UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

COMMERCE **7100/21**

Paper 2 **October/November 2013**

2 hours

Additional Materials: Answer Booklet/Paper

9952384263

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

© UCLES 2013

1 Fishing is a primary industry. A large amount of fish is sold to canning factories. Many fishermen own their own boats.

(a) Explain why a fisherman is classified as a primary producer. [3]

(b) **(i)** State **three** ways in which a fisherman might make use of banking and finance. [3]

(ii) Explain why it is important for a fisherman to take out insurance. [4]

(c) How important is warehousing to a fishing industry? Give reasons for your answer. [6]

(d) Explain how communications would assist a canning factory **to sell** its products. [4]

2 Maisie is considering opening a coffee bar.

(a) Explain **two** factors that should be considered when deciding on a location for the coffee bar. [4]

(b) To what extent will Maisie be involved in trade? Give reasons for your answer. [6]

(c) Explain why protection of the consumer is important to Maisie and her customers. [4]

(d) **(i)** Maisie will expect to be given trade credit by wholesalers who supply her. What are the advantages of trade credit for Maisie? [4]

(ii) Why will these wholesalers also offer Maisie trade discount? [2]

© UCLES 2013

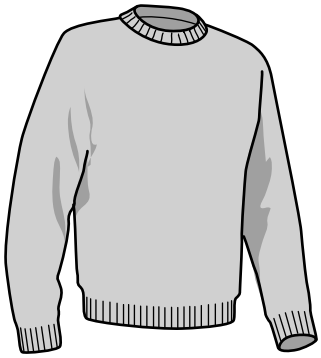
3 Fig. 1 shows an advertisement with a sales promotion.

POPPO LTD

SWEATERS FOR EVERY OCCASION

All sizes available in black, blue or red

BUY NOW WHILE STOCKS LAST



Only $12.50. Second one half price. Postage and Packing $4.

Rapid ordering service using telephone number 123456789 or order online at www.poppo.com. All credit cards accepted.

Fig. 1

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

(a) (i) Identify **one** way in which the advertisement shown in Fig. 1 is persuasive. [1]

(ii) A customer orders two sweaters. Calculate the total cost of the order. Show your working. [3]

(iii) Why does Poppo Ltd accept credit card payments? [2]

(iv) State and explain **one other** method of payment that could be used to pay for the sweaters. [3]

(b) Explain the advantages to a company of operating a mail order catalogue company rather than a chain of multiple shops. [5]

(c) Discuss whether it is better for customers to order goods using the telephone or to order online. Give reasons for your answer. [6]

© UCLES 2013

4 Lucy and Imran own a fashion boutique as a partnership. They invite Max to join them as a sleeping partner.

(a) (i) State **three** features of a partnership. [3]

(ii) Explain why operating a business as a partnership might be considered risky. [4]

(b) Explain what is meant by a *sleeping partner*. [3]

(c) After signing the partnership deed, Max applies to an insurance company to buy insurance cover against the failure of the business. Will the insurance company accept Max's application or not? Give reasons for your answer. [4]

(d) Lucy and Imran are considering:

- introducing a store card for customers
- offering informal credit to customers
- providing loyalty cards for customers.

Would these benefit the business? Give reasons for your answer. [6]

5 Brookdown is a multinational company in the hospitality industry. It owns hotels, sports and leisure facilities, in many parts of the world.

(a) Explain **two** ways in which Brookdown might maintain its share of the market. [4]

(b) Explain the ways in which Brookdown might raise finance to develop a resort hotel in Hong Kong. [6]

(c) Why is an Internet website important for Brookdown's business? [4]

(d) Brookdown operates in many parts of the world. Are the trading activities of this company important to the countries in which it operates? Give reasons for your answer. [6]

© UCLES 2013

6 The table in Fig. 2 shows the number of retail outlets in a town.

1	department store
2	supermarkets
3	variety chain stores
12	multiple chain stores
28	independent shops
1	street market

Fig. 2

Use the information given in Fig. 2 to help you to answer the following questions.

(a) State **two** features of:

(i) a department store [2]

(ii) a street market. [2]

(b) What is the difference between a variety chain store and a multiple chain store? [2]

(c) **(i)** Calculate the number of large-scale retailers in this town. Show your working. [2]

(ii) Explain **two** possible reasons why there are more independent shops in this town than other types of retailer. [4]

(iii) Why do some of the shops in the town offer after-sales service to their customers? [2]

(d) The two supermarkets in the town are owned by large retail businesses who also own many other supermarkets. How important is transport for the successful operation of these supermarkets? Give reasons for your answer. [6]

© UCLES 2013

7 Some car companies in the international motor industry manufacture cars in countries where tariffs and quotas exist.

(a) Explain what are meant by:

(i) *tariffs* [2]

(ii) *quotas*. [2]

(b) What effect will the introduction of tariffs and quotas have on:

(i) the import of foreign cars into a country [2]

(ii) domestic industries within that country? [2]

(c) Explain how the following will affect the Balance of Payments of a country:

(i) a company manufacturing cars there for export [2]

(ii) an importer of car parts [2]

(iii) a bank in that country providing services to customers in other countries. [2]

(d) 'The growth of the global economy makes countries more dependent on one another.' Is this true? Give reasons for your opinion. [6]

8 Fig. 3 shows a price list that appeared in a trade magazine.

LATIFF CASH AND CARRY WHOLESALERS

Light Bulbs and Electrical Accessories

	Prices per 100:
coloured light bulbs	**$50**
clear light bulbs	**$50**
plugs	**$80**
adaptors	**$100**
extension sockets	**$200**

Minimum order $50
Quality Guaranteed

Fig. 3

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

(a) Why was this price list placed in a trade magazine rather than in a newspaper? [2]

(b) **(i)** Calculate the cost to a retailer of 1000 extension sockets. Show your working. [2]

(ii) Name and describe **two** commercial documents that Latiff would use when selling the extension sockets to a retailer. [6]

(c) Another retailer bought 2000 coloured light bulbs and put a mark up of 15% on these light bulbs when he sold them. Calculate his gross profit if all the light bulbs were sold. Show your working. [4]

(d) Discuss whether it is better for Latiff to operate as a cash and carry wholesaler rather than to operate as a traditional wholesaler. Give reasons for your answer. [6]

© UCLES 2013

BLANK PAGE

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.

© UCLES 2013