Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

2853429951

COMMERCE **7100/22**

Paper 2 Written **October/November 2023**

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 seven activities in the chain of distribution for a banana grown in one country and sold in another country. Each banana sells for $1. The percentage is the share of the selling price given to each of the activities.

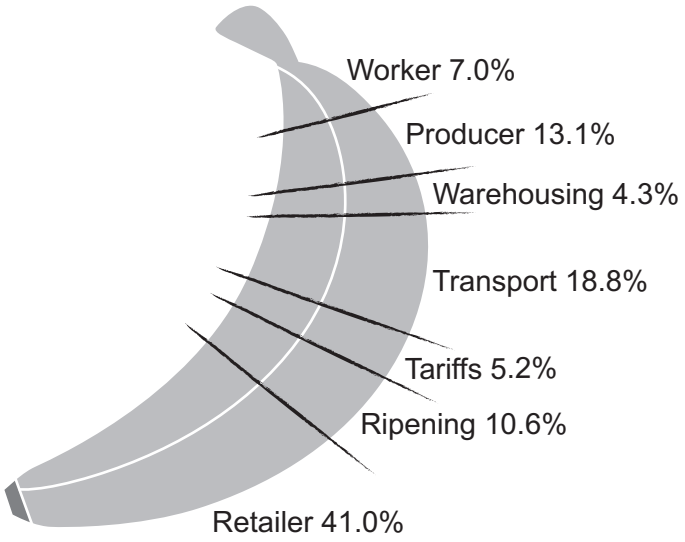


Fig. 1.1

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

(a) (i) Define *producer*.

.....

..... [1]

(ii) How much more does the retailer receive than the worker?

.....

..... [1]

(b) Give **one** example of an intermediary who would help sell bananas to other countries.

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..... [1]

(c) Calculate the tariffs paid on a consignment of bananas costing $400 000. Show your working.

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..... [3]

(d) Explain **two** reasons why a country imports bananas.

1. .....

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2. .....

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[4]

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

The inventory turnover for bananas sold by retailers is

high **OR** low.

To prevent ripening, bananas are often stored in cold storage

hubs **OR** warehouses.

[2]

(f) Discuss **two** factors, apart from cost, that banana producers should consider when using sea transport. Which factor is more important? Give reasons for your answer.

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..... [8]

[Total: 20]

2 A private limited company wants to build and insure a factory.

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

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2. .....

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[4]

(b) Identify **two** risks, apart from fire, which the factory could be insured against.

1. .....

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2. .....

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[2]

(c) Six months after insuring the factory, there was a fire. A claim of $70 000 was made to the insurance company.

Evaluate the importance to the private limited company of the insurance principle of indemnity when making its claim.

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[Total: 12]

3 Fig. 3.1 is a floor plan of a newly opened fashion retailer. The store has opened near other fashion stores.

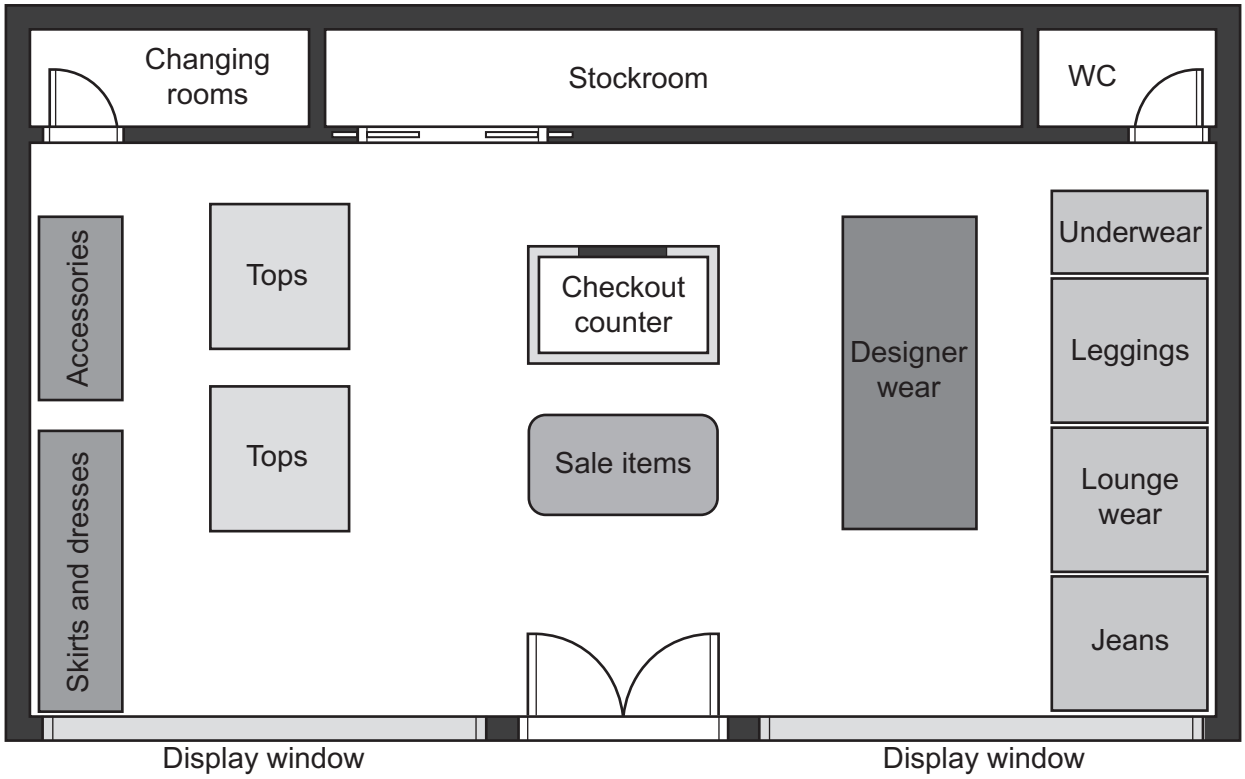


Fig. 3.1

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

(a) (i) State **one** reason for the position of sale items in the store.

.....

..... [1]

(ii) Identify **two** ways in which the store layout is helpful to staff.

1. .....

.....

2. .....

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[2]

(b) During the first week of opening, customers complained that the queue at the checkout was too long.

State **two** actions that the store owners could take to resolve this problem.

1. .....

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2. .....

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[2]

(c) Do you think being located near to other similar fashion stores is a good idea? Give reasons for your answer.

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..... [3]

(d) After trading for one month, the store owners decided to launch a marketing campaign. They considered two sales promotion options:

Option 1: Sponsorship of a local music event
Option 2: Discount coupons.

Discuss both options. Which would you recommend? Give reasons for your answer.

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[Total: 16]

4 Celine wants to start an online business selling baby products. She will have to find a wholesaler to buy products from and set up a website.

(a) (i) Suggest **one** method of written communication Celine could use to ask a wholesaler some questions.

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..... [1]

(ii) Do you think Celine should use the telephone to place orders with the wholesaler? Give reasons for your answer.

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..... [3]

(b) Explain what *5% 30 days* means on an invoice that Celine might receive from the wholesaler.

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..... [2]

(c) Explain **two** disadvantages to the wholesaler of offering trade credit to a new customer such as Celine.

1. .....

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2. .....

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[4]

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(d) Discuss the importance to Celine of setting up a website for her business. Give reasons for your answer.

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..... [6]

[Total: 16]

5 Fig. 5.1 shows payment methods used in a country in 2017 and 2022.

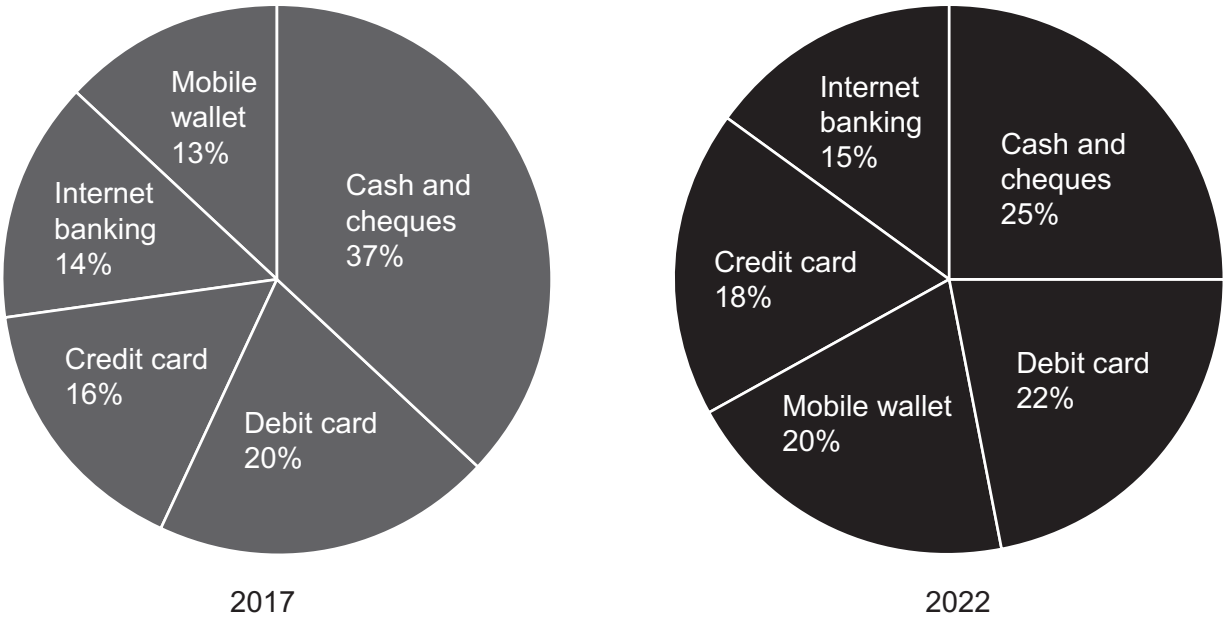


Fig. 5.1

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

(a) Suggest **one** payment method not named in Fig. 5.1.

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..... [1]

(b) Define *debit card*.

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..... [1]

(c) Explain **one** reason why mobile wallet has become more popular.

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..... [2]

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(d) Do you think it is preferable to have a cashless society? Give reasons for your answer.

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..... [3]

(e) Which of these statements about internet banking are true and which are false?

Tick (✓) true or false in the correct column.

	TRUE	FALSE
Cash can be obtained at all times.		
Customers log on by using their date of birth.		
Electronic payments can be made at any time.		

[3]

(f) Discuss **two** advantages to consumers of using credit cards when buying goods. Which is the more important advantage? Give reasons for your answer.

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..... [6]

[Total: 16]

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