Cambridge O Level

Cambridge International Examinations
Cambridge Ordinary Level

COMMERCE **7100/11**

Paper 1 Multiple Choice **October/November 2017**

1 hour

Additional Materials: Multiple Choice Answer Sheet
Soft clean eraser
Soft pencil (type B or HB is recommended)
Ruler
Protractor

7429418961

READ THESE INSTRUCTIONS FIRST

Write in soft pencil.
Do not use staples, paper clips, glue or correction fluid.
Write your name, Centre number and candidate number on the Answer Sheet in the spaces provided unless this has been done for you.
DO **NOT** WRITE IN ANY BARCODES.

There are **forty** questions on this paper. Answer **all** questions. For each question there are four possible answers **A**, **B**, **C** and **D**.
Choose the **one** you consider correct and record your choice in **soft pencil** on the separate Answer Sheet.

Read the instructions on the Answer Sheet very carefully.

Each correct answer will score one mark. A mark will not be deducted for a wrong answer.
Any rough working should be done in this booklet.

The businesses described in this question paper are entirely fictitious.

IB17 11_7100_11/5RP **R**

CAMBRIDGE
International Examinations

1 At which stage is production completed?

A when goods are manufactured

B when goods are used by the consumer

C when goods reach the consumer

D when goods reach the retailer

2 In the manufacturing of a pair of jeans, how is value added to the cloth?

A designing the jeans

B displaying the jeans

C packaging the jeans

D stitching the jeans

3 Many factories use division of labour in the production process.

Which feature of division of labour might be an advantage to a factory worker?

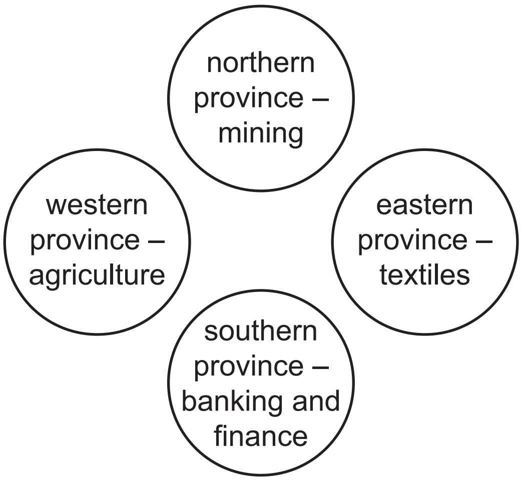
A jobs take less time to learn

B overall increase in production

C savings in labour costs

D tasks completed in less time

4 The diagram shows the four provinces of a country and their specialisms.



Which province specialises in tertiary production?

A eastern province

B northern province

C southern province

D western province

5 What is **not** a function of a retailer?

A acting as a link between manufacturer and wholesaler

B exchanging faulty goods within the warranty period

C offering after-sales service

D providing services to both wholesaler and consumer

6 A town has the following numbers of retail outlets.

1 department store	2 variety chain stores
3 supermarkets	22 independent stores
10 multiple chain stores	30 hawker stalls

How many large-scale retailing outlets are there in this town?

A 6 **B** 14 **C** 16 **D** 28

7 What is an example of after-sales service?

A offering repairs, refunds and warranties

B providing an interest-free loan

C suggesting related or additional products or services

D thanking customers for their business

8 Why has internet shopping increased?

A Customers can negotiate discounts on all purchases.

B Delivery of goods is always made within 24 hours.

C Goods can be bought 24 hours a day, 7 days a week.

D Payment systems are always secure.

9 Informal credit is **most** likely to be offered to customers of

A department stores.

B hypermarkets.

C independent retailers.

D multiple shops.

10 How can a consumer protect themself against unfair trading practices?

A buy a consumer magazine

B check goods and services before buying

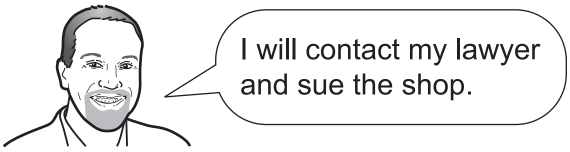
C report unfair practices to the local council

D send purchased goods to be tested for quality

11 Four customers are discussing the problem of a faulty product costing $10.

Which customer has taken the **most** appropriate action?

A



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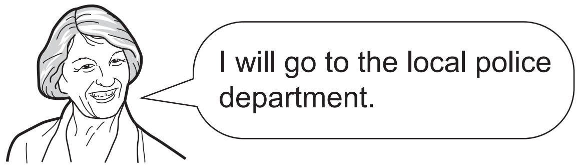
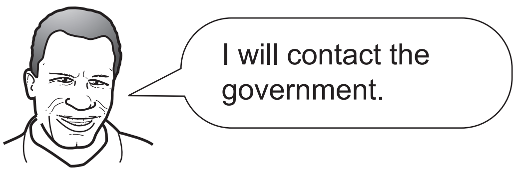
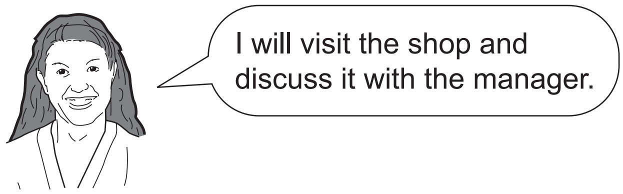


C



D



12 Four channels of distribution are shown.

What is the **most** appropriate distribution channel for the selling of canned fish?

A
manufacturers / producers → customer

B
manufacturers / producers → wholesaler → retailer → customer

C
manufacturers / producers → retailer → customer

D
manufacturers / producers → wholesaler → customer

13 What is the function of a broker?

A to auction goods to the highest bidder

B to bring buyers and sellers together

C to guarantee that the goods imported will be sold

D to take possession of goods and to sell them in their own name

14 Mr X purchased watches at $5000 from Mr Y and received an invoice for the amount due. Later, Mr Y sent Mr X a credit note for $1000.

How much does Mr X now owe Mr Y?

A $1000 **B** $4000 **C** $5000 **D** $6000

15 On 5 November, a sports equipment shop bought sportswear valued at $10 000 and received 20% trade discount and 5% 30 days cash discount.

If payment was made in full on 3 December, how much was paid?

A $2400 **B** $7500 **C** $7600 **D** $8000

16 What is a function of a customs authority?

A to compile statistics on imports and exports

B to impose income tax on importers

C to maintain seaports and airports

D to set the rates of customs duty

17 A country has recently placed an embargo on the import of all canned food.

What will this mean for canned meat suppliers from other countries who regularly export to that country?

A Restricted quantities of their goods will be allowed into the country.

B Their goods will be classed as illegal substances by customs authorities.

C The meat suppliers will have to pay increased tariffs on goods allowed into the country.

D There will be a complete ban on all their goods entering the country.

18 The table below shows a country's international trade.

	exports $ bn	imports $ bn
visible	250	320
invisible	80	70

What is the balance of payments on the current account?

A –$70 bn **B** –$60 bn **C** +$10 bn **D** +$420 bn

19 Which slogan is an example of collective advertising?

A 'CR toothpaste makes your teeth sparkle'

B 'FF Supermarkets sell only the finest foods'

C 'For brighter, whiter whites use ZZ soap powder'

D 'For healthy teeth, drink more milk'

20 Amos Patel wishes to use the internet to promote his business. He has arranged to place a pop-up advertisement on the website of a well-known company.

What advantage is gained by Amos?

A endorsement by the well-known company

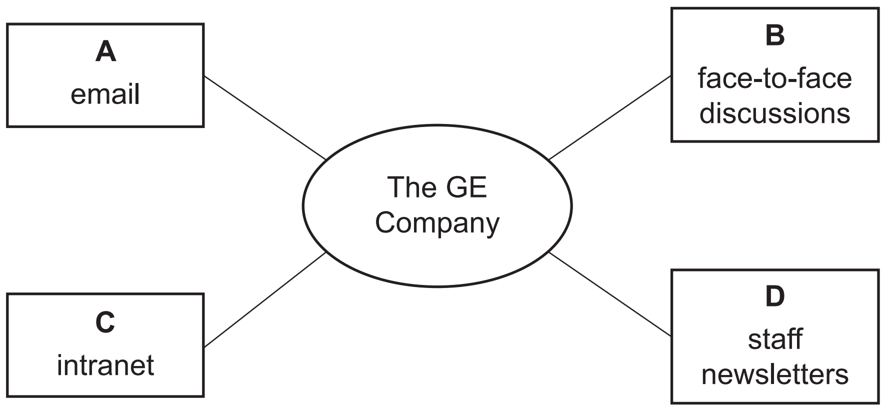
B mailing list of many potential customers

C professional design of the advertisement

D regular and frequent worldwide publicity

21 The diagram below shows four methods of communication used by The GE Company.

Which method of communication would be used for external communication?



22 By what means is a business **most** likely to send urgent and confidential documents to clients?

A courier service

B internet

C letter post

D parcel post

23 Which is **not** an advantage of sending an item by registered mail?

A compensation when lost

B proof of postage

C security

D speed of delivery

24 What is an advantage of road transport over rail transport?

A fixed timetables

B minimum transhipment

C quicker over long distances

D suitable for bulky loads

25 How do low-cost airlines reduce their costs?

A allowing excess baggage on board

B flying into main city airports

C providing on-board meals

D selling tickets online

26 Which airport service is **least** likely to assist the import and export of goods?

A customs facilities

B digital information boards

C road and rail access

D security

27 Which feature applies to **all** types of warehouse?

A located on the outskirts of towns

B owned by wholesalers

C provides suitable storage for commodities

D situated near major roads

28 There are several types of warehouse where bulk quantities of goods are stored.

In which warehouse will seasonal non-perishable goods be stored until they are sold?

A bonded warehouse

B cold storage warehouse

C general wholesaler's warehouse

D regional distribution centre

29 Which circumstance is an insurable risk?

A a business partner insuring the life of his partner

B a property owner insuring a neighbour's house

C a television company insuring against bad management

D a tenant insuring her rented flat

30 The diagram shows the procedure for taking out an insurance policy through an insurance broker.

proposer contacts insurance broker → proposer completes proposal form → **X** → proposer pays insurance premium → insurance company issues policy

What is **X**?

A insurance company assesses risk

B insurance company issues cover note

C proposer pays commission to insurance broker

D proposer studies prospectus issued by insurance company

31 A record of the customer's transactions with a bank is available to the customer in the form of

A a credit slip.

B a letter.

C a statement.

D an account.

32 Why are deposits at commercial banks classified as money?

A They are liabilities to banks.

B They can be used to settle debts.

C They can be withdrawn at any bank.

D They earn interest for the depositor.

33 What is a bill of exchange?

A a document used by international travellers to pay hotel bills

B a guarantee of payment to an importer

C a promise to pay a debt at a fixed date in the future

D a sum of money shown on an invoice

34 An expanding business requires a large area for a factory building.

Where would it be likely to locate?

A a central residential area

B a shopping mall between two towns

C an industrial estate close to a town

D the central business district of a city

35 Which statement **best** describes how a public sector firm differs from a private sector firm?

A Investment is funded through selling shares on a stock exchange.

B Its main objective is to serve the public interest.

C Public sector firms offer services that the private sector does not provide.

D There is no need for public sector firms to make a profit.

36 Mr Patel's computer advisory service has grown quickly. He decides to set up a franchise.

What does this mean for Mr Patel?

A He will become a franchisor.

B He will borrow money to open a new office.

C He will have to make royalty payments.

D He will take on a new partner.

37 Which source of finance is the **most** appropriate for a company that wishes to replace its vehicles every two years?

A hire purchase

B leasing

C mortgage

D overdraft

38 What is an example of short-term finance for a company?

A applying for a government grant

B extending trade credit with its suppliers

C increasing the number of shares on offer to the public

D taking out a new loan

39 What is part of a clothing manufacturer's fixed (non-current) assets?

A cloth

B dresses

C packaging materials

D sewing machines

40 A retailer has the following trading figures.

	$
sales	750 000
cost of goods sold	500 000
opening stock (inventory)	40 000
closing stock (inventory)	60 000

What is the retailer's rate of inventory turnover?

A 2.5 **B** 5 **C** 10 **D** 15

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