

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

Paper Reference(s)

**7100/1B**

**London Examinations GCE**  
**Commerce**  
**Ordinary Level**

Thursday 14 May 2009 – Morning

Time: 1 hour

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

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

There are 16 pages in this question paper. Any blank pages are indicated.

**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 B**

**Answer TWO questions only from this section.**

**You are advised to spend approximately 60 minutes answering the two questions from this section.**

**Put a cross in the box indicating the question that you have chosen (☒).  
If you change your mind, put a line through the box (☒) and then put a cross in the other box (☒).**

Chosen Question Number: **Question 1** ☒

**1.** Peter recently set up in business as a sole trader. His business is a café in a town centre. Peter thinks he needs to take out insurance.

(a) What is meant by the term ‘insurance’?

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**(2)**



(b) Why should Peter take out insurance for his business?

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**(6)**



(c) Explain why some risks are uninsurable whilst other risks can be covered by insurance.

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**(6)**





Chosen Question Number: **Question 2**

2. Megamotos plc owns several car sales showrooms. The sales of its cars have been falling. There are several competitors in the market and their profits have been increasing. It has been suggested that Megamotos plc needs to carry out field research.

(a) Define the term 'field research'.

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**(2)**

(b) Explain **two** market research methods that would be suitable for Megamotos plc.

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(c) Discuss how the field research findings could help Megamotos plc to increase sales.

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**(6)**







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Chosen Question Number: **Question 3**

3. Com Limited manufactures clothes and sells them to small retailers. The retailers buy on 30 days' credit.

Below is a Statement of Account that has been sent to Outfitters plc from Com Limited.

<p><b>Com Limited</b> Main Street Newtown 903748576</p> <p><b>Date:</b> 31 January 2009</p> <p><b>To:</b> Outfitters plc Traffic Street Newtown 90367823</p>	<p><b>Statement of Account</b></p> <p><b>Your account no:</b> 234567</p>
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Date	Invoice/Credit Note no.	Debit £	Credit £	Balance £
12 Dec 2008	Invoice 12345	135.00		135.00
13 Dec 2008	Invoice 12346	100.00		235.00
22 Dec 2008	Credit note 457		50.00	185.00
30 Dec 2008	Invoice 12347	350.00		535.00
20 Jan 2009	Invoice 12567	250.00		785.00
<b>Balance now due</b>				<b>785.00</b>

**Terms:** Payment within 30 days

- (a) State **two** pieces of important information found on an invoice.

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(b) Why does Com Limited send out a Statement of Account to Outfitters plc at the end of every month?

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(c) Discuss **one** advantage and **one** disadvantage to Com Limited of giving trade credit to its customers.

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(d) Assess the benefits to Com Limited of extending its trade credit from 30 to 60 days.

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Q3

(Total 20 marks)

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Chosen Question Number: **Question 4**

4. Below is a completed cheque. The cheque is made payable to Mr S Guitano for the amount of £100.

<b>First National Bank</b>		00-55-78
Date <u>1/5/2009</u>		
Pay <u>Mr S. Guitano</u>		
<u>One hundred pounds</u> and	A/C payee	£ <u>100.00</u>
<u>no pence</u>		
000055 00 5578 1003003 46		<i>FT Brand</i> FT Brand

- (a) What is meant by 'A/C payee' on the cheque?

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**(2)**

The completed cheque is sent to Mr Guitano who pays it into his own bank account. His account is with Lloyds TSB

- (b) Using this cheque, explain the clearing process it will go through.

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Mr Guitano wants to take out a bank loan to invest in a new business he is setting up.

- (c) Discuss the factors that his bank manager will take into account when deciding whether to agree the loan for Mr Guitano.

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Apart from giving Mr Guitano a bank loan to set up the new business, his bank could also help him in other ways.

(d) Suggest ways in which the bank could help in the setting up of the new business.

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Q4

(Total 20 marks)

**TOTAL FOR SECTION B: 40 MARKS**

**END**

