Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/12**

Paper 1 Multiple Choice **May/June 2023**

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.

IB23 06_7100_12/3RP
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[Turn over

1 Which statement describes production?

A creating products which satisfy consumers

B distributing finished goods to consumers

C obtaining natural resources from the Earth

D providing direct services to consumers

2 What is an example of trading?

A banking

B manufacturing

C retailing

D transporting

3 How do direct services help industry?

A assisting the health of people

B providing transportation of goods

C supplying raw materials

D taking the risk out of business

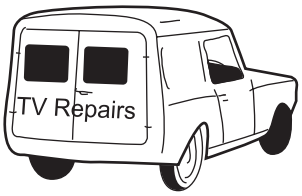
4 The diagrams show the services offered to customers by a television retailer.

Which service is provided by the retailer **after** a television has been purchased by a customer?

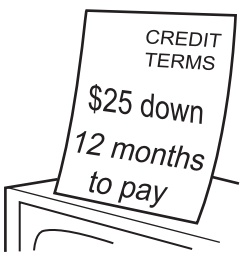
A



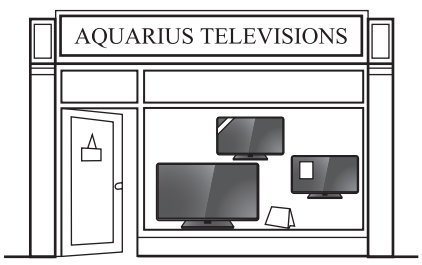
B



C



D



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5 A chain of petrol stations decides to install automatic vending machines for soft drinks and chocolates inside many of its outlets.

What is the **most** likely reason for this decision?

A availability of free space

B little need for maintenance

C no labour costs

D potential for extra income

6 Despite competition from large-scale retailers, why do small-scale retailers continue to exist?

A They offer cheaper goods.

B They offer many facilities.

C They offer nearness to customers.

D They offer a wider choice of goods.

7 Which selling technique is **not** offered by supermarkets?

A branded goods

B hire purchase

C loss leaders

D self-service

8 This label was displayed on a tablet computer in a store.

Cash Price: $450

Hire Purchase Price:
Deposit $200 and 12 monthly installments of $25

How much **more** would the tablet computer cost if it was bought on hire purchase?

A $25 **B** $50 **C** $300 **D** $500

9 The diagram shows a distribution channel for a UK company selling to South Africa.

UK manufacturer
↓
import agent in South Africa
↓
South Africa's wholesalers

The import agent's function is to put the manufacturer in touch with wholesalers in South Africa.

What is the import agent acting as?

A broker

B del credere agent

C factor

D merchant

10 HF Wholesalers prepared a statement of account for LL Trading.

STATEMENT OF ACCOUNT

HF WHOLESALERS
TRENDY ROAD
LONDON

To LL Trading
110 Main Road
London

Month Ending May 31 2023

DATE	DETAILS	DEBIT	CREDIT	BALANCE
		$	$	$
1 May	balance owed			500
6 May	cheque no. 652		425	75
6 May	cash discount		75	0
12 May	invoice no. 146	600		600
22 May	invoice no. 210	900		1500
26 May	credit note no. 20		80	1420
29 May	sales	300		

How much did LL Trading owe HF Wholesalers on 31 May?

A $1120 **B** $1720 **C** $1800 **D** $4095

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11 On 2 November 2022, a sports retailer purchased sports clothing for $800 from a manufacturer on the following credit terms.

trade discount	25%
cash discount	5% 30 days

If payment was made in full on 27 November 2022, how much was paid?

A $200 **B** $570 **C** $600 **D** $760

12 Which statement explains why countries conduct international trade?

A It allows countries to sell surplus goods.

B It enables countries to compare prices of goods.

C It makes countries dependent on other countries.

D It permits countries to use the same currency.

13 What is an invisible export in the Balance of Payments for a country?

A financial institutions lending to a foreign country

B payments being made to a foreign bank

C surplus food being sold to another country

D tourists taking holidays in another country

14 Which statement about free trade is correct?

A Free trade applies only to imports and restrictions can still apply to exports.

B Free trade may lead to a common pricing structure among member countries.

C Trading blocs encourage free trade between member countries.

D Trading blocs lead to reduced choice for consumers.

15 An advertisement for a plumber is shown.

K Plumbers
All plumbing jobs undertaken - no job too small
24-hour emergency service
Telephone 01234 567890

Which type of advertising is shown?

A collective

B competitive

C informative

D persuasive

16 What is an example of advertising media?

A coupons

B posters

C samples

D special offers

17 What is sales promotion?

A collective advertising of products

B methods of pricing products

C plans for increasing long-term sales

D strategies to attract consumers

18 Why is communication important for a multinational company operating in the global market?

A to allow the company to sell more goods in the home market

B to enable the company to operate as a single unit

C to reduce tariffs and quotas imposed in international trade

D to transport goods from its warehouses to ports and airports

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19 Consumers now rely on smartphones as a multifunctional tool.

Which function is **most** likely to help a retailer increase sales?

A accessing social media sites to share information with friends

B adding new mobile apps

C text messaging to keep in contact with friends

D using QR codes for quick access

20 How is most of the world's oil transported internationally?

A aeroplane

B goods train

C ocean tanker

D ro-ro ferry

21 Which problem has arisen with the increased use of containerisation in transport?

A greater need for customs clearance

B consignors may have more than container loads

C the need to provide more warehouse facilities

D the need to provide purpose-built ships and vehicles

22 What is **not** a feature of a seaport?

A hangars and runways

B immigration and customs

C lorry parks and warehousing

D quays and docks

23 What is **not** a function of warehousing?

A assisting the supply of goods

B preventing damage by fire

C protecting goods from deterioration

D reducing price fluctuations

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[Turn over

24 Which risk is a retailer likely to insure against?

A bad management

B bad weather

C marine

D public liability

25 A retailer insures his premises against the risk of fire but does not tell the insurer that he sells paraffin in the shop.

If there is a fire, which principle of insurance will prevent him from being compensated?

A indemnity

B insurable interest

C proximate cause

D utmost good faith

26 What is the **best** description of the role of an insurance broker?

A fixes the premiums paid by customers

B gives the customer a choice of policies from different companies

C sells policies to an agent who will then sell them to the customer

D works on behalf of one insurance company and sells only its policies

27 A sole trader wishes to insure their van.

What would affect the premium charged?

A engine capacity of the van

B number of vans using the roads

C lifestyle of the van driver

D volume of goods the van can carry

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28 A bank is preparing the latest statement for NN Ltd.

date	details	debits $	credits $	balance $
				5430
6 May	cheque 100 207	25		5405
10 May	cheque 102 068	45		5360
16 May	credit transfer	260		5100
20 May	cash deposit		400	5500
31 May	direct debit	900		

What is the balance on 31 May?

A $4460 **B** $4600 **C** $6090 **D** $6400

29 Which international trade document provides the seller with a guarantee of payment if the buyer fails to make the payment?

A crossed cheque

B electronic transfer

C letter of credit

D trading certificate

30 What does moving to a cashless society mean?

A Banks are likely to have fewer branches.

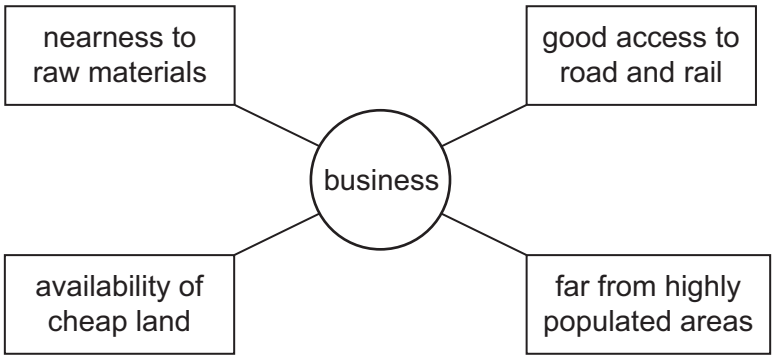
B Businesses will not suffer bad debts.

C Customers will always be safe when shopping.

D More cheques will be written.

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31 The diagram shows four factors that have influenced the location of a business.



Which type of business is **most** likely to have **all** these factors influencing its location?

A chemical plant

B food processing plant

C newspaper printing company

D sports and leisure centre

32 What is a characteristic of a public corporation?

A It has limited liability for its shareholders.

B It is a business controlled by the government.

C It operates in the private sector.

D It raises money by selling shares on a stock exchange.

33 The liability of a sole trader is

A limited by the capital raised from family members.

B limited by the value imposed by a judge in court.

C unlimited so personal assets are at risk.

D unlimited up to the value of capital employed in the business.

34 Which statement describes a multinational company?

A medium-sized company having many branches

B large company operating in one country

C very large company that dominates the local market

D very large company with worldwide markets

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35 Mr Khan bought 500 shares for $3000.

After three months, he received a total dividend of $200. He then sold the shares for $8 each.

How much did he lose or profit on the whole transaction?

A $1200 loss

B $1000 profit

C $1200 profit

D $4000 profit

36 Which commercial term is correctly matched to its formula?

	term	formula
A	cost of goods sold	sales turnover – gross profit
B	profit for the year	sales revenue – purchases
C	rate of inventory	value of sales ÷ average stock at cost price
D	working capital	current assets ÷ current liabilities

37 The increased use of online retailing by consumers has reduced the number of shops in town centres.

Which PEST factor best explains this statement?

A economic

B political

C social

D technological

38 What is a benefit to a retailer of establishing an e-shop?

A improved customer relations

B increased quantity of returned goods

C reduced selling costs

D restricted choice

39 Which commercial activity is an example of the use of renewable resources to protect the environment?

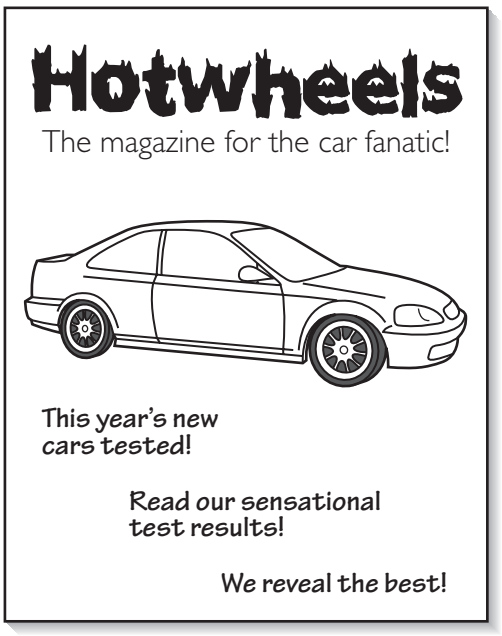
A deforestation

B intensive farming

C overfishing

D wind farming

40 The cover of Hotwheels car magazine is shown.



In which way might Hotwheels car magazine assist consumers?

A It aids car manufacturers to obtain loans from banks.

B It enables a country to increase its exports of cars.

C It helps the government ensure that consumers buy the best cars.

D It informs consumers about the performance of cars.

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