Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

3530185449

COMMERCE **7100/22**

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 **12** pages.

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1 Nazif is an online retailer who sells t-shirts from his parents' house and garage. All the t-shirts are stored in the house and garage. He uses social media to advertise his t-shirts as shown in Fig. 1.1.

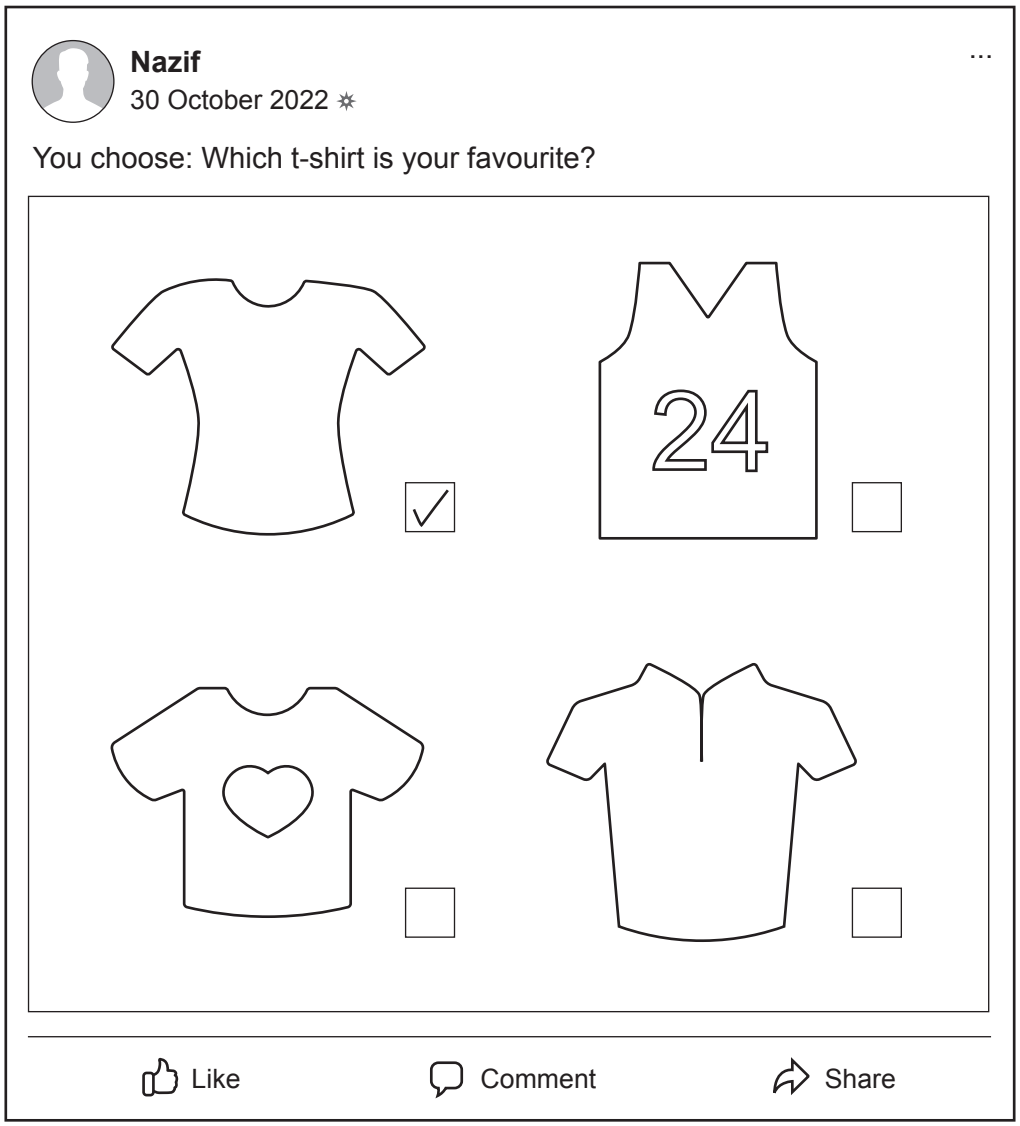


Fig. 1.1

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

(a) Define *online retailer*.

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..... [1]

(b) Do you think Fig. 1.1 is an effective advertisement? Give reasons for your answer.

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..... [3]

(c) Explain **two** difficulties to Nazif of storing all his t-shirts in his parents' house and garage.

1. .....

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2. .....

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[4]

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

A person who can persuade others to buy goods on social media is a/an

influencer **OR** specialist.

One way to reduce the impact of fashion on the environment is to buy

fewer clothes **OR** new clothes.

[2]

(e) Nazif's t-shirts have sold well and he now wants to sell his t-shirts in small retail stores. He must decide which chain of distribution to use. He has two options:

Option 1: supplying to small retailers directly
Option 2: supplying through a wholesaler.

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

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..... [8]

[Total: 18]

2 AA Ltd is a private limited company that manufactures running shoes to sell in the home market. It employs over 70 workers who specialise in different parts of the production process.

(a) State **two** features of a private limited company.

1. .....

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2. .....

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[2]

(b) Describe **two** differences between home trade and overseas trade.

1. .....

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2. .....

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[4]

(c) Do you agree that specialisation benefits AA Ltd? Give reasons for your answer.

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..... [3]

(d) AA Ltd wants to start selling overseas and become a public limited company.

(i) Explain **one** reason why customs officers might inspect the running shoes that AA Ltd transports overseas.

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..... [2]

(ii) Is a public limited company a better form of business ownership than a private limited company? Give reasons for your answer.

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..... [6]

[Total: 17]

3 BB Ltd is a toy manufacturer in Asia that is going to export for the first time to the European Union (EU) trading bloc.

(a) State **two** features of a trading bloc.

1. .....

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2. .....

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[2]

(b) Explain **one** advantage to BB Ltd of exporting.

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..... [2]

BB Ltd would like to receive payment by electronic transfer.

(c) **(i)** Explain **one** reason why BB Ltd would prefer to receive electronic payment before transporting toys to export customers.

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..... [2]

(ii) Explain why buyers may **not** want to pay in advance.

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..... [2]

(d) Fig. 3.1 shows the estimated transit times and costs for the two methods of transport that BB Ltd could use to export the toys to the EU.

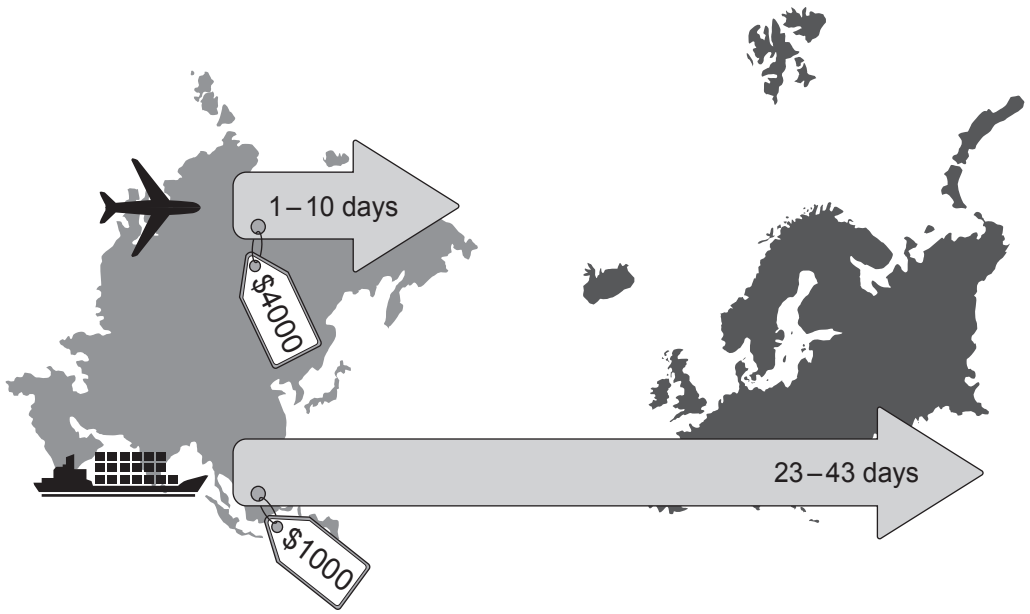


Fig. 3.1. Transport methods, times and costs from Asia to the EU

Evaluate which method of transport BB Ltd should use. Give reasons for your answer.

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..... [6]

[Total: 14]

4 Mrs Ali operates a convenience store. She provides informal credit to some customers and receives 30 days' credit from some suppliers.

(a) A convenience store is a small-scale retailer.

Give **one other** type of small-scale retailer.

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..... [1]

(b) Do you think that Mrs Ali should offer informal credit to some customers? Give reasons for your answer.

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..... [3]

(c) Explain **one** advantage and **one** disadvantage to Mrs Ali of receiving 30 days' credit from some suppliers.

Advantage .....

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Disadvantage .....

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[4]

(d) Mrs Ali requires buildings insurance.

(i) Evaluate the role of an insurance broker in arranging buildings insurance for Mrs Ali.

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(ii) An insurance company charges Mrs Ali $21 per $10 000 insured for buildings insurance.

Calculate the cost to Mrs Ali of insuring her store for $170 000. Show your working.

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..... [2]

[Total: 16]

5 Hassan offers customers the chance to experience driving a go-kart around a racetrack. He sells packages to individual customers and for group bookings. The go-kart experience package price list is shown in Fig. 5.1.

THE HASSAN GO-KART EXPERIENCE

PACKAGE PRICE LIST

- Package A: $15 for 2 laps of the racetrack
- Package B: $50 for 10 laps of the racetrack
- Each extra lap charged at $5
- Helmet headcam to record your experience $20
- 10% discount for online booking at www.hassango-kart.com

Fig. 5.1

(a) Using the information given in Fig. 5.1, complete **(i)**–**(iv)** on the invoice below. [4]

THE HASSAN GO-KART EXPERIENCE

INVOICE

Customer name – Waleed Tarkan 15 October 2022

Description	Quantity	Cost ($)	Total ($)
Package B	1	50	50
Extra laps	6	**(i)**.....	30
Helmet headcam	1	20	20
		Total	**(ii)**.....
Discount for online booking			**(iii)**.....
		Total to pay	**(iv)**.....

Fig. 5.2

(b) Hassan requires finance to improve his business.

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

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

	TRUE	FALSE
A go-kart helmet is a fixed asset.		
Working capital is important for paying Hassan's bills.		
Creditors are suppliers who owe money to Hassan.		

[3]

(c) Hassan wants to buy three new go-karts for $2800 each and make repairs to two other go-karts. The go-kart repairs will cost $300 each.

Analyse Hassan's decision to finance the purchase and repair by using an overdraft. Give reasons for your answer.

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..... [8]

[Total: 15]

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