



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

CANDIDATE
NAME

CENTRE
NUMBER

--	--	--	--	--

CANDIDATE
NUMBER

--	--	--	--



COMMERCIAL STUDIES

7101/01

Paper 1 Elements of Commerce

October/November 2010

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	
Section A	
Section B	
6	
7	
Total	

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



Section A

Answer **three** questions from this section.

For
Examiner's
Use

1 Fig. 1 shows a chain of production for cakes.

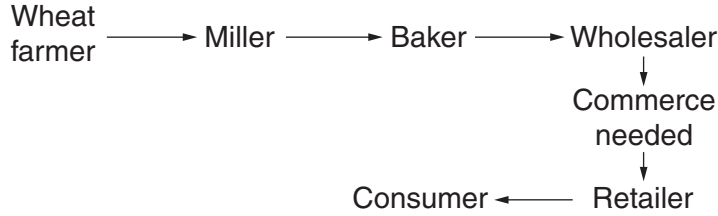


Fig. 1

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

(a) (i) What is meant by the term *commerce*?

.....
.....
..... [2]

(ii) Explain **three** ways in which 'commerce is needed' between the wholesaler and the retailer.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
..... [6]

(b) State **two** services provided for the baker by the wholesaler.

.....
..... [2]

(c) What difficulties would there be for wheat farmers if banking services did not exist?

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
..... [4]

(d) Explain why advertising is important to trade.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
..... [6]

paperscambridge.com

2 A limited company makes a net profit of \$100 000 in a year.

(a) (i) If the company retains 50% of the net profit within the company, calculate how much it would distribute to its shareholders in dividends. Show your working.

.....
.....
.....
..... [2]

(ii) Give **two** reasons why the company might have decided to retain 50% of the profits within the company.

.....
.....
.....
..... [2]

(iii) The company has issued 500 000 shares, each having a nominal value of \$1.00. Calculate the dividend, in cents, each share will receive. Show your working.

.....
.....
.....
..... [2]

paperscambridge.com

As a type of business organisation, private limited companies are much more common than partnerships.

For
Examiner's
Use

(b) Explain **three** differences between private limited companies and partnerships.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
..... [6]

(c) State **two** types of work carried out by **each** of the following departments in a company:

(i) finance
.....
..... [2]

(ii) marketing
.....
..... [2]

(iii) personnel (human resources)
.....
..... [2]

(iv) purchasing.
.....
..... [2]

(b) Name and describe a transport document that would be used when goods are sent by **each** of the following:

(i) a road haulier

.....
.....
.....
.....
.....
..... [3]

(ii) a container ship.

.....
.....
.....
.....
.....
..... [3]

(c) State and explain **two** Post Office services that the company could use to communicate with its customers.

.....
.....
.....
.....
.....
.....
.....
.....
..... [4]

paperscambridge.com

4 The diagram below shows a purpose of insurance.

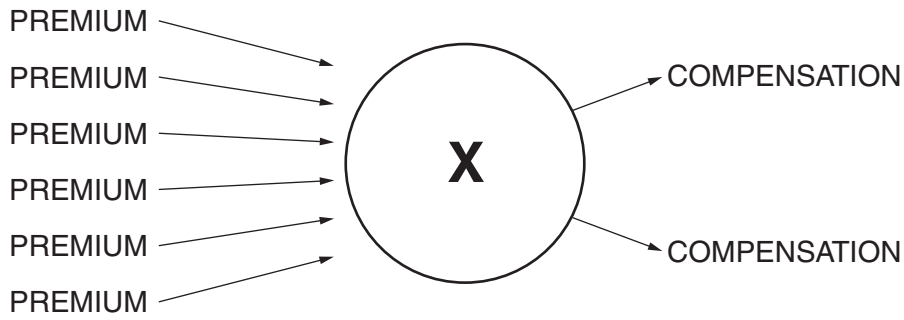


Fig. 2

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

(a) (i) Identify **X** in Fig. 2.

..... [1]

(ii) Define the term *compensation*.

.....
.....
..... [2]

(iii) What is meant by a premium?

.....
.....
..... [2]

(b) Identify **three** of the factors an insurance company will take into account when setting a premium.

.....
.....
.....
.....
.....
..... [3]

(c) Giving an example, explain why some risks are non-insurable.

.....
.....
.....
.....
.....
.....
.....
.....
..... [4]

(d) Show how the following insurance principles will apply when an insurance claim is made:

(i) insurable interest

.....
.....
.....
.....
.....
.....
.....
.....
..... [4]

(ii) utmost good faith.

.....
.....
.....
.....
.....
.....
..... [4]

5 A company uses the following methods of communication.

For
Examiner's
Use

LETTER	FAX	EMAIL	TELEPHONE	VIDEO-CONFERENCING
---------------	------------	--------------	------------------	---------------------------

(a) Which is the best communication method for the company to use in the following situations? Give a reason for **each** of your answers.

(i) Sending a copy of an urgent document from Brunei to South Africa.

.....
.....
.....
..... [2]

(ii) Confirming the appointment of a new Chief Executive.

.....
.....
.....
..... [2]

(iii) Holding a weekly face-to-face meeting between managers based in different countries.

.....
.....
.....
..... [2]

(iv) Having a conversation about a missing order.

.....
.....
.....
..... [2]

paperscambridge.com

(b) (i) State **two** advantages of using email rather than the telephone.

.....
.....
.....
..... [2]

(ii) State **two** advantages of using the telephone rather than email.

.....
.....
.....
..... [2]

(c) Explain the advantages to one of the company's sales representatives of using a mobile phone (cellphone).

.....
.....
.....
.....
.....
.....
.....
.....
.....
..... [4]

(d) Why is email an important method of communication in many companies?

.....
.....
.....
.....
.....
.....
.....
..... [4]

Section B

Answer **both** questions in this section.

6 The diagram shows a shopping centre.

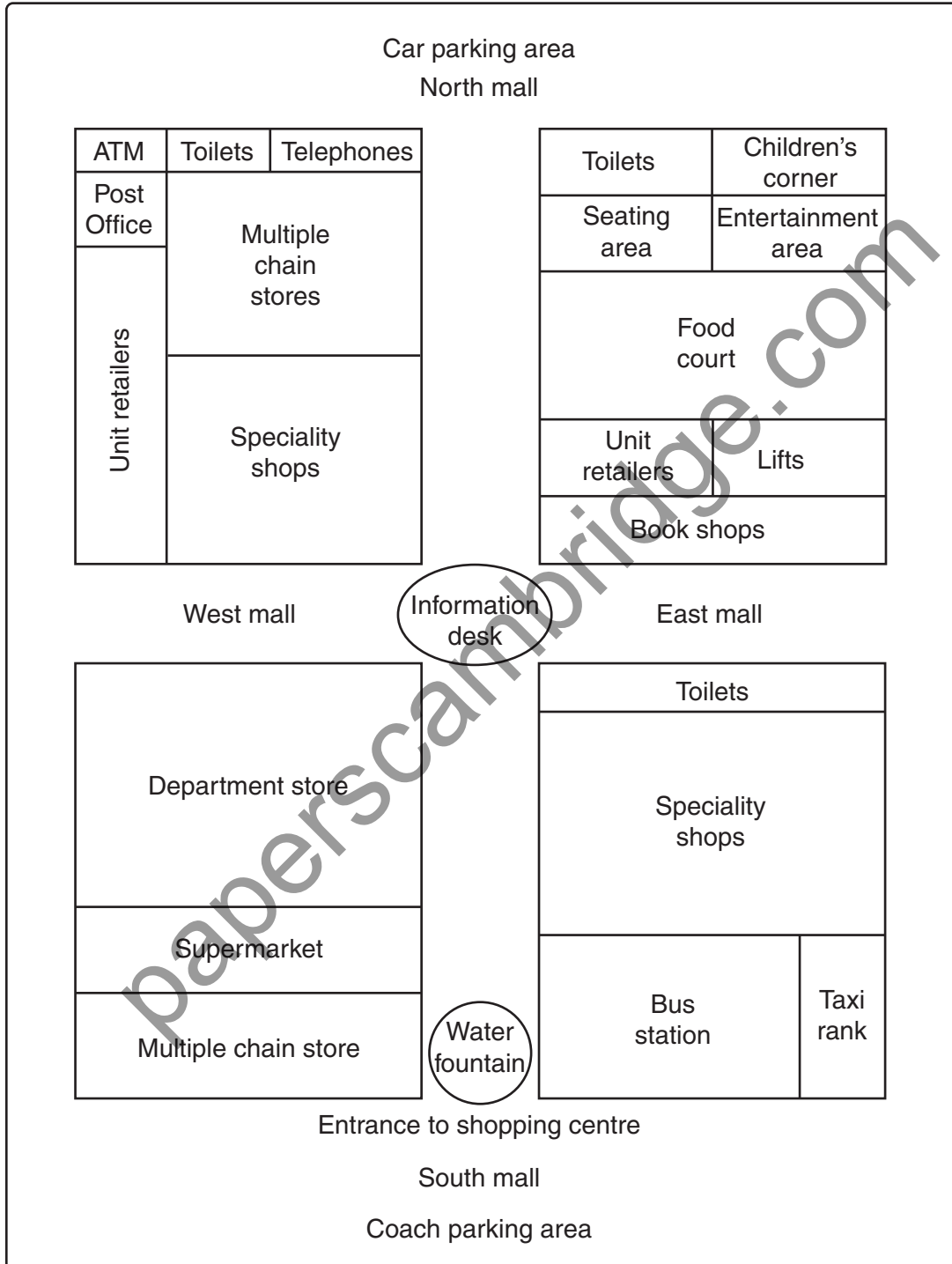


Fig. 3

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

For
Examiner's
Use

- (a) (i) Name **two** types of road transport that customers may use when visiting the shopping centre shown in Fig. 3.

.....
..... [2]

- (ii) Identify **two** features in Fig. 3 that would help to make the visit a relaxed and enjoyable experience in this shopping centre.

.....
..... [2]

- (iii) Explain **one** disadvantage to customers of using a large shopping centre.

.....
.....
.....
..... [2]

- (b) Identify **three** features of **each** of the following types of retailer:

- (i) speciality shops

.....
.....
.....
.....
.....
..... [3]

- (ii) department stores.

.....
.....
.....
.....
.....
..... [3]

7 The table shows a country's trade with the rest of the world.

For
Examiner's
Use

Trade 2009	Exports (\$m)	Imports (\$m)
Food	12	14
Raw materials	6.25	9.5
Fuels	4.6	8.9
Semi-manufactured goods	24.3	13.4
Manufactured goods	41.7	16.2
Other goods	2.75	10.25
Services	8.4	27.75

Fig. 4

Use Fig. 4 to help you answer some of the following questions.

(a) Calculate the total value of **each** of the following:

(i) visible exports (show your working)

.....

.....

.....

..... [2]

(ii) invisible imports (show your working).

.....

.....

.....

..... [2]

(b) What conclusions can be made from Fig. 4 about the commercial activities of this country?

.....
.....
.....
.....
.....
.....
.....
.....
.....
..... [4]

(c) (i) Explain why a country exports goods.

.....
.....
.....
.....
.....
.....
..... [3]

(ii) Explain why a country imports goods.

.....
.....
.....
.....
.....
..... [3]

paperscambridge.com

(d) (i) What are the differences between excise duties and customs duties?

For
Examiner's
Use

.....
.....
.....
.....
.....
.....
.....
.....
.....
..... [4]

(ii) Identify an effect that quotas have on imported goods.

.....
.....
.....
..... [2]

paperscambridge.com

paperscambridge.com

paperscambridge.com

paperscambridge.com

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

University of Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.