Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

COMMERCE **7100/12**

Paper 1 Multiple Choice **May/June 2018**

1 hour

Additional Materials: Multiple Choice Answer Sheet
Soft clean eraser
Soft pencil (type B or HB is recommended)
Ruler
Protractor

* 9 4 4 7 9 3 2 3 6 7 *

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.

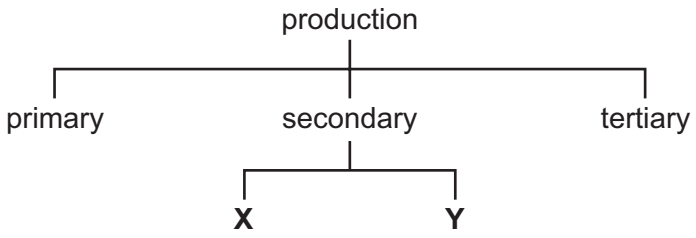
There are **forty** questions on this paper. Answer **all** questions. For each question there are four possible answers **A**, **B**, **C** and **D**.
Choose the **one** you consider correct and record your choice in **soft pencil** on the separate Answer Sheet.

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.

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1 The diagram shows stages of production.



What do **X** and **Y** represent?

A commerce and direct services

B construction and manufacturing

C extraction and processing

D trade and aids to trade

2 Which product is likely to be produced using division of labour?

A bronze sculpture

B oil painting

C silver ring

D washing machine

3 What is an example of the interdependence between commerce and direct services?

A doctors buying equipment from suppliers

B governments imposing taxes on profits of transport companies

C manufacturers banking their income from sales

D wholesalers agreeing contracts with retailers

4 Which type of retailer is usually located outside a town centre?

A department store

B hypermarket

C multiple chain

D speciality store

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5 The diagram shows a shop tag.



Which retailing practice is shown on the shop tag?

A barcoding

B branding

C loss leader

D sales coupon

6 Which card is provided by shops to reward customers for buying goods from them?

A credit card

B debit card

C loyalty card

D store card

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 Which situation is an example of a credit sale?

A buying a bicycle using a debit card

B exchanging a faulty television for another one

C leasing a computer for two years

D paying for furniture with a deposit and instalments

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9 Mrs Wang's computer needs urgent repairs so that she can answer her emails. She has no money until she receives her salary next month.

What is the **best** way to pay for these repairs to her computer?

A bank loan

B credit card

C debit card

D hire purchase

10 What does the term *chain of distribution* mean?

A moving goods from producer to customer

B preparing goods by grading or packing

C producing goods for sale

D storing goods for sale

11 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

12 Which service provided by a wholesaler is a small-scale retailer **least** likely to benefit from?

A convenient opening hours at the wholesaler's cash and carry warehouse

B credit facilities to allow the retailer to sell before making a payment

C delivery of goods to the retailer to save the retailer's transport costs

D forecasts of possible changes in the market for consumer products

13 What is the purpose of an order form?

A document enabling a buyer to return faulty goods

B instruction to a supplier to provide goods

C reply to a letter of enquiry

D request for payment for goods or services

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14 The diagram shows an invoice.

INVOICE

TD Trading Ltd

To: ABC Souvenirs — Date: 28 May 2018

Order No: 3037 — Invoice No: 273

Terms: 5% 30 days

Quantity	Cat. No.	Item	Unit Price $	Cost $
150	XY27	China Cups	5	750
50	OM32	China Plates	5	250
			Less Trade Discount	200
			Invoice Total	800

How much money will ABC Souvenirs save if payment is made immediately?

A $10 **B** $40 **C** $50 **D** $200

15 A manufacturer makes a suit. The costs are as follows.

	$
materials	30
labour	20
overheads	30

The manufacturer has a mark-up of 50% on all its retail prices.

What is the selling price of the suit?

A $60 **B** $80 **C** $120 **D** $160

16 What is *entrepôt trade*?

A arranging trade between two countries

B importing duty-free goods only

C re-exporting goods previously imported

D selling more cheaply abroad than at home

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17 The table shows some international trade figures for a country in 2017.

2017	$m
value of goods exported	800
value of goods imported	900
receipts from insuring foreign companies	400
spending by citizens on foreign travel	300
banking services provided to foreign visitors	200

What was the Balance of Payments for this country in 2017?

A –$200 m **B** –$100 m **C** +$100 m **D** +$200 m

18 Mr Coetze is a South African coffee importer. He must exchange South African rand for US dollars to pay for the coffee. The South African rand has gone up in value compared to the US dollar.

How will this affect his business?

A He will not know what to pay for the coffee.

B He will pay for the coffee in rand.

C He will pay less for the coffee.

D He will pay more for the coffee.

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19 The diagram shows an advertising method of appeal.



Which advertising method of appeal is shown?

A affluence

B durability

C love of a bargain

D social acceptance

20 A manufacturer of soft drinks has decided to advertise on the internet because

A computer users can block unwanted messages by installing security software.

B instructions can be given on how to use the products.

C market coverage is limited to those who surf the internet.

D the advertisement can appear on popular websites and homepages.

21 What would companies trading in the global economy find **most** useful to know about?

A benefits of insurance through the pooling of risks

B exchange rates of different currencies

C survival of small retail shops across the world

D weather conditions in their own countries

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22 Why do many businesses have databases?

A They can be used to keep and retrieve individual records.

B They can combine text and graphics to produce professional publications.

C They can perform complex calculations.

D They can produce high quality business presentations.

23 What are Twitter and Facebook?

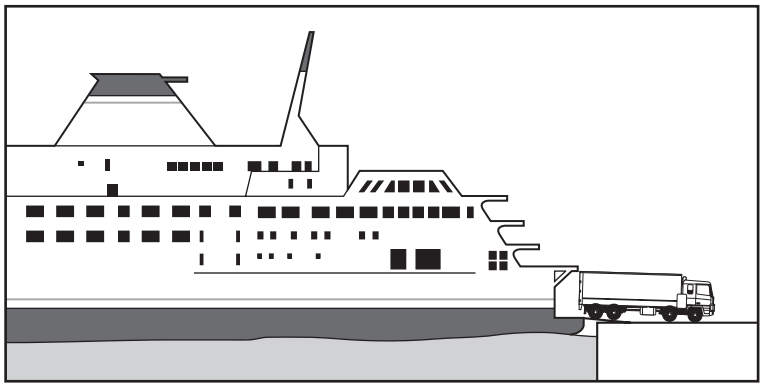
A apps

B smartphones

C social media

D tablets

24 The diagram shows a way of moving goods.



Which form of sea transport is shown in the picture?

A cargo ship

B container ship

C roll-on, roll-off ferry

D tanker

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

A car hire

B customs inspection

C quays

D runways

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26 What is **not** a function of a warehouse?

A to create a place for grading

B to help in stockpiling

C to manufacture goods

D to provide storage

27 A consignment of tea, on which duty is payable, is sent to England from India.

Where will the tea be stored when it arrives in England?

A bonded warehouse

B cash and carry warehouse

C regional distribution centre

D wholesale warehouse

28 Which risk is non-insurable?

A bad management

B broken window

C car accident

D warehouse flood

29 The value of Mr Omo's house is $150 000. The contents are valued at $40 000 for which ABC Insurance has quoted him a price of $50 per $10 000 of value.

How much will Mr Omo's contents insurance premium be?

A $50 **B** $200 **C** $750 **D** $950

30 What is a *direct debit*?

A a method by which a bank charges a current account holder for its services

B money taken automatically by a creditor from a current account

C payment of several bills with one cheque for the total amount

D the bank's own cheque paid on behalf of a customer

31 What effect will the move towards a cashless society have on the buying of products?

A More people will use their smartphones for all kinds of transactions.

B Risks of identity theft from businesses will be reduced.

C There will be an increase in the use of cheques to pay for products.

D There will be no notes and coins used when buying products.

32 Which service is **not** offered by internet banking?

A opening a deposit account

B paying bills internationally

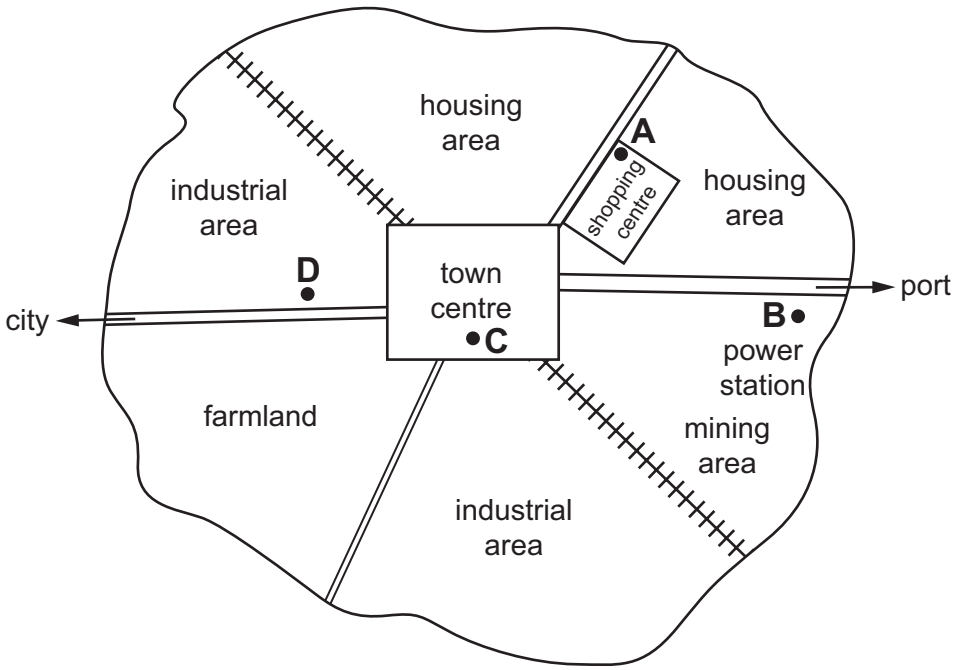
C transferring funds

D withdrawing cash

33 The map shows a town centre and its surrounding area.

Four locations, **A**, **B**, **C** and **D**, are marked on the map.

Which location would be **most** suitable for a company planning to open a large supermarket?



34 Which definition describes a multinational company?

A It is formed by two or more organisations, now trading as one company.

B It is owned and run by a government to provide a service nationally.

C It is owned by many shareholders who live and work in other countries.

D It operates in many countries, with its headquarters in one country.

35 Which source of finance would **not** be available to a partnership?

A bank loan

B retained profit

C share issue

D trade credit

36 Mr Hanif sometimes struggles to pay his suppliers' bills.

Which method of finance is he **most** likely to use to pay these bills?

A debenture

B hire purchase

C mortgage

D overdraft

37 A trader's gross profit is 35% of turnover and her net profit is 15% of turnover.

If her turnover is $30 000, what are her trading expenses?

A $4500 **B** $6000 **C** $10 500 **D** $15 000

38 How will commercial activity be affected if a country's economy is improving?

A Spending by consumers on leisure activities will increase.

B There will be a lower level of output.

C The value of retail sales will fall.

D Wholesalers will offer bigger discounts to clear unsold stock.

39 What may be an effect of pollution in the atmosphere?

A greater risk of global warming

B increased use of solar panels

C more commercial waste in rivers and seas

D noisier living and working conditions

40 Which reason, given by a consumer when returning food, may a retailer refuse to accept?

A 'I was given a misleading description.'

B 'It is not fit for intended purpose.'

C 'It is not of satisfactory quality.'

D 'It was too expensive.'

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