Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/12**

Paper 1 Multiple Choice **May/June 2020**

1 hour

You must answer on the multiple choice answer sheet.

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You will need: Multiple choice answer sheet
Soft clean eraser
Soft pencil (type B or HB is recommended)

INSTRUCTIONS

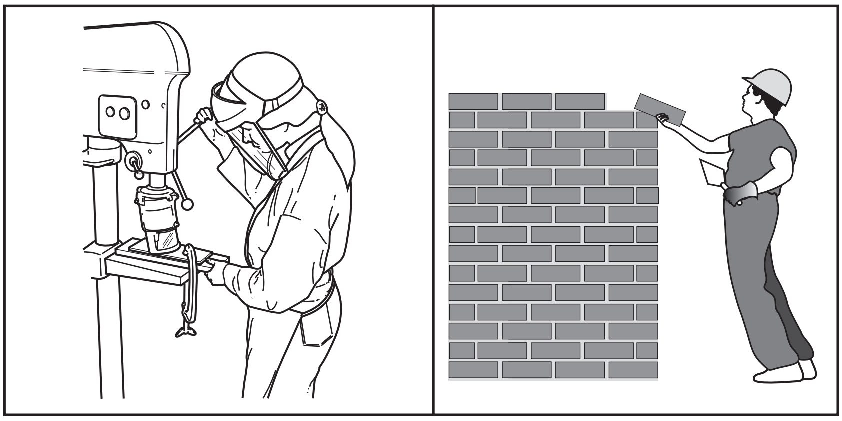
- There are **forty** questions on this paper. Answer **all** questions.
- For each question there are four possible answers **A**, **B**, **C** and **D**. Choose the **one** you consider correct and record your choice in soft pencil on the multiple choice answer sheet.
- Follow the instructions on the multiple choice answer sheet.
- Write in soft pencil.
- Write your name, centre number and candidate number on the multiple choice answer sheet in the spaces provided unless this has been done for you.
- Do **not** use correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 40.
- Each correct answer will score one mark. A mark will not be deducted for a wrong answer.
- Any rough working should be done on this question paper.

This document has **12** pages. Blank pages are indicated.

1 Which type of productive activity is shown in the pictures?



A commercial

B direct services

C extractive

D secondary

2 Which of the following is a primary industry?

A factory

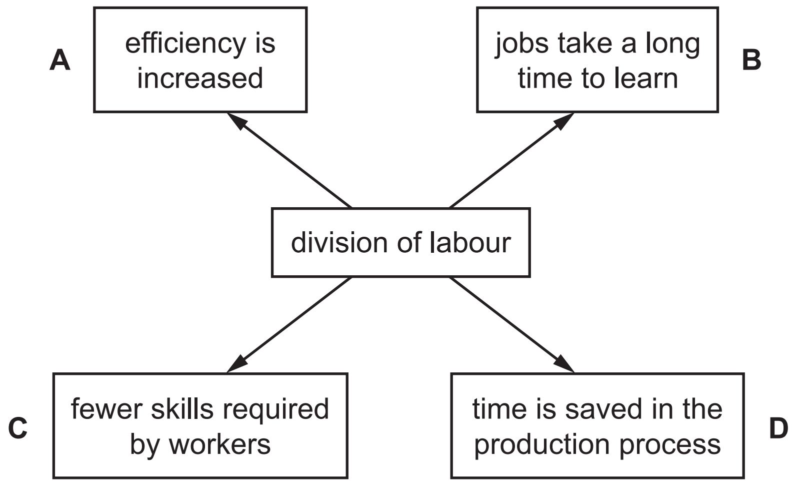
B fruit farm

C general warehouse

D supermarket

3 The diagram shows some of the advantages of division of labour in manufacturing.

Which advantage means that it is possible to employ fewer qualified people?



4 Which aids to trade are used by sellers to contact buyers?

A banking and transport

B communication and advertising

C insurance and communication

D transport and warehousing

5 What is a feature of a supermarket?

A competitive prices

B luxurious shopping facilities

C many sales floors

D specialised sales staff

6 Which factor accounts for the continued existence of small-scale retailers?

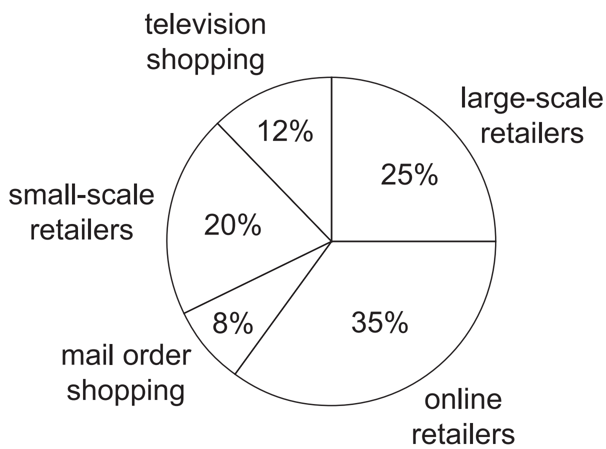
A customers can handle and inspect goods

B low prices

C purchases through a voluntary chain

D small range of goods

7 The pie chart shows percentages of sales revenue received from different methods of selling.



Which percentage of sales revenue was received by retailers without a physical store?

A 20% **B** 37% **C** 45% **D** 55%

8 What is an advantage to a buyer of purchasing on credit?

A Credit agreements are easy to understand.

B Credit is available to anyone.

C Discounts are usually available.

D Payment is postponed until a later date.

9 Which person is **not** an intermediary?

A broker

B factor

C producer

D wholesaler

10 Joe, a small-scale producer of toys, has seen an advertisement offering help with exporting.

DO YOU WANT TO EXPORT?
Let us take away the work and worry of selling your goods abroad by buying all your products at competitive prices.
WE WILL DO THE REST!

Which type of business would have placed this advertisement?

A export merchant

B freight forwarder

C import agent

D insurance broker

11 What would be sent to a customer who requires information on goods offered for sale?

A advice note

B catalogue

C enquiry

D order

12 A wholesaler sells 50 chairs to a retailer at a price of $25 each, less 20% trade discount. The retailer returns 8 faulty chairs.

How much should the wholesaler send a credit note to the retailer for?

A $160 **B** $200 **C** $1050 **D** $1250

13 What is meant by *mark-up*?

A amount added to cost price

B amount added to selling price

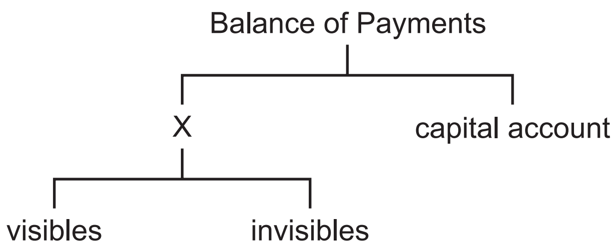
C amount of sales revenue

D amount of stock turnover

14 How much would a buyer pay when given 5% cash discount on an item originally priced at $1200?

A $60 **B** $1140 **C** $1195 **D** $1200

15 The diagram shows the Balance of Payments.



What is X?

A current account

B deposit account

C free trade

D re-export trade

16 What is an example of earnings on a country's Balance of Payments?

A aid which the country gives to poorer countries

B families from the country holidaying abroad

C money spent on the country's imports

D transport services which the country provides for other countries

17 Why do firms advertise?

A to even out prices

B to fight competition

C to increase prices

D to mislead customers

18 Which method of appeal would work **best** in an advertisement for ice cream?

A affluence

B ambition

C fear

D music

19 Sienna, a designer of fashion accessories, wants to promote her products to a wide audience at low cost.

Which method is **most** likely to meet these requirements?

A displaying the accessories at a local hotel

B hiring a celebrity to wear the accessories

C paying for product placement on TV shows

D using social media to interact with customers

20 Which information communicated to consumers is constantly changing throughout the day?

A customs duties charged at an airport

B prices of new cars in car showrooms

C toll charges on highways

D world prices of stocks and shares

21 The table shows information about sending letters.

weight up to	price
100 g	$0.40
250 g	$0.70
500 g	$0.90
750 g	$1.40

How much does it cost to send a letter weighing 600 g?

A $0.40 **B** $1.30 **C** $1.40 **D** $2.40

22 Recent developments in communication mean the method of purchasing tickets at some railway stations has changed.

What communication device might be used?

A desk top computer

B intranet

C touch interface

D voicemail

23 What is **not** the responsibility of a port authority?

A collecting customs duties

B dredging the harbour

C installing re-fuelling facilities

D providing unloading equipment

24 A manufacturer sends goods to a wholesaler using his own transport.

What document would accompany the goods?

A consignment note

B credit note

C delivery note

D order form

25 What is a function of warehousing?

A to enable production to take place ahead of demand

B to help large-scale retailers to expand

C to provide credit for buyers

D to sell goods as cheaply as possible

26 Which service does a regional distribution centre provide for its retailers?

A cash discount

B display of goods

C regular delivery

D trade credit

27 Mrs Rajapaksa operates a small shop. She uses a cash and carry warehouse to obtain her supplies.

This means she has to

A deal with sales representatives.

B pay her account each month.

C show her membership card.

D wait for goods to be delivered.

28 Which insurance cover is a transport company required to have by law to carry goods for its customers?

A cash in transit

B consequential loss

C public liability

D third party

29 A ship worth $200 m is insured jointly by three companies under the principle of contribution. Company X covers 50% of the risk, Y covers 30% and Z covers 20%.

How much would company Y be liable for if the ship is lost?

A $40 m **B** $60 m **C** $120 m **D** $200 m

30 Which insurance document is a contract between the insured and the insurance company?

A certificate of insurance

B claim form

C insurance policy

D proposal form

31 Which person, employed by an insurance company, assesses the amount of compensation paid after an insurance claim?

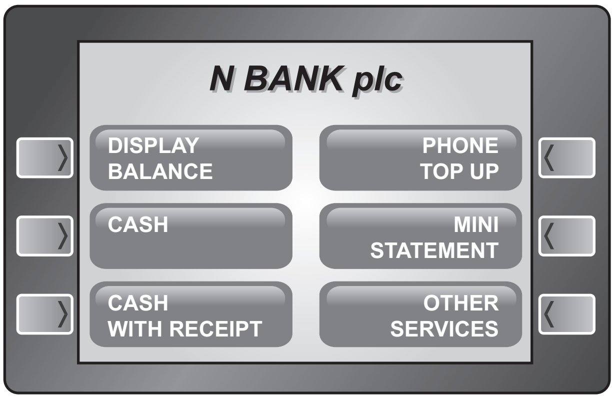
A actuary

B insurance agent

C loss adjuster

D underwriter

32 The diagram shows the screen of an ATM.



What might be included in 'other services'?

A arranging an appointment with the bank

B offering investment advice

C safeguarding valuable items

D transferring funds between accounts

33 Which statement describes a cashless society?

A closure of bank branches

B electronic payments replacing notes and coins

C elimination of the cheque system

D reduction in bank staff

34 Which factor will a chain of fast food outlets consider when deciding where to locate a new restaurant?

A amount of competition in the area

B demand for fast food throughout the country

C greater popularity of drive-in restaurants

D increase in the price of fast food

35 Who elects directors in public limited companies?

A employees

B government

C ordinary shareholders

D preference shareholders

36 The picture shows a customer asking for a bank loan to start a new business.

Why will the bank manager be **more** willing to lend if the business is operated as a franchise?

A Franchise businesses come with ready-made business plans.

B Franchise businesses have a higher survival rate than sole traders.

C Franchisees are seen as being more skilled at business.

D Franchisors pay some of the initial start-up costs.

37 Which description of the rate of inventory turnover is correct?

A average delivery time for all products ordered during a trading period

B number of times the average stock is sold during a year

C total number of employees leaving during a year

D total sales during a trading period

38 The net profit of PP Partnership is 10%. Four partners are in conversation about how it can be improved.

Which partner makes the **best** suggestion?

A

B

C

D

39 How might a multinational company reduce its carbon footprint?

A advertise its products using digital billboards

B conduct regional meetings through video-conferencing

C stop giving efficiency ratings on its appliances

D use its own transportation vehicles for delivery

40 Why does a government have consumer protection laws?

A Consumers are safeguarded from unscrupulous traders.

B Consumers want a bargain when buying a product.

C Retailers are encouraged to trade legally.

D Retailers can make profits from consumers.

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