Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

COMMERCE **7100/12**

Paper 1 Multiple Choice **May/June 2015**

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

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.

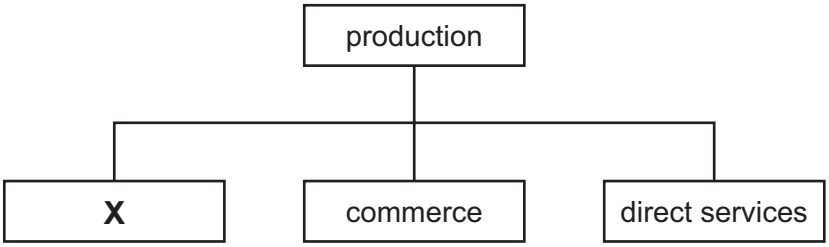
The businesses described in this question paper are entirely fictitious.

This document consists of **11** printed pages and **1** blank page.

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CAMBRIDGE
International Examinations

1 The diagram shows the parts of production.



What is **X**?

A aids to trade

B industry

C trade

D warehousing

2 Specialisation within a firm results in

A decreased output.

B greater stability of employment.

C increased use of automation.

D longer periods of worker training.

3 “Commercial services and direct services are interrelated.”

Which example illustrates this statement?

A a farmer paying a vet to vaccinate his cattle

B a lawyer drawing up a contract between a wholesaler and a retailer

C an architect preparing plans for a new car factory

D a teacher preparing students for an examination in Commerce

4 Which retail outlet offers a wide variety of services to consumers?

A department store

B mobile shop

C multiple chain store

D supermarket

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5 Why do manufacturers brand their goods?

A to enable customers to recognise the goods

B to make the handling of goods easier

C to reduce the damage to goods

D to show the date by which the goods must be sold

6 What is a characteristic of mail order trading?

A an elaborate showroom for goods

B expensive town centre premises

C high costs of postage and advertising

D the elimination of bad debts

7 Which question is **most** important for a customer considering buying goods on credit?

A Are the goods fit for the purpose?

B Do the goods represent value for money?

C What discount will be given by the retailer?

D What is the difference between the cash price and the credit price?

8 Seals of approval on manufactured goods mean that

A they are cheaper than other goods.

B they have been advertised to persuade customers to buy.

C they have been tested for quality.

D they were made by a well-known company.

9 The decline of the independent wholesaler has been caused partly by the growth of

A automatic vending machines.

B cash and carry warehouses.

C large-scale retailers.

D mobile shops.

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[Turn over

10 A general wholesaler acts as a middleman between the manufacturer and the retailer.

Which function carried out by the wholesaler benefits **both** the manufacturer and the retailer?

A clearing stocks to enable production to continue

B giving help and advice on the use of new products

C providing a wide variety of goods

D taking the risks of losses from unsold goods

11 The following advertisement recently appeared on the Internet.

Interspere

moving goods to customers

worldwide coverage

packing containerisation insurance arranged customs clearance

What type of business is Interspere?

A a freight forwarding company

B a warehousing company

C a wholesaler

D an export merchant

12 Malay Motors Ltd produces parts for cars. The manager wants to find buyers for the goods which are kept at the factory and which Malay Motors Ltd will deliver to the buyer.

She decides to use the services of an intermediary to find buyers for the goods.

Which intermediary is she **most** likely to use?

A broker

B del credere agent

C factor

D forwarding agent

13 What would the supplier do when goods have been overcharged on an invoice?

A give a cash discount

B issue a credit note

C provide a new order form

D send an advice note

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14 The diagram shows the statement of account for ABC Ltd from New Fashion Wholesalers.

STATEMENT OF ACCOUNT

New Fashion Wholesalers
Crown Avenue

To: ABC Ltd
10 Ming Street
Singapore

Month ending: 31 May 2015

Terms: 5% 14 days

Date	Details	Debit $	Credit $	Balance $
01 May	Balance owed			360
05 May	Cheque		342	18
	Cash Discount		18	0
10 May	Invoice 7891	300		300
21 May	Invoice 8234	450		750
27 May	Credit Note		40	**X**

What is the balance on 27 May 2015 marked **X** on the statement of account?

A $710 **B** $750 **C** $790 **D** $1050

15 On which document would the amount of trade discount be shown?

A delivery note

B enquiry

C invoice

D order form

16 A shop sells a television for $750. The shop had a mark-up of 20% on the television set. What price did the shop pay for the television?

A $150

B $600

C $625

D $750

17 Why does a country import raw materials from other countries?

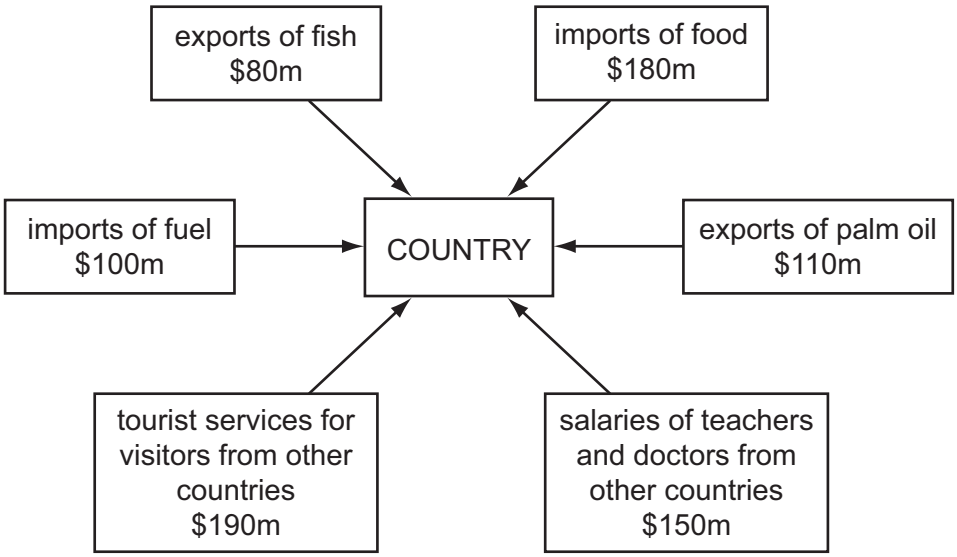
A to assist home production

B to improve the balance of trade

C to obtain customs revenue

D to protect home industries

18 The diagram shows imports and exports of a country.



What is the total value of exports for this country?

A $190m **B** $340m **C** $380m **D** $530m

19 Enver has purchased jewellery from an importer. The jewellery is held in a bonded warehouse at the airport.

What must Enver do before he is allowed to take his jewellery from the warehouse?

A arrange for insurance against the loss of the jewellery

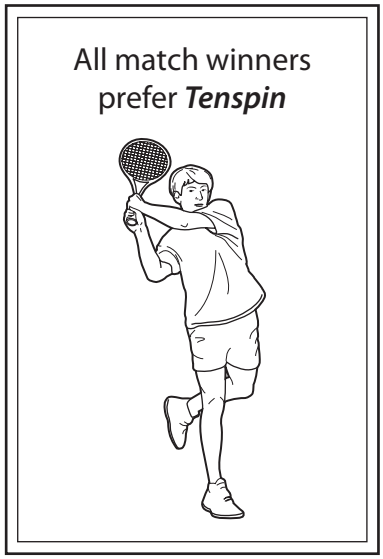
B find a buyer for the jewellery

C inform the customs officers about the jewellery so they can record it as an import

D pay the customs officers any import duty that is due on the jewellery

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20 The advertisement shows a world-famous tennis player using a popular brand of sports equipment.



Which method of appeal is being used in the advertisement to attract a consumer?

A ambition

B good health

C romance

D social acceptance

21 Which method of sales promotion would be suitable for increasing the sales of toothpaste for a short period of time?

A after-sales service

B competition prize draw

C loyalty / reward programme

D money-off coupon

22 Why would Wilby Ltd make increasing use of the Internet to advertise its products?

A to allow competitors to see what the company is selling

B to enable the company to target consumers in its local area

C to reduce the need to update the website

D to show detailed information about its range of products

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23 Why is communication important in the global economy?

A to advertise and promote goods nationwide

B to enable companies to contact customers worldwide

C to move goods urgently required

D to transport people over long distances

24 An export sales manager needs to have a meeting of overseas agents. Visual aids will be shown at this meeting.

Which telecommunications service would she use?

A e-mail

B Internet

C intranet

D videoconferencing

25 The transport of goods has been made easier by

A express road routes in many countries.

B fewer facilities at many airports.

C increased checks by customs officers.

D more detailed inspections of railway networks.

26 What is a function of a port authority?

A collecting customs duties

B controlling movement of prohibited goods

C hiring out ships

D providing refuelling facilities

27 Which process is **not** carried out in a bonded warehouse?

A blending

B bottling

C manufacturing

D selling

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28 Mr Chang is advertising his cash and carry warehouse. His advertisement includes some information which is not accurate for a cash and carry warehouse.

Chang's Cash and Carry Warehouse

offers

discounted prices
extended credit
free car parking
variety of goods

open 7 days a week!

Which part of his advertisement is **not** accurate?

A discounted prices

B extended credit

C free car parking

D variety of goods

29 Mrs Smith owns a small general store.

Why does she have various insurance policies covering different aspects of the business?

A to guard against risk

B to help customers

C to make a profit

D to reduce prices

30 What does consequential loss insurance cover?

A an injury to a customer

B expenses while a business is closed for repairs after a fire

C money stolen by a dishonest employee

D the life of an important employee

31 A cheque that is crossed

A can be cashed over a bank counter.

B has been cancelled.

C may be used by a third person.

D must be deposited into a bank account.

32 Jenni has decided to pay for her holiday air flight tickets by using her credit card.

What is the advantage of paying by credit card?

A Commission is charged on the transaction.

B Interest will be charged.

C Payment can be postponed until the end of the month.

D Payment is made directly from her bank account.

33 Sanjay purchased a washing machine from Coolray Ltd. He paid the full amount online through the company's website.

What is the **most** likely method of payment Sanjay used to pay for the washing machine?

A cheque

B debit card

C direct debit

D standing order

34 Why would a business use an Internet bank account?

A to obtain cash using an ATM

B to pay in cash and cheques received

C to seek advice on investments

D to set up direct debits and standing orders

35 Which industry would benefit **most** from being located close to the raw materials it uses?

A car manufacturing

B iron and steel making

C toy manufacturing

D watch making

36 Which type of business organisation is controlled by the government?

A partnership

B private limited company

C public corporation

D public limited company

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37 Which information is **not** contained in a partnership deed for a general partnership?

A the conditions under which new partners may be introduced

B the method of sharing profits and losses

C the responsibilities of each partner in the business

D the statement that the liability of the partners is limited

38 Which statement is true of a bank overdraft?

A Collateral security must be provided.

B Interest is calculated on a daily basis.

C It is a formal way of borrowing money.

D It is available to all applicants.

39 A clothing retailer says that her rate of turnover is five.

What does this mean?

A The average stock held remains with the retailer for five weeks.

B The mark-up is 5% more than the cost of the clothes.

C The profits are 5% of the capital invested.

D The retailer sells five times the average stock held each year.

40 The table shows the value of Chandyo Manufacturing Company's assets.

	$
cash	100 000
debtors	200 000
furniture and equipment	2 000 000
land	3 000 000
stock	1 000 000
vehicles	100 000

What is the value of Chandyo Manufacturing Company's fixed assets?

A $5 000 000 **B** $5 100 000 **C** $6 000 000 **D** $6 100 000

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