



Cambridge O Level

COMMERCE

7100/12

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. Any blank pages are indicated.



- 1 Which activity is part of primary production?
 - A canning fish
 - B constructing roads
 - C growing crops
 - D making bicycles

- 2 Which list contains only direct services?
 - A accounting, nursing, teaching
 - B advertising, insurance, shopkeeping
 - C bottling, car manufacturing, road building
 - D farming, mining, quarrying

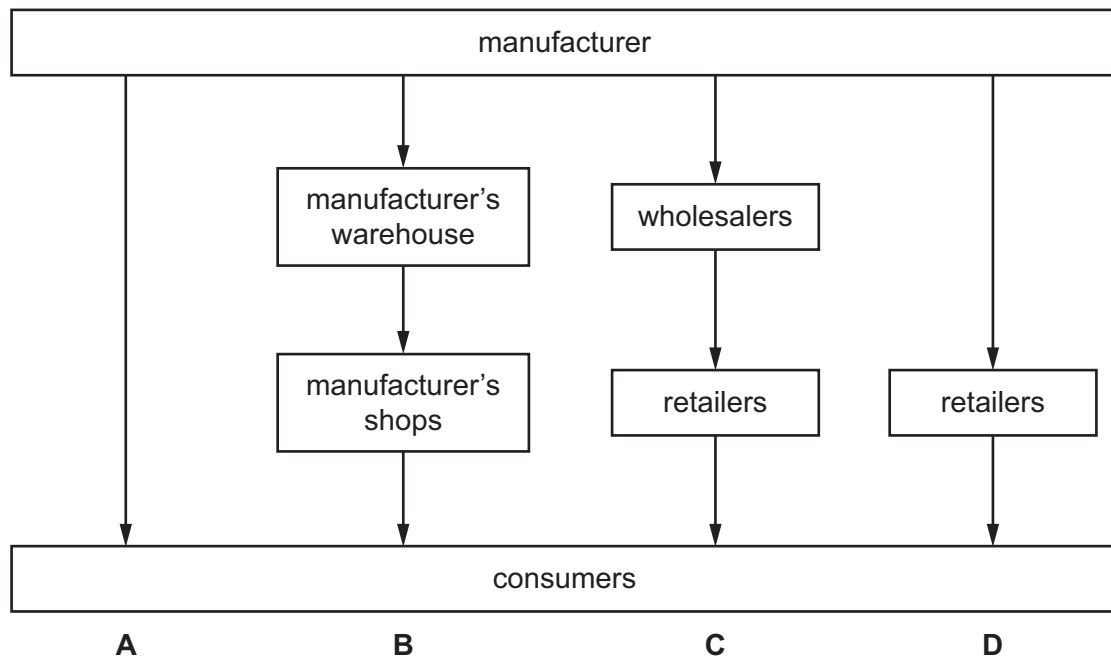
- 3 What does division of labour mean?
 - A Men and women do different tasks.
 - B Older workers are more skilful than younger workers.
 - C Production is divided into separate tasks.
 - D Workers can only work at certain times.

- 4 Commerce helps production by
 - A changing raw materials into finished goods.
 - B enabling goods to be distributed.
 - C providing necessary raw materials.
 - D using machines to produce a variety of goods.

3

5 The diagram shows four channels of distribution.

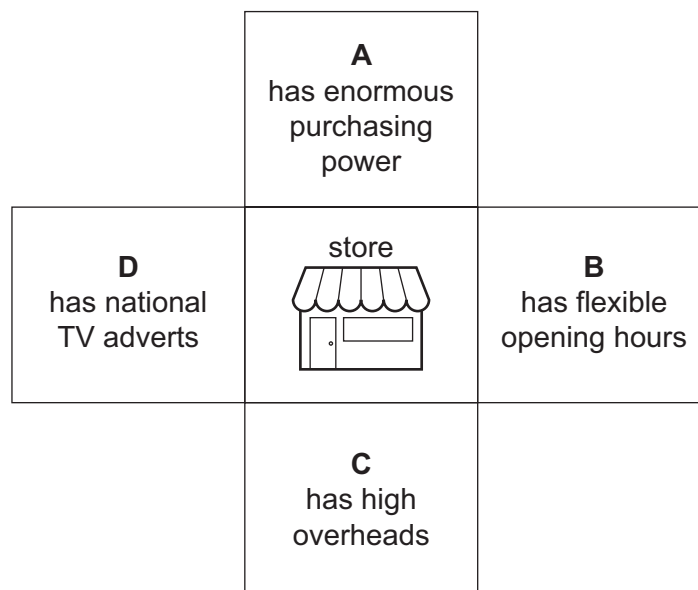
Which channel is direct selling?



6 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

7 What is a characteristic of a small-scale retailer?



- 8 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
- 9 Why do many retailers offer credit to their customers?
- A Customers can improve their standard of living.
 - B It will reduce their overheads.
 - C Their competitors already offer credit.
 - D They have to wait for payments.
- 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 A wholesaler benefits manufacturers by
- A giving information on record keeping.
 - B informing them of market trends.
 - C operating a cash and carry warehouse.
 - D providing a wide range of goods.

12 The business cards shown are used by four intermediaries.

Which intermediary does **not** have possession of goods?

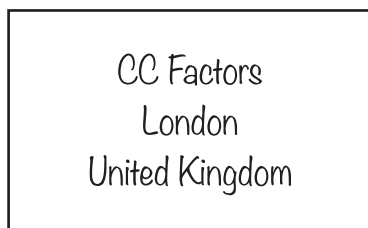
A



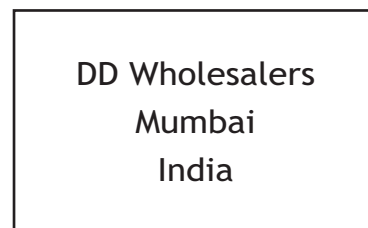
B



C



D



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 Trade discount is offered by wholesalers to

- A** encourage buyers to place large orders.
- B** persuade retailers to make prompt payment.
- C** reduce delivery charges.
- D** sell goods at higher prices.

- 15 TT Telephone Company gives its customers 10% discount for bills paid within 10 days.

Mrs Patel received this bill.

TT Telephone Company	
	Date: 1 November
Line rental	\$130.00
Cost of calls	\$50.00
Total	\$180.00
Terms: 10% 10 days.	

How much will Mrs Patel pay if she pays on 5 November?

- A** \$80 **B** \$162 **C** \$180 **D** \$198

- 16 The table shows a country's international trade.

	\$bn
visible imports	50
visible exports	60
invisible imports	28
invisible exports	46

What is the balance on the current account of the Balance of Payments?

- A** -\$36 bn **B** -\$28 bn **C** \$28 bn **D** \$36 bn

- 17 What is **not** a function of a customs authority?

- A** checking non-dutiable goods arriving at freeports
B collecting statistics of imports and exports
C ensuring any import quotas are not exceeded
D owning bonded warehouses at docks and airports

- 18 Which difficulty is **not** experienced when trading abroad?

- A** different legal systems
B distance
C language barriers
D payments of excise duties

- 19** Which statement about advertising is correct?
- A** Advertising expenditure is always passed on to the consumer.
 - B** Advertising is a waste of money as it does not benefit the manufacturer or the retailer.
 - C** Advertising needs to be regulated, otherwise it may have a harmful impact on society.
 - D** Advertising should be ignored as it is not honest or truthful.
- 20** Why would a tractor manufacturer advertise in a trade journal?
- A** captive audience
 - B** cheap advertising space
 - C** national coverage
 - D** targeted market
- 21** An international perfume business pays a famous pop singer to advertise its latest fragrance.
- Which method of appeal is being used?
- A** health
 - B** hero worship
 - C** humour
 - D** hygiene
- 22** 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
- 23** 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

- 24 Which Post Office service should be used to send valuables?
- A cash on delivery
 - B express delivery
 - C letter post
 - D registered post
- 25 What is the **best** way to transport 20 kg of gold jewellery from a jeweller in Hong Kong to a jeweller in London?
- A by air, sea and road
 - B by road, air and rail
 - C by road, air and road
 - D by road, air and sea
- 26 Which product would a container ship be used to transport?
- A furniture
 - B live animals
 - C newspapers
 - D urgent medical supplies
- 27 How may some goods ordered on the internet be delivered to customers' homes?
- A drones
 - B hovercraft
 - C ferry
 - D railway
- 28 The owner of an apple farm requires a warehouse because apples are
- A durable.
 - B expensive.
 - C mass produced.
 - D seasonal.

29 What is the basis of insurance?

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

30 Which risk would be covered by employer's liability insurance?

- A** worker crashes car on way to work
- B** worker injured falling on wet factory floor
- C** workers' canteen closed due to hygiene concerns
- D** workers' wages reduced due to downturn in economy

31 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

32 Banks give customers a PIN to

- A** allow facial recognition by counter staff.
- B** enable easy access to overdraft facilities.
- C** encourage movement towards a cashless society.
- D** provide secure access when using an ATM.

33 What is a mobile wallet?

- A** documentary letter of credit
- B** foreign currency exchange
- C** night safe service
- D** payment app on a smartphone

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.

	\$
cost of sales	600 000
gross profit	200 000
purchases	300 000
total expenses	100 000

What is the profit for the year?

- A \$100 000 B \$300 000 C \$400 000 D \$500 000

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

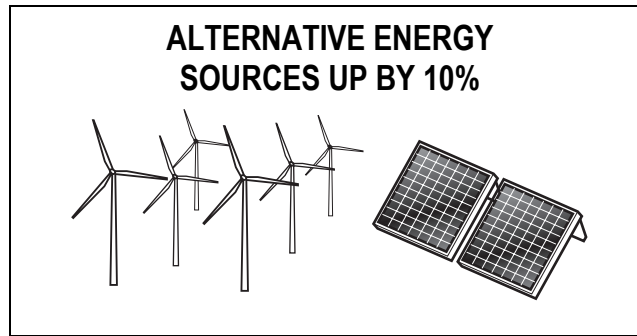
What is the **most** suitable method of achieving this?

- 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 political factor which affects the commercial activity in a country?

- A a general election which changes the government
- B a greater number of young people in the country
- C a rise in the number of people unemployed
- D an increase in the use of wind and solar energy

39 This headline appeared in a newspaper.



What is the purpose of alternative energy sources?

- A to reduce global warming
 - B to reduce hazardous products
 - C to reduce noise pollution
 - D to reduce traffic congestion
- 40 Javed bought a TV which became faulty after 10 days. He was refused a replacement or a refund.

Which consumer right has been broken?

- A choice
- B information
- C redress
- D service

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