Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

6045236446

COMMERCE **7100/21**

Paper 2 Written **October/November 2022**

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 different activities in country A.

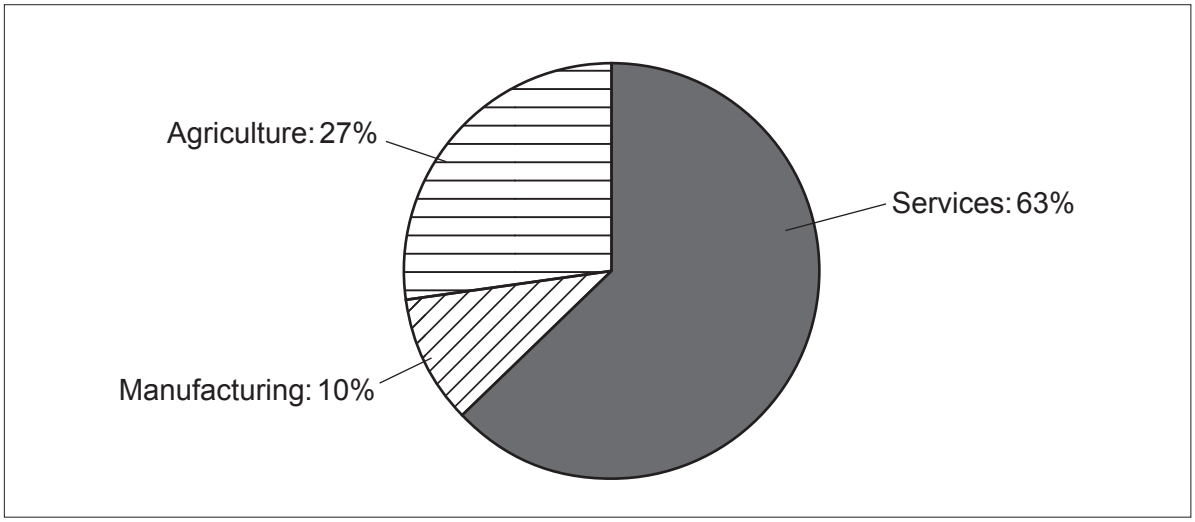


Fig. 1.1 Country A's industrial activities

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

(a) Identify the correct type of industry (primary, secondary, tertiary) to match the activities in Fig. 1.1.

Services	
Manufacturing	
Agriculture	

[3]

(b) Is it a good idea for country A to specialise in services? Give reasons for your answer.

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..... [2]

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(c) The people of country A are concerned about the amount of pollution caused by multinational mining companies locating in country A, and increased traffic on its roads.

(i) Define *multinational company* (MNC).

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..... [2]

(ii) Explain **two** reasons why increased traffic is a source of pollution in a country.

1 .....

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2 .....

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[4]

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

An important factor affecting the location of mining firms is

being near to customers **OR** a good transport network.

A fixed asset of a mining company is

inventory **OR** land.

[2]

(e) Are the advantages of multinational companies (MNCs) setting up in a country greater than the disadvantages? Give reasons for your answer.

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..... [6]

[Total: 19]

2 BB Pizza Company manufactures and packages pizzas which it distributes to supermarkets.

Fig. 2.1 shows the cost and selling price of each pizza sold.

BB Pizza COMPANY

	$
Base	0.50
Sauce	0.06
Cheese	0.24
Selling price to supermarket	2.50
Supermarket retail price	5.00

Fig. 2.1

(a) (i) Draw a circle around the company's logo. [1]

(ii) Calculate how much it costs BB Pizza Company to make each pizza.

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..... [1]

(iii) Calculate the mark-up percentage made by a supermarket on each pizza sold. Show your working.

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..... [2]

(b) The BB Pizza Company is thinking about using another distribution channel for a new pizza range.

(i) Identify **one other** distribution channel that BB Pizza Company could use.

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..... [1]

(ii) Explain **two** reasons why it is important to choose an appropriate channel of distribution for BB Pizza Company's new pizza range.

1 .....

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2 .....

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[4]

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(c) The BB Pizza Company is considering two options to promote the new pizza range.

Option 1: direct mail

Option 2: free samples

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

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[Total: 17]

3 Over 50% of all the world's visible trade is transported by sea in shipping containers.

(a) Define *visible trade*.

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..... [2]

(b) Describe how containers can be used as warehouses.

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..... [2]

(c) Explain **two** ways a customs authority might enforce trade restrictions on goods coming into a country.

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2 .....

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[4]

(d) Firms need to consider several factors, such as security, when deciding to use sea transport to move their goods.

Evaluate **two other** factors a company should consider before using sea transport. Which one is more important? Give reasons for your answer.

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[Total: 16]

4 Jimmy Reed, an 18-year-old, needs motor insurance after passing his driving test and buying a sports car. He has been asked to complete the insurance document in Fig. 4.1 before he can obtain insurance cover.

Private Car Insurance

Proposer

Title (Mr, Mrs, Miss etc.)	First name
Surname	
Date of birth	
Telephone number:	
Email address:	
Postal address	
Address at which vehicle is kept (if different from postal address)	
Occupation	
Type of insurance required	comprehensive third party
Cover to commence from:	To:
Signature	Date

Fig. 4.1

Use the information above and Fig. 4.1 to help you answer the following questions.

(a) (i) Identify the insurance document.

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..... [1]

(ii) Identify the proposer.

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..... [1]

(iii) Give **one** reason why Jimmy needs to sign the document.

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..... [1]

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(b) Do you think Jimmy would be refused insurance for his new car? Give reasons for your answer.

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..... [3]

(c) Discuss the importance of utmost good faith when Jimmy applies for motor insurance. Give reasons for your answer.

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..... [6]

[Total: 12]

5 People now use an app on their smartphone to make payments. Fig. 5.1 shows the amount of mobile wallet users from 2016 to 2021.

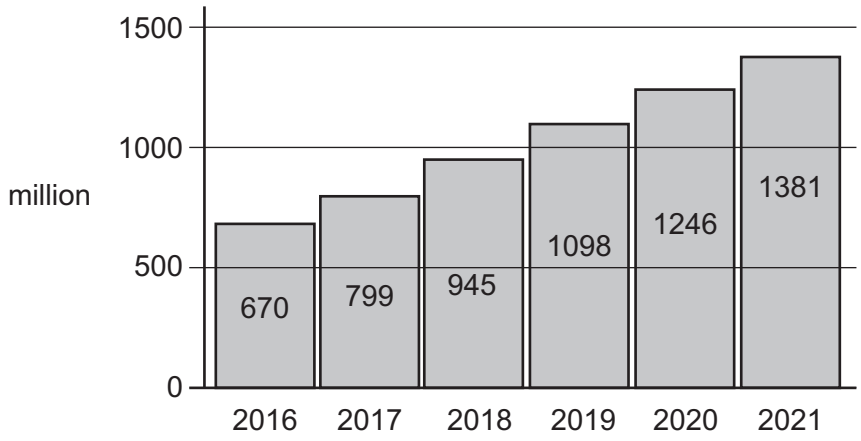


Fig. 5.1

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

(a) Calculate the difference in mobile wallet use between 2017 and 2021. Show your working.

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..... [2]

(b) State **two** reasons for the growth of mobile wallet use.

1 .....

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2 .....

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[2]

(c) Do you think digital banking could replace bank branches? Give reasons for your answer.

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..... [3]

(d) Banks also provide credit facilities to customers.

Which of these statements about credit are true and which are false?

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

	TRUE	FALSE
Hire purchase payments are made by instalments.		
A store card is a type of savings account.		
A credit card is a way of borrowing money.		

[3]

(e) Discuss the implications of a bank having poor communications with its customers. Give reasons for your answer.

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..... [6]

[Total: 16]

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