UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

COMMERCE **7100/23**

Paper 2 **May/June 2013**

2 hours

Additional Materials: Answer Booklet/Paper

9318374669

READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.
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.

Answer any **four** 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 **8** printed pages.

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1 Production is needed to satisfy human needs and wants.

(a) Giving an example, explain what is meant by *production*. [4]

(b) In what ways are the following people productive:

(i) a truck driver [2]

(ii) a pop music singer? [2]

(c) Explain why the number of people employed in the primary and secondary sectors has declined in some countries but not in others. [6]

(d) 'The Internet is essential for businesses which want to be productive.' Is this true? Give reasons for your answer. [6]

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2 The pie chart in Fig. 1 gives information about the biscuit market in a country.

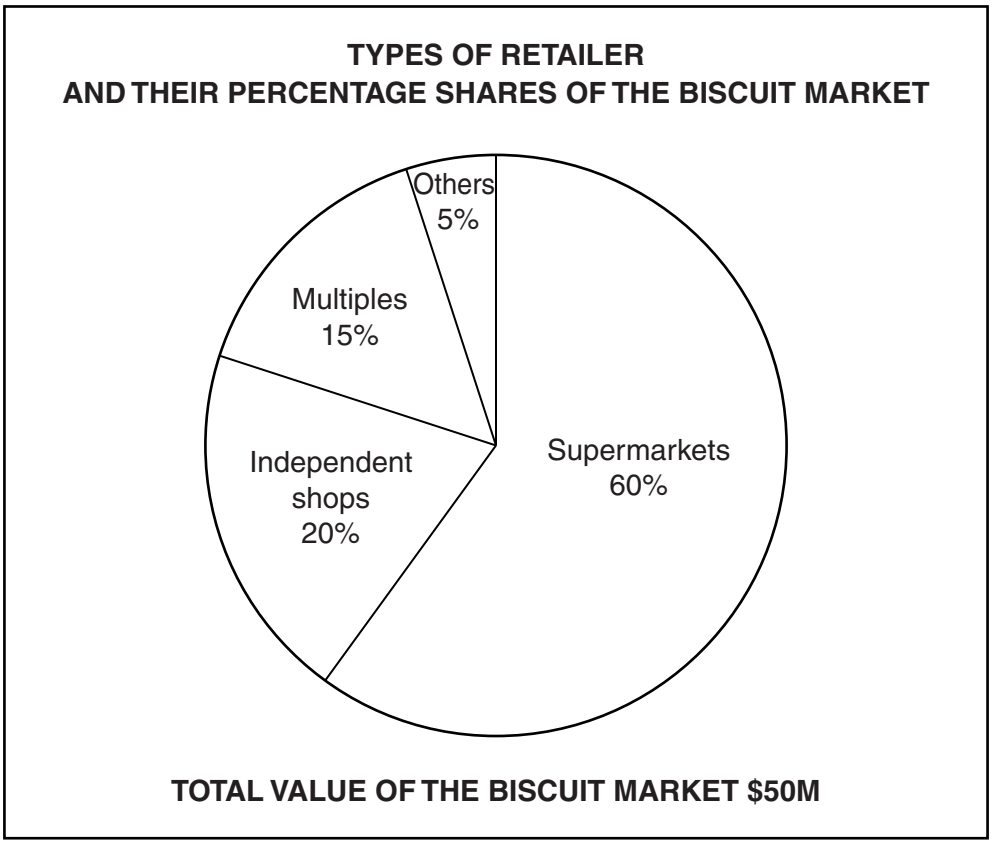


Fig. 1

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

(a) **(i)** What is the supermarkets' **percentage** share of the biscuit market? [1]

(ii) Calculate the **value** of the independent shops' share of the biscuit market. Show your working. [2]

(b) State **four** ways in which multiples are similar to supermarkets. [4]

(c) Why do many biscuit manufacturers sell biscuits with their own brand label and also under supermarkets' own brand labels? [3]

(d) To what extent does packaging help to sell biscuits? Give reasons for your answer. [6]

(e) A customer has bought a packet of biscuits from her local supermarket. The biscuits were stale. What actions should she take? [4]

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[Turn over

3 The Baha Theatre is a public sector enterprise.

(a) (i) State **two** characteristics of a public sector enterprise. [2]

(ii) Explain **one** advantage of public sector enterprises to consumers. [2]

(b) Adam is the new Advertising Manager of the Baha Theatre. He wishes to increase the number of people visiting the theatre. He is considering the following options:

- reducing the price of tickets by 25%
- changing the kinds of plays offered
- advertising using posters and local radio.

Discuss these options. Which option would you recommend? Give reasons for your choice. [6]

Kam Cinemas is a chain of cinemas that is privately owned.

(c) (i) What is meant by the phrase *privately owned*? [2]

(ii) Explain **one** advantage to Kam Cinemas of being privately owned. [2]

(d) (i) Explain why Kam Cinemas should have both public liability insurance and employer's liability insurance. [4]

(ii) State **two** factors that would affect the premiums charged for insurance cover. [2]

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4 Fig. 2 shows a credit note used when goods are returned.

MAZIWEAR GARMENTS LTD **No 123456**
Any Place
Anytown

CREDIT NOTE

Wing Fashions
Park Place
Moretown

Details	Amount
	$
2 boxes of men's shirts returned. Cat No 359867	600.00
TOTAL	600.00

E & OE

Fig. 2

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

(a) **(i)** Identify the buyer in Fig. 2. [1]

(ii) Explain the importance of E & OE at the bottom of the credit note. [2]

(b) The returned goods were part of a large consignment of clothes costing $2800. What actions should the seller take when the boxes of men's shirts are returned? [4]

(c) Traders usually offer trade discount when selling to other traders. State **three** reasons for this. [3]

(d) Explain **two** reasons why a buyer would use commercial documents when purchasing goods. [4]

(e) When traders sell to other traders they usually offer them trade credit. Is this beneficial to both the seller and the buyer? Give reasons for your opinion. [6]

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[Turn over

5 A retailer sells many types of computer.

She will accept both debit cards and credit cards as means of payment. She will not accept cheques.

The retailer also offers two payment plans:

- PLAN A price reduction of 10% for a cash payment
- PLAN B extended credit (deferred payments) of $30 a month spread over two years.

(a) (i) Explain **two** differences between debit cards and credit cards as means of payment. [4]

(ii) Why does the retailer accept debit and credit cards but not cheques? [4]

(b) A customer wishes to purchase a computer priced at $600. Calculate the total purchase price for the computer using Plan B. Show your working. [2]

(c) The retailer accepts debit and credit cards and offers two payment plans. Is the retailer sensible to offer all these options for making payment? Give reasons for your answer. [6]

(d) Explain why the retailer buys the computers direct from the manufacturers and not through a wholesaler. [4]

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6 Holidays for You Ltd sells holidays through travel shops and online. Fig. 3 shows sales revenue and net profit for 2010 to 2012.

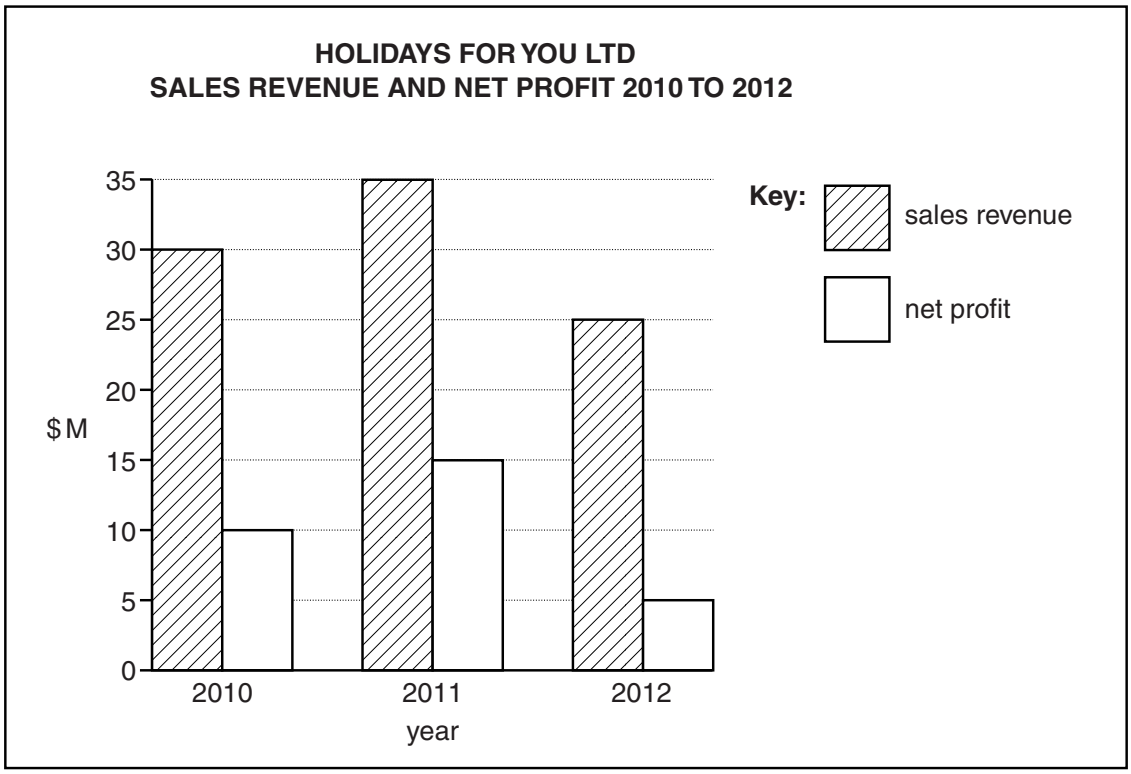


Fig. 3

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

(a) Identify the year when:

(i) sales revenue was highest [1]

(ii) net profit was lowest. [1]

(b) (i) Calculate the percentage of net profit in relation to sales revenue for 2010. Show your working. [2]

(ii) By what percentage has sales revenue decreased between 2011 and 2012? Show your working. [2]

(iii) Explain **two** possible reasons for this fall in sales revenue. [4]

(c) Explain how a business might reduce expenses in order to increase net profit. [4]

(d) Holidays for You Ltd needs to improve its sales revenue. It is considering:

- offering special promotions
- selling its holidays only online
- moving into other areas of the travel business.

What do you recommend the company should do? Give reasons for your recommendation. [6]

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7 International trade is important for most countries.

(a) Explain **two** benefits of trading with other countries. [4]

(b) Discuss whether or not intermediaries, such as brokers and factors, assist those involved in international trade. Give reasons for your answer. [6]

(c) Explain why customs officers collect statistics about imports and exports. [4]

(d) **(i)** Why do goods awaiting transport often require storage in warehouses? [4]

(ii) Explain why goods shipped in containers do not need warehouses. [2]

8 Valley Railway Company is the main railway company in a country. It carries both passengers and goods. It is making a loss. The management needs to review the company's accounts.

(a) **(i)** Describe **two** advantages of using railways to carry goods. [4]

(ii) Explain why the use of railways as a means of transport is in decline in many countries. [4]

(b) The company's accounts show that there is a shortage of working capital and that the company has borrowed too much money from its bank.

(i) Assess the importance of working capital for any business. Give reasons for your answer. [6]

(ii) Explain **one** of the possible consequences for Valley Railway Company of borrowing too much money from the bank. [2]

(c) One of Valley Railway Company's most profitable services is the railway line linking the capital city with the airport.

(i) Why is a railway line between a city and an airport important? [2]

(ii) State **two** services offered at airports to assist passengers. [2]

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