

CANDIDATE
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COMMERCIAL STUDIES

7101/12

Paper 1 Elements of Commerce

October/November 2017

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 on all the work you hand in.

Write in dark blue or black pen.

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

DO **NOT** WRITE IN ANY BARCODES.

Section A

Answer **three** questions.

Section B

Answer **all** the questions.

The businesses described in this Question Paper are entirely fictitious.

At the end of the examination, fasten all your work securely together.

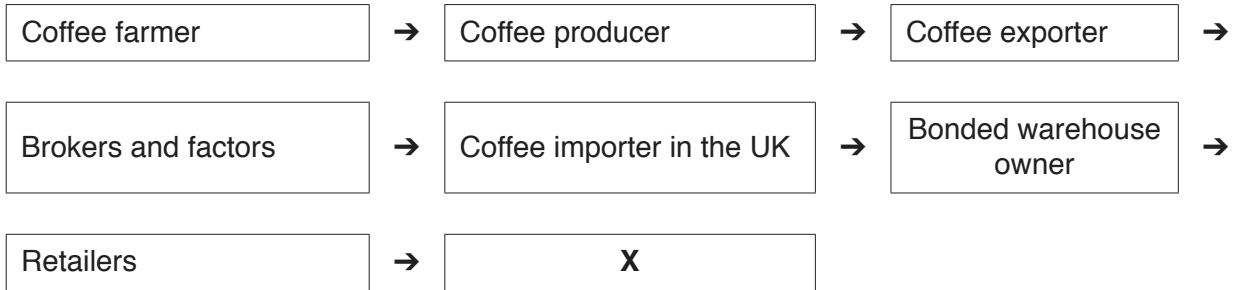
The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **20** printed pages.

SECTION A

Answer **three** questions from this section.

- 1 The following diagram shows a chain of distribution for coffee. The coffee is grown and produced in Brazil.



- (a) (i) State the person indicated by **X**.

.....[1]

- (ii) Identify **two** processes that would be carried out by the coffee producer.

1

.....

2

.....

[2]

- (iii) Describe how the coffee is likely to be transported to the UK.

.....

.....

.....

.....[2]

- (b) State what is meant by:

- (i) exporter

.....

.....[1]

- (ii) importer

.....

.....[1]

(c) Explain why a bill of lading is required when transporting the coffee.

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.....[3]

(d) Explain **two** differences between a broker and a factor.

1

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2

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.....[4]

2 Two main types of retailers are small-scale retailers and large-scale retailers.

(a) Give **two** examples of types of small-scale retailers.

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2

[2]

(b) (i) Suggest why some small-scale retailers offer informal credit.

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..... [2]

(ii) Other than offering credit, state **two** features of small-scale retailers.

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..... [2]

(c) Explain why small-scale retailers obtain their supplies from wholesalers and not from manufacturers.

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..... [6]

(d) (i) Give **two** examples of types of large-scale retailers.

1

2 [2]

(ii) Suggest why some large-scale retailers offer after-sales service.

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..... [2]

(e) Explain **two** reasons why many customers prefer to shop at large-scale retailers rather than use small-scale retailers.

1

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2

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..... [4]

3 Lisa and Ian run a successful partnership producing sports clothing. They hold regular meetings with buyers. Lisa wants to buy a new computer system to improve internal communication.

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

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.....[2]

(b) (i) Explain **two** features of a partnership.

1

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2

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.....[4]

(d) (i) Explain the purpose of an agenda.

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

(ii) State **two** items of information contained in the minutes of a meeting.

1
2 [2]

4 A company has produced a new breakfast cereal and needs to advertise it.

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

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.....[2]

(b) Explain **two** reasons why companies advertise.

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(c) Explain how the advertising of breakfast cereals is helped by packaging.

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(d) Explain why manufacturers of breakfast cereals often advertise on television.

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(e) Explain why persuasive advertising may be considered undesirable by consumers.

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5 Rail and road transport are the main ways of transporting goods in home trade. There are various transport documents used in home trade.

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

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.....[2]

(b) (i) State **two** purposes of a delivery note.

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

(ii) List **two** items of information on a goods received note.

1
2 [2]

(c) Describe **two** circumstances when rail transport would be used to transport goods rather than road transport.

1
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SECTION B

Answer **both** questions in this section.

6 Fig. 1 shows four risks that could be insured against.

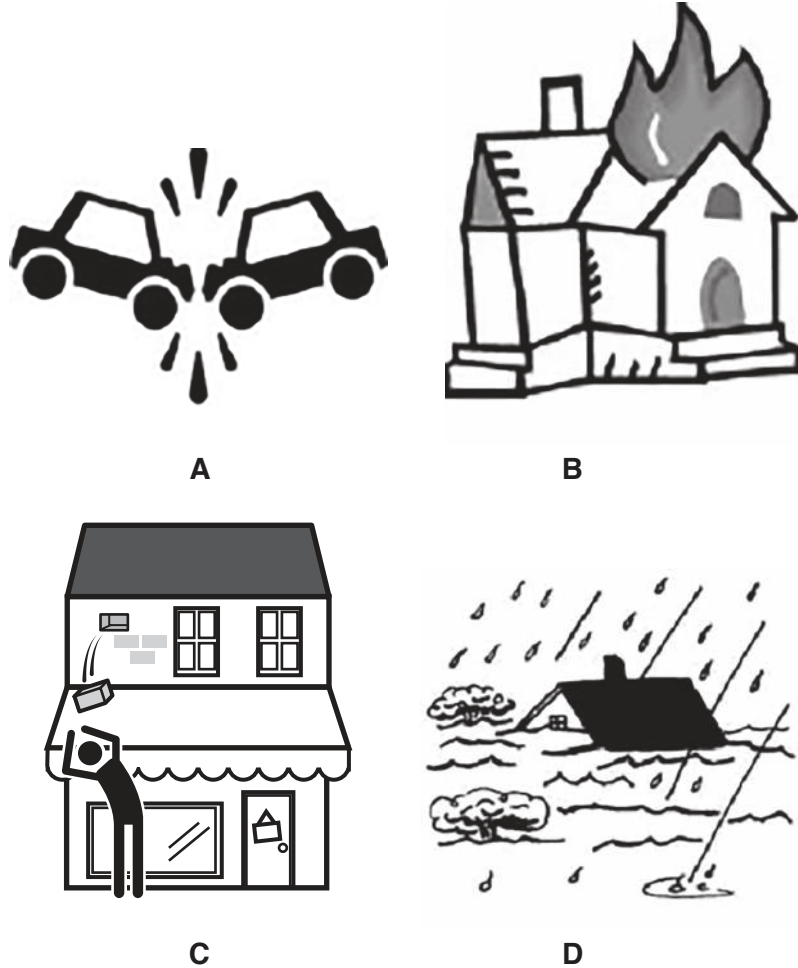


Fig. 1

(a) (i) Identify the types of insurance that would cover each of the risks shown in Fig. 1.

A[1]

B[1]

C[1]

D[1]

(ii) State **two** business risks that are non-insurable.

1

.....

2

.....

[2]

(b) Name **two** documents used when arranging insurance. Explain the importance of **each** document.

Document

Importance

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Document

Importance

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[6]

(c) Using insurance principles, explain the result for the insured when each of the following insurance claims for stolen jewellery is made:

(i) A claim is made when jewellery is stolen. The jewellery was insured for \$30 000 with three insurance companies.

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(ii) An insured has stated that the jewellery stolen is worth \$25 000 when it is only worth \$20 000.

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.....[4]

Turn to page 18 for Question 7.

7 Fig. 2 shows an extract from a bank statement.

Bank Statement				
Aston Bank, Southlands Branch				
Eva Lee 256 Mill Road Manchester			Account No. 48679143 Sort code: 30–20–32 Date: 31.10.17	
Date	Description	Debit	Credit	Balance
		\$	\$	\$
2 Oct	Balance brought forward			246.00
5 Oct	Credit transfer		421.00	667.00
6 Oct	ATM withdrawal	150.00		517.00
11 Oct	Phone Bill – Aston Debit Card	94.00		423.00
16 Oct	Cheque No. 2365	440.00		17.00 OD
17 Oct	Direct debit	25.00		42.00 OD
20 Oct	Standing Order	30.00		72.00 OD
24 Oct	Cheque No. 2361	16.00		88.00 OD
27 Oct	Paid in at Aston Bank		100.00	12.00
27 Oct	Cheque No. 2363	8.00		4.00
30 Oct	Salary		1150.00	1154.00
31 Oct	Bank charges	30.00		1124.00

Fig. 2

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

(a) (i) Identify the sender of the bank statement.

.....[1]

(ii) Identify which column shows payments into the account.

.....[1]

(iii) Suggest why the cheque numbers are out of sequence.

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

(iv) State what OD stands for on the bank statement.

.....[1]

(b) Explain the bank entries on:

(i) 11 October

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.....[2]

(ii) 31 October

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.....[2]

(c) Explain why banks provide ATMs for use by customers.

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.....[4]

(d) Explain **one** difference between a standing order and a direct debit.

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..... [2]

(e) Explain why businesses prefer payment by debit card rather than by cheque.

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