UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

COMMERCE **7100/13**

Paper 1 Multiple Choice **May/June 2012**

1 hour

Additional Materials: Multiple Choice Answer Sheet

Additional Materials:
(**not** provided by CIE) Soft clean eraser
Soft pencil (type B or HB is recommended)
Ruler
Protractor

7971789311

READ THESE INSTRUCTIONS FIRST

Write in soft pencil.
Do not use staples, paper clips, highlighters, 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.

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.

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UNIVERSITY of CAMBRIDGE
International Examinations

1 People have a number of basic needs.

What do these needs include?

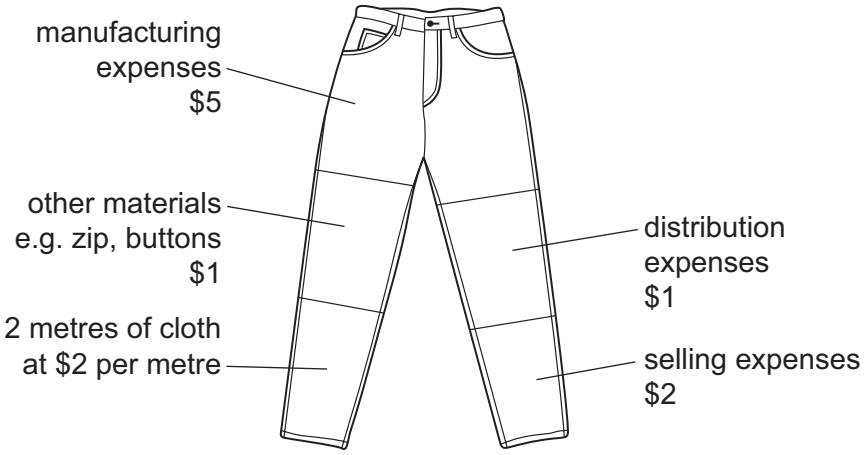
A entertainment and tourism

B food and water

C insurance and medical care

D transport and communication

2 The diagram shows the costs involved in making and selling a pair of jeans.



How much value is added to the two metres of cloth in **making** the pair of jeans?

A $6 **B** $8 **C** $9 **D** $13

3 Nasir and his three partners intend to sell DVDs on the Internet and to deliver them by post. Each partner will specialise in one area of the business as shown below.

Nasir	ordering and stock control
Partner 2	sales and despatch
Partner 3	finance and accounts
Partner 4	**X**

Which task, shown as **X**, is likely to be undertaken by Partner 4?

A advertising and website design

B driving a delivery van

C managing a retail shop

D supervising the workforce

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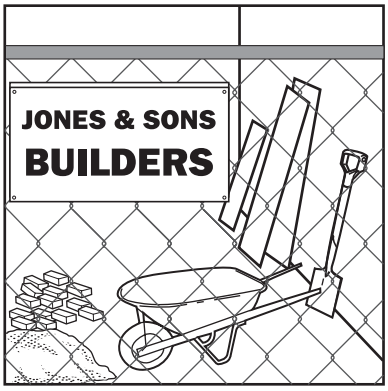
4 The diagrams show four occupations.

Which occupation would be classified as trade?

A



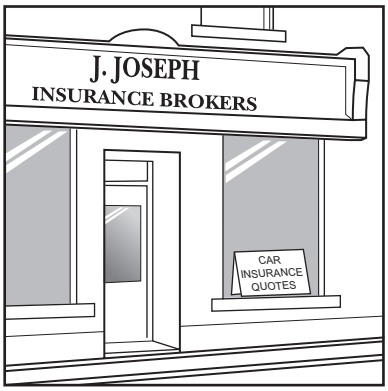
B



C



D



5 What is the chain of distribution for manufactured goods?

A consumer → retailer → wholesaler → manufacturer

B consumer → wholesaler → retailer → manufacturer

C manufacturer → wholesaler → consumer → retailer

D manufacturer → wholesaler → retailer → consumer

6 What is a multiple chain?

A a group of retailers buying from one wholesaler

B a group of wholesalers

C a large-scale retailer with many similar branches

D a large self-service store

7 What has helped the self-service system of retailing to expand?

A after-sales service

B branding

C delivery service

D the growth of credit

8 What is an advantage to a customer of shopping online?

A bulk buying

B convenience

C free delivery

D high quality goods

9 How is informal credit different from extended credit as a means of payment for goods?

A Goods bought are not usually of re-saleable value.

B Goods can be used or consumed before they are paid for.

C Interest is not charged if the bill is paid before a certain date.

D The seller of the goods usually knows the customer personally.

10 Which of the following is **not** a purpose of a consumer magazine?

A advertising new goods

B promoting goods that are value for money

C providing advice on goods and services

D testing a range of goods

11 In which trade is the wholesaler most likely to be eliminated?

A blankets

B bread

C clothes

D meat

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12 Which service does a wholesaler provide for retailers?

A credit information about customers

B debt collection

C maintenance of goods

D wide variety of goods

13 A factor is an agent who

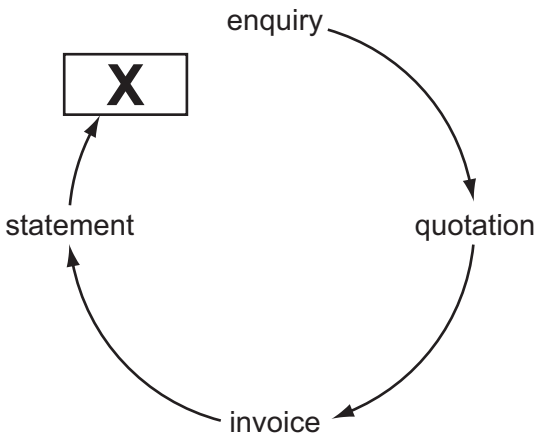
A charges higher commission than other agents.

B guarantees to sell goods for his principal.

C owns the goods that he is offering for sale.

D sells the goods which he has in his possession.

14 The diagram represents a business transaction.



What is the missing document **X**?

A advice note

B catalogue

C delivery note

D receipt

15 What is the purpose of printing 'E. and O.E.' on an invoice?

A to enable mistakes to be corrected later by the supplier

B to ensure that the customer does not alter the figures

C to give details of cash and trade discounts

D to show that the supplier has made an error

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16 The balance of a monthly statement dated 10 June is $1000.

The cash discount terms are: 5% two weeks; 2.5% one month.

When the account is settled on 28 June, how much is paid?

A $25 **B** $50 **C** $950 **D** $975

17 A country has the following trading figures for a year.

imports		exports	
visible	$436 million	visible	$478 million
invisible	$650 million	invisible	$620 million

What is the Balance of Trade for this country for the year?

A –$42 million

B –$30 million

C +$12 million

D +$42 million

18 Why does a country impose customs duties?

A to cover transport costs

B to increase imports

C to obtain revenue

D to reduce home consumption of goods

19 Which definition describes a trading bloc?

A a group of countries which agree to eliminate all trading restrictions with each other

B a group of countries which control supplies of natural resources to influence world prices

C a large multinational company which tries to monopolise global trade in all its products

D a number of companies which deal in similar products and share advertising costs

20 Why would a country introduce quotas?

A to increase imports

B to protect home industries

C to provide government revenue

D to reduce exports

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21 What would be a **disadvantage** to a business of advertising on the Internet?

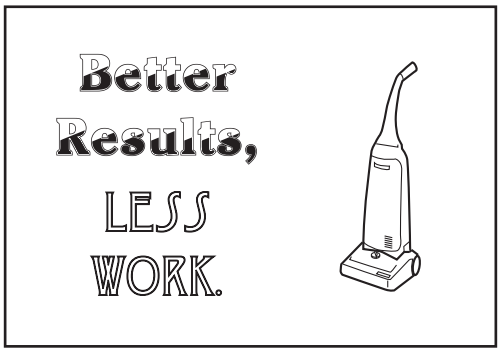
A Advertisements are difficult to change.

B It is difficult for competitors to view the products offered.

C The design of the website is expensive.

D The website can be viewed anywhere.

22 This advertisement is for a vacuum cleaner.



Which method of appeal best fits the advertisement?

A ambition

B desire for an easy life

C feminine appeal

D love of a bargain

23 A point of sale display will attract customers who are

A ordering from mail order catalogues.

B surfing the Internet.

C using vending machines.

D visiting a shop.

24 Communications play an important part in assisting trade within the global economy.

Which reason best explains the above statement?

A Communications support all commercial transactions within a country.

B Communications link traders in all parts of the world.

C Different currencies are required for overseas trade.

D Email can be used to communicate written messages.

25 What is an example of a telecommunications service?

A business reply

B private box

C registered delivery

D voicemail

26 A farmer wants to send title deeds to his bank.

Which postal service should be used for these important documents?

A airmail

B parcel post

C poste restante

D registered post

27 For which of the following would delivery by air transport be suitable?

A a bulk consignment of oil from the Middle East to Japan

B a large quantity of iron ore from Australia to Japan

C spare parts of a machine to be sent from London to Cape Town

D the daily delivery of perishable goods to a nearby town

28 What is a **disadvantage** of containerisation?

A Freight charges are low.

B Mechanised handling of containers saves time.

C Risk of theft is reduced.

D Specialised handling equipment is needed.

29 Which service is provided at both seaports and airports for the handling of international cargo?

A car hire

B customs inspection

C navigational lights

D runways

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30 What is a function of warehousing?

A to maintain supplies

B to manufacture goods

C to provide after-sales service

D to standardise goods

31 Which type of goods are stored in a bonded warehouse?

A goods from a particular manufacturer

B goods on which customs duty has not yet been paid

C goods produced locally before they are demanded

D goods produced locally for packing

32 Why do businesses use insurance?

A to increase sales

B to make a profit

C to protect from risk

D to reduce competition

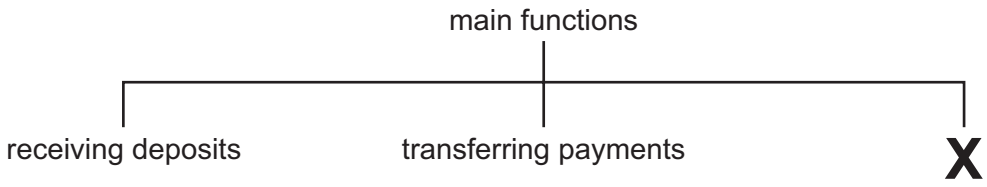
33 Alpha Insurance Ltd offers house contents cover at a rate of $20 per $1000 of cover required. Those buying via the Internet get a 10 % discount on premiums.

Tsvetan wishes to obtain $80 000 cover via the Internet.

What is the total amount payable?

A $1440 **B** $1600 **C** $1760 **D** $4000

34 The diagram shows the **main** functions of a bank.



What does **X** represent?

A lending money

B offering insurance advice

C providing business references

D safeguarding valuables

35 An ATM enables a customer to

A manage direct debits.

B obtain a loan or an overdraft.

C request a bank statement.

D transfer money to another country.

36 Which statement applies to partnerships?

A Their names are followed by the letters ‘Ltd’.

B They are owned and run by the government.

C They have at least two owners.

D They sell shares to the general public to raise capital.

37 What is a multinational corporation?

A a government-owned enterprise in an important industry

B a group of companies that exports to many countries

C a large company with branches all over one country

D a very large company with branches in many countries

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38 Mrs Dhar wishes to start a business. Her bank offers her a loan.

The bank agrees to loan her $60 000 at a fixed interest rate of 10 % per year, providing she repays the loan and interest back in equal monthly instalments over a five-year period.

What is the monthly instalment?

A $500 **B** $1 100 **C** $1 500 **D** $5 000

39 A supermarket chain wishes to increase its sales of butter.

Which action would be best?

A buy a new display unit

B find a new supplier

C reduce the price of butter

D reduce the price of margarine

40 Mariam sells CDs and DVDs. Last year, the value of her sales was $360 000. She worked out that her average stock at selling price was $20 000.

What was her rate of turnover for the year?

A 0.55 **B** 18 **C** 18 % **D** 340 000

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