UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

COMMERCE **7100/22**

Paper 2 **October/November 2011**

2 hours

Additional Materials: Answer Booklet/Paper

5876209225

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 the 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 **7** printed pages and **1** blank page.

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1 Fig. 1 shows a map of a country that specialises in the production of iron ore for export and for industries within the country. The country imports food and manufactured goods from other countries.

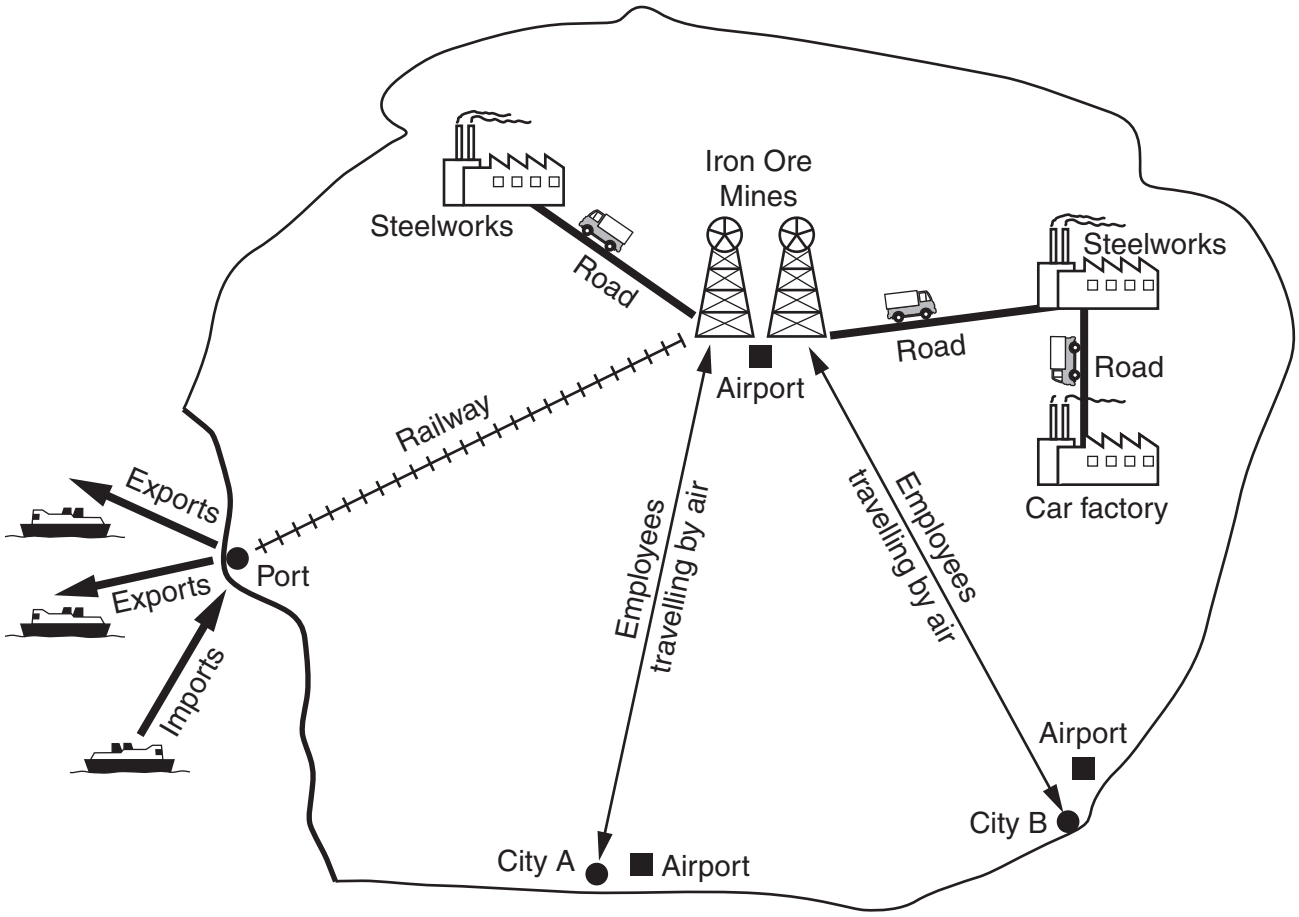


Fig. 1

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

(a) Identify, from Fig. 1, **one** example of each of the following kinds of production:

(i) primary production [1]

(ii) secondary production. [1]

(b) What are the benefits to the country of specialising in the production of iron ore? [4]

(c) Using the diagram in Fig. 1, explain why transport is important in the production of iron ore. [4]

(d) Describe **two** services that the port would provide for the exporting of products such as iron ore. [4]

(e) Discuss how important international trade is to the country shown in Fig. 1. Give reasons for your answer. [6]

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2 Consumers are affected by the actions of manufacturers, wholesalers and retailers.

(a) Giving an example, explain what is meant by a *manufacturer*. [3]

(b) Explain **two** ways in which the functions of wholesalers and retailers are different. [4]

(c) Explain **two** ways in which the actions of large-scale retailers may affect wholesalers. [4]

(d) Methods of safeguarding the consumer have been introduced in many countries.

Describe **one** method of safeguarding the consumer provided in your country. [3]

(e) "Consumer protection is necessary because consumer spending has increased in many countries." Do you agree with this statement? Give reasons for your answer. [6]

3 Mr Tan is a trader in Singapore. He imports goods from countries in South East Asia and sells to customers in Singapore.

(a) Singapore is a freeport.

(i) Explain what is meant by a *freeport*. [2]

(ii) What are the advantages to Mr Tan of using a freeport? [2]

(b) State **two** advantages to Mr Tan of accepting payments from customers in Singapore using:

(i) debit cards [2]

(ii) credit cards. [2]

(c) Mr Tan offers cash discount to customers who purchase regularly from him. Discuss whether or not he should do this. Give reasons for your answer. [6]

(d) **(i)** Mrs Cheah has bought goods from Mr Tan costing $12 000. She hopes to sell them again with a mark up of 20%. How much profit will she expect to make? Show your working. [2]

(ii) Explain **two** reasons why Mrs Cheah may not achieve this mark up on all these goods. [4]

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[Turn over

4 Fig. 2 gives examples of advertising and sales promotion.

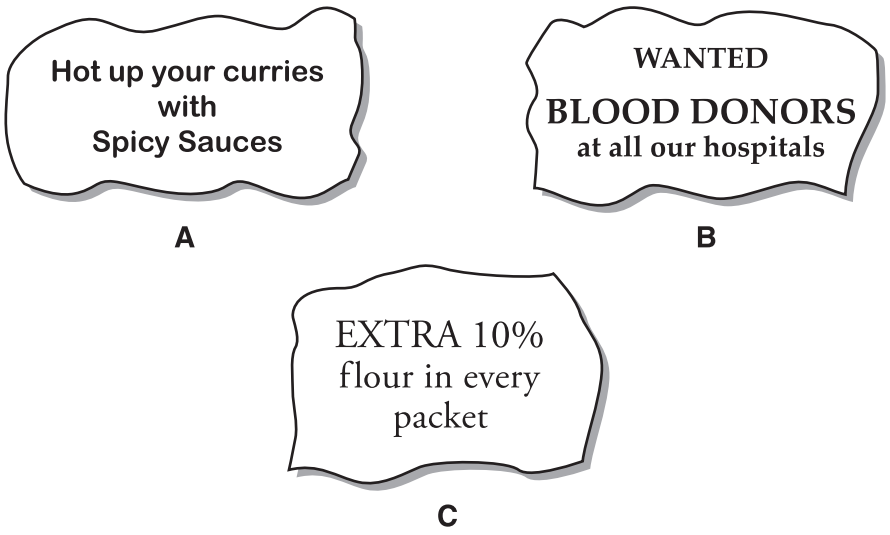


Fig. 2

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

(a) Explain **two** purposes of advertising. [4]

(b) Identify, from Fig. 2, an example of:

(i) informative advertising [1]

(ii) sales promotion. [1]

(c) Advertisement A appeared on a digital billboard. Explain what is meant by a *digital billboard*. [2]

(d) "Advertising adds to the costs of production." Discuss this statement. Do you agree? Give reasons for your answer. [6]

(e) Explain why the Internet has become important **both** as a method of advertising **and also** as a method of communication. [6]

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5 Kadir runs a cash and carry warehouse supplying small-scale retailers and market traders in a retail market.

(a) Explain how Kadir is involved in trade. [4]

(b) **(i)** State **two** features of a cash and carry warehouse. [2]

(ii) How does a cash and carry warehouse benefit small-scale retailers? [4]

(c) Many of the small-scale retailers own some form of road transport.

Explain **two** advantages to a small-scale retailer of using road transport. [4]

(d) Discuss whether it is better to own a small retail shop or to be a market trader in a retail market. Give reasons for your opinion. [6]

6 The world has become a global market with multinational companies dominating many industries such as oil, medicines and banking.

(a) **(i)** State **two** features of a multinational company. [2]

(ii) Why are multinational companies important in many industries such as oil, medicines and banking? [6]

(b) Explain what is meant by a *global market*. [2]

(c) Explain **two** reasons why communication is important in the global market. [4]

(d) Is commerce essential to the growth of the global market? Give reasons for your opinion. [6]

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7 Sally Lomes has a current account and a deposit account at a commercial bank. Part of a bank statement for her current account is shown in Fig. 3.

Details	Debit $	Credit $	Balance $
Nov 1			**500 OD**
Nov 4 Cheque No 468999	**125**		**625 OD**
Nov 10 Salary		**2000**	**1375 CR**
Nov 12 DD Rent	**600**		**775 CR**
Nov 18 SO Insurance premium	**360**		
Nov 18 Paid in		**30**	
Nov 18 Credit card payment	**825**		

Fig. 3

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

(a) (i) What does the abbreviation OD mean? [1]

(ii) Sally's rent is paid by direct debit. State **two** features of direct debits. [2]

(iii) Calculate how much Sally will need to transfer from her deposit account on November 19 so that she is in credit by $100 on her current account. Show your working. [4]

(b) Explain why Sally has both a current account and a deposit account at the bank. [4]

(c) Sally has a card to use at ATMs. State **three** services Sally could obtain at an ATM. [3]

(d) On November 18 Sally paid an annual insurance premium of $360 for her house insurance. Her neighbour, William, also has house insurance with the same insurance company, but he has paid $500 for his annual insurance premium. Should Sally and William both pay the same amount of premium? Give reasons for your answer. [6]

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8 A public limited company owns and operates a number of hotels. It wishes to expand its business, increase its turnover and reduce its expenses.

(a) Explain what is meant by the term *turnover*. [2]

(b) **(i)** State **three** ways in which this company might increase its turnover. [3]

(ii) State **three** ways in which this company could reduce its expenses. [3]

(c) The company may need extra capital in order to expand.

Discuss whether it is better to use retained profits rather than to raise finance from banks and other financial sources. Give reasons for your answer. [6]

(d) The Managing Director of the company has suggested that organising new hotels as franchises would be a suitable method of expansion for the company.

(i) Explain what is meant by a *franchise*. [2]

(ii) Explain **two** advantages to this public limited company of organising new hotels as franchises. [4]

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