Cambridge
O Level

Cambridge Assessment International Education
Cambridge Ordinary Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

2359969149

COMMERCE **7100/22**

Paper 2 Written **May/June 2019**

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.

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

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1 Copentown is a small town. The town's main street has a mixture of retailers including independent general stores, multiple stores, franchise food outlets and speciality stores. Some of the food outlets offer home delivery. Fig. 1.1 shows the footfall (the number of shoppers) in Copentown during the last five years.

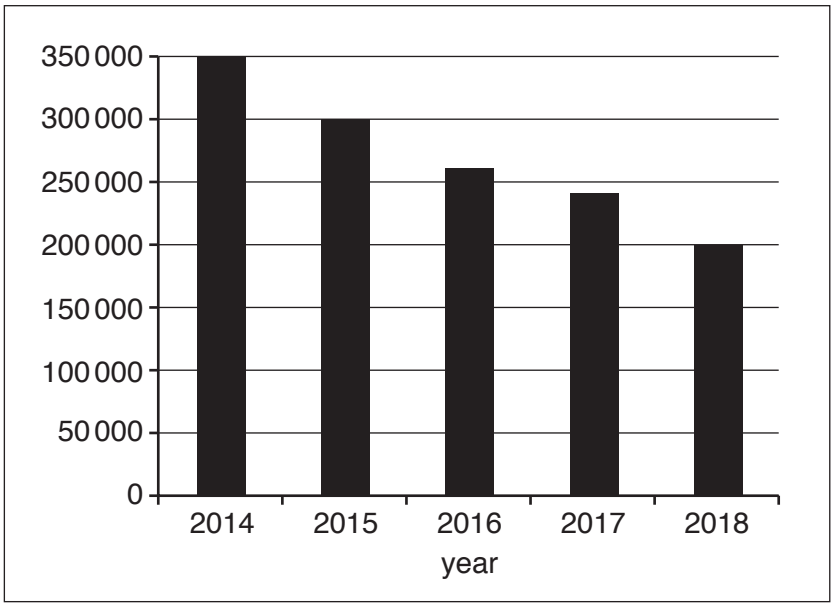


Fig. 1.1 Copentown footfall 2014–2018

Use Fig. 1.1 to help you answer the following questions.

(a) Calculate the decrease in footfall between 2014 and 2018. Show your working.

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[2]

(b) State **two** features of a multiple store.

1 .....

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2 .....

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[2]

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(c) Explain **two** advantages to the franchisee of running a franchised food outlet.

1 .....

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2 .....

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[4]

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

Reusing plastic coffee cups from food outlets is known as

recycling **OR** reduced packaging.

A person that delivers fast food to people's homes is known as a

creditor **OR** courier.

[2]

(e) At a meeting of Copentown retailers, they proposed two solutions to stop the decrease in footfall:

- Have a sale on the last weekend of each month offering 20% off all goods
- Design a new website to advertise the retailers and the town.

Discuss both of these solutions. Recommend a course of action. Give reasons for your answer.

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[8]

[Total: 18]

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2 Businesses in the tertiary sector spend millions of dollars each year on social media and television advertising.

(a) Identify the **two other** sectors of industry that tertiary activity supports.

1 .....

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2 .....

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[2]

(b) Describe what is meant by social media.

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[2]

(c) Should businesses expect to benefit from expenditure on advertising? Give reasons for your answer.

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[4]

(d) Cost is a major factor when advertising products. Describe **two other** factors that a toy business needs to consider when using television as an advertising medium. Explain which is the **more** important factor. Give reasons for your answer.

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[8]

[Total: 16]

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3 Nadia set up a sole trader business selling ice cream from a second-hand van. Nadia sold 50 000 ice cream cones in her first year for $1 each. The cost of each ice cream cone is:

- $0.10 for the cone
- $0.30 for the ingredients

One of her other expenses is the cost of motor insurance for the van at $2000 per year.

Table 3.1 shows part of the expected Profit and Loss account (Income Statement) for Nadia's business after one year.

Table 3.1 Profit and Loss account

	$
Sales revenue	?
Cost of cones	5 000
Cost of ingredients	15 000
Gross profit	?
Cost of insurance	2 000
Profit for the year (net profit)	?

Use Table 3.1 to help you answer the following questions.

(a) Calculate the value of the following. Show your working.

(i) Sales revenue

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[2]

(ii) Gross profit

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[2]

(iii) Profit for the year

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[2]

(b) State **two** features of being a sole trader.

1 .....

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2 .....

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[2]

(c) Nadia already has motor insurance. Should she take out insurance to cover other risks? Give reasons for your answer.

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[4]

(d) Nadia would like to buy a new van. She will need a source of finance to buy this van. Evaluate the **most** suitable source of finance that Nadia could use to buy her new van.

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[6]

[Total: 18]

4 When importing goods, importers can have difficulties with methods of payment, insurance and with trade restrictions such as tariffs.

(a) Name and describe **one** method of payment used in international trade.

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[2]

(b) Using examples, explain how the insurance principle of indemnity affects an importer.

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[4]

(c) Discuss whether or not a country should abolish tariffs. Give reasons for your answer.

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[6]

[Total:12]

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5 A chain of distribution is shown below.

manufacturer ⟶ wholesaler ⟶ retailer ⟶ **X**

(a) Identify **X**.

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[1]

(b) State **two** services provided by a wholesaler to a retailer.

1 .....

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2 .....

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[2]

(c) Explain **two** reasons for the trend towards some wholesalers being eliminated from chains of distribution.

1 .....

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2 .....

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[4]

(d) Which of these statements about documents used between wholesalers and retailers are TRUE and which are FALSE?
Tick (✓) TRUE or FALSE in the correct column.

	TRUE	FALSE
A quotation is sent by the buyer to the seller		
A credit note is used when goods have been overcharged		
A bill of lading is used in rail transport		

[3]

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(e) Discuss how important cash and carry warehouses are in home trade. Give reasons for your answer.

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[6]

[Total: 16]

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