



Cambridge O Level

CANDIDATE
NAME

CENTRE
NUMBER

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COMMERCE

7100/22

Paper 2 Written

May/June 2024

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. Any blank pages are indicated.

1 Fig. 1.1 shows the warehouse of a video game manufacturer.



Fig. 1.1

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

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

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..... [2]

(b) Explain **two** disadvantages of division of labour to a manufacturer.

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[4]

(c) Do you think warehouses should use more technology? Give reasons for your answer.

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..... [3]

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

Primary and secondary industries are part of the chain of
distribution **OR** production.

Warehousing is an essential element of
franchising **OR** logistics.

[2]

(e) The video game manufacturer is considering two options to promote a new game.

Option 1: social media advertising

Option 2: television advertising.

Discuss each of these two options. Which would you recommend? Give reasons for your answer.

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[Total: 19]

2 WW is a traditional wholesaler. It uses trade documents when selling goods to retailers.

(a) (i) State **one** trade document that WW would send to a retailer in response to an enquiry.

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..... [1]

(ii) State **one** reason why WW would issue a credit note.

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..... [1]

(b) A retailer purchased goods priced at \$11 000 from WW. The retailer received a 20% trade discount and a further 5% cash discount for quick payment.

Calculate how much the retailer paid for the goods. Show your working.

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(c) Explain **two** reasons why small-scale retailers prefer to buy from a wholesaler instead of buying from manufacturers.

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[4]

(d) Traditional wholesalers are declining in many countries.

Evaluate whether wholesalers should also act as retailers by selling direct to the public to reduce this decline. Give reasons for your answer.

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[Total: 15]

- 3 Dani opened a music shop as a sole trader. Her speciality shop sells guitars and drums.

Fig. 3.1 shows an extract of financial information for the business in 2023.

| | |
|----------------|-----------|
| Cash sales | \$135 540 |
| Credit sales | \$77 850 |
| Cost of sales | \$61 390 |
| Other expenses | \$111 500 |

Fig. 3.1

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

- (a) (i) Calculate the profit for the year (net profit).

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..... [3]

- (ii) State **one** reason why Dani accepts debit cards for cash sales.

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..... [1]

- (iii) What is meant by credit sales?

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..... [1]

- (b) Define *speciality shop*.

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..... [1]

(c) Do you agree that the **most** suitable form of business ownership for Dani is to be a sole trader? Give reasons for your answer.

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(d) Dani wants to expand the business by investing in a guitar testing booth. She is considering two options to fund this expansion.

- Option 1: loan
- Option 2: overdraft.

Discuss each of these two options. Which would you recommend? Give reasons for your answer.

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[Total: 17]

[Turn over

- 4 Fig. 4.1 shows a map of two countries, country X and country Y, and their two ports. Ferries operate between the two ports.

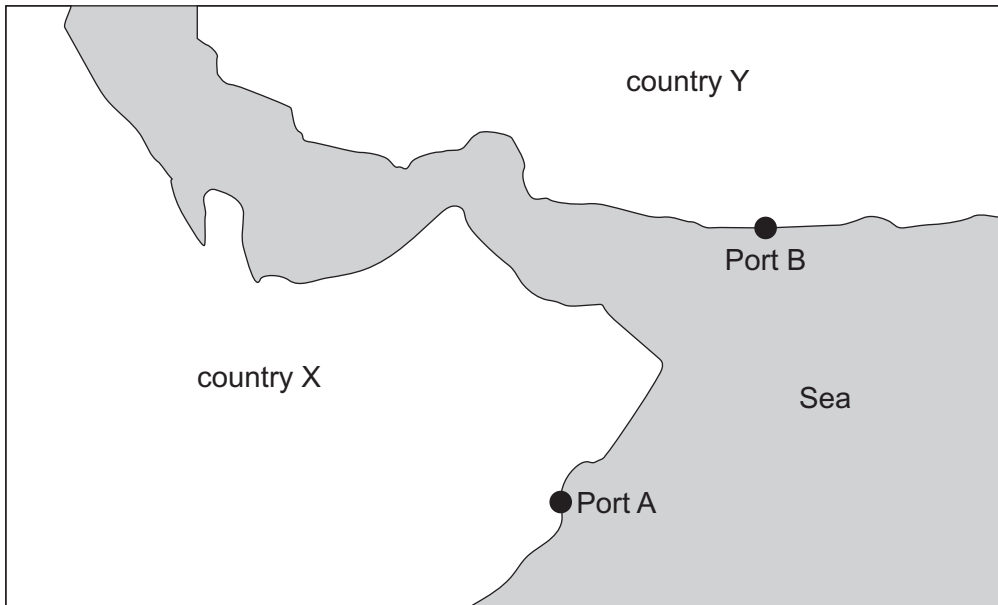


Fig. 4.1

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

- (a) State **one** benefit of using ferries to transport freight between ports.

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..... [1]

- (b) Describe **one** service provided at ports for shipping companies.

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(c) Country X imposes a quota on rice exports from country Y. Country Y is considering joining a trading bloc.

(i) Define *quota*.

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..... [1]

(ii) Do you think it is a good idea for a country to impose trade restrictions, such as quotas? Give reasons for your answer.

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(d) Evaluate the benefits to country Y of joining a trading bloc.

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[Total: 13]

5 Fig. 5.1 shows insurance statistics on the number of accidents per million drivers in relation to age of drivers. These statistics are used by insurance companies to calculate car insurance premiums.

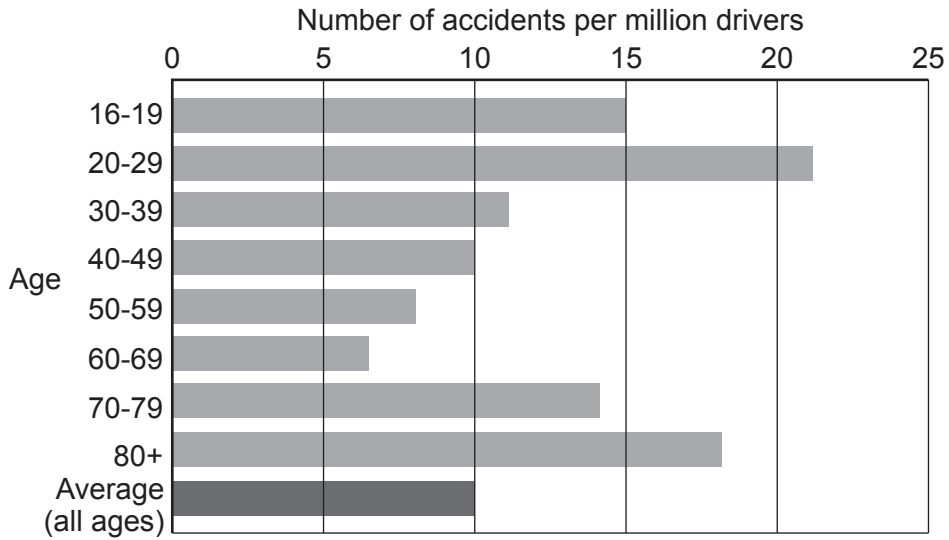


Fig. 5.1

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

(a) Identify the age group with the lowest number of accidents per million drivers.

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..... [1]

(b) Explain **two** factors, other than age, that would affect the level of car insurance premiums.

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[4]

- (c) A 50-year-old driver has been quoted a car insurance annual premium of \$600. The driver has a 40% no claims discount.

Calculate the premium. Show your working.

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..... [2]

- (d) Which of these statements about transport and the environment are TRUE and which are FALSE?

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

| | TRUE | FALSE |
|--|------|-------|
| Riding a bicycle to work causes air pollution. | | |
| Electric cars produce lower carbon emissions than petrol cars. | | |
| Environmental pressure groups promote increased use of transport for deliveries. | | |

[3]

- (e) Evaluate whether or not a business should buy and operate their own fleet of vans to deliver goods.

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[Total: 16]

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