Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

CANDIDATE NAME	
CENTRE NUMBER	
CANDIDATE NUMBER	

8487072515

COMMERCE **7100/22**

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 **10** printed pages and **2** blank pages.

© UCLES 2018

CAMBRIDGE
International Examinations

1 Commerce involves distributing goods from the producer to the final customer in order to satisfy human wants.

(a) What is meant by:

(i) the *producer*

.....

..... [1]

(ii) *human wants*

.....

..... [1]

(b) Explain why the chain of distribution is not complete until it reaches the consumer.

.....

.....

.....

.....

..... [3]

(c) Describe **two** services that wholesalers provide for producers.

1 .....

.....

.....

2 .....

.....

.....

[4]

(d) Wholesalers use commercial documents and give discounts.

Circle the correct answer to complete each of the following sentences.

A credit note is a commercial document used when the customer is

overcharged **OR** undercharged.

Trade discount is offered to encourage

bulk buying **OR** prompt payment.

[2]

© UCLES 2018

(e) Discuss how important the wholesaler is to the small-scale retailer.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [6]

[Total: 17]

2 Kayla and Malik set up a business selling and repairing bicycles. They were advised to form a partnership and were told that it was important to draw up a Deed of Partnership. Part of this Deed of Partnership is shown in Fig. 1.

Fig. 1 Deed of Partnership

DEED OF PARTNERSHIP

Between: Kayla Okoye
and: Malik Jang

Capital: Each partner will contribute initial capital to the value of $20 000

Authority: Each partner has equal authority in making decisions

Duration: The partnership will end on 30 November 2020, or when more partners join

Date: 30 November 2017

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

(a) (i) Identity **two other** pieces of information which might have been included in the Deed of Partnership.

1 .....

2 .....
[2]

(ii) Explain why it is important to draw up a Deed of Partnership.

.....

.....

.....

.....

..... [3]

(b) Apart from bicycle repairs, suggest **two other** after-sales services that this business might offer to its customers.

1 .....

2 .....
[2]

© UCLES 2018

(c) Would setting up internet banking be an advantage to the business? Give reasons for your answer.

.....

.....

.....

.....

.....

.....

.....

.....[4]

(d) Kayla and Malik have made a successful start in their first year of business and want to expand by extending their workshop premises. They are considering applying for a bank loan or taking on another business partner.

Discuss each of these two options. Which would you recommend? Give reasons for your answer.

.....

.....

.....

.....

.....

.....

.....

.....

3 PP90 plc is a business that manufactures plastic packaging materials. Fig. 2 shows an extract from its Profit and Loss Account (Income Statement) for 2017.

Fig. 2 Profit and Loss Account

PP90 plc
Profit and Loss Account for 2017

	$m
Sales (revenue)	900
Cost of sales	550
Gross profit	350
Expenses	**?**
Net profit (profit for year)	140

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

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

.....

.....

..... [2]

(b) Is profit important to a public limited company such as PP90 plc? Give reasons for your answer.

.....

.....

.....

.....

.....

.....

..... [4]

(c) (i) State **one** reason why some manufacturers sell goods in plastic packaging.

.....

..... [1]

(ii) Explain **one** negative effect on the environment of plastic packaging.

.....

.....

.....

..... [2]

(d) In order to increase sales, PP90 plc has decided to export packaging materials.

Describe **three** factors that PP90 will need to consider when transporting these materials to other countries. Explain which is the **most** important factor. Give reasons for your answer.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [6]

[Total: 15]

© UCLES 2018

[Turn over

4 SS Sofas is a multiple chain store that sells sofas. One of its advertisements is shown in Fig. 3.

Fig. 3 advertisement

SS Sofas

OUR MOST INCREDIBLE WEEKEND SALE EVER



25% OFF STOREWIDE
Up to 5000 extra store loyalty points
Free draw for all customers
Special hire purchase terms

OUR PRICES WILL NOT BE BEATEN
FIRST 100 CUSTOMERS WILL RECEIVE A FREE FOOTSTOOL

Check out the SS app for more details

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

(a) (i) Which method of appeal is shown in this advertisement?

..... [1]

(ii) How many different types of sales promotion are shown in the advertisement?

..... [1]

© UCLES 2018

(iii) Calculate how much a customer will pay when buying the sofa in the weekend sale. Show your working.

.....

.....

.....

..... [3]

(iv) Identify **two** features of hire purchase.

1 .....

2 .....
[2]

(v) How will a customer access the SS Sofas app?

..... [1]

(b) Explain **one** reason why warehousing would be important to this multiple chain store.

.....

.....

..... [2]

(c) Discuss the implications of online shopping for consumers. Give reasons for your answer.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [6]

[Total: 16]

5 International trade has many benefits for a country's population.

(a) State **two** benefits of international trade for the people of a country.

1 .....

2 .....
[2]

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

	TRUE	FALSE
A container carries only one type of cargo.		
Logistics is a mode of transport.		
Marine insurance covers the loss of cargoes.		

[3]

(c) A number of multinational companies (MNC) have asked the government of a country if they can open factories in the country. The government is concerned about the effects of these MNCs on the country.

Discuss whether or not the government should allow the MNCs to open their factories in the country. Recommend what the government should do. Give reasons for your answer.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [8]

[Total: 13]

© UCLES 2018

BLANK PAGE

© UCLES 2018

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge International Examinations Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cie.org.uk after the live examination series.

Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.

© UCLES 2018