Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

CANDIDATE NAME	
CENTRE NUMBER	
CANDIDATE NUMBER	

5123584102

COMMERCE **7100/23**

Paper 2 Written **May/June 2018**

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 at the top of this page.
Write in dark blue or black pen.
You may use an HB pencil for any diagrams or graphs.
Do not use staples, paper clips, glue or correction fluid.
DO **NOT** WRITE IN ANY BARCODES.

Answer **all** 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 **11** printed pages and **1** blank page.

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CAMBRIDGE
International Examinations

1 Fig. 1 shows a country's trade with the rest of the world.

Fig. 1 Trade

Trade	Exports ($m)	Imports ($m)
Food	10.0	20.0
Primary raw materials	30.5	8.5
Manufactured goods	4.3	35.8
Fuels	1.2	9.2
Electrical goods	3.9	14.7
Other goods	2.5	10.4
Services	6.7	19.8

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

(a) (i) In what type of industry would the production of manufactured goods be classified?

.....[1]

(ii) Circle the correct answer to complete each of the following sentences.

A television is an example of

a human need **OR** a human want.

A global market is where goods and services are sold

in a country **OR** worldwide. [2]

(b) Calculate the total value of each of the following:

(i) visible exports. Show your working.

.....

.....

.....[2]

(ii) invisible trade balance. Show your working.

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.....[2]

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(c) Explain, using an example, **one** way in which customs authorities could enforce trade restrictions on goods coming into a country.

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.....[3]

(d) Describe the purposes of these transport documents used in international trade.

(i) bill of lading

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.....[2]

(ii) air waybill

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.....[2]

(e) Evaluate whether or not bonded warehouses are important in international trade. Give reasons for your answer.

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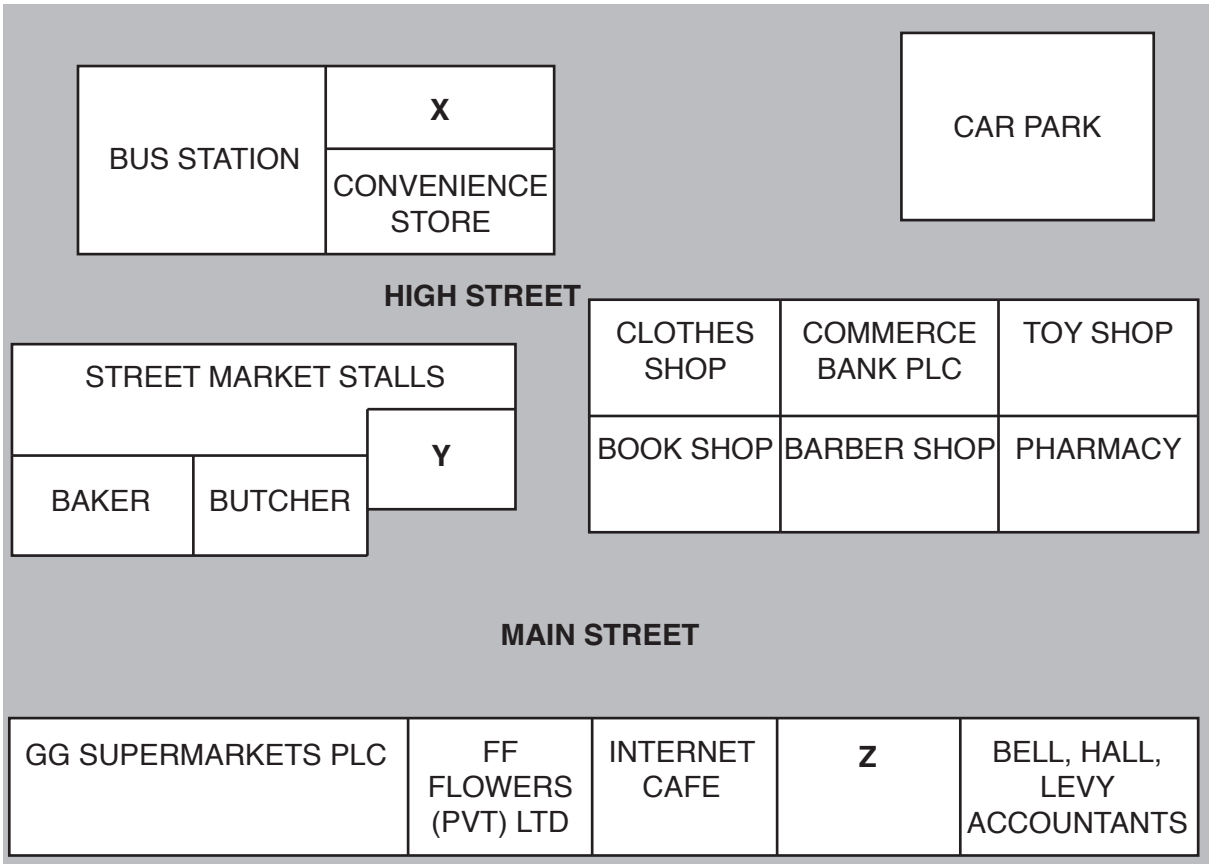
.....[6]

[Total: 20]

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2 Fig. 2 shows a plan of a town centre. Hannah is thinking about setting up a coffee shop in the town as a sole trader. Three sites are available, marked X, Y and Z on the plan.

Fig. 2 Town centre plan



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

(a) Identify, from the plan of the town centre, **one** example of each of the following.

(i) partnership

.....[1]

(ii) private limited company

.....[1]

(b) Explain **two** advantages to Hannah of being a sole trader.

1 .....

.....

2 .....

.....[4]

(c) The plan of the town centre shows different types of retailer.

Which of these statements are TRUE and which are FALSE?

Tick (✓) TRUE or FALSE in the correct column.

	TRUE	FALSE
Street market stall holders allow bargaining.		
A characteristic of a supermarket is that it is a one-stop shop.		
Speciality stores provide a range of goods.		

[3]

(d) Recommend to Hannah which site (X, Y or Z) she should choose to locate her coffee shop. Justify your choice. Explain why you have rejected the other two sites.

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.....[8]

[Total: 17]

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3 The following headline appeared in a newspaper.

BANK BRANCHES CLOSE
AS THE WORLD BECOMES
A CASHLESS SOCIETY

(a) Explain what is meant by *cashless society*.

.....

.....

.....[2]

(b) You can obtain cash from an automated teller machine (ATM). State **two other** services provided by ATMs.

1 .....

2 .....[2]

(c) A bank is planning to introduce a new savings account. It could advertise using social media or newspapers. Which medium would you recommend? Give reasons for your choice.

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.....[4]

(d) Many people now use internet banking.

Evaluate the implications of internet banking for the banks. Give reasons for your answer.

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.....[6]

[Total: 14]

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4 An insurance company uses the following methods of communication.

EMAIL LETTER TELEPHONE TELECONFERENCING VIDEO-CONFERENCING

(a) Which is the **best** communication method for the company to use in these situations? Give a reason for **each** of your answers.

(i) Sending a cover note to a customer.

Method .....

Reason .....

..... [2]

(ii) Holding a weekly face-to-face meeting between managers in different countries.

Method .....

Reason .....

.....[2]

(b) Insurance is based on the pooling of risk.

How important is the pooling of risk? Give reasons for your answer.

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.....[6]

[Total: 10]

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5 Patrick is a freight forwarder. He is involved in international air transport and uses a smartphone for his work.

(a) Which of these statements about smartphones are TRUE and which are FALSE?

Tick (✓) TRUE or FALSE in the correct column.

	TRUE	FALSE
A smartphone allows Patrick to check data on his company website.		
Patrick charges his smartphone only once per month.		
Social media can be accessed on Patrick's smartphone.		

[3]

(b) State **two** circumstances in which Patrick would use a credit card for his own personal use.

1 .....

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2 .....

.....[2]

(c) **(i)** Explain **two** reasons why an increasing amount of goods are now being transported by air.

1 .....

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2 .....

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.....[4]

(ii) Explain **one** environmental effect of the increasing use of air transport.

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.....[2]

(d) Patrick needs to buy a new warehouse. Discuss whether he should use retained profits or borrow from financial institutions. Which option would you recommend? Give reasons for your answer.

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[Total: 19]

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