Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

9597534308

COMMERCE **7100/21**

Paper 2 Written **October/November 2021**

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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1 Fig. 1.1 shows the percentage (%) of output produced by various primary industries in a country. The country specialises in primary production.

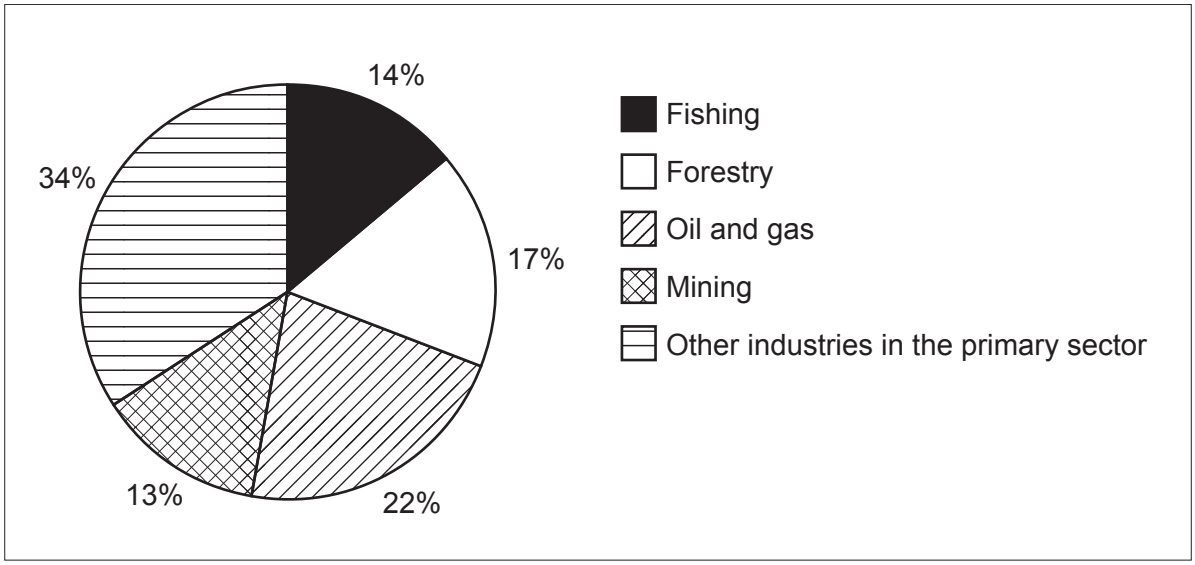


Fig. 1.1 Percentage (%) of output produced by primary industries

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

(a) (i) Give **one** example of mining.

.....

..... [1]

(ii) State **one** industry that might be included in 'Other industries in the primary sector'.

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..... [1]

(b) Is it a good idea for this country to specialise in primary production? Give reasons for your answer.

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..... [3]

(c) Many primary goods are carried by goods trains.

Explain **two** advantages of using goods trains to transport primary goods.

1 .....

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2 .....

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..... [4]

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

Exploitation of the natural resources of forests causes

deforestation **OR** reforestation.

A new discovery of oil could benefit a country's

visible trade **OR** invisible trade.

[2]

(e) Consider the following two channels of distribution that fishermen could use to sell their fish in their country.

1. fish market → cash buyers
2. wholesalers → retailers → consumers

Discuss both options. The fishermen want to sell all of their fish using only one channel of distribution. Which one would you recommend? Give reasons for your answer.

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..... [8]

[Total: 19]

2 A new hypermarket is about to open close to a shopping mall.

(a) State **two** characteristics of a hypermarket.

1 .....

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2 .....

..... [2]

(b) Explain **two** effects on retailers in the shopping mall when the hypermarket opens.

1 .....

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2 .....

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..... [4]

(c) Do you think the hypermarket should offer hire purchase for expensive items such as televisions? Give reasons for your answer.

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(d) Evaluate how important location is to the success of the new hypermarket. Give reasons for your answer.

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[Total: 15]

3 Keeya lives in a country that is a member of the SADC. She has an online business selling mobile phones within the SADC and to Europe. Fig. 3.1 shows the postage rates for some postal services.

Size/weight	SADC	Europe
Standard letter	$1	$2
Large letter	$2	$4
Registered post	$15	$23
Packet post 0–1000 grams	$6	$13
Packet post 1001–2000 grams	$12	$20

Fig. 3.1 Postage rates

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

(a) (i) What is the cost of sending a large letter within SADC?

.....

..... [1]

(ii) What is the cost of sending a packet weighing 750 grams to Europe?

.....

..... [1]

(iii) Which postal service would Keeya use to provide proof of delivery?

.....

..... [1]

(b) Keeya issues invoices to her customers before posting the mobile phones.

Explain **two** differences between orders and invoices.

1 .....

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2 .....

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..... [4]

(c) Keeya's mobile phones are subject to tariffs when they are sold in Europe.

(i) Define the term *tariff*.

.....

..... [1]

(ii) Explain the effect of a $2 dollar tariff on each mobile phone sold by Keeya.

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..... [2]

(d) Discuss whether or not the internet is an effective advertising medium to promote her mobile phones.

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[Total: 16]

4 CC Foods is a private limited company that needs finance and insurance for a new cold storage warehouse.

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

1 .....

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2 .....

..... [2]

(b) Explain **two** possible disadvantages to CC Foods of being a private limited company.

1 .....

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2 .....

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..... [4]

(c) CC Foods can use either retained earnings (retained profits) or leasing to finance the cold storage warehouse. Discuss both options. Which would you recommend? Give reasons for your answer.

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..... [8]

(d) The cold storage warehouse will be valued at $150 000 but CC wishes to insure it for $100 000.

(i) Give **one** reason why CC Foods might want to do this.

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..... [2]

(ii) Is it advisable for CC Foods to do this? Give a reason for your answer.

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..... [2]

[Total: 18]

5 Banks provide means of payment for international trade. Fig. 5.1 shows a letter of credit.

LETTER OF CREDIT

$12 000

Applicant: AA Ltd, Freetown, Sierra Leone

Issuing bank: XX Bank, Freetown, Sierra Leone

Beneficiary: BB Ltd, New York, USA

Receiving bank: ZZ Bank, New York, USA

Date of application: 18 July 2021

The letter of credit can be drawn from the Brooklyn branch of the ZZ bank as long as you provide the following two documents:

(i) .....

(ii) .....

Fig. 5.1 letter of credit

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

(a) Name the company selling the goods.

.....

..... [1]

(b) Complete **(i–ii)** on the letter of credit in Fig. 5.1. [2]

(c) Which of these statements about international bank payments are true and which are false?

	TRUE	**FALSE**
A bank draft is a form of bank borrowing		
Electronic transfer is the fastest way to make an overseas payment		
Banks charge customers for using debit cards in foreign currencies		

[3]

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(d) Companies need to consider several factors, such as speed of transfer, to decide which means of international payment to use.

Evaluate **two other** factors a company should consider before making an international payment. Give reasons for your answer.

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..... [6]

[Total: 12]

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