Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

9408476322

COMMERCE **7100/22**

Paper 2 Written **May/June 2020**

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. Blank pages are indicated.

DC (DH/SW) 191159/2

1 A multinational company owns the quarry shown in Fig. 1.1. The quarry employs 50 workers. The company uses machinery, transport and explosives to quarry stones and rocks. It has a warehouse that stores equipment and dynamite. The multinational company has taken out a number of insurance policies.

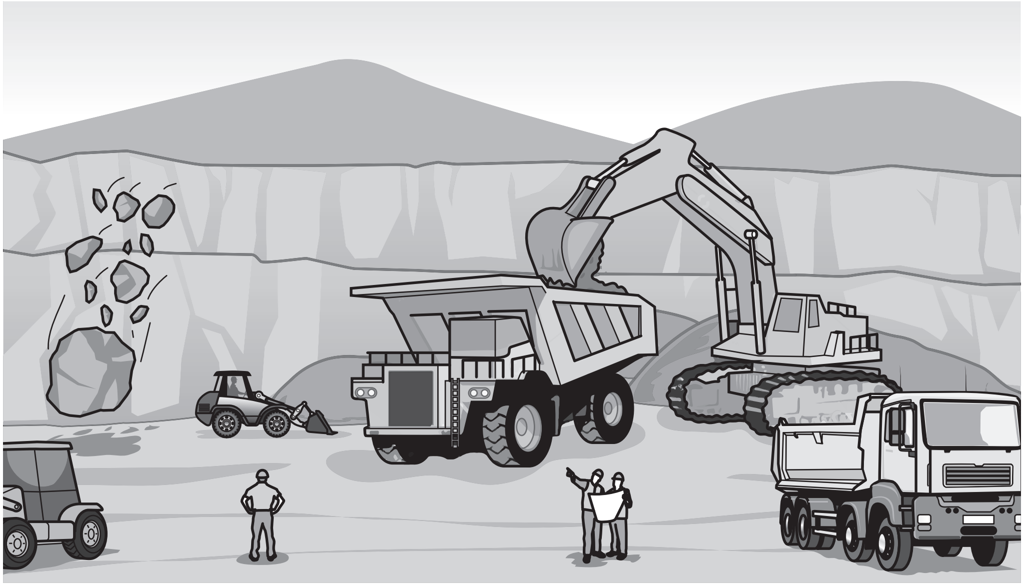

Fig. 1.1 Quarry

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

(a) Define a *multinational company*.

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.... [2]

(b) Explain **one** reason why quarrying is a primary industry.

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.... [2]

(c) Explain **two** examples of insurance policies that the multinational company should have for the quarry.

1 ....

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2 ....

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.... [4]

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

A warehouse is an example of

an aid to trade **OR** a type of trade

Employment is classified in PEST as

an economic factor **OR** a social factor [2]

(e) Stones and rocks from the quarry are transported by road. Would it be better to move them by rail? Give reasons for your answer.

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.... [6]

[Total: 16]

2 International trade involves the work of customs authorities.

(a) Identify **two** examples of trade statistics that customs authorities would keep.

1 ....

2 .... [2]

(b) Explain the effect on imported goods of:

(i) imposing tariffs

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.... [2]

(ii) introducing quotas

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.... [2]

(c) Do you agree that there are more risks in international trade than in home trade? Give reasons for your answer.

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(d) Countries have become interdependent due to expanding global markets and international trade. To what extent is this statement true? Give reasons for your answer.

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[Total: 15]

3 Fig. 3.1 shows types of credit used by consumers in 2019.

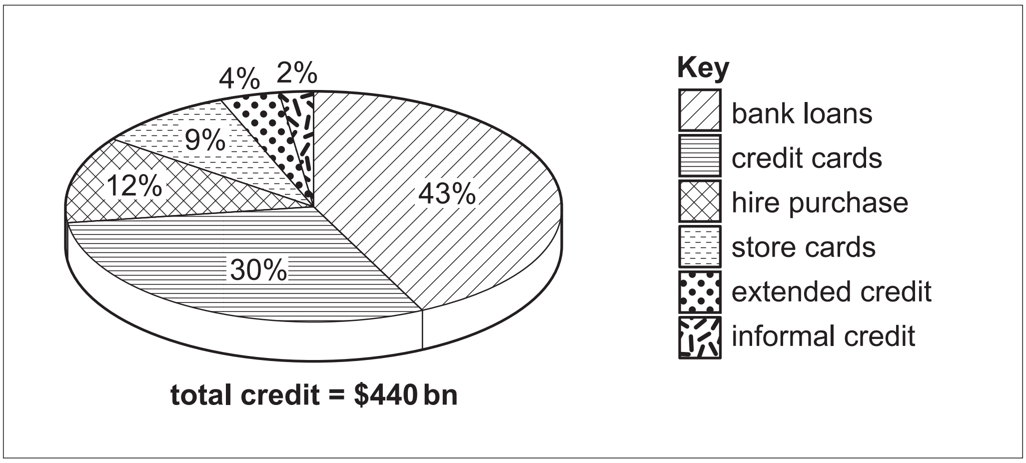

Fig. 3.1 Types of credit used by consumers in 2019

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

(a) **(i)** Calculate the total percentage of credit for store cards and hire purchase in 2019. Show your working.

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.... [2]

(ii) Calculate the amount of credit for credit cards in 2019. Show your working.

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.... [2]

(b) Explain **one** reason why many consumers prefer **not** to use informal credit.

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.... [2]

(c) A consumer wants to buy a car. She is considering using a credit card or a bank loan to pay for the car. Discuss both options. Which would you recommend? Give reasons for your answer.

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[Total: 14]

4 EE plc is a national wholesaler that imports large quantities of electrical goods from other countries. It plans to build a new head office. EE will require a large amount of finance for the build.

(a) Describe what is meant by a wholesaler.

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.... [2]

(b) State **two** items of information that are contained in an invoice sent from a wholesaler to a retailer.

1 ....

2 .... [2]

(c) Explain **two** reasons why retailers might buy electrical goods from a wholesaler such as EE plc.

1 ....

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2 ....

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(d) Should wholesalers act as retailers? Give reasons for your answer.

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.... [3]

(e) The directors of EE plc can use either a new share issue or retained earnings (profits) to finance the new head office. Discuss both options. Which would you recommend? Give reasons for your answer.

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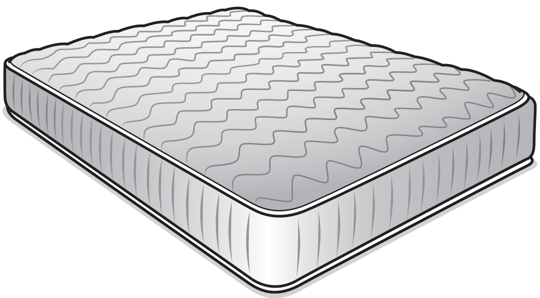
[Total: 19]

5 The sales promotion in Fig. 5.1 is advertised in a local newspaper.

FREE 100-night mattress trial



We deliver the mattress to your home and give you up to 100 nights to decide if it's right for you.

If you're not happy with the mattress, just phone us and we'll pick it up for free.

You will not find this offer in any retail store!

Fig. 5.1 Sales promotion

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

(a) The sales promotion mentions communication by phone. Describe **one other** method of communication that a customer could use.

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.... [2]

(b) Explain **one** reason why a manufacturer would choose this method of sales promotion.

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.... [2]

(c) Is a local newspaper the best place to advertise this sales promotion? Give reasons for your answer.

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.... [3]

(d) Which of these statements about eshops are TRUE and which are FALSE?

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

	TRUE	FALSE
Customers can only make payment by credit card and debit card.		
Customers can remove items from their shopping cart before checkout.		
Customers can make negative product reviews.		

[3]

(e) Many people now use internet shopping.

Discuss the implications for a retailer who wants to start an eshop. Give reasons for your answer.

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[Total: 16]

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