



Cambridge O Level

COMMERCE

7100/11

Paper 1 Multiple Choice

October/November 2021

1 hour

You must answer on the multiple choice answer sheet.

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.
- Any rough working should be done on this question paper.

This document has **12** pages.



1 What is the final stage of the chain of production?

- A consumers
- B distribution
- C markets
- D retailers

2 Which industry is **not** matched with its type of production?

	industry	type of production
A	banking	tertiary
B	building	primary
C	fishing	primary
D	textiles	secondary

3 What does the tertiary stage in the chain of production involve?

- A commercial and direct services
- B commercial services
- C manufacturing and commercial services
- D the final consumer

4 What is **not** the function of a small-scale retailer?

- A making goods for sale
- B offering advice on goods
- C providing a variety of goods
- D selling goods in a convenient location

5 How do bar codes assist retailers?

- A by advertising goods and services to consumers
- B by giving after-sales service
- C by producing helpful information to consumers
- D by providing information on stock levels

- 6 What is an advantage to supermarkets of using automated check-outs?
- A increased security
 - B no need to provide change
 - C reduction in staff
 - D used if supermarket is closed
- 7 What is meant by mobile shopping?
- A collecting pre-ordered goods from a shopping centre
 - B having demonstrations at home by salespeople
 - C using smartphones or tablets to buy goods
 - D visiting several shops to examine products
- 8 What does credit **not** involve?
- A an agreement to repay the lender in the future
 - B delay in receiving payment
 - C interest charged on the money borrowed
 - D payment made at the time of purchase
- 9 With which type of credit does the purchaser own the product on final payment?
- A credit card
 - B extended credit
 - C hire purchase
 - D store card
- 10 Mrs Wang's computer needs urgent repairs. She has no money until she receives her salary next month.
- What is the **best** way to pay for these repairs?
- A bank loan
 - B credit card
 - C debenture
 - D debit card

11 What are both services provided by a wholesaler to a retailer?

- A** breaking bulk and trade discount
- B** clearing production lines and breaking bulk
- C** purchasing raw materials and storage
- D** trade discount and purchasing raw materials

12 Why will a manufacturer use an agent to sell goods abroad?

- A** The agent earns high commission.
- B** The agent works only for one manufacturer.
- C** The manufacturer concentrates on production.
- D** The manufacturer sells goods immediately.

13 The diagram shows part of an invoice paid by a retailer.

20 cases	canned pineapple @ \$10 per case	\$200
	less 20% trade discount	\$40
	Total	\$160

If two damaged cases of pineapple are returned, what should the supplier send to the retailer?

- A** a credit note for \$20
- B** a credit note for \$16
- C** an invoice for \$144
- D** a receipt for \$16

14 A retailer received an invoice for \$1200 with cash discount of 2.5% 30 days.

Why did the retailer choose to pay after 40 days?

- A** She made a mistake calculating the invoice.
- B** She did not have enough money to pay the invoice within 30 days.
- C** She did not know she was entitled to cash discount.
- D** She had not sold all the goods listed on the invoice within 30 days.

15 A retailer buys 1000 pens for \$2.50 each.

Which percentage mark-up must he apply to achieve a gross profit of \$500?

- A** 16.7%
- B** 20%
- C** 25%
- D** 50%

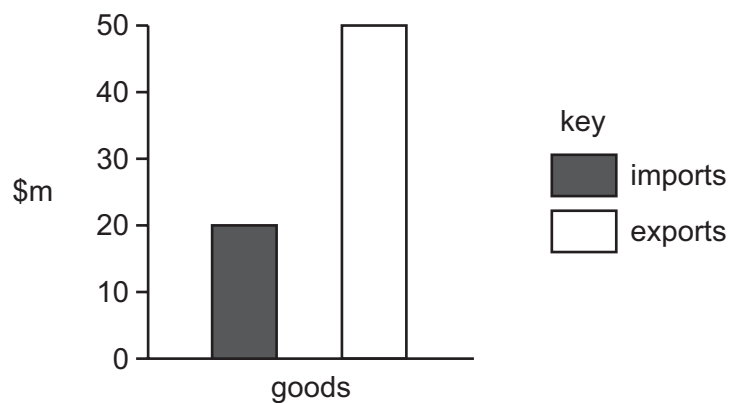
16 This is a headline in a newspaper.

**EUROPEAN STEEL PRODUCERS UNABLE TO
COMPETE WITH VERY CHEAP IMPORTS FROM CHINA**

What describes a country exporting goods below the market price?

- A comparative advantage
- B competitive trading
- C dumping
- D globalisation

17 The bar chart shows the imports and exports for a country for a year.



What is the balance of trade?

- A $-\$30\text{ m}$
- B $-\$20\text{ m}$
- C $\$30\text{ m}$
- D $\$70\text{ m}$

- 18 The diagram shows a map of Africa. The shaded area consists of countries that form a trading bloc.



What is the name of this trading bloc?

- A ASEAN
 - B CARICOM
 - C EU
 - D SADC
- 19 A grocery chain divides a country into four regional sales areas, **A–D**.

Which region generates the most revenue?

	units sold (m)	price per unit
A	40	8
B	50	10
C	60	6
D	70	7

20 This advertisement was in a newspaper.

HIGH-TECH VACUUM CLEANER

- *Cordless*
- *Very strong*
- *Powerful suction*
- *Lightweight*
- *Not expensive*



Which method of appeal is being used?

- A easy living
- B social acceptance
- C status
- D wealth

21 Amos wants to use the internet to promote his business. He places a pop-up advert 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

22 Why is communication important in the global economy?

- A to enable companies to contact customers worldwide
- B to move goods urgently required
- C to promote goods nationwide
- D to transport people over long distances

23 Which Post Office service should be used to send valuables?

- A cash on delivery
- B express delivery
- C letter post
- D registered post

24 Which type of ship specialises in carrying motor vehicles?

- A** bulk carrier
- B** cargo liner
- C** OBO ship
- D** Ro-Ro ferry

25 The picture shows a container on a truck.



What do the letters TIR indicate?

- A** The load has been checked and sealed by customs officials.
- B** The load may be dangerous in the event of an accident.
- C** The load must be carried using safe international routes.
- D** The load should be inspected at border crossings.

26 Why are some airports located by the sea?

- A** to improve security
- B** to increase scenic beauty
- C** to provide ample parking space
- D** to reduce danger from crashes

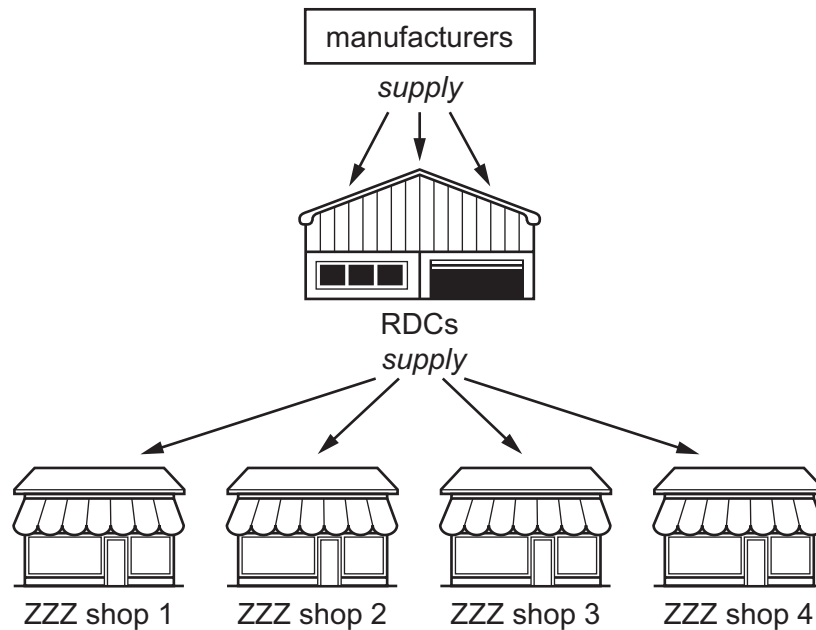
27 What describes the management of the flow of goods from production to consumer?

- A** logistics
- B** mass rapid transport
- C** regional distribution
- D** sustainability

28 What is the effect of storing goods required seasonally?

- A balances supply and demand of these goods
- B causes prices to fluctuate
- C enables retailers to be supplied in bulk
- D prevents theft and damage to goods

29 The diagram shows the function of a regional distribution centre (RDC) that belongs to ZZZ Ltd.



What is the function of a RDC?

- A to provide delivery services throughout the country
- B to provide stock for its own retail branches
- C to store goods for other retailer businesses
- D to store only non-perishable goods

30 What is the basis of insurance?

- A indemnity
- B insurable interest
- C pooling of risk
- D subrogation

31 Mrs Dube owns a small shop.

Which risk can she **not** insure against?

- A customer falling over in her shop
- B employee stealing from her shop
- C poor customer service causing loss of sales
- D worker injured while working for her

32 Solomon has information from four insurance companies, **A–D**. He wants to insure two shops he owns. One shop is in Area 1 and one shop is in Area 2.

Which insurance company offers the cheapest premium to insure both shops?

	Area 1	Area 2
A	\$400	\$500
B	\$500	\$500
C	\$300	\$500
D	\$600	\$700

33 A global bank plans to invest \$1 billion in mobile and digital banking services.

What is the **most** likely reason for such an investment?

- A Customers will be able to access all the services offered by the bank.
- B Customers will save money on visits to bank branches.
- C The bank can stay in touch with customers with SMS alerts.
- D The bank wants to reduce its operating costs and make more profit.

34 Who owns a public sector enterprise?

- A private individuals
- B shareholders
- C the management
- D the state

35 A multinational is a company that

- A has factories in one country.
- B imports goods from other countries.
- C produces in many countries.
- D sells goods in one country.

36 The table shows a firm's financial data.

	\$
non-current assets	120 000
current assets	65 000
long-term liabilities	52 000
current liabilities	18 000
capital	115 000

What is the working capital?

- A \$47 000 B \$55 000 C \$83 000 D \$97 000

37 Mr Ahmed owns a small, loss-making retail store. He wants to make a profit.

What is the **most** suitable method of achieving this?

- A distributing promotion leaflets locally
- B installing extra security measures
- C making a large car park for customers
- D refitting the whole store

38 What is a social factor affecting business sales?

- A government regulations on recycling affecting how businesses package their products
- B growth of the global economy resulting in businesses offering more choice to customers
- C improved internet provision enabling the growth of global ecommerce activities
- D increase in number of women working resulting in higher demand for convenience foods

- 39 How does an etailer become more environmentally friendly?
- A Have an automated warehouse.
 - B Introduce biodegradeable packaging.
 - C Open a canteen for workers.
 - D Use more delivery vehicles.
- 40 Which action should **not** be taken to claim for a faulty product?
- A checking the warranty for the product
 - B contacting the local press to complain to them
 - C contacting the retailer to ask for a refund
 - D not using the faulty product

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