UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

COMMERCE **7100/22**

Paper 2 **October/November 2012**

2 hours

Additional Materials: Answer Booklet/Paper

4367109182

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 The people listed in Fig. 1 work in production.

A	**Martha is a doctor specialising in eye surgery.**
B	**Imran specialises in making woven rugs.**
C	**Ray owns a mine that produces coal for industry.**
D	**Simone builds office buildings in a large city.**
E	**Richard specialises in providing nursing services to elderly people.**
F	**Lucy owns an advertising agency.**

Fig. 1

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

(a) Explain the benefits of specialisation for the people labelled **A** to **F**. [4]

(b) Identify from Fig. 1 **one** person involved in:

(i) primary industry [1]

(ii) secondary industry. [1]

(c) Identify from Fig. 1 **one** person who provides:

(i) a direct service [1]

(ii) a commercial service. [1]

(d) How does a direct service differ from a commercial service? [3]

(e) State **three** ways in which Ray, who owns a coal mine, may be involved in trade. [3]

(f) Is Imran, who makes woven rugs, concerned with commerce? Give reasons for your answer. [6]

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2 Ali and Sim are retailers. Ali owns a small shop selling gold and silver jewellery in the jewellery area of a city. Sim leases a jewellery shop in a new shopping centre on the outskirts of the city.

(a) Explain **two** functions of any kind of retailer. [4]

(b) **(i)** State **two** advantages to Ali of being located in the jewellery area of the city. [2]

(ii) State **two** advantages to Sim of being located in the new shopping centre. [2]

(c) Jewellery sales are low and the rate of turnover for both shops is 2.

(i) What is meant by *the rate of turnover is 2*? [2]

(ii) Explain how the rate of turnover of both shops might be improved. [4]

(d) Discuss whether it is better to own a shop or to lease a shop. Give reasons for your opinion. [6]

3 A company makes children's toys. It has been successful in its home market. It is now considering exporting its products.

(a) Identify **three** difficulties this company might have when exporting to other countries for the first time. [3]

(b) The toys are likely to be sent abroad in containers. To what extent is this a good way of moving toys? Give reasons for your opinion. [6]

(c) How might this company make use of freight forwarders? [4]

(d) The company has taken out insurance.

(i) State **three** risks against which it should be insured. [3]

(ii) Explain why it will not be able to insure against the failure of its business. [4]

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4 Aron Distributors is a wholesaler who supplies to several retailers, including Ruba Enterprises.

Aron Distributors has sent the document shown in Fig. 2 to Ruba Enterprises.

ARON DISTRIBUTORS
Holly Estate
Anytown

To: Ruba Enterprises
Lime Road
Anywhere

Account Number: 648241

Date	Transaction	Debit $	Credit $	Balance $
1 October	Previous Balance			250
8 October	Invoice 648	150		400
16 October	Invoice 715	55		455
20 October	Payment		250	205
26 October	Credit Note 28		10	195
31 October	Invoice 820	580		

Fig. 2

Use the document shown in Fig. 2 to help you to answer the following questions.

(a) (i) Name the document shown in Fig. 2. [1]

(ii) State **two** purposes of this document. [2]

(iii) How much did Ruba Enterprises owe to Aron Distributors at the end of October? [1]

(iv) Explain the entry made on 26 October. [2]

(v) Name and describe **one** method of payment Ruba Enterprises might use to pay Aron Distributors. [3]

(b) Ruba Enterprises usually has a mark-up of 20% on the goods it sells.

(i) Explain what is meant by the term *mark-up*. [2]

(ii) Ruba Enterprises sells all the goods it purchased on Invoice 648 from Aron Distributors. Calculate its total sales revenue for these goods. Show your working. [3]

(c) Aron Distributors is considering setting up a cash and carry warehouse service for retailers. Discuss whether or not this would be a good idea. Give reasons for your opinion. [6]

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5 Shipra plans to set up a small hairdressing business.

(a) Discuss whether or not Shipra should set up her hairdressing business as a franchise. Give reasons for your opinion. [6]

(b) Explain **three** services offered by a bank that could be useful to Shipra. [6]

(c) State **two** reasons why Shipra needs storage on her premises. [2]

(d) Shipra needs to advertise her small business.

The following advertising media are available:

trade fairs **local newspapers** **television** **local radio** **posters**

Which **two** should she use? Give **two** reasons for **each** of your choices. [6]

6 Viand Associates is a public limited company that owns livestock farms and meat processing factories in several countries.

(a) Explain **two** benefits to Viand Associates of being a public limited company. [4]

(b) Viand Associates needs communication between its head office and its farms. In what circumstances would the company's staff make use of:

(i) telephone rather than email [2]

(ii) video-conferencing? [2]

(c) Viand Associates makes use of both collective advertising and persuasive advertising when selling its meat. Explain the differences between these two types of advertising. [4]

(d) How important is protection of the consumer to Viand Associates? Give reasons for your opinion. [4]

(e) Viand Associates' accountant has reported that there is insufficient working capital.

(i) State **two** purposes of working capital. [2]

(ii) State **two** ways in which the amount of working capital available might be increased. [2]

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7 The picture in Fig. 3 shows a checkout at a supermarket.

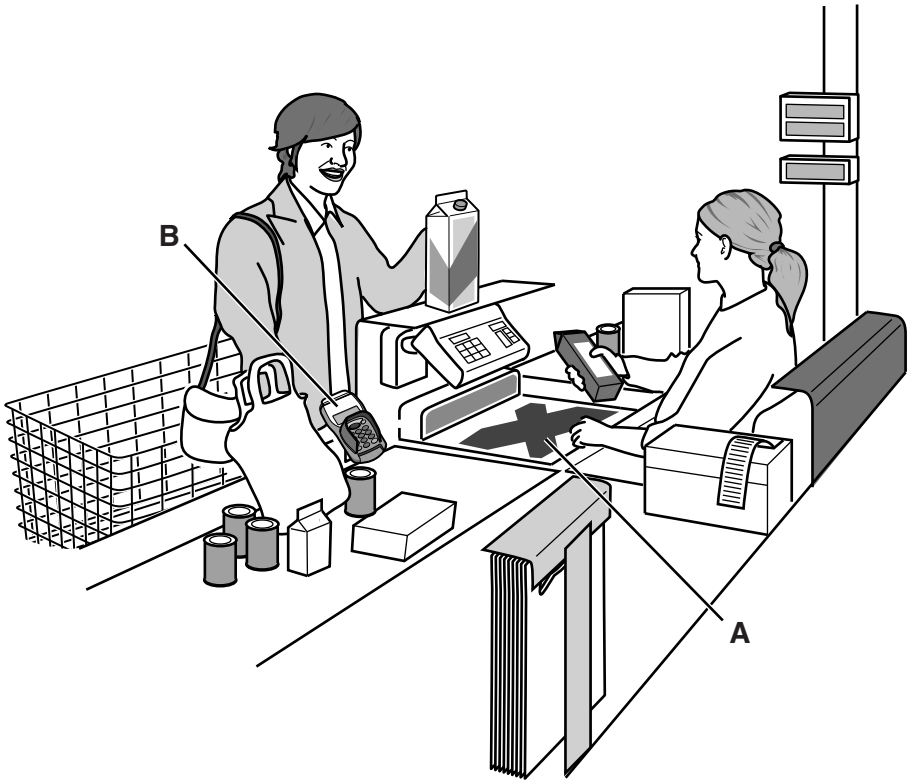


Fig. 3

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

(a) Identify from Fig. 3 the equipment labelled:

(i) **A** [1]

(ii) **B**. [1]

(b) Explain why many of the goods being sold are bar-coded. [4]

(c) **(i)** Many of the goods being sold are packaged. Identify **two** kinds of packaging shown in Fig. 3. [2]

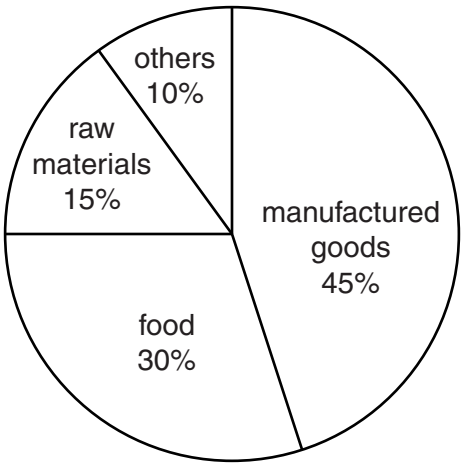
(ii) Explain why many goods sold in supermarkets are packaged. [4]

(d) Explain why many consumers use supermarkets. [4]

(e) Many consumers purchase from supermarkets using credit cards. Is this beneficial for consumers or not? Give reasons for your answer. [4]

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8 Karim is an agent who sells goods abroad on behalf of companies. Fig. 4 shows the total value of goods Karim sold on behalf of companies in 2011.



Total value of goods sold by Karim in 2011 = $50m

Fig. 4

Use the information given in Fig. 4 to help you to answer the following questions.

(a) Calculate the total value of manufactured goods sold. Show your working. [2]

(b) Explain why communication is important when selling goods abroad. [4]

(c) Many companies use agents who sell on their behalf. Should a company wishing to export make use of agents or organise its own export trade? Give reasons for your answer. [6]

(d) **(i)** State **two** ways in which exporters can make sure that they receive payments. [2]

(ii) Name **two** documents that would be completed when exporting goods. [2]

(e) Many of the goods shown in Fig. 4 are traded between Australia and China.

Explain how transport would be used for moving these goods between Australia and China. [4]

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