

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

Wednesday 19 May 2010 – 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

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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) A sole trader has liability. (1)
- (b) Managing the debt is a function of a central bank. (1)
- (c) Average stock turnover is calculated by dividing cost of stock sold by average stock at price. (1)
- (d) An overdraft is an example of a liability on a balance sheet. (1)

(Total 4 marks)

Q1

2. Diddier Ltd offers a trade discount of 30% and a further cash discount of 5% to its trade customers.

Calculate the final invoice amount to be paid to Diddier if a trade customer buys goods to the value of £1500 and pays in cash. (Show your working)

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(Total 2 marks)

Q2



Leave blank

3. Define the term commercial activity.

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Q3

(Total 2 marks)

4. Give **two** advantages of transporting goods using inland waterways.

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Q4

(Total 2 marks)

5. Businesses use business documents when selling goods. Invoices and statements of accounts are two such documents. Both these documents contain important information.

Using the table below, place a cross (☒) in the correct box to show if each item is more likely to be found on an invoice or a statement of account.

Item	Invoice	Statement
Bank address	<input type="checkbox"/>	<input type="checkbox"/>
Credit note	<input type="checkbox"/>	<input type="checkbox"/>
Quantity	<input type="checkbox"/>	<input type="checkbox"/>
Price	<input type="checkbox"/>	<input type="checkbox"/>

Q5

(Total 4 marks)



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6. Define what is meant by a market.

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Q6

(Total 2 marks)

7. State **two** differences between primary market research and secondary market research.

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Q7

(Total 2 marks)

8. Give **two** examples of communication that are possible because of the use of computers by businesses.

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Q8

(Total 2 marks)



9. Vodafone is a mobile phone operator. Some Vodafone customers pay by standing order and some by direct debit.

(a) (i) Describe how a standing order works.

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(2)

(ii) Describe how a direct debit works.

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(2)

(b) List **three** services a commercial bank might offer Vodafone.

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(3)



Vodafone buys its equipment from manufacturers in other countries.

(c) (i) Outline how letters of credit are used when importing goods.

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(3)

(ii) Outline how bills of exchange are used when importing goods.

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(3)



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Vodafone buys some of its equipment from America.

(d) Discuss the possible effects on Vodafone if the exchange rate changes from £1:\$1.50 to £1:\$2.

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(4)

(e) Identify **three** possible reasons why a company might buy some of its equipment from one country rather than another.

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(3)

(Total 20 marks)

Q9

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10. Pontan plc manufactures clothes, including its own brand of clothes. Its clothes are sold:

- in many high street shops
- directly to customers on the internet
- through mail order catalogues

(a) What is meant by ‘its own brand of clothes’?

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(2)

Pontan plc’s clothes are sold in high street shops.

(b) Why do consumers like buying their clothes from high street shops?

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(4)



Pontan plc is selling more clothes on the internet.

(c) Outline **two** advantages of selling products on the internet.

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(4)

Pontan plc sells its branded clothes directly to consumers through a mail order catalogue.

(d) What would be **two** disadvantages to Pontan plc of selling to consumers through a mail order catalogue?

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(4)



Pontan plc wants to start selling its own brand of clothes in international markets.

- (e) Explain the difficulties that Pontan plc might have if it begins to sell its clothes in international markets.

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(6)

Q10

(Total 20 marks)

TOTAL FOR SECTION A: 60 MARKS

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