



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
General Certificate of Education Ordinary Level

CANDIDATE  
NAME

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**COMMERCE**

**7100/02**

Paper 2

**May/June 2009**

**2 hours**

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.

| For Examiner's Use |  |
|--------------------|--|
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| <b>Total</b>       |  |

This document consists of **17** printed pages and **3** blank pages.



Answer any **four** questions.

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- 1 (a) State **two** differences between home trade and foreign trade.

Difference 1 .....

.....

.....

Difference 2 .....

.....

..... [4]

- (b) A country has the following visible trade in percentage terms with the rest of the world:

| Visible trade           | Exports    | Imports    |
|-------------------------|------------|------------|
|                         | %          | %          |
| Food                    | 25         | 18         |
| Raw materials           | 15         | 10         |
| Fuels                   | 22         | 20         |
| Semi-manufactured goods | 12         | 17         |
| Manufactured goods      | 18         | 25         |
| Other items             | 8          | 10         |
|                         | <u>100</u> | <u>100</u> |

**Fig. 1**

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

- (i) Explain the term *visible trade*.

.....

.....

..... [2]

- (ii) Why might the country in Fig. 1 import more semi-manufactured and manufactured goods than it exports?

.....

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..... [2]

(iii) Name **one** item in Fig. 1 where there is a surplus of exports over imports.  
..... [1]

(iv) Total exports in Fig. 1 are valued at \$600m. Calculate the value of exported raw materials. Show your working.  
.....  
.....  
..... [2]

(v) Explain how the country in Fig. 1 might increase its export trade.  
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..... [3]

(c) Is trading with another country more expensive to undertake than trading in the home market? Give reasons for your opinion.  
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..... [6]

[Total: 20]

2 Clare wishes to buy a home cinema system costing \$2500 from a retailer. She could pay for it by credit card or on hire purchase terms.

(a) Explain what is meant by the term *credit*.

.....  
.....  
..... [2]

(b) What benefits may the retailer gain from selling to customers on credit?

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..... [3]

(c) Which form of credit – credit card or hire purchase - would you recommend Clare to use? Give reasons for your choice.

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..... [6]

(d) (i) Explain why Clare should insure her home cinema system.

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..... [3]

(ii) Name **two** risks against which she should insure the home cinema system.

Risk 1 .....

Risk 2 ..... [2]

(e) Explain why Clare might need some consumer protection.

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..... [4]

**[Total: 20]**

3 Manufacturers use different channels of distribution for their products.

(a) State **one** channel of distribution for each of the following and explain why it is used. (Do not use the same channel of distribution more than once.)

(i) a sugar refiner producing pre-packed sugar for sale in supermarkets

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..... [3]

(ii) a manufacturer of shoes sold through many different shoe shops

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..... [3]

(b) Explain why a manufacturer of raincoats would need a warehouse.

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..... [4]

(c) How might a manufacturer make use of the Internet to improve its business?

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..... [4]

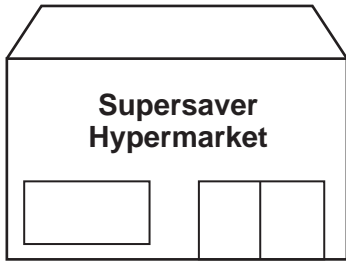
(d) 'The wholesaling function is being eliminated in many parts of the world'. Discuss this statement. Is it true? Give reasons for your opinion.

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..... [6]

**[Total: 20]**

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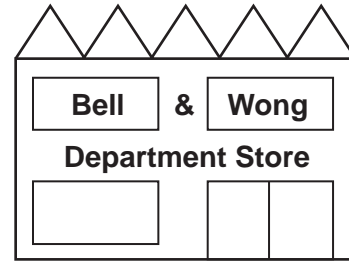
4 A city has the following retailers:



A



B



C

Fig. 2

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

(a) Which of the retailers shown in Fig. 2 is a small-scale retailer?

..... [1]

(b) Where in the city would you expect to find each of the following retail outlets shown in Fig. 2?

Supersaver Hypermarket .....

.....

Rashid Mobile Greengrocer .....

.....

Bell & Wong Department Store .....

..... [3]

(c) Name **one** service **each of** the retailers in Fig. 2 could provide to attract customers.

Supersaver Hypermarket .....

.....

Rashid Mobile Greengrocer .....

.....

Bell & Wong Department Store .....

..... [3]



(d) Do the retailers shown in Fig. 2 compete by price or non-price methods? Give reasons for your opinion.

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(e) (i) Explain why department stores are finding it difficult to survive in some major cities of the world.

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..... [5]

(ii) State **two** actions they could take to help them to survive.

Action 1 .....

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Action 2 .....

..... [2]

[Total: 20]

5 A well-known company that makes toys is about to advertise and promote a new range of wooden toys for young children.

(a) Distinguish between *advertising* and *sales promotion*.

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.....  
..... [4]

(b) State **two** possible aims of the company's advertising campaign.

1 .....  
2 ..... [2]

(c) (i) Why would the company need to advertise the new range of wooden toys on television in the early evening?

.....  
.....  
.....  
..... [2]

(ii) State **one** method of appeal the company might use. Give a reason for your choice.

.....  
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..... [2]

- (d) (i) The company wishes to make a net profit margin of 20% on each toy. Each toy costs \$10 to make. Calculate the selling price of each toy. Show your working.

.....  
.....  
..... [2]

- (ii) The company wishes to make an overall profit of \$90 000 on these toys. Calculate how many toys it will need to sell. Show your working.

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.....  
..... [2]

- (e) There are many other toy manufacturers. Are they likely to use collective advertising or competitive advertising? Give reasons for your answer.

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..... [6]

[Total: 20]

6 (a) Explain **two** functions of transport.

Function 1 .....

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Function 2 .....

.....

..... [4]

(b) (i) Mrs Banda needs to send a consignment of 5000 tracksuits from Hong Kong to London. She could use air freight or sea transport.

Which method would you recommend? Give reasons for your answer.

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..... [6]

(ii) What additional information would you need to make a more informed recommendation?

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.....  
..... [2]

(c) Explain why Mrs Banda should use a container to transport the tracksuits from Hong Kong to London.

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..... [4]

(d) How would a forwarding agent assist Mrs Banda with sending this consignment?

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..... [4]

**[Total: 20]**

7 The following sentences appeared in an advertisement for a commercial bank.

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Speed through your banking needs with our range of automated services.  
Choose to receive statements electronically.  
Use our ATM machines to obtain cash.  
Manage your financial affairs at any time.

Fig. 3

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

(a) (i) You wish to use an ATM at the bank where you have an account. What will you need?

.....  
.....  
..... [2]

(ii) You can obtain cash from an ATM. State **two** other services provided by ATMs.

Service 1 .....

Service 2 ..... [2]

(b) Explain the differences between a bank statement and a statement of account.

.....  
.....  
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.....  
..... [4]

(c) Describe **three** services you can obtain using Internet or telephone banking.

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Service 1 .....

.....

.....

Service 2 .....

.....

.....

Service 3 .....

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..... [6]

(d) 'The provision of bank automated services means the end of bank branches in town and city centres.' Discuss this statement. Do you agree? Give reasons for your answer.

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..... [6]

**[Total: 20]**

8 Alina and Ali are accountants and are in partnership.

(a) (i) Explain **two** advantages to Alina and Ali of being in partnership.

Advantage 1 .....

.....

.....

Advantage 2 .....

.....

..... [4]

(ii) How are profits distributed in a partnership?

.....

..... [1]

(iii) Alina and Ali wish to expand their business. Anna is joining the partnership in the role of a sleeping partner. What effects will this change have on the partnership?

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..... [3]







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