

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

7100/1B

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

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.

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%.

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.

Total for Question Paper	
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Turn over

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)**

Q1

(Total 4 marks)

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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Q2

(Total 2 marks)



Leave blank

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



Leave blank

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)



Leave blank

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

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(Total 2 marks)

Q7

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

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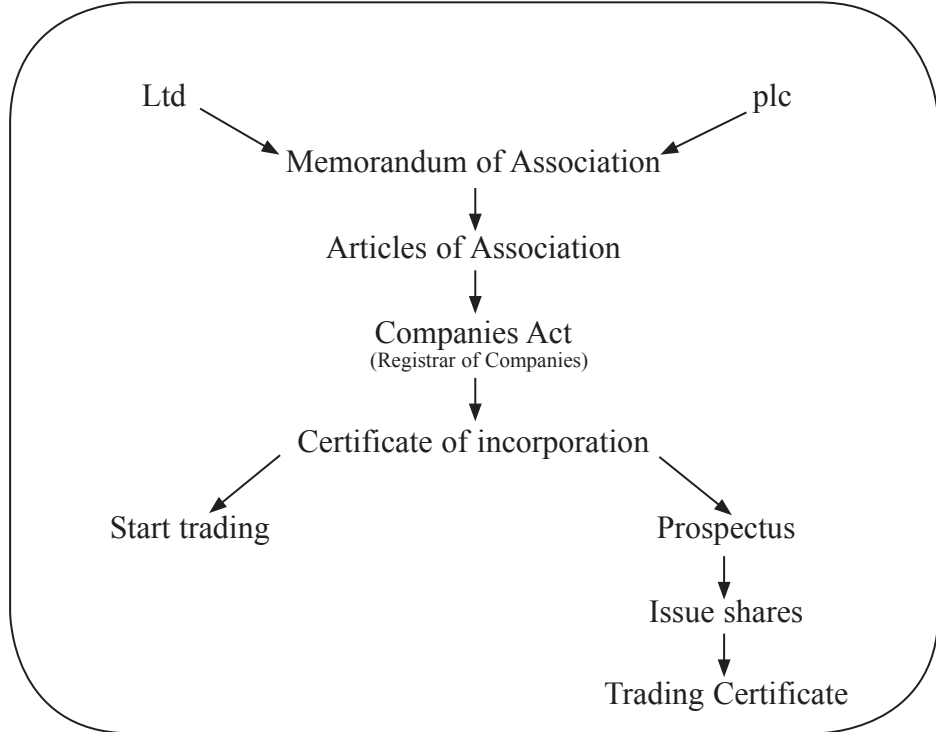
(Total 2 marks)

Q8



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.

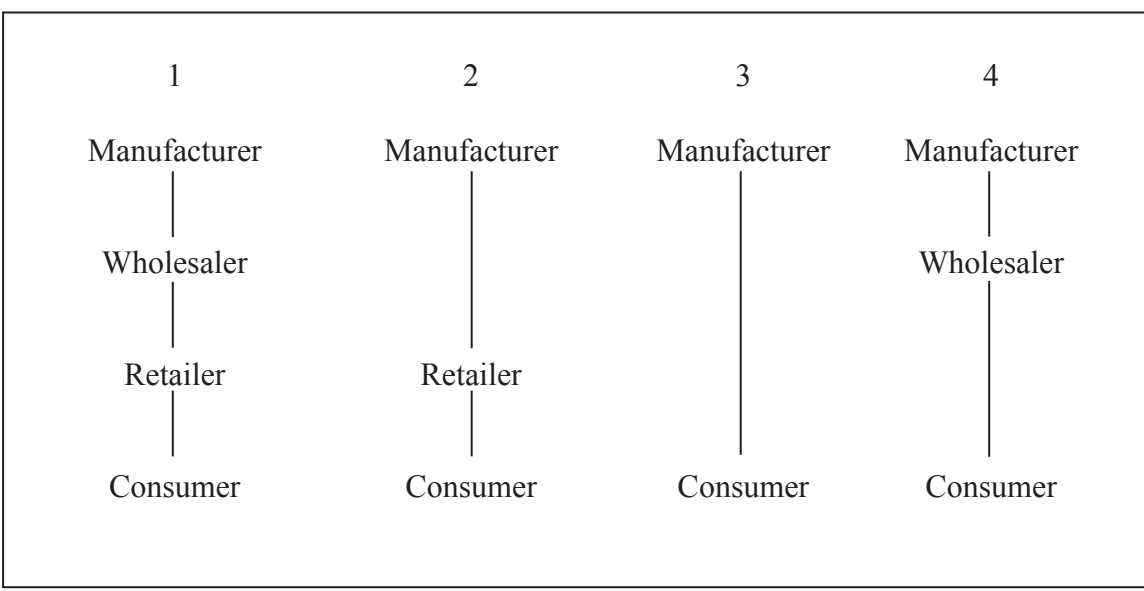
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(2)



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)



