

Centre No.						Paper Reference						Surname	Initial(s)	
Candidate No.						7	1	0	0	/	1	A	Signature	

Paper Reference(s)

**7100/1A**

# London Examinations GCE

## Commerce

### Ordinary Level

Monday 12 May 2008 – Morning

Time: 1 hour 30 minutes

Examiner's use only

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Team Leader's use only

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7100/1A

Question Number	Leave Blank
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
Total for Section A	

Materials required for examination

Nil

Items included with question papers

Nil

### Instructions to Candidates

Indicate which question you are answering by marking the box (☒).

If you change your mind, put a line through the box (☒) and then indicate your new question with a cross (☒).

This paper has two parts: 7100/1A and 7100/1B.

In Paper 7100/1A, answer ALL questions in the spaces provided.

In Paper 7100/1B, answer TWO questions in the spaces provided.

7100/1B

Question Number	Leave Blank
1	
2	
3	
4	
Total for Section B	

### Information for Candidates

The marks for individual questions and the parts of questions are shown in round brackets: e.g. (2).

There are 10 questions in this question paper. The total mark for this Paper 7100/1A is 60 and 40 for Paper 7100/1B.

There are 12 pages in this question paper. Any blank pages are indicated.

Paper 7100/1A carries 60% of the total marks and Paper 7100/1B carries 40%.

Total for Question Paper	
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### Advice to Candidates

Write your answers neatly and in good English.

In Paper 7100/1B organise your material and present your ideas in a clear and logical form.

Calculators may be used.

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**SECTION A**

**You must attempt all TEN questions in this section.**

**You are advised to spend approximately 90 minutes answering the questions in this section.**

**Write your answers in the spaces provided.**

1. Complete the following sentences by inserting **one** word in each.

- (a) Banking is one of the ..... to trade. (1)
- (b) Workers become more ..... with the use of specialisation. (1)
- (c) Building societies provide ..... loans for property purchase. (1)
- (d) An advertising ..... will organise a campaign on behalf of a client. (1)

**(Total 4 marks)**

Q1

2. A sweetshop retailer has stock at the beginning of the trading period of £8 000 and stock at the end of the trading period of £12 000. The net turnover is £100 000.

Calculate the rate of turnover. (Show your workings.)

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**(Total 2 marks)**

Q2



3. Describe **one** technique used in sales promotion.

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(Total 2 marks)

Q3

4. State **two** advantages of using the telephone rather than email in a commercial context.

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(Total 2 marks)

Q4



5. Businesses are organised into the private or public sector of the economy.

Identify each of the following businesses as either private or public sector by putting a cross ☒ in the correct boxes below.

Business	Private	Public
Partnership	<input type="checkbox"/>	<input type="checkbox"/>
Co-operative	<input type="checkbox"/>	<input type="checkbox"/>
Local authority	<input type="checkbox"/>	<input type="checkbox"/>
Friendly society	<input type="checkbox"/>	<input type="checkbox"/>

Q5

(Total 4 marks)

6. Examine **one** difficulty of operating in international trade rather than home trade.

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Q6

(Total 2 marks)



7. What is meant by the term 'trade discount'?

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Q7

(Total 2 marks)

8. State **two** main functions of a central bank.

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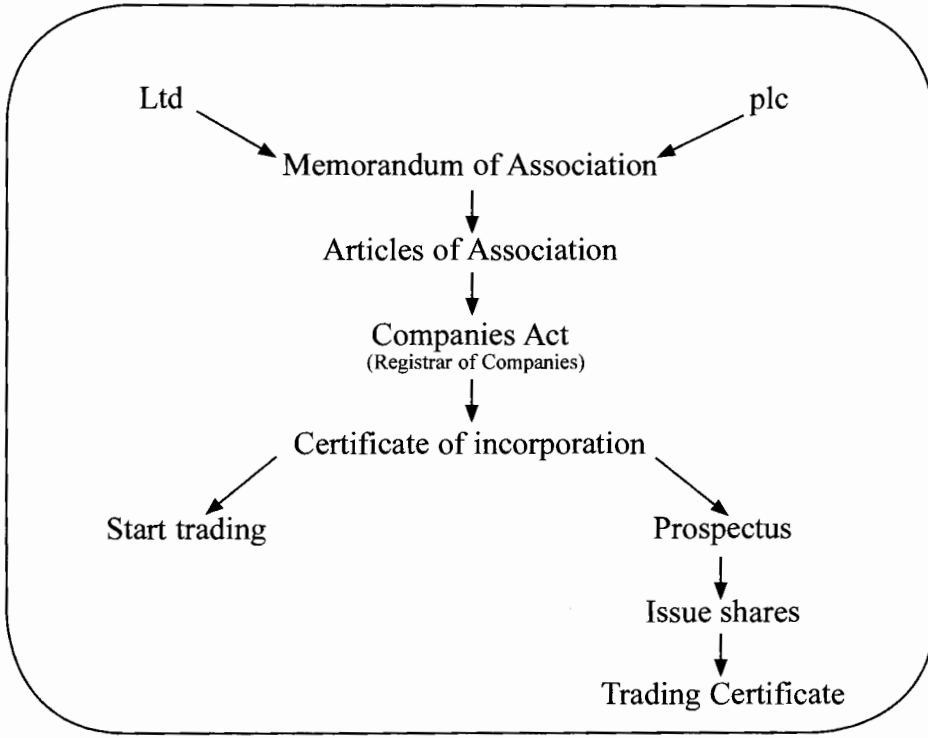
Q8

(Total 2 marks)



9. Anwar and Bruce have been in partnership for five years. Their clothes business is booming, and they have decided to change to a limited company. They are unsure whether to form a private limited company (Ltd) or a public limited company (plc).

The following diagram shows the documents needed to set up a limited company.



(a) State **two** disadvantages of a partnership compared to a private limited company.

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(2)



(b) (i) State **two** items of information that are found in a company's Memorandum of Association.

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(2)

(ii) What would be two rules found in a company's Articles of Association?

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(2)



(c) Why is there less risk to Anwar and Bruce in forming a limited company rather than remaining as a partnership?

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(4)

Anwar and Bruce formed a public limited company called AB Clothes plc and issued shares. They have been trading for one year.

Details of AB Clothes plc's closing share price today are:

<i>High</i>	<i>Low</i>	<i>Share</i>	<i>Price</i>	<i>Movement (p)</i>	<i>Dividend (p)</i>
75p	32p	AB Clothes (10p)	50p	+7p	5p

(d) Using the above figures, calculate the Yield.

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(2)





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(e) Explain why there has been a 7p rise in the share price today.

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(4)

(f) Discuss the importance of the stock exchange to companies such as AB Clothes plc.

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(4)

(Total 20 marks)

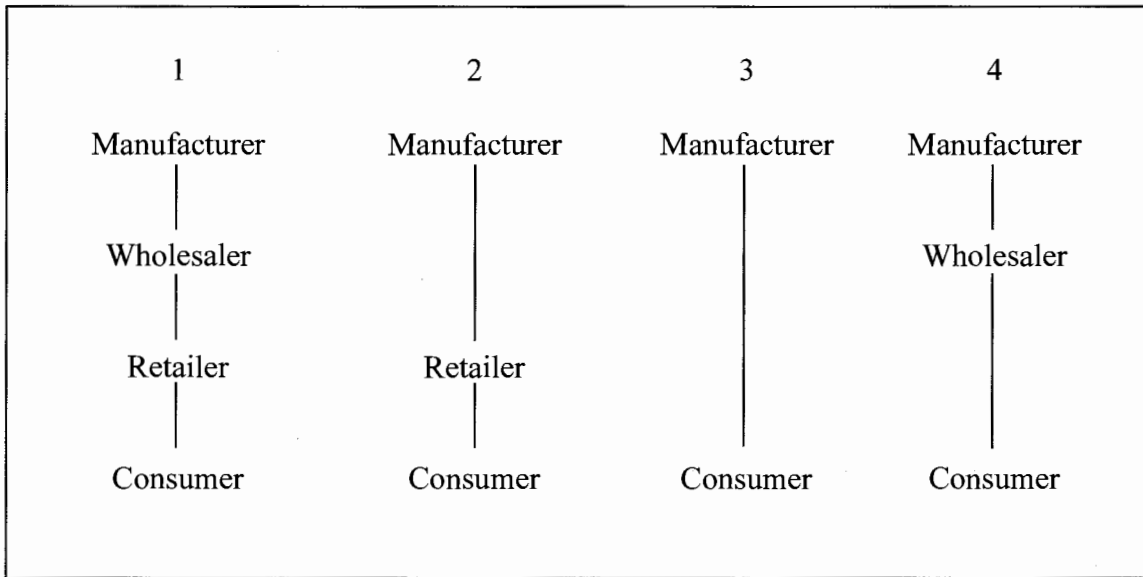
Q9

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10. Study the four channels of distribution given below.

### CHANNELS OF DISTRIBUTION



(a) Apply an appropriate Channel of Distribution to the goods below, with a reason for your choice.

(i) Milk

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(2)

(ii) Newspapers

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(2)



(b) (i) Explain the services provided by the wholesaler to the producer.

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(4)

Some wholesalers offer a cash and carry service to retailers.

(ii) List **four** features of a cash and carry service that benefit the retailer.

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(4)



(c) Analyse why a wholesaler is not needed for some Channels of Distribution.

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(4)

(d) How are quotations and delivery notes used in the home trade?

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(4)

Q10

(Total 20 marks)

**TOTAL FOR SECTION A: 60 MARKS**

**END**

