Centre No.					Pape	er Refer	ence			Surname	Initial(s)
Candidate No.			7	1	0	0	/	1	В	Signature	

Paper Reference(s)

### 7100/1B

## **London Examinations GCE**

# **Commerce Ordinary Level**

Wednesday 14 January 2009 - Morning

Time: 1 hour

Materials required for examination	Items included with question papers
Nil	Nil

#### **Instructions to Candidates**

This paper has two parts: 7100/1A (section A) and 7100/1B (section B).

In Paper 7100/1A, answer ALL questions in the spaces provided.

In Paper 7100/1B, answer TWO questions in the spaces provided.

Indicate which question you are answering by marking the box (X).

If you change your mind, put a line through the box  $(\textcircled{\times})$  and then indicate your new question with a cross  $(\textcircled{\times})$ .

#### **Information for Candidates**

The marks for individual questions and the parts of questions are shown in round brackets: e.g. (2). There are 4 questions in this question paper. The total mark for Paper 7100/1A is 60 and the total mark for this Paper is 40.

Paper 7100/1A carries 60% of the total marks and Paper 7100/1B carries 40%.

There are 16 pages in this question paper. Any blank pages are indicated.

#### **Advice to Candidates**

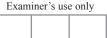
Write your answers neatly and in good English.

Organise your material and present your ideas in a clear and logical form. Calculators may be used.

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am Leader's use only

#### 7100/1A

7100	)/1A
Question Number	Leave Blank
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
Total for Section A	

#### 7100/1B

/100	// 11
Question Number	Leave Blank
1	
2	
3	
4	
Total for Section B	

Total for Question Paper

Turn over



W850/7100/57570 4/4/4/

#### **SECTION B**

Answer TWO questions only from this section.

You are advised to spend approximately 60 minutes answering the two questions from this section.

Put a cross in the box indicating the question that you have chosen  $(\boxtimes)$ . If you change your mind, put a line through the box  $(\boxtimes)$  and then put a cross in the other box  $(\boxtimes)$ .

Ch	osen Question Number:	Question 1		
1.	XYZ Limited is a priv Loss Account of XYZ		and it manufactures handbags. The Pr	ofit &
		2007	2008	
	sales turnover gross profit operating expenses cost of sales	£100 000 £60 000 £40 000 £40 000	£120 000 £60 000 £30 000 £60 000	
	(a) Describe how 'cos	st of sales' is calculate	d.	
				(2)

Leave blank

In 2	2007 the gross profit margin was 60% and the net profit margin was 20%.	
(c)	Analyse the business performance over the last two years.	
		 (6)
		. /

	alk discount of 10%.
(d)	Consider <b>three</b> factors that XYZ Ltd should take into account before deciding whether to continue with the sale.
	(6)
	(Total 20 marks)

Chosen Question Number: Question 2

2. Drews plc is a large public limited company with its head office located in the USA. Drews plc manufactures shoes in Italy. It sells these shoes in Italy and other European Union (EU) countries. Italy is a member of the EU, a free trade area.

Drews plc has several competitors that manufacture shoes outside the EU. Drews plc is planning to sell an increasing amount of its output to countries outside the EU.

Below is part of the Balance of Payments accounts for Country A for 2009.

	£m
Exports of goods	1000
Imports of goods	1400
Balance of Trade in goods	-400
Balance of Trade in Invisibles	+500

Balance of Payments on Current Account +100

(a)	What is meant by imports and exports?

•••••		 	•••••
	•••••	 	• • • • • • • • • • • • • • • • • • • •

(2)

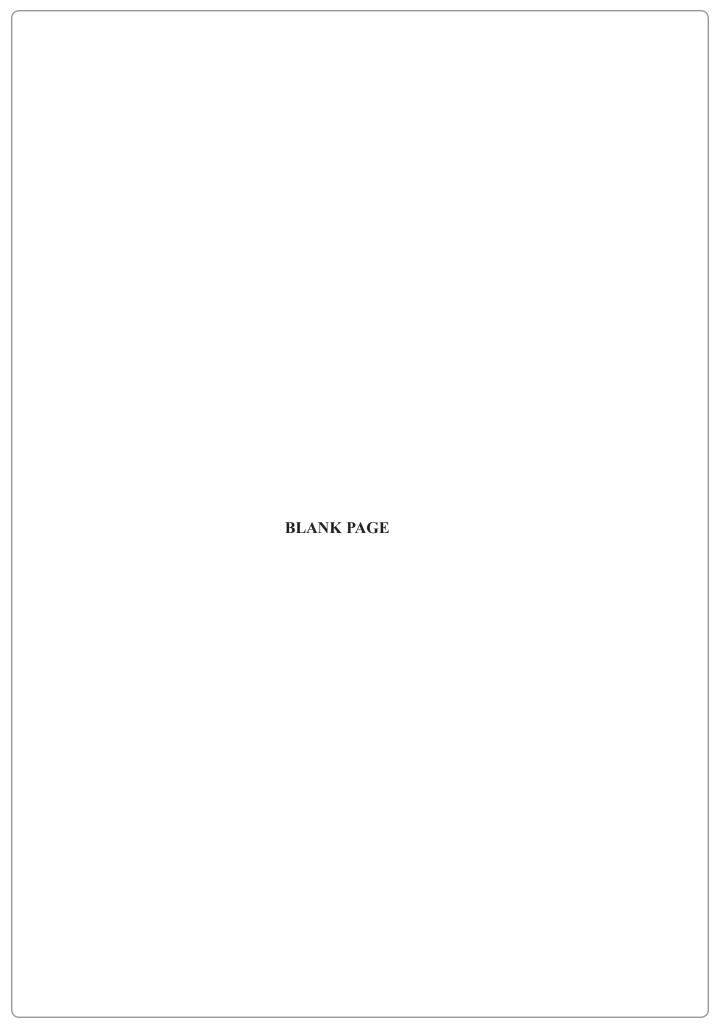
e) Discuss	why manufactu	aring shoes in	n Italy is an	advantage t	o Drews plc	
•••••						
••••••				•••••		
•••••				•••••		
						(6)

(6) (Total 20 marks)	(6)	(6)	(4)	Analyse the difficulties and risks Drews plc might face when trading internationally.
(6)	(6)	(6)		
(6)	(6)	(6)		
(6)	(6)	(6)		
(6)	(6)	(6)		
(6)	(6)	(6)		
(6)	(6)	(6)		
(6)	(6)	(6)		
(6)	(6)	(6)		
(6)	(6)	(6)		
(6)	(6)	(6)		
(6)	(6)	(6)		
(Total 20 marks)	(Total 20 marks)	(Total 20 marks)		
				(6)

Ch	osen	Question Number: Question 3
3.	£5 (	ple can choose to put their savings in a variety of places. Reeta has just been given 000 from her grandfather, which she wants to save. She is considering putting her ney into a building society.
	(a)	Outline <b>two</b> services provided by a building society.
		(2)
	(b)	Why might Reeta choose a building society to put her money in rather than her current account at the bank?

(c)	Analyse the factors the insurance company will take into account when calculating the insurance premium Reeta will pay.
	(6)

d) Advisa Reats on whather to use t	the £5 000 from her grandfather to buy shares	in har
brother's company rather than sa		111 1101
		•••••
		•••••
		•••••
		•••••
		(6)
	(Total 20 m	
	(Total 20 m	ai KS)



Chosen	Question	Number:	Question	1	V
Chosen	Question	Number.	Question	4	

4. Sam has been given £10 000 from his uncle to help set up his own business.

He is skilled in repairing cars and his brother is a qualified accountant. Sam is unsure about what type of business organisation to use. He may set up a business repairing cars with his brother but he has also considered setting up as a sole trader. If Sam sets up as a sole trader then he might need more than the £10 000 his uncle has given him.

Explain to Sam <b>two</b> advantages and <b>one</b> disadvantage of setting up his car repusiness as a sole trader.



Leave blank

If Sa (Ltd)	am goes into business with his brother he could form a private limited company
	Analyse the advantages for Sam of forming a private limited company (Ltd) with his brother.
	(6)

		Leave blank
(d)	Why do you think Sam would not want to become a public limited company (plc) even if he was successful as a private limited company (Ltd)?	
	(6)	Q4
	(Total 20 marks)	
	TOTAL FOR SECTION B: 40 MARKS	
	END	