Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME						
CENTRE NUMBER					CANDIDATE NUMBER	

5388809181

COMMERCE **7100/22**

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 **12** pages. Blank pages are indicated.

1 Fig. 1.1 shows FF Film Ltd. filming a new movie.

Fig. 1.1 FF Film Ltd. filming a movie

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

(a) Explain what is meant by specialisation, using an example from Fig. 1.1.

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.... [2]

(b) Explain how this film crew is productive.

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.... [2]

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

An actor injured during filming would be covered by

employer's liability insurance **OR** third party insurance.

Asking employees to turn off lights is often done to protect the

printers **OR** environment.

[2]

(d) Advertising is an aid to trade for the film industry.

(i) Explain **two** reasons why advertising is important for the film industry.

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[4]

(ii) Discuss whether FF Film Ltd. should use television or magazines to advertise the new movie. Which would you recommend? Give reasons for your answer.

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.... [8]

[Total: 18]

2 From an early age, Jack has been putting his money into a bank deposit account. He is now 18 and has started a job as a mechanic. He wants to open a bank current account.

(a) Explain **one** difference between a bank deposit account and a bank current account.

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.... [2]

(b) Describe a current account service Jack could use in each of the following situations:

(i) obtaining money when the bank is closed.

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.... [2]

(ii) authorising a creditor to withdraw money from his account.

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.... [2]

(c) Do you think it is a good idea for Jack to have mobile banking? Give reasons for your answer.

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.... [3]

(d) Jack wishes to buy a motorbike and requires credit.

(i) What is meant by *credit*?

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.... [1]

(ii) Evaluate the suitability to Jack of using hire purchase to buy the motorbike. Give reasons for your answer.

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[Total: 16]

3 Wholesalers deal with retailers and manufacturers. WW Wholesalers allows its retailers trade and cash discounts.

(a) A retailer has bought 50 tracksuits from WW Wholesalers costing $120 each. The retailer is allowed 20% trade discount and 2% cash discount if the wholesaler is paid within 14 days.

Calculate how much the retailer will pay if the wholesaler's invoice is paid within 14 days. Show your working.

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(b) The retailer has decided to postpone payment for a month. Explain why the retailer might have made this decision.

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(c) Discuss how important wholesalers are to manufacturers. Give reasons for your answer.

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[Total: 13]

4 Mrs Rana is an exporter of gold jewellery. Mr Kavah imports gold jewellery from Mrs Rana to sell in his retail store.

(a) Define *imports*.

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.... [1]

(b) Complete the chain of distribution for the gold jewellery.

	→	Mrs Rana	→		→	Mr Kavah

[2]

(c) Describe **one** method of communication that Mr Kavah would use to contact Mrs Rana about a necklace missing from a delivery.

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.... [2]

(d) Do airport authorities affect the importing of goods such as gold jewellery? Give reasons for your answer.

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.... [3]

(e) Mrs Rana has had jewellery stolen while it is being transported.

Evaluate whether insurable interest or utmost good faith is more important for Mrs Rana when applying for insurance against this type of theft.

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[Total: 16]

5 Fig. 5.1 shows a warehouse owned by a large-scale retailer.

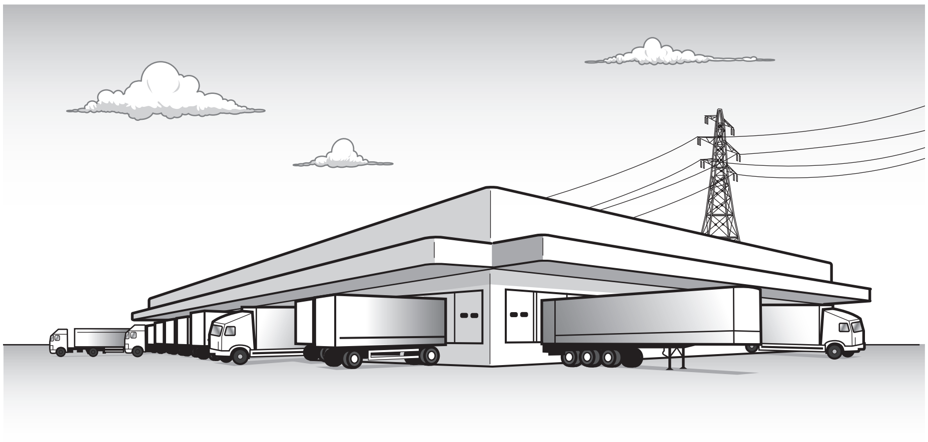

Fig. 5.1 Warehouse

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

(a) Identify the type of warehouse shown in Fig. 5.1.

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.... [1]

(b) Do you think warehousing helps large-scale retailers to improve their rate of inventory turnover? Give reasons for your answer.

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.... [3]

(c) Explain **two** effects of large-scale retailers on consumers.

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[4]

(d) Which of these statements about retailing are true and which are false?

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

	TRUE	FALSE
Factory outlets sell directly to consumers.		
An omnichannel retailer keeps customers informed about the progress of their orders.		
Supermarkets have a low rate of sales turnover.		

[3]

(e) Large-scale retailers often have their own transport to distribute goods.

Evaluate the benefits to a large-scale retailer of owning its fleet of delivery trucks.

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[Total: 17]