



Cambridge International Examinations
Cambridge Ordinary Level

CANDIDATE
NAME

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Commerce

7100/02

Paper 2 Written

For Examination from 2018

SPECIMEN PAPER

2 hours

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name in the spaces at the top of this page.

Write in dark blue or black pen.

You may use an HB pencil for any diagrams or graphs.

Do not use staples, paper clips, glue or correction fluid.

DO NOT WRITE IN ANY BARCODES.

Answer **all** questions.

The businesses described in this question paper are entirely fictitious.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **14** printed pages and **2** blank pages.



- 1 Fig. 1 shows a map of a country that specialises in the production of iron ore for export and for use by industries within the country. The country imports food and manufactured goods from other countries.

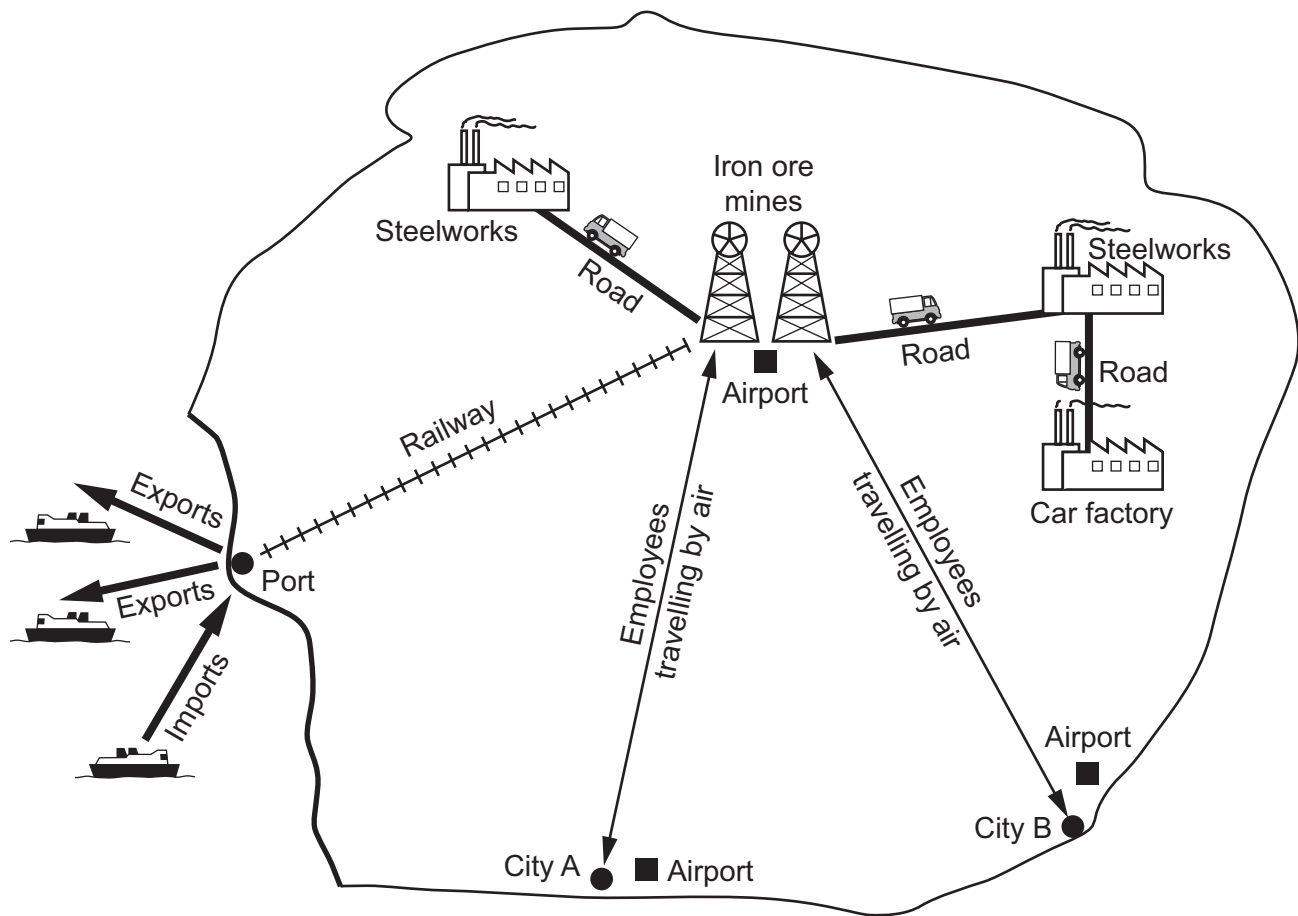


Fig. 1

Use the map in Fig. 1 to help you to answer the following questions.

- (a) (i) Identify, from Fig. 1, **one** example of a primary industry.

..... [1]

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

A service offered by the Port Authority is

handling containers **OR** collecting import duties

A service offered by the Airport Authority is

handling bulk cargo **OR** refuelling services

[1]

- [2]

- [6]

- [2]

- (e) Evaluate the importance of international trade to the country shown in Fig. 1. Explain the reasons for your answer.

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..... [6]

[Total: 18]

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2 Maxiplus is a company operating a chain of self-service stores.

(a) State **two** advantages of self-service to customers.

- 1
-
- 2
- [2]

(b) A customer bought a packet of tomato sandwiches from one of Maxiplus's self-service stores. She later found that the sandwiches were stale.

State **three** actions the customer might take.

- 1
- 2
- 3 [3]

(c) Which of these statements about a regional distribution centre are TRUE and which are FALSE?

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

	TRUE	FALSE
A regional distribution centre enables the retailer to benefit from discounts by purchasing in bulk.		
A regional distribution centre provides wholesaling services to small-scale and large-scale retailers.		
A regional distribution centre supplies a number of shops owned by one company.		
A regional distribution centre is located where there is a good road network and easy access.		

[2]

- Discuss the advantages and disadvantages to Maxiplus of providing an online shopping service with home delivery. Should Maxiplus offer this service? Give reasons for your answer.

..... [8]

[Turn over

- 3 Fig. 2 shows some financial information for Trigwells Pty Ltd, a building company. Trigwells Pty Ltd operates as a private limited company.

BALANCE SHEET as at 31 December 2017			
LIABILITIES		ASSETS	
	\$000s		\$000s
Ordinary Shares	7000	Buildings	4500
6% Debentures 2020	500	Machinery/Equipment	1500
Trade payables (creditors)	400	Vehicles	1000
Bank overdraft	700	Inventories (stock)	1000
		Trade receivables (debtors)	300
		Cash	300
	<u>\$8600</u>		<u>\$8600</u>

Fig. 2

Use Fig. 2 to help you to answer the following questions.

- (a) Calculate the working capital of Trigwells Pty Ltd. Show your working.

Working capital = \$ [3]

- (b) (i) Identify **one** item of long-term borrowing given in Fig. 2.

..... [1]

- (ii) Trigwells Pty Ltd wishes to invest in new machinery. Discuss whether it would be better for the company to pay for the purchase of this new machinery by issuing more ordinary shares or by taking out a bank loan. Explain the reasons for your answer.

[8]

- (c) Trigwells Pty Ltd is a private limited company. Describe **two** characteristics of a private limited company.

1

.....

.....

2

.....

.....

[4]

10

(d) Explain **two** ways in which Trigwells Pty Ltd might need to use insurance.

- 1
-
-
-
- 2
-
-
- [4]

[Total: 20]

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- 4 A country has the following Balance of Trade figures for a four-month period, March to June.

	MARCH	APRIL	MAY	JUNE	TOTAL
EXPORTS	\$350m	\$300m	\$300m	\$450m	(a)(i)
IMPORTS	\$300m	\$320m	\$340m	(a)(ii)	\$1360m
AMOUNT	\$50m	-\$20m	(a)(iii)	\$50m	\$40m
SURPLUS OR DEFICIT	surplus	deficit	(b)(i)	(b)(ii)	surplus

Fig. 3

Use the table shown in Fig. 3 to help you to answer the following questions.

- (a) Calculate the figures labelled (a)(i), (a)(ii) and (a)(iii) in Fig. 3 and write your answers in the boxes provided in Fig. 3. [3]

- (b) Write your answers in the boxes provided in Fig. 3.

(i) Is (b)(i) a surplus or a deficit?

(ii) Is (b)(ii) a surplus or a deficit?

[2]

- (c) The customs authority is involved in the production of Balance of Trade figures.

Describe **one** way in which the customs authority is involved.

.....

.....

.....

..... [2]

- (d) The government of the country wishes to increase exports to other countries. It could use the following media to promote these exports.

internet website newspaper advertisements

Which medium should the government use? Explain **two** reasons for your answer.

Medium

Reason 1

.....

.....

Reason 2

.....

.....

..... [4]

[Total: 11]

5 A retailer sells many types of computer online using an e-shop.

(a) State **two** characteristics of an e-shop.

- 1
-
- 2
- [2]

(b) The retailer has recently seen the following extract from a newspaper article.

Customers now prefer to use mobile phones rather than desktop computers for online shopping.

Explain **one** way in which the retailer might respond to this extract from the newspaper article.

-
-
-
- [2]

- (c) The retailer offers a wide range of options for paying for the computers she sells. She accepts both debit cards and credit cards. She also offers two payment plans:

PLAN A discount of 10% for cash purchases and debit card purchases

PLAN B extended credit (deferred payments) with payments spread over two years

Explain why the retailer should offer such a wide range of options for making payment.

[6]

- (d) (i)** The retailer is reviewing where she purchases her computers from. She could purchase directly from manufacturers or purchase from a wholesaler.

Which should she choose? Explain **two** reasons for your answer.

Choice

Reason 1

.....

.....

.....

Reason 2

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.....

..... [4]

- (ii) Explain why the retailer might use an enquiry form before purchasing computers.

.....

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.....

..... [2]

[Total: 16]

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