Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/12**

Paper 1 Multiple Choice **May/June 2022**

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.

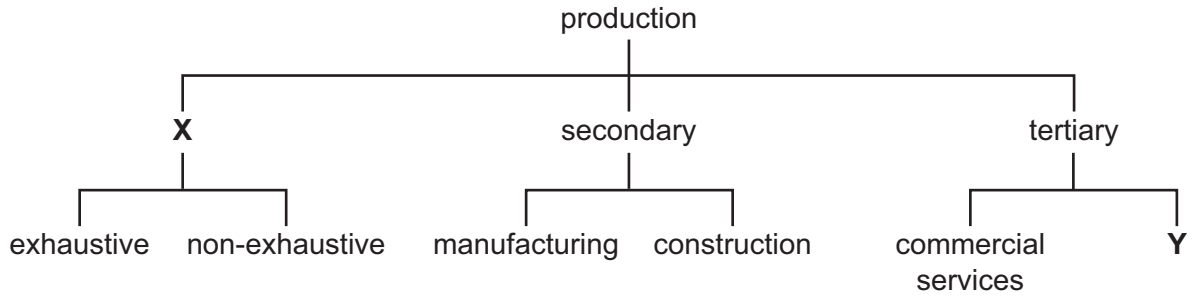
INFORMATION

- 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.

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1 The diagram shows branches of production.



What are **X** and **Y**?

A distribution and storage

B primary and direct services

C specialisation and industry

D wholesaling and retailing

2 Which organisation provides an aid to trade?

A JJ Wholesalers

B MM Importers / Exporters

C PP Department Store

D RR Transport Company

3 'Commercial services and direct services are interrelated.'

What is an example of 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 a teacher preparing students for an examination in Commerce

D an architect preparing plans for a new car factory

4 Which service is provided by a retailer to a manufacturer?

A clearing production lines

B displaying goods in a warehouse

C obtaining natural resources

D producing finished goods

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5 A city has the following numbers of retail outlets.

1 department store	2 variety chain stores
3 supermarkets	22 independent stores
10 multiple chain stores	30 hawker stalls

How many large-scale retail outlets are there in this city?

A 6 **B** 14 **C** 16 **D** 28

6 Which service to customers is **not** normally a feature of a large-scale retail organisation?

A informal credit

B home delivery service

C loyalty cards

D open 7 days a week

7 Which impact on customer shopping patterns has been caused by the growth in ecommerce?

A Consumers visit more physical shops to view potential purchases.

B Fewer consumers use smartphones to do their shopping.

C Some high street retailers have closed their stores.

D The value of online sales falls each year.

8 A student wishes to buy a laptop.

Which factor would be the **least** important when deciding which type of credit to use?

A immediate ownership

B length of repayment period

C number of instalments

D overall total cost

9 What is meant by the chain of distribution?

A manufacturing goods for sale to wholesalers

B packing goods for sale in a warehouse

C transferring goods from producer to consumer

D transporting goods to shops and online retailers

10 Kosey is an import agent. He agrees to help an importer sell 100 beds. A buyer has agreed to a sales price of $400 for each bed.

The agreed commission is 5%.

How much does Kosey receive?

A $5 **B** $20 **C** $2000 **D** $20 000

11 In which order are the following home trade documents used?

	first →			last
A	enquiry	order	invoice	statement
B	enquiry	order	statement	invoice
C	order	enquiry	invoice	statement
D	statement	invoice	enquiry	order

12 A wholesaler buys goods from a manufacturer at $10 per item and sells them to retailers at $12 per item.

What is the wholesaler's mark-up?

A 2% **B** 5% **C** 6% **D** 20%

13 Which activity is an example of visible trade?

A banking services provided to other countries

B export of movies and streaming services

C foreign tourists visiting a country

D import of cars and trucks

14 Which transaction is a visible export?

A Italy encourages tourism from other countries.

B Saudi Arabia receives investment money from France.

C South Korea manufactures and sells electronics to other countries.

D The UK buys wine from Australia.

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15 What is a function of a customs authority?

A ensuring efficient handling of imports and exports

B keeping statistical records of imports and exports

C maintaining ports and airports

D providing storage for dutiable imported goods

16 Collective advertising is advertising

A a specific product by a manufacturer.

B a variety of products by a company.

C aimed at boosting a company's popularity.

D placed by a group of traders.

17 The picture shows an informative advertisement for children to eat fruit.



Which method of appeal is being used?

A humour

B hygiene

C social acceptance

D status and ambition

18 Why do companies advertise using social media?

A More people need to be employed in advertising.

B More people watch television.

C They reach a targeted audience.

D They reach every person using the internet.

19 Which statement is correct?

Effective global communication enables

A businesses to have customers worldwide.

B payments to be guaranteed.

C reduction of debts between traders.

D technical breakdowns to be overcome.

20 Which trend is **most** likely to have increased the use of a parcel delivery service?

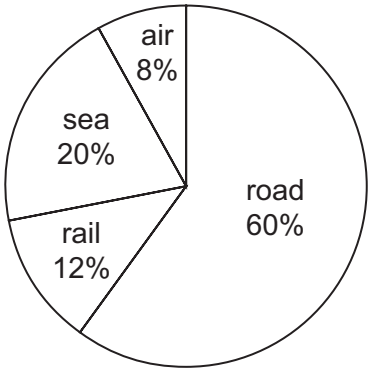
A More communications are made using email.

B More purchases are made using ecommerce.

C Speedy communication is important to deliver letters.

D Younger people communicate more using social media.

21 The chart shows the methods of transport by which goods are delivered to customers.



Which percentage of the goods would be delivered directly to customers' homes?

A 12% **B** 60% **C** 72% **D** 80%

22 What is a responsibility of a port authority?

A checking the movement of people into and out of a country

B maintaining runways and hangars for aircraft

C providing office space and warehouses

D supervising the movement of imported and exported goods

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23 Flowers are sent by cargo plane from Asia to the UK.

Which document is completed as evidence of the contract of carriage?

A advice note

B air waybill

C bill of lading

D delivery note

24 What is the **most** likely reason for a supermarket chain to use warehousing?

A It helps to avoid tying up working capital in unused stock.

B It needs to maintain spare stock for production.

C It purchases stock in bulk from overseas suppliers.

D It wants to reduce theft of stock from its shops.

25 Where would imported goods be stored until taxes and duty have been paid?

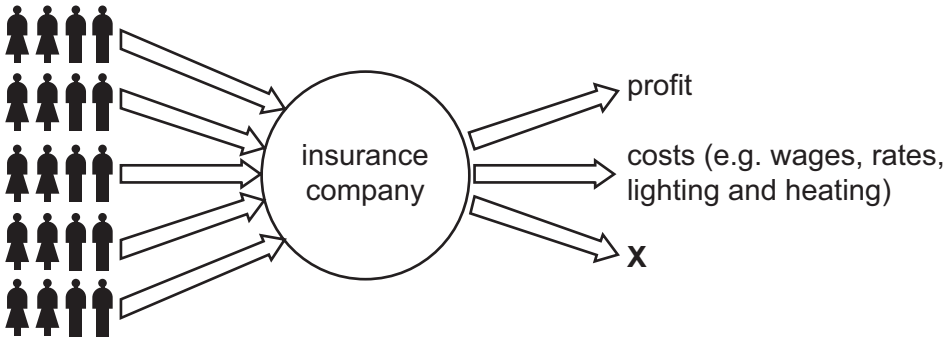
A bonded warehouse

B cash and carry warehouse

C cold storage warehouse

D regional distribution centre

26 The diagram shows the pooling of risk.



What does **X** represent?

A claims

B interest

C loans

D transfers

27 What is an example of a non-insurable risk?

A damage to goods being transported

B loss of profits due to poor management

C non-payment of debts by customers

D theft of cash by an employee

28 Which insurance principle explains why a person has no right to insure a neighbour's house?

A indemnity

B insurable interest

C pooling of risk

D utmost good faith

29 A government has published last year's figures for burglaries.

regions	number of burglaries per 1000 homes
north	35
south	3
east	9
west	22

This information is useful to insurance companies in this country because it helps them to

A calculate the premiums they charge for household insurance.

B calculate their costs for household insurance.

C decide in which region to locate their headquarters.

D decide in which regions to offer public liability insurance.

30 What is an inflow of funds into a customer's bank account?

A dividends on investments

B standing orders for regular payments

C transfers of money to other banks

D withdrawals of cash

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31 What is an advantage to a bank of encouraging customers to use internet banking?

A The bank can provide cash to customers whenever needed.

B The bank has personal contact with customers.

C The bank spends less on staff and premises.

D The bank will have less problems with fraud.

32 What are two location factors to consider when siting a business?

A insurance and advertising

B limited liability and raw materials

C supply of labour and finance

D transport facilities and closeness to market

33 Who owns organisations in the public sector?

A customers

B employees

C government

D shareholders

34 Salima has savings to start a hairdressing business but she has no business experience.

A friend suggests that she should invest in a franchise.

Which advantage of operating as a franchise will be **most** important for Salima?

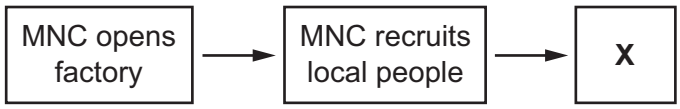
A It will be easier for a franchisee to obtain bank finance.

B Some of the start-up costs may be paid by the franchisor.

C The franchisor may provide suitable premises.

D The franchisor will provide management training and advice.

35 The diagram shows how a host country would benefit from a multinational company (MNC) opening a factory there.



What is **X**?

A MNC pays employees low wages

B MNC puts firms in host country out of business

C MNC sends profits back to home country

D MNC trains employees in new skills

36 Which business is **most** likely to have the highest rate of inventory turnover?

A a bookshop

B a fruit stall

C a jewellery shop

D a motor car dealer

37 Which activity would improve sales turnover quickly?

A advertise products again

B carry out market research

C employ more staff

D reduce prices

38 What is a political factor that affects commercial activity?

A healthcare

B pollution

C taxation

D technology

39 What is an environmental impact of the growth of ecommerce?

A Consumers are provided with a wider choice of products.

B Consumers cannot return unwanted goods.

C More people are employed in warehouses.

D More transport is used to deliver goods to consumers.

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40 These words are printed on the reverse side of a till receipt.

Sale goods must be returned within 7 days of purchase.
Refunds will be made using the same method of payment as the original transaction.

This receipt or proof of purchase must be provided.

THIS DOES NOT AFFECT YOUR STATUTORY RIGHTS.

To which type of legislation do the words 'statutory rights' refer?

A consumer credit

B consumer protection

C equal opportunities

D public liability

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