Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

CANDIDATE NAME	
CENTRE NUMBER	
CANDIDATE NUMBER	

2769465594

COMMERCE **7100/21**

Paper 2 Written **October/November 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.

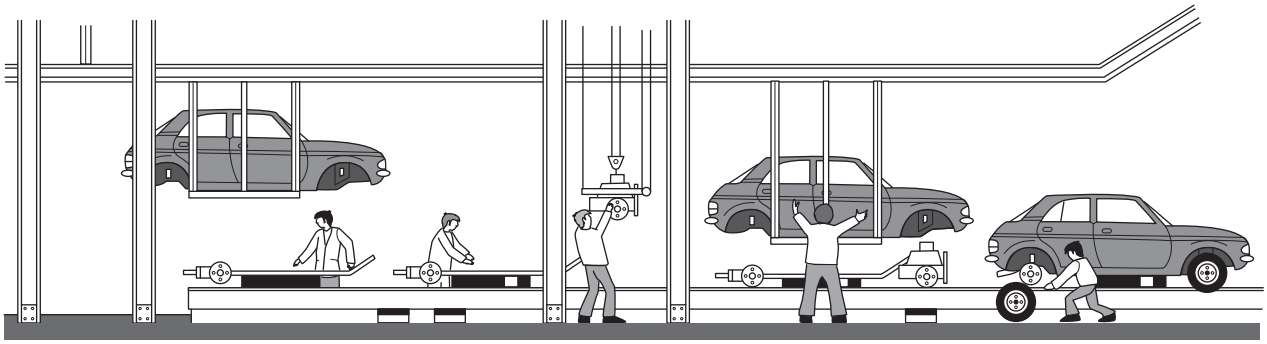
This document consists of **11** printed pages and **1** blank page.

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CAMBRIDGE
International Examinations

1 Fig. 1 shows the production assembly line of a multinational car factory.

Fig. 1 Car production



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

(a) (i) Identify the type of production used to make the cars.

..... [1]

(ii) State **two** advantages to a business of using this type of production.

1 .....

2 .....

[2]

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

Car making is classified as

a secondary industry **OR** a tertiary industry.

When a car is bought through hire purchase, the buyer becomes the owner of the car at the time of

the first payment **OR** the last payment.

[2]

(b) (i) State **one** feature of a multinational company (MNC).

..... [1]

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(ii) Explain **two** ways in which the activities of a MNC might **not** benefit a country in which it is located.

1 .....

.....

.....

2 .....

.....

.....

[4]

(c) The production manager of the MNC needs to communicate with an overseas supplier because there is a problem with the delivery of car parts.

Discuss **two** suitable methods of communicating with the overseas supplier. Which would you recommend? Give reasons for your answer.

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2 SWW is an independent wholesaler that supplies food to small-scale retailers. At present it owns a cold storage warehouse.

(a) (i) State **two** features of a cold storage warehouse.

1 .....

2 .....
[2]

(ii) Should SWW have a cold storage warehouse? Give reasons for your answer.

.....

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..... [2]

(b) SWW allows its retailers trade discount and trade credit.

(i) *Trade discount* of 25% is allowed on goods with a total value of $3680. Calculate how much the retailer would pay. Show your working.

.....

.....

..... [3]

(ii) Explain **one** advantage and **one** disadvantage to SWW of giving *trade credit* to retailers.

Advantage .....

.....

.....

Disadvantage .....

.....

..... [4]

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(c) One of SWW's small-scale retailers is struggling to survive because of changes in customer expectations. This retailer is considering introducing a self-service layout to its store, or opening for longer hours.

Discuss whether or not the retailer should introduce self-service, or open for longer hours. Recommend a course of action. Give reasons for your answer.

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..... [6]

[Total: 17]

3 Fig. 2 shows the Balance of Payments on the current account of two countries.

Fig. 2 Balance of Payments

	Country X $bn	**Country Y $bn**
Visible exports	165	135
Visible imports	180	**(i)** .....
Balance of **(ii)**	–15	–2
Invisible exports	74	45
Invisible imports	61	37
Balance of invisibles	13	**(iii)** .....
Balance of Payments	**(iv)**	6

(a) Do the calculations to complete the gaps at **(i)–(iv)** in the table in Fig. 2. [4]

(b) Assess which country has the **better** Balance of Payments. Explain your answer.

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..... [3]

(c) Many imported and exported goods are transported using containers.

(i) Identify **two** features of a container used to transport goods.

1 .....

2 .....

[2]

(ii) An importer has received a container of goods and needs to pay for them either by letter of credit (documentary credit) or by electronic transfer.

Discuss the **factors** that would affect the choice of method of payment. Which method would you recommend? Give reasons for your answer.

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..... [6]

[Total: 15]

4 Claire runs a small business that organises children's birthday parties. She provides entertainers and food. Claire uses advertising and sales promotions, such as discounted offers in leaflets, to attract her customers.

(a) Distinguish between advertising and sales promotion.

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..... [4]

(b) State **two** advantages of using leaflets to attract her customers.

1 .....

2 .....

[2]

(c) Claire receives a complaint about the entertainment provided at a recent children's party.

Describe **two** actions that Claire could take.

1 .....

.....

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2 .....

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[4]

(d) It has been suggested that Claire sets up a website to promote her business more widely.

Discuss whether or not Claire should set up a website or continue with her current sales promotions. Which would you recommend? Give reasons for your answer.

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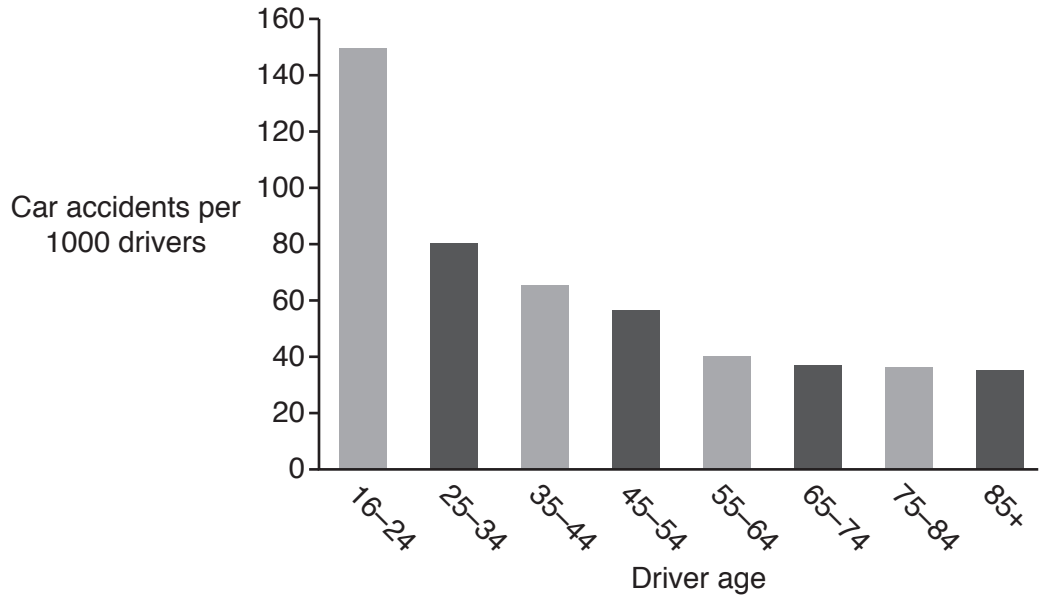
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..... [8]

[Total: 18]

5 Fig. 3 shows insurance statistics on the number of car accidents per 1000 drivers in relation to the age of drivers. These statistics are used by insurance companies to calculate insurance premiums.

Fig. 3 Car accidents per 1000 drivers and driver age



Use Fig. 3 to help you answer the following questions.

(a) (i) How many car accidents per 1000 drivers have drivers aged between 25–34 had?

..... [1]

(ii) Explain **one** reason why you would expect younger drivers to have more car accidents than older drivers?

.....

.....

.....

..... [2]

(b) Which of these statements about transport and the environment are TRUE and which are FALSE?

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

	TRUE	FALSE
An example of sustainable transport is encouraging people to use public transport.		
City traffic congestion contributes to increased greenhouse gases.		
The development of electric cars is a social factor affecting commercial activity.		

[3]

(c) Evaluate the insurance principles that apply when making an insurance claim after a car accident. Which do you think is the **most** important insurance principle? Give reasons for your answer.

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..... [6]

[Total: 12]

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