

# **Cambridge International Examinations**

Cambridge Ordinary Level

CANDIDATE NAME					
CENTRE NUMBER			CANDIDATE NUMBER		

# 5 6 2 2 4 1 4 3 4 3

## **COMMERCIAL STUDIES**

7101/11

Paper 1 Elements of Commerce

October/November 2014

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, 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.



# **SECTION A**

Answer three questions from this section.

l	Inte	ternational trade is important to a country's commercial life.				
	(a)	What is meant by international trade?				
		[2				
	(b)	Using examples, explain why international trade is important to a country.				

(6)	⊏xμ	ordin two functions of customs authorities in international trade.	
			[4]
(d)	Inte	ernational traders and home traders use many documents when trading.	
	(i)	State <b>two</b> purposes of the bill of lading.	
			[2]
	(ii)	How would a letter of credit be used in international trade?	
			•••••
			[2]
	(iii)	How does an order differ from an invoice as a document of home trade?	

Mr Ncube is a wholesaler who owns a food distribution business. He is considering expanding his business with a bank loan to either form a partnership with his sister or to form a public limited

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com	company.				
(a)	State <b>two</b> features of a sole trader.				
	[2	2]			
(b)	Describe <b>three</b> services offered by wholesalers to <b>retailers</b> .				
		٠.			
	[6	3]			

	Explain to Mr Ncube <b>two</b> advantages and <b>two</b> disadvantages of forming a partnership with his sister.
	[8]
(d)	Explain <b>two</b> reasons why forming a public limited company might <b>not</b> be a suitable way of expanding Mr Ncube's business.
	[A]

**3** Fig. 1 shows a newspaper advertisement.



Fig. 1

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

(a) (i)	Give <b>one</b> reason why 0% interest is being offered.
<b>/!!</b> \	[1]
(ii)	Calculate the monthly payment if a customer pays by direct debit.
	Show your working.
	[4]
(iii)	How might the advertisement shown in Fig. 1 be made more persuasive?
	[2]

(b)	Ехр	plain <b>two</b> advantages of using newspaper advertising.
		[4]
c)		ntify <b>one</b> example of a product that might be advertised using each of the following ertising media. Give a reason for <b>each</b> of your choices.
	(i)	digital billboards
		[O
		[2]
	(ii)	trade journals
		ro.
		[2]

(d)	Explain why a consumer might prefer to use a bank loan rather than a bank overdraft to buy a television.
	[5]

them	all clubs use a variety of spoken and written communications in their operations. Many of are making increasing use of email and videoconferencing in order to make their unications more effective.
	ive <b>two</b> examples of spoken communication which might be used by a football club at a otball match.
	[2]
<b>(b)</b> W	hy do football clubs provide letters to players when they sign a contract?
(c) W	hy do football clubs, like other businesses, make increasing use of email to communicate?
	[6]

(d)	Explain <b>two</b> benefits to a business of using videoconferencing.
	[4]
(e)	Explain why effective communication is important to a business.
	[6]

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	e recent development in retailing has been the increase in the number of shopping centres Ills) being built. This has affected the trade of small-scale retailers in many countries.
(a)	Identify <b>four</b> features of a shopping centre.
<i>(</i> 1.)	[4]
(b)	Discuss possible reasons for the growth of shopping centres in recent years.
	[6]

(c)	Explain <b>two</b> effects on small-scale retailers of the development of more shopping centres.
	[4]
(d)	Discuss how small-scale retailers may compete with shopping centres.
	[6]

## **SECTION B**

Answer both questions in this section.

Zoey Nathis has started running a small fruit farm. Her premises contain a warehouse for keeping tools and some equipment. She needs insurance cover and Fig. 2 shows the six stages she needs to follow to take out insurance.

## SIX STAGES IN TAKING OUT INSURANCE

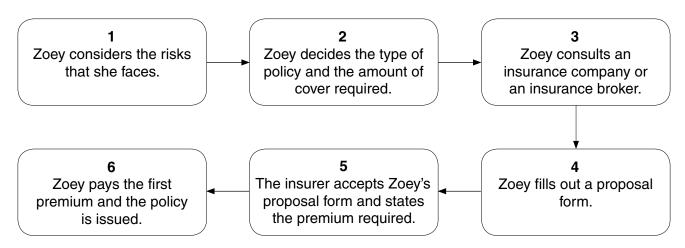


Fig. 2

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

(a)

(i)	What is the difference between the terms the insured and the insurer?	
		[2]
(ii)	At which stage would Zoey become insured?	
		[1]
(iii)	From whom might Zoey seek insurance advice?	
		[1]

(b) E	xplain <b>each</b> of the following terms used in Fig. 2:	
(i)	proposal form	
		[2
(ii)	) premium	
		[∠
(iii)	) policy.	
		[2
(c) St	tate and explain <b>two</b> reasons why Zoey should insure her business.	•
(6)	ate and explain two reasons why zoey should insure her business.	
•••		
•••		
		•••••
		[4

)	Exp	lain how warehousing might assist Zoey to:
	(i)	stabilise the prices of her fruit
		[3]
	(ii)	satisfy the seasonal demand for fruit.
		[3]

7 The following graph shows the cost per kilometre of transporting goods for journeys up to 300 kilometres.

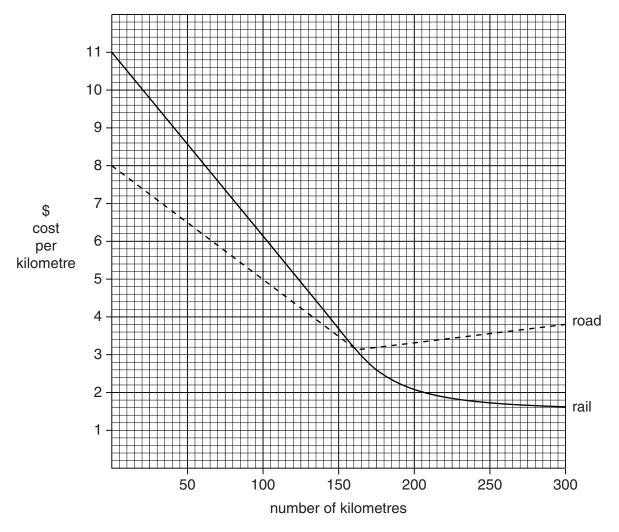


Fig. 3

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

(a)	(i)	Which is the cheaper method of transport for a journey of 150 kilometres?
		[1]
	(ii)	Which is the cheaper method for journeys of more than 250 kilometres?
		[1]
	(iii)	At which distance does it cost the same to transport goods by road as it does by rail?

	(iv)	What is the cost of transporting goods by road for 100 kilometres?			
		Show your working.			
		[2]			
(b)	Why	does rail transport rely greatly on road transport?			
		[3]			
(c)		rt from distance and cost, explain <b>two other</b> factors which will influence a business' ce between road and rail transport for delivering goods.			
		[4]			

(d)	Моі	re goods are now being carried by air transport.
	(i)	Name <b>two</b> types of goods that are often carried by air transport.
		[2]
	(ii)	Explain why the volume of goods carried by air transport has increased.
		[6]

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