



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

CANDIDATE
NAME

CENTRE
NUMBER

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COMMERCIAL STUDIES

7101/01

Paper 1 Elements of Commerce

October/November 2013

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.

This document consists of **18** printed pages and **2** blank pages.



SECTION A

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Answer **three** questions from this section.

1 Commerce is the process of exchanging goods and services to satisfy the human wants of consumers. Large-scale and small-scale retailers sell goods and services to consumers.

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

- human wants

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- consumers

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- large-scale retailers

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[3 × 2]

(b) Identify **two** types of retailers that do **not** have shops.

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2 A limited company proposes to build and insure a large factory building.

(a) (i) Explain **two** features of a limited company.

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(ii) State **two** functions of the managing director of a limited company.

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(b) Recommend **two** sources of finance which might be used to build the factory. Give a reason for **each** of your choices.

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(c) (i) Identify **three** risks against which the factory building could be insured.

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(ii) Give **three** pieces of information which the insurance company would require before insuring these risks.

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(iii) Six months after insuring the factory building a claim was made. Explain why the insurance company might refuse to pay the full amount of the claim.

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3 Fig. 1 shows the pattern of a country's imports and exports.

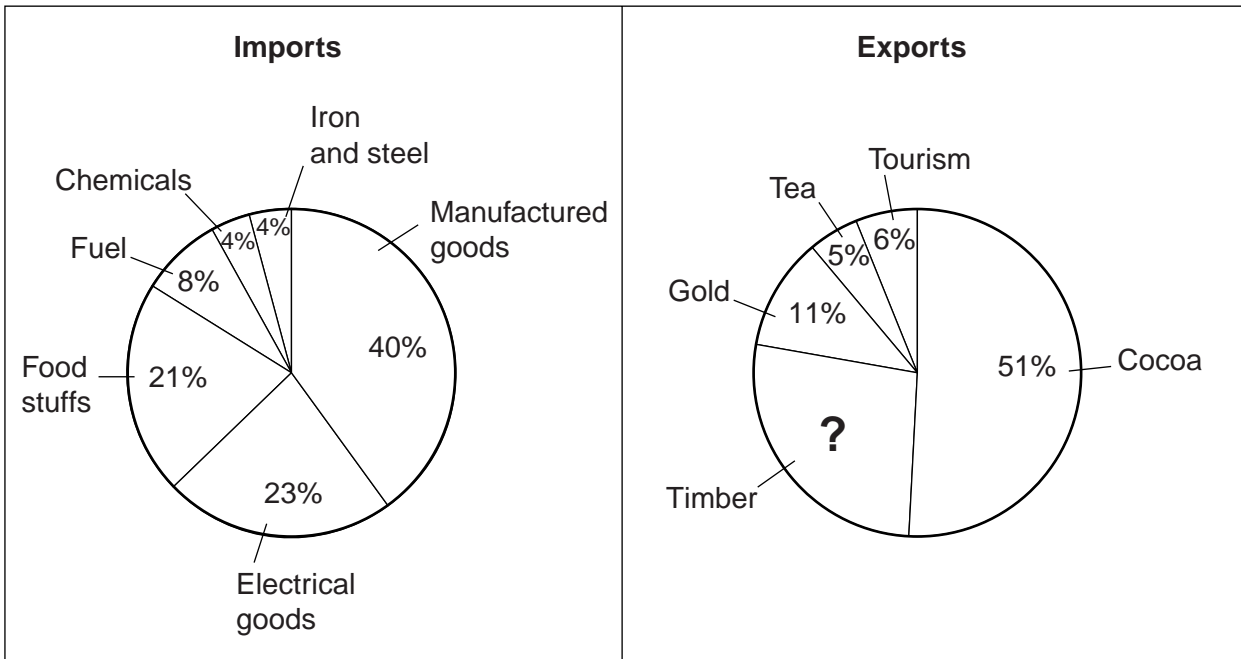


Fig. 1

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

(a) (i) Identify the main import of this country.

.....[1]

(ii) Calculate the percentage of timber exported by this country.

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[2]

(iii) What conclusions can be made from Fig. 1 about the trade of this country?

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[3]

(b) Why are imports and exports important to the prosperity of a country?

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QUESTION 3 CONTINUES ON THE NEXT PAGE

(c) A company is considering trading internationally. Explain the factors the company should consider when:

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(i) transporting the goods

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(ii) paying for the goods

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QUESTION 4 IS ON THE NEXT PAGE

4 Two businesses wish to advertise their services.

Company A offers a local plumbing service
Company B offers adventure holidays

(a) Explain why businesses advertise.

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(b) State and explain **three** factors that have to be considered when choosing an advertising medium.

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(c) Suggest, giving reasons for each of your choices, **two** of the most suitable media that Company A would use to advertise its local plumbing service.

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(d) Company B decides to use magazines to advertise its holidays. Explain **one** advantage and **one** disadvantage of magazine advertising for this company.

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(e) Why are Company A and Company B unlikely to use billboard advertising?

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5 A mail order company that sells CDs and DVDs allows orders to be placed by telephone or by letter.

(a) What are the differences between the telephone and the letter as methods of communication?

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(b) Name and describe **two** post office services which this company might use to send out its orders.

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SECTION B

Answer **both** questions in this section.

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6 Fig. 2 shows a document used by Mrs Jukes when she conducts her banking.

ORION BANK				
Mrs Juliana Jukes		Branch Code		42-73-86
Nusagat Road		Account No		00312569
San Francisco				
California				
United States of America		Date	1 Nov 2013	
Date	Details	Receipts	Payments	Balance (DR = Overdrawn)
		\$	\$	\$
1 Oct	Balance			1400
7 Oct	179666		72	1328
7 Oct	SO		200	1128
10 Oct	179667		85	1043
14 Oct	DD		875	168
15 Oct	179668		56	112
21 Oct	Cash Dispenser		30	82
24 Oct	SO		145	63 DR
31 Oct	Bank Giro Credit	1265		1202

Fig. 2

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

(a) (i) Name the document shown in Fig. 2.

.....[1]

(ii) With which type of bank account would this document be used?

.....[1]

(iii) On what date did the account become overdrawn?

.....[1]

(iv) What method of payment did Mrs Jukes use on 10 October?

.....[1]

(b) Using the information in Fig. 2 explain the following:

(i) SO

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..... [2]

(ii) DD

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..... [2]

(iii) Bank Giro Credit

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(c) Mrs Jukes is making increased use of her credit card when travelling overseas.

(i) Describe how a credit card operates.

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7 Fig. 3 shows part of a bill of lading.

DROSIER SHIPPING COMPANY			Bill of Lading	
Shipper/Exporter <i>QUALITY SPORTSGLOVES LIMITED, SOMERS ROAD, WIGAN, UK</i>		Document No.	Bill of Lading No.	
Consignee To order of Shipper <i>TO ORDER OF SHIPPER</i>		Export References	<i>3796</i>	
Notify Party <i>BANATILS COMPANY PO BOX 4261, DUBAI</i>				
Carriage by <i>SS SILVER STAR</i>	Place of Receipt	Loading Terminal	<i>LIVERPOOL</i>	
Port of Discharge <i>DUBAI</i>	Place of Delivery <i>DUBAI HARBOUR</i>			
Particulars furnished by Shippers				
Marks and Numbers	Quantity/Packages	Description of Packages and Goods	Gross Weight	Measurement
<i>W358 MADE IN WIGAN</i>	<i>6 CARTONS</i>	<i>SPORTS GLOVES</i>	<i>2000 Kg</i>	<i>SMALL AND MEDIUM</i>
Total number of packages				
Freight and Charges			<i>M. Dean</i> _____ (Signature of Carrier)	
Freight Prepaid			No. of originals issued	
				Date: <i>1-10-13</i>

Fig. 3

Use Fig. 3 to help you answer the following questions.

(a) Name the following shown on the bill of lading:

(i) the shipping company

.....[1]

(ii) the exporter

.....[1]

(iii) the importer

.....[1]

(iv) the unloading port

.....[1]

(b) Explain why a bill of lading is always required when goods are shipped by sea.

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(c) How does an air waybill differ from a bill of lading?

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(d) Bonded warehouses are supervised by customs authorities.

(i) Explain the uses of bonded warehouses to importers and exporters.

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(ii) Explain why customs authorities are required to keep statistical records.

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