Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

6118075266

COMMERCE **7100/23**

Paper 2 Written **May/June 2023**

2 hours

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **16** pages. Any blank pages are indicated.

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[Turn over

1 Fig. 1.1 shows an insurance company's advertisement on a digital billboard located on a highway.



Fig. 1.1 digital billboard advertisement

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

(a) (i) Which method of appeal is shown in Fig. 1.1?

.....

..... [1]

(ii) Explain what is meant by an insurance quotation.

.....

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.....

..... [2]

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

Advertising is an example of

an aid to trade **OR** a secondary activity.

Pollution caused by motor vehicles leads to

globalisation **OR** global warming.

[2]

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(c) Explain **one** reason why a customer might prefer to make an insurance enquiry by text message rather than by telephone.

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..... [2]

(d) State **two** reasons why companies ask customers to pay by direct debit.

1. .....

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2. .....

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[2]

(e) Do you think a digital billboard on a highway is a good way to advertise motor insurance? Give reasons for your answer.

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..... [3]

(f) Evaluate whether the principle of utmost good faith is more important than the principle of insurable interest when taking out motor insurance. Give reasons for your answer.

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..... [8]

[Total: 20]

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2 BB is a multinational oil company based in the UK. BB extracts oil in several countries and supplies it to the global market.

(a) Identify the type of industry that extracts oil.

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..... [1]

(b) Define *global market*.

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..... [2]

(c) State whether the following transactions would be recorded as exports or imports on the UK Balance of Trade.

(i) Selling oil to Japan

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..... [1]

(ii) Buying drilling equipment from the US

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..... [1]

(d) Do you agree that pipelines are the best way to transport liquids such as oil? Give reasons for your answer.

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..... [3]

(e) BB now wants to extract oil in a new host country.

Evaluate the advantages and disadvantages to the new host country of BB's activities.

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..... [8]

[Total: 16]

3 WW Wholesalers sells fresh fish to retailers using road transport.

(a) Identify **one** other chain of distribution that WW Wholesalers could use.

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..... [1]

(b) During 2022, WW Wholesalers made 20% gross profit and 5% net profit on sales revenue of $800 000.

Calculate for 2022:

(i) the gross profit

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..... [2]

(ii) the cost of goods sold

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..... [2]

(iii) the net profit.

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..... [2]

(c) Do you think increasing selling prices will increase WW Wholesaler's sales revenue? Give reasons for your answer.

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..... [3]

(d) Discuss how important road transport is in the chain of distribution. Give reasons for your answer.

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..... [6]

[Total: 16]

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[Turn over

4 A business distributes a mail order catalogue to sell its plants and seeds.

(a) Explain **one** way a catalogue helps customers to choose which goods to buy.

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..... [2]

(b) The mail order catalogue business issues an invoice once an order has been received from a customer. Explain the purpose of an invoice.

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..... [2]

(c) Describe a situation in which the mail order catalogue business might issue a credit note.

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..... [2]

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(d) Discuss **two** disadvantages of buying plants and seeds by mail order. Which is the more important disadvantage? Give reasons for your answer.

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..... [6]

[Total: 12]

5 Fig. 5.1 shows the floor plan of a large retail store.

Floor 6.	Home furnishing	Garden furniture	Restaurant	
Floor 5.	Toys	Office equipment	Hobby corner	
Floor 4.	Small kitchen appliances	Large kitchen appliances	Photography & framing	
Floor 3.	Men's clothing	Supermarket		
Floor 2.	Home electronics	Books	Music & movies	
Floor 1.	Gifts	Information	Women's clothing	Cosmetics

Fig. 5.1

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

(a) (i) Identify the type of retail store shown in Fig. 5.1.

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..... [1]

(ii) Explain **one** reason why this type of retail store has gifts and cosmetics on floor 1.

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..... [2]

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(b) Explain **two** effects that large-scale retailers have on small-scale retailers.

1. .....

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2. .....

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[4]

(c) Which of these statements about types of credit offered by large-scale retailers are true and which are false?

Tick (✓) true or false in the correct column.

	TRUE	FALSE
The same store card can be used in all shops.		
The customer becomes the owner of hire purchase goods after paying the final instalment.		
Extended credit is offered for purchase of items with a low second-hand value.		

[3]

(d) Large-scale retailers use regional distribution centres (RDC).

Why are RDCs essential to large-scale retailers? Give reasons for your answer.

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..... [6]

[Total: 16]

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