



# Cambridge O Level

CANDIDATE  
NAME

CENTRE  
NUMBER

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CANDIDATE  
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**COMMERCE**

**7100/21**

Paper 2 Written

**October/November 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 **16** pages. Blank pages are indicated.

- 1 Fig. 1.1 shows a flyer sent to local businesses by Cheese4U.



**Fig. 1.1 Cheese4U flyer**

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

- (a) Identify **two** sectors of industry that Cheese4U is involved in.

1 .....

.....

2 .....

.....

[2]

- (b) What is the purpose of an order form?

.....

..... [1]

- (c) Do you think it would be a good idea for Cheese4U to use couriers to deliver the food to the events? Give reasons for your answer.

.....

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.....

..... [3]

3

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

Placing a trademark on a product is called

branding **OR** barcoding.

Speciality stores sell

a wide range of products **OR** one type of product.

[2]

(e) Explain **two** disadvantages to a customer of shopping online.

1 .....

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2 .....

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.....

[4]

- (f) Cheese4U, maker of speciality cheeses, would like to expand its business. It is considering franchising.

Discuss whether or not you would recommend franchising. Give reasons for your answer.

[8]

**[Total: 20]**

- 2 A carpet wholesaler wishes to insure its warehouse and stock against the risk of fire and theft. Fig. 2.1 shows the annual insurance premiums quoted for this.

|           | value     | annual premium |
|-----------|-----------|----------------|
| Warehouse | \$760 000 | \$1 per \$1000 |
| Stock     | \$622 000 | \$5 per \$1000 |

**Fig. 2.1 Insurance premium quotation**

Use Fig. 2.1 to help you answer the following questions.

- (a) (i) Calculate the total annual fire and theft premium for warehouse and stock. Show your working.

.....

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..... [3]

- (ii) Explain why the insurance premium for stock is higher than for the warehouse.

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..... [3]

**(b)** Explain **two** reasons why a carpet wholesaler needs a warehouse.

1 .....

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2 .....

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[4]

**(c)** Some carpet wholesalers now sell direct to the public. Do you think this is a good idea? Give reasons for your answer.

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..... [9]

[6]

**[Total: 16]**

- 3 Many businesses prefer to trade in their home country because of the difficulties involved in exporting, such as methods of payment.

(a) Describe **one** way in which home trade is similar to international trade.

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.....

..... [2]

(b) Explain **two** difficulties, apart from methods of payment, faced by exporters.

1 .....

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2 .....

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..... [4]

- (c) Evaluate **two** factors that exporters should consider to ensure they receive payment. Which do you think is the more important factor? Give reasons for your answer.

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..... [6]

[Total: 12]

- 4 Fig. 4.1 shows an advertisement in a golf magazine for the reopening of a Golf & Spa Hotel.



Fig. 4.1 Advertisement in golf magazine

Use Fig. 4.1 to help you answer the following questions.

- (a) (i) State **one** method of appeal shown in the advertisement.

.....  
 ..... [1]

- (ii) What is meant by 'early bird offers'?

.....  
 ..... [1]

(b) Identify the **most** suitable method of communication that a hotel would use for each of the following:

(i) to confirm room bookings.

.....  
..... [1]

(ii) to inform guests of health and safety instructions.

.....  
..... [1]

(c) Do you think that a golf magazine is the best place to advertise the reopening of this hotel? Give reasons for your answer.

.....  
.....  
.....  
.....  
..... [3]

(d) In 2019, the hotel's sales turnover was \$1 900 000. The cost of goods sold was \$575 000 and the expenses were \$835 000. Calculate the net profit. Show your working.

.....  
.....  
.....  
.....  
..... [3]

- (e) The directors of the Golf & Spa Hotel would like to increase its net profit. Which would be the more effective method, improving marketing or reducing expenses? Give reasons for your answer.

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..... [6]

[Total: 16]

- 5 Miah wants to buy a new games console from a retail store. She will need credit to buy this consumer durable.

(a) What is meant by the term *consumer durable*?

.....  
 ..... [1]

(b) Explain **two** reasons why retailers offer credit.

1 .....  
 .....  
 .....  
 .....  
 .....  
 .....  
 .....  
 .....  
 ..... [4]

(c) Which of these statements about the changing environment of commerce are true and which are false?

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

|                                                                                   | TRUE | FALSE |
|-----------------------------------------------------------------------------------|------|-------|
| Development of games consoles would be an example of a PEST technological factor. |      |       |
| Excessive packaging of goods by retailers benefits the environment.               |      |       |
| Ethically produced goods are produced in dangerous environments.                  |      |       |

[3]



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