Cambridge
O Level

Cambridge Assessment International Education
Cambridge Ordinary Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER			

3333884616

COMMERCE **7100/23**

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 Fig. 1.1 shows three brands of water sold in plastic bottles by AA Ltd.

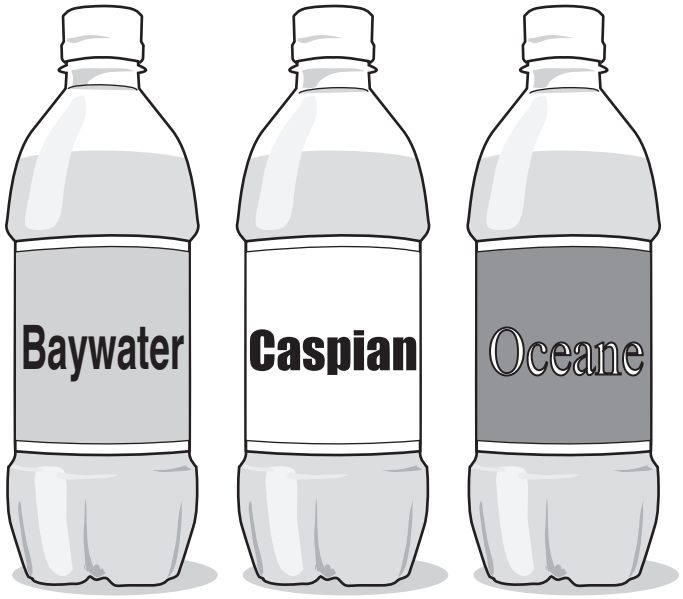


Fig. 1.1

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

(a) (i) Give **two** reasons why AA Ltd offers different brands of bottled water for sale.

1 .....

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2 .....

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[2]

(ii) State **two** advantages of branding goods.

1 .....

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2 .....

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[2]

(b) The water is packaged in plastic bottles. Identify **one other** way of packaging water.

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[1]

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

Water is an example of a human

need **OR** want.

An example of renewable energy is

oil **OR** wind.

[2]

(d) AA Ltd uses trucks to move the bottled water around the country.

(i) Is road the best way to move bottled water? Give reasons for your answer.

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[4]

(ii) Discuss whether or not AA Ltd needs warehousing as part of its business. Give reasons for your answer.

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[6]

[Total: 17]

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2 A coffee shop had total sales of $65 000. Total expenses were $8 000 and the cost of goods sold was $20 000. The coffee shop is located in a town centre.

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

(i) the gross profit

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[2]

(ii) the net profit (profit for the year)

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[2]

(b) Explain **two** ways in which this coffee shop could increase its sales revenue.

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2 .....

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[4]

(c) Explain **one** reason why many coffee shops are located in town centres.

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[2]

(d) The coffee shop owner is renewing the shop insurance and is considering using an insurance broker rather than going directly to an insurance company. Discuss whether the shop owner should use an insurance broker to renew the shop insurance. Give reasons for your answer.

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[6]

[Total: 16]

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3 Fig. 3.1 shows an invoice that has been used in a commercial transaction between a wholesaler and a retailer.

INVOICE No. 832

BB Wholesalers
Mumbai

CC Retailers
Mumbai

28 September 2018
Terms: 5% 21 days

Your Order No. 596

Code	Description	Quantity	Unit Price $	Amount $
J490	Jeans	40	30	1200
MJ628	Jackets	25	80	2000
S952	Sweaters	24	35	840
T637	Ties	100	10	1000
			Sub-total	5040
			LESS Trade Discount 20%	**(i)** …….
			Invoice Total	**(ii)** …….

Fig. 3.1

Use Fig. 3.1 to help you answer the following questions.

(a) Complete the invoice in Fig. 3.1 by entering **(i)** Trade Discount and **(ii)** Invoice Total. [2]

(b) Explain what is meant by *Terms: 5% 21 days*.

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[3]

(c) Explain **one** difference between an order and an invoice.

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[2]

(d) Discuss whether retailers should buy their stock from a wholesaler or buy directly from manufacturers. Which would you recommend? Give reasons for your answer.

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[8]

[Total: 15]

4 Banks provide a number of services to their customers.

(a) Which of these statements about banking are TRUE and which are FALSE?
Tick (✓) TRUE or FALSE in the correct column.

	TRUE	FALSE
A deposit account allows customers to have an overdraft limit.		
ATMs can be used at any time.		
The cashless society is gradually removing the need to write cheques.		

[3]

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(b) Is it a good idea for bank customers to use mobile banking? Give reasons for your answer.

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[4]

(c) Discuss whether it is better for a customer to pay for an expensive TV with a debit card or a credit card. Give reasons for your answer.

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[6]

[Total: 13]

5 Fig. 5.1 shows an online advertisement for DD Freight Forwarders.



Fig. 5.1

Use Fig. 5.1 to help you to answer the following questions.

(a) What is the main function of a freight forwarder?

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[1]

(b) **(i)** Identify **two** examples from the advertisement that make it informative.

1 .....

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2 .....

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[2]

(ii) Suggest **two** ways DD Freight Forwarders (UK) might make this advertisement more persuasive.

1 .....

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2 .....

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[2]

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(c) The online advertisement mentions telephone and completing an enquiry form. Describe **one other** method of communication that an international company might use in its operations.

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[2]

(d) Describe **two** ways that customs authorities can restrict the amount of goods imported into a country.

1 .....

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2 .....

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[4]

(e) Discuss whether DD Freight Forwarders (UK) should use air or sea transport for the delivery of machinery from London to Tokyo. Which method of transport would you recommend? Give reasons for your answer.

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[8]

[Total: 19]

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