

Paper 2



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS General Certificate of Education Ordinary Level

COMMERCE		7100/02
CENTRE NUMBER	CANDIDATE NUMBER	
CANDIDATE NAME		

Candidates answer on the Question Paper. No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name in the spaces provided above.

Write in dark blue or black pen.

Do not use staples, paper clips, highlighters, glue or correction fluid.

DO NOT WRITE IN ANY BARCODES.

Answer any four questions.

The businesses described in this Question Paper are entirely fictitious.

The number of marks is given in brackets [] at the end of each question or part question.

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Total	

October/November 2009

2 hours

This document consists of 19 printed pages and 5 blank pages.



Answer any **four** questions.

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1 The diagram in Fig. 1 shows the Activities A-E involved in the production of a can of peas.

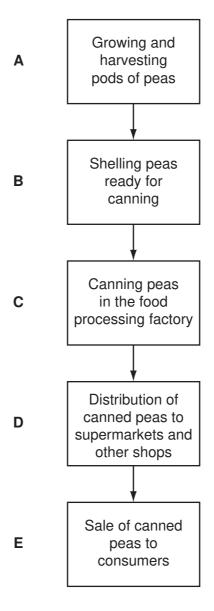


Fig. 1

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

(a) What stage of production is the activity in Fig. 1 labelled:

(b)	Usii pea	ng the diagram in Fig. 1, identify two ways in which value is added to the pods of is.	For Examiner's Use
	Wa	y 1	USE
	 Wa	y 2	
		[2]	
(c)	Exp	plain how the farmer who is growing the peas might make use of:	
	(i)	banking and finance;	
		[3]	
	(ii)	warehousing.	
		[3]	
(al)	Das		
(a)		scribe how the canned peas would be distributed to supermarkets and other shops tivity D).	
		[4]	

[Total: 20]

(e)	The food processing factory uses specialisation when canning many kinds of vegetables. Is specialisation beneficial to the owner of the factory?
	Give reasons for your answer.
	[6]

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Am	inathi Singh owns several shops selling motorcycles.
(a)	Explain two reasons why it is better to own several shops rather than one shop.
	Reason 1
	Reason 2
	[4]
(b)	Why should Mrs Singh offer after sales service in her shop?
	[3]
(c)	Mrs Singh wishes to start an advertising campaign to sell more motorcycles. State two factors she should consider when choosing which advertising media to use. Give a reason for each of your choices.
	Factor 1
	Reason
	Factor 2
	Reason
	[4]

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(d)	Giving an example, explain what is meant by a method of appeal.
	[3]
(e)	Mrs Singh is considering using the following methods of promotion:
	a free gift with every motorcycle sold 5% discount when payment is made in cash a free copy of a motoring magazine
	Which method of promotion would you recommend? Give reasons for your choice.
	[6]
	[Total: 20]

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3 The following headlines have appeared in a newspaper.

Rise in popularity of the small retailer - many small shops opening

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Supermarkets compete on price - consumers benefit

Fig. 2

Use	the newspaper headlines in Fig. 2 to help you to answer the following questions.
(a)	Explain two reasons why many people start small retail businesses.
	Reason 1
	Reason 2
	[4]
(b)	Explain why small shops are popular with consumers.
	[4]
(c)	Do consumers benefit from supermarkets competing on price? Give reasons for your opinion.
	[3]

(d)	Mrs Ming has bought some cooking oil from her local supermarket. The cooking oil smells bad. What actions could she take?	For Examiner's Use
	[3]	
(e)	A supermarket wishes to increase its sales by using the following options:	
	Option 1 Selling local produce Option 2 Offering own brands Option 3 Giving loyalty cards to customers Option 4 Providing an in-store bakery	
	Which two of these options would be the best methods of increasing sales? Give reasons for your choices.	
	[6]	
	[Total: 20]	

will au	The Managing Director of Smartwear Ltd has decided to install a computer system which will automatically produce invoices and other commercial documents ready to send to customers. At present this is done manually.		
(a) (i)	Explain what is meant by an invoice.		
	[3]		
(ii)	Name one other commercial document sent to customers after the invoice and explain its function.		
	Commerical document		
	Function		
	[3]		
(b) Ex	plain the benefits of using a computer system to issue invoices.		
	[4]		

(c)		birector intends to lease the computer from an office supplies company on a four year contract.	For Examiner's Use
	Calculate the cos	st of the lease for the four year period. Show your working.	
		[4]	
(d)		Director needs to communicate the decision to install the computer members of staff. She has the following methods of communication	
	email telephone	letters to all members of staff intranet	
	Which two method	ods of communication should she use? Give reasons for your opinion.	
		[6]	
	***************************************	[6]	
		[Total: 20]	1

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Masengo owns a furniture warehouse. He sells directly to consumers who visit the warehouse.
He accepts credit cards, debit cards and cash in payment for the furniture. He does not accept cheques. He also offers hire purchase agreements for the more expensive items.
(a) Why should Masengo accept credit cards?
[2]
(b) Explain two benefits to Masengo of his customers using cash to pay for the furniture.
Benefit 1
Benefit 2
[4]
(c) Explain why Masengo does not accept cheques.
[2]
(4). Evaleia and difference habusan a gradit acrel and a dahit acrel
(d) Explain one difference between a credit card and a debit card.
[2]

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(e)	Should Masengo continue to offer hire purchase agreements to his customers? Give reasons for your opinion.
	[6]
(f)	Explain two reasons why Masengo needs a warehouse.
	Reason 1
	Reason 2
	[4]
	[Total: 20]

6 Abdul Khan owns a van that he uses for his business.

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The table below shows the no claims bonus and premiums for insurance for the van over five years.

Year	Total Premium Charged	No Claims Bonus
	\$	%
1	1100	-
2	1150	20
3	1200	40
4	1230	60
5	1280	60

Fig. 3

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

(a)	(i)	What is meant by a premium?	
			••••
			[1]
	(ii)	What is meant by no claims bonus?	
			[2]
			[~]
	(iii)	Why has the no claims bonus increased from nil in Year 1 to 60% in Year 4?	
			••••
			[1]
(b)		e total premium in Year 3 is \$1200. Abdul is entitled to 40% no claims bonucleulate his premium. Show your working.	JS.
			[2]

(c)	Explain why the total premium charged has risen from \$1230 in Year 4 to \$1280 in Year 5.	For Examiner's Use
	rol	
	[2]	
(d)	Abdul is making a claim for an accident he has had in Year 5. Discuss the importance of the principles of insurance when making a claim. Which do you consider to be the most important principle? Give reasons for your choice.	
	[6]	

(e) Abdul bought his van from Hassan Motors Ltd, a public limited company. He has his van maintained and serviced at Ready Auto Services, a small garage owned by Mr Ng,

a s	a sole trader.	
(i)	State two features of a public limited company.	
	Feature 1	
	Feature 2	
	[2]	
(ii)	Why might Abdul prefer to use Ready Auto Services for the maintenance and servicing of his van rather than using Hassan Motors Ltd?	
	[4]	
	[Total: 20]	

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Louis Daly owns a wholesaling business buying from manufacturers and selling to retailers

in the home market. He also buys from other countries through intermediaries (people who

bring buyers and sellers together) to meet the demands of consumers. (a) Explain two services Louis gives to manufacturers in the home market. Service 1 Service 2 (b) Name two kinds of intermediaries Louis might use when buying from other countries. (c) Is it true that intermediaries are needed more in international trade than in home trade? Give reasons for your opinion.

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(d)	Explain why consumers may buy some types of goods from other countries even though they are manufactured in their own country.
	[4]
(e)	Explain how the functions of customs authorities may affect Louis' business.
	[4]
	[Total: 20]

		and freight.
(a)	Ex	plain why air transport is important within this country.
		[6]
(b)		ggest one other way in which heavy freight might be moved in this country. Give
		sons for your choice.
		isons for your choice.
		isons for your choice.
		isons for your choice.
		isons for your choice.
(c)	 (i)	Name two services provided at airports for passengers.
(c)	 (i)	[4]
(c)	 	Name two services provided at airports for passengers.
(c)		Name two services provided at airports for passengers. 1
(c)		Name two services provided at airports for passengers. 1

(d)	Two of the airlines are in serious financial difficulty. They need to replace aircraft. They have made losses during the last two years because of the increasing costs of fuel and staff wages.
	Recommend ways in which these two airlines might be made profitable. Give reasons for your recommendations.
	[6]

[Total: 20]

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