



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
General Certificate of Education Ordinary Level

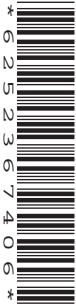
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**COMMERCIAL STUDIES**

**7101/01**

Paper 1 Elements of Commerce

**October/November 2011**

**2 hours**

Candidates answer on the Question Paper.

No Additional Materials are required.

**READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

Do not use staples, paper clips, highlighters, glue or correction fluid.

DO **NOT** WRITE IN ANY BARCODES.

**Section A**

Answer **three** questions.

**Section B**

Answer **all** the questions.

The businesses described in this Question Paper are entirely fictitious.

At the end of the examination, fasten all your work securely together.

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

For Examiner's Use	
<b>Section A</b>	
<b>Section B</b>	
<b>6</b>	
<b>7</b>	
<b>Total</b>	

This document consists of **17** printed pages and **3** blank pages.



**Section A**

Answer **three** questions from this section.

1 Commerce may be defined as the activities of trade and aids to trade. These contribute to the transfer of surplus goods from the producer to the consumer at the right place, at the right time and in the right quantity.

(a) Explain, using examples, what is meant by **each** of the following:

- trade;

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- aids to trade;

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- producer;

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- consumer.

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[8]

(b) Why is production not complete until goods are with consumers?

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[3]

(c) Explain how trade and aids to trade ensure that goods are made available to consumers:

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- at the right place;

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- at the right time;

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- in the right quantity.

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[9]

2 The importance of unit retailers has been declining over the years because of the rapid growth of supermarket chains in many countries.

(a) Explain **two** differences between unit retailers and supermarket chains.

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(b) Explain why there has been the rapid growth of supermarket chains in many countries.

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(c) Describe **two** ways in which unit retailers can provide a better service than large-scale retailers.

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(d) Explain **two** ways in which the functions of wholesalers help to ensure the survival of small-scale retailers.

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3 Businesses in international trade have been greatly assisted by developments in telecommunications and transport.

(a) (i) Name and describe **two** international telecommunications services.

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(ii) Why are telecommunications services essential to the operation of international businesses?

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(b) (i) Name and describe **two** international documents used in the transporting of goods.

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(ii) Why is the majority of international trade being carried by sea transport?

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(c) Explain **two** reasons why governments encourage companies to trade internationally.

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4 Credit cards and direct debits have become common methods of payment in recent years.

(a) Describe how **each** of the following is used as a method of payment:

- credit cards;

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- direct debits.

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[6]

(b) Compared to the use of cheques, why have credit cards and direct debits become so popular in many countries in recent years?

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[4]





- 5 EuroCom plc is an airline company based at a London airport. It carries passengers and some small freight.
- (a) EuroCom plc is organised into five main departments: Administration, Finance, Human Resources/Personnel, Marketing and Operations. The Operations department is divided into two sections: Maintenance and Logistics. There is a Managing Director in overall charge.

In the box below, draw an organisation chart for EuroCom plc from the information given. [4]

**EUROCOM'S ORGANISATION CHART**



EuroCom plc began as a private limited company.

- (b) Explain **two** ways in which a private limited company and a public limited company are **similar**.

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[4]

EuroCom plc has an ordinary warehouse at the airport and makes use of the airport's bonded warehouse.

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(c) Explain **two** differences between an ordinary warehouse and a bonded warehouse.

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(d) The Marketing department has called a meeting of all sales staff to discuss the computerisation of all bookings through its internet website.

(i) Name **one** document sent out before the meeting.  
..... [1]

(ii) What name is given to the person in charge of the meeting?  
..... [1]

(iii) State **two** items of information contained in the minutes of the meeting.  
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..... [2]

(e) Explain **two** advantages to the company of accepting online bookings through its internet website.

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Section B

Answer **both** questions in this section.

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6 Fig. 1 shows a newspaper advertisement.

**GET A FREE SAVOYER MAKE-UP BAG WHEN YOU BUY ANY TWO BRANDED SAVOYER COSMETICS**

**It's all yours.  
Our gift for you.**

Available until 30 November 2011.  
One gift per customer while stocks last.



**PLUS**

ENJOY 20% DISCOUNT OFF YOUR NEXT PURCHASE  
if you buy before 31 December 2011.

We will offer to substitute your Savoyer make-up bag with another gift if stocks run out.

**ALWAYS WILLING TO PLEASE**

Fig. 1

Use Fig. 1 to help you answer the following questions.

(a) (i) What product does the advertiser intend to sell?

..... [1]

(ii) Identify **two** examples of incentives to buy the product offered by the advertiser.

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..... [2]

(iii) Do you consider the advertisement to be mainly informative or mainly persuasive?  
Give reasons for your answer.

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(iv) Explain why manufacturers use brand names such as Savoyer.

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(v) Why is it important that products are well packaged?

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**[QUESTION 6 CONTINUES OVER THE PAGE]**

The advertisement shown in Fig. 1 appeared in a newspaper.

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**(b)** Explain the advantages and disadvantages of using newspaper advertising rather than television advertising.

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7 Fig. 2 concerns itself with insurance.

Ian Semple wants to start his own carpentry business. He owns a van which he intends to use and insure for his business. He has had telephone quotations from four insurance companies for motor insurance.

Company	Premium
W	\$6050
X	\$4800
Y	\$6400
Z	\$6200

Fig. 2

Use Fig. 2 to help you answer the following questions.

(a) (i) Explain why Ian needs insurance.

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..... [3]

(ii) Name and describe **two** business risks against which Ian will need to insure.

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[QUESTION 7 CONTINUES OVER THE PAGE]

**(iii)** What is meant by a 'premium'?

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..... [2]

**(iv)** Why is it useful for Ian to obtain quotations from several Insurance companies?

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..... [2]



(b) (i) Ian wants to insure with Company X. Describe the steps that he should follow when taking out this insurance policy.

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(ii) Name and explain **one** insurance principle that applies when taking out an insurance policy.

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