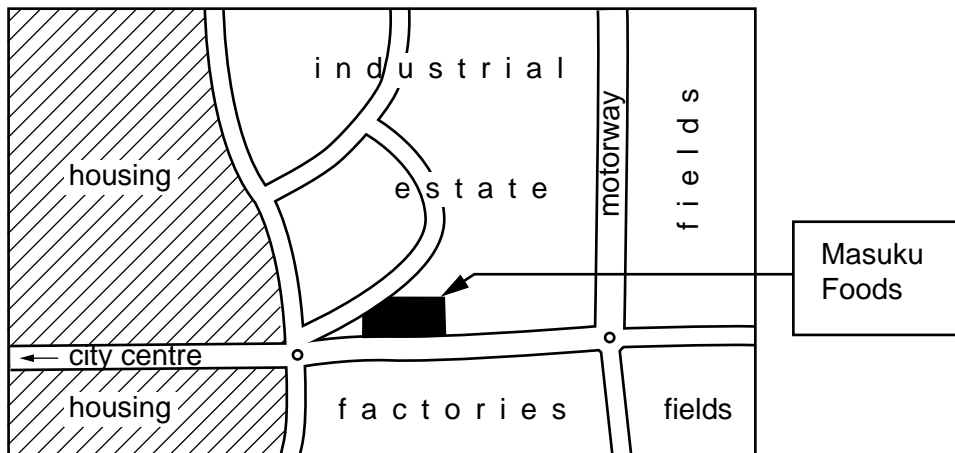


Fig. 1

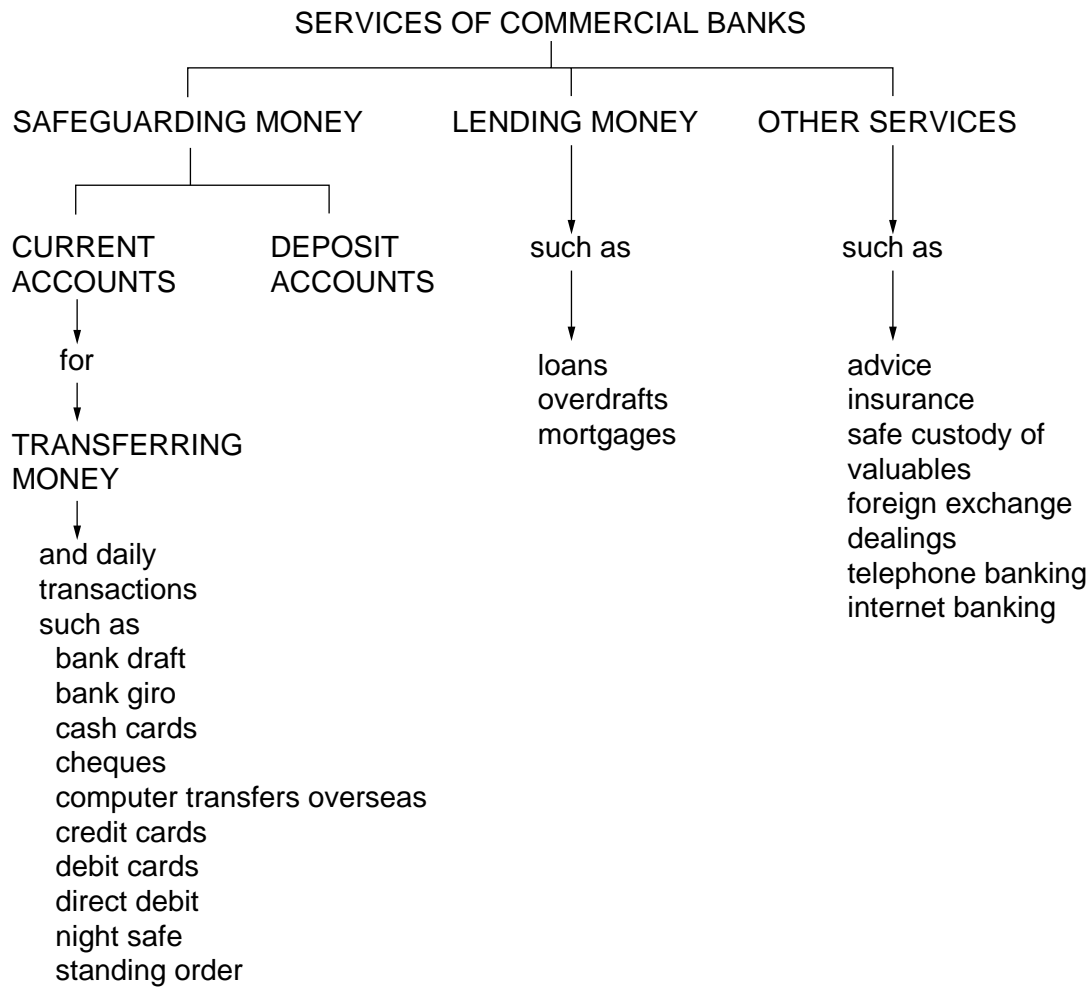
Use the map to help you answer the following question.

- (c) Using Fig. 1, explain why the location of Masuku Foods is suitable for:
- (i) its customers [4]
- (ii) Masuku Foods itself. [4]

4 Mrs Piolo has been visited by an insurance agent who has tried to sell her a fire insurance policy. He has left a proposal form for her to complete and has given her details of the premiums she can expect to pay.

- (a) Describe briefly the work of an insurance agent. [4]
- (b) Mentioning the insurance principles which apply, explain the functions of:
- (i) a proposal form [5]
- (ii) an insurance policy. [5]
- (c) (i) Explain **two** factors which might affect the amount of premium Mrs Piolo will pay for her fire insurance policy. [4]
- (ii) Name **two** other risks against which Mrs Piolo might insure. [2]

5 Fig. 2 shows the main services of commercial banks.



**Fig. 2**

(a) From Fig. 2 identify:

- (i) **one** method of paying a bill [1]
- (ii) **one** form of bank lending suitable for buying a car [1]
- (iii) **one** service offered only to exporters [1]
- (iv) **one** service to obtain cash quickly. [1]

(b) Distinguish between a deposit account and a current account. [4]

(c) Using Fig. 2, name the bank service which could be used in each of the following circumstances. Give a reason for each of your answers.

- (i) the deposit of shop takings when the banks are closed [2]
- (ii) payment of wages [2]
- (iii) mortgage repayments where the amount to be paid changes when interest rates change. [2]

(d) State and explain **three** ways in which information technology has changed commercial banking. [6]

6 An export merchant operating in Singapore sends goods by sea and by air to destinations in Asia and Europe.

(a) What are the functions of an export merchant? [4]

(b) Name **two** commercial documents that the export merchant might use when exporting goods and briefly describe their purposes. [6]

(c) Explain in connection with foreign trade the importance of:

(i) quotas [2]

(ii) licences [2]

(iii) airport authorities. [2]

(d) Two main problems when trading abroad are language and distance. Explain why each of these is a problem. [4]

7 Simeon Manana owns a bakery and operates as a sole trader.

(a) State **four** features of a sole trader. [4]

His Trading, Profit & Loss Account for the first two years of his business are shown below:

	Year One	Year Two
	\$	\$
<b>Sales Revenue</b>	<b>200 000</b>	<b>250 000</b>
<b>Cost of Goods Sold</b>	<b>90 000</b>	<b>110 000</b>
<b>GROSS PROFIT</b>	<b>(i)</b>	<b>(iii)</b>
<b>Expenses</b>	<b>60 000</b>	<b>80 000</b>
<b>NET PROFIT</b>	<b>(ii)</b>	<b>(iv)</b>

(b) Calculate the value of Gross Profit and Net Profit for Year One and Year Two labelled (i) - (iv). Write these answers in your answer booklet. [4]

(c) Name **two** items that might have been included under the heading Expenses. [2]

(d) Explain **two** ways in which he might further improve his net profit in Year Three. [4]

(e) Martina Ndlovu wishes to join Simeon in the business as a partner. State and explain **three** ways in which Simeon might benefit from such a partnership. [6]

8 A country's exported goods may be transported by:

**roll-on roll-off ferry      tanker ship**

**container ship              aeroplane**

(a) State, giving **two** reasons for each of your choices, which of these forms of transport you would recommend for sending:

(i) flowers to USA

(ii) cars to a neighbouring country

(iii) oil to India

(iv) furniture to New Zealand.

[12]

(b) Explain the advantages and disadvantages of transporting goods in containers.

[8]

9 Explain the following commercial terms and show their importance to a large retailer.

(a) bar codes

[4]

(b) branding of goods

[4]

(c) delivery notes

[4]

(d) rate of stock turn

[4]

(e) trade discount.

[4]

10 (a) State and explain briefly **two** main purposes of communication.

[4]

(b) (i) How does the use of computers improve communication **within** a business?

[6]

(ii) State and explain **two** disadvantages of using computers for communication.

[4]

(c) Describe **two** ways in which computers can assist a business to compete in international trade.

[6]



