Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

6878172552

COMMERCE **7100/22**

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 **12** pages.

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1 Fig. 1.1 shows an eshop shopping cart for a customer of an online shoe retailer.

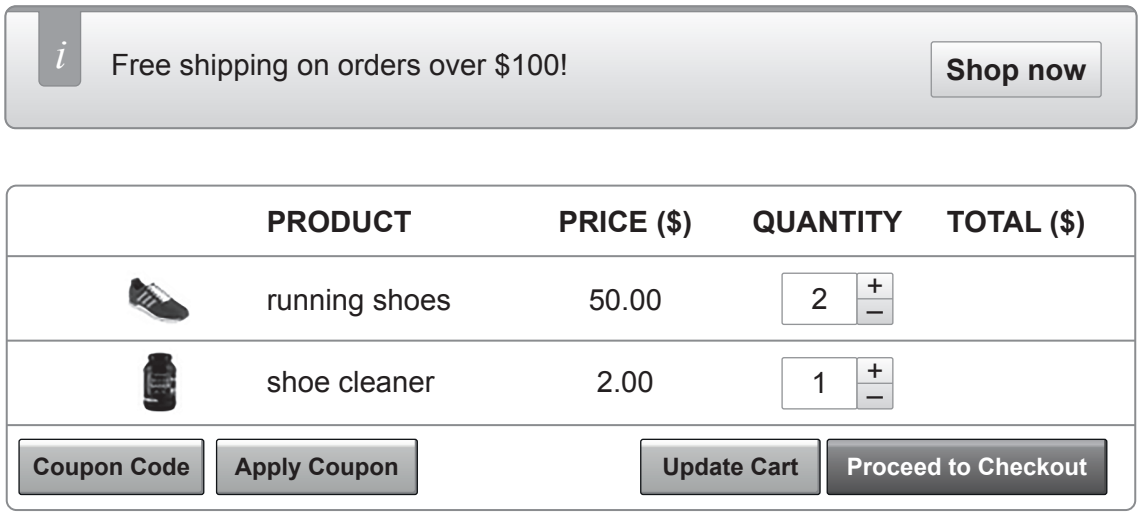


Fig. 1.1 Shopping cart

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

(a) (i) Calculate the total cost of this order. Show your working.

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..... [2]

(ii) Explain what is meant by *Proceed to Checkout*.

.....

..... [1]

(b) Should this online retailer offer free shipping on orders over $100? Give reasons for your answer.

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..... [3]

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(c) The customer pays for this order by credit card.

Explain **two** disadvantages to retailers of accepting credit card payments.

1 .....

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2 .....

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..... [4]

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

Coupons are a type of

after-sales service **OR** sales promotion.

Expensive running shoes are an example of a human

need **OR** want.

[2]

(e) Discuss the importance of branding to an online shoe retailer. Give reasons for your answer.

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..... [6]

[Total: 18]

2 Mrs Kadar is a cash and carry wholesaler. She wishes to stock candles to sell in her out-of-town warehouse and has received three quotations.

(a) State **two** features of a cash and carry wholesaler.

1 .....

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2 .....

..... [2]

(b) **(i)** State the purpose of a *quotation*.

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..... [1]

(ii) Explain **two** factors that would help Mrs Kadar decide which quotation to accept.

1 .....

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2 .....

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..... [4]

(c) Do you agree that cash and carry warehouses are best located outside town centres? Give reasons for your answer.

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..... [3]

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(d) Discuss the importance to small-scale retailers of cash and carry warehouses. Give reasons for your answer.

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..... [6]

[Total: 16]

3 Kyle bought a small fitness studio (gym) one year ago. He also sells some fitness clothing and healthy drinks and snacks. Kyle receives most of his gym bookings through text messages from customers.

Fig. 3.1 shows a summary of his balance sheet.

	$		$
Capital	40 000	Premises	100 000
Mortgage	85 000	Equipment	29 000
Trade payables (Creditors)	5 000	Inventory (stock)	2 000
Overdraft	2 000	Trade receivables (Debtors)	1 000
	132 000		132 000

Fig. 3.1

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

(a) (i) Define the term *mortgage*.

.....

..... [1]

(ii) Identify **one** item of short-term borrowing.

.....

..... [1]

(b) (i) Calculate the total amount of fixed (non-current) assets. Show your working.

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..... [2]

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(ii) Calculate the working capital of the business. Show your working.

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..... [3]

(c) Explain **one** reason why Kyle does not carry a large volume of inventory.

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..... [2]

(d) Are text messages a good way for Kyle to receive bookings? Give reasons for your answer.

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..... [3]

(e) Kyle knows that he has made mistakes in his first year of trading but is keen to succeed. He is ambitious and has seen an advertisement to buy a fitness centre franchise.

Do you think Kyle should buy a fitness centre franchise? Discuss the advantages and disadvantages to Kyle of becoming a franchisee. Give reasons for your answer.

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[Total: 20]

4 An online insurance company accepts payment for premiums by direct debit and debit card.

(a) (i) Explain what is meant by *direct debit*.

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..... [2]

(ii) State **one** reason why insurance companies accept debit card payments for premiums.

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..... [1]

(b) Explain, using examples, **two** reasons why people of the same age may be quoted different premiums for life cover by the same insurance company.

1 .....

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2 .....

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..... [4]

(c) Assess the benefits and drawbacks of buying insurance from an online insurance company. Give reasons for your answer.

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[Total: 13]

5 Fig. 5.1 shows country A's trading figures from 2000–2020.

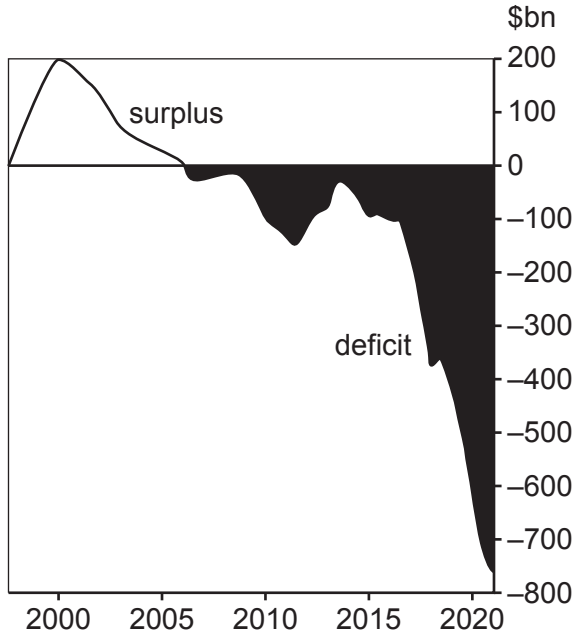


Fig. 5.1 Country A's trading figures 2000–2020

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

(a) (i) What is meant by a *trade deficit*?

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..... [1]

(ii) Which year has the largest trade surplus?

.....

..... [1]

(b) Which of these statements about sea transport are true and which are false?

	TRUE	FALSE
A bill of lading is used as a shipping document		
Cargo liners operate on fixed routes and on fixed timetables		
Container ships are suitable for carrying coal		

[3]

(c) The government of country A wants to reduce the trade deficit. It may use import quotas or ask banks to provide loans to exporters.

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

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[Total: 13]

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