UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

COMMERCE **7100/11**

Paper 1 Multiple Choice **October/November 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

* 4 9 0 2 6 9 4 3 4 1 *

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.

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

© UCLES 2012

1 Which term describes the manufacture of goods and the provision of services?

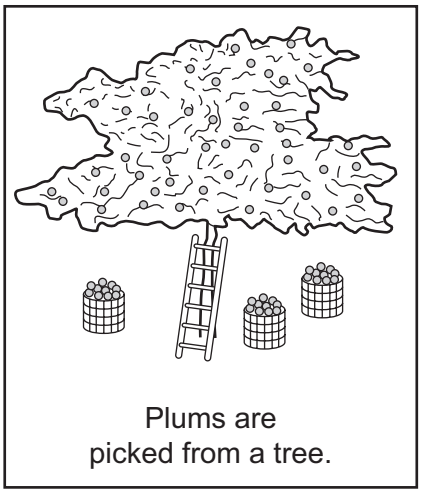
A commerce

B industry

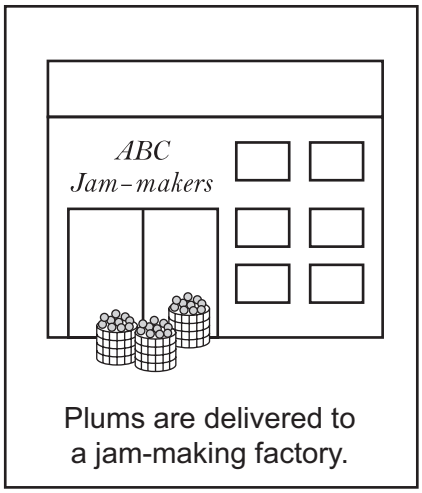
C production

D trade

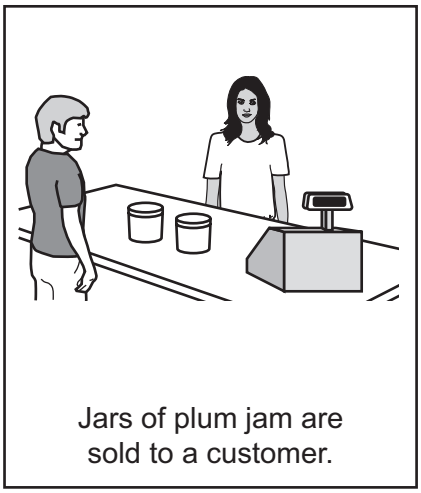
2 There are three stages in the chain of production.



Plums are picked from a tree.



Plums are delivered to a jam-making factory.



Jars of plum jam are sold to a customer.

A jar of plum jam weighing 0.5 kg is worth more to the customer than 0.5 kg of plums growing on a tree.

Which commercial term describes the reason for this?

A added value

B consumer satisfaction

C imported goods

D tertiary production

3 Which aid to trade helps to solve the problems that arise from the seasonal production of goods?

A banking

B communication

C insurance

D warehousing

© UCLES 2012

4 Why are there more new businesses in retailing than in manufacturing?

A Fewer skills are required to run a retail outlet.

B More capital is required to start retail trading.

C Retailers can obtain bank loans without collateral security.

D Retailers require larger premises than manufacturers.

5 Which retail shop would be classified as a specialty shop?

A Apex General Store

B Bestbuy Supermarket

C Dazzle Jewellers

D Fisher's Department Store

6 What is an advantage to the retailer of selling using the Internet?

A large profit margin

B less competition

C no need to design an advertisement

D wide potential market

7 What is meant by credit?

A buying now, paying later

B buying now, paying less

C paying later, paying less

D paying now, having later

8 Why does a government introduce consumer protection laws?

A Consumers need safeguarding from unscrupulous traders.

B Consumers want a bargain when buying a product.

C Retailers are assisted to trade legally.

D Retailers can make profits from consumers.

© UCLES 2012

9 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.

10 What is the main service provided by a wholesaler?

A advice for consumers

B after-sales service

C breaking bulk

D mail order selling

11 Why is bread distributed as quickly as possible to retailers?

A It has a short shelf-life.

B It is bulky.

C It is fragile.

D It is very cheap.

12 What is the function of a broker in international trade?

A arranging insurance for goods

B bringing buyers and sellers together

C guaranteeing to sell all goods held

D warehousing goods awaiting sale

13 What is the document giving information in reply to a sales enquiry called?

A advice note

B order

C quotation

D statement

14 A customer buys goods costing $200 and is offered terms of '5 % 10 days'.

How much will the customer pay if he settles his bill two weeks after receipt of the invoice?

A $180 **B** $190 **C** $200 **D** $210

© UCLES 2012

15 If a toy costs $2.40 and it is sold for $3, what is its mark-up?

A 20 % **B** 25 % **C** 80 % **D** 400 %

16 Which statement describes the entrepôt trade?

A arranging trade between two countries

B importing duty-free goods

C importing goods which have been previously exported

D re-exporting goods that have been imported

17 The picture shows a customer in a travel agency in the UK, booking a holiday to New York.



What kind of international trade is taking place in this picture?

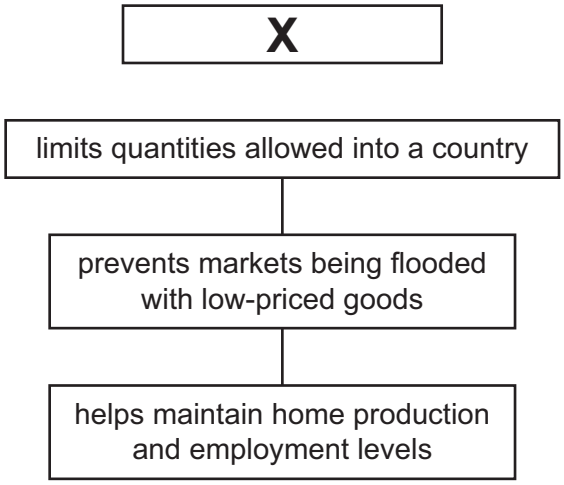
A invisible export

B invisible import

C visible export

D visible import

18 The diagram summarises the advantages to a country when a restriction is imposed on imported goods.



Which type of restriction is marked **X** in the diagram?

A embargo

B excise duty

C import duty

D quota

19 What is the aim of most advertising?

A to create employment

B to persuade customers to buy

C to provide consumer choice

D to reduce costs

© UCLES 2012

20 The diagrams show advertising slogans.

Which slogan is an example of competitive advertising?

A



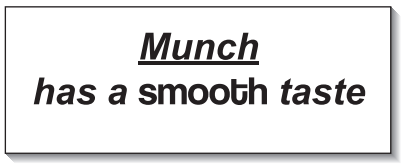
B



C



D



21 What is the **main** reason for the growth of advertising on the Internet?

A Advertisers' websites are very cheap to set up.

B Consumers can order goods any time using the Internet.

C Every household has access to the Internet.

D Internet users like watching the advertisements.

22 Why are communications important in the global economy?

A for speed of transmission

B for using satellite links

C to keep efficient records

D to send email attachments

23 The ABC Company wishes to despatch five copies of a 40-page report to a customer who needs them urgently.

Which postal service should the company choose?

A first class letter

B parcel delivery

C registered post

D special delivery

24 Which large ships are specially designed to carry bulk liquids?

A cargo liners

B container ships

C ferries

D tankers

25 What is an advantage of containerisation in sea transport?

A avoidance of customs duty

B carriage of any type of product

C fast turnaround of ships at ports

D quick unpacking of goods at docks

26 Faster deliveries of goods are being made because of

A bigger trucks.

B longer express road routes.

C increased bulk loads.

D more traffic lights.

27 What is required for the good running of a warehouse?

A cash and carry on all sales

B efficient distribution of goods

C refrigeration for all foods

D manufacturing facilities for goods

28 A national supermarket chain buys its products directly from manufacturers and stores them in a warehouse before sending them to its retail outlets.

Which type of warehouse would it use?

A bonded

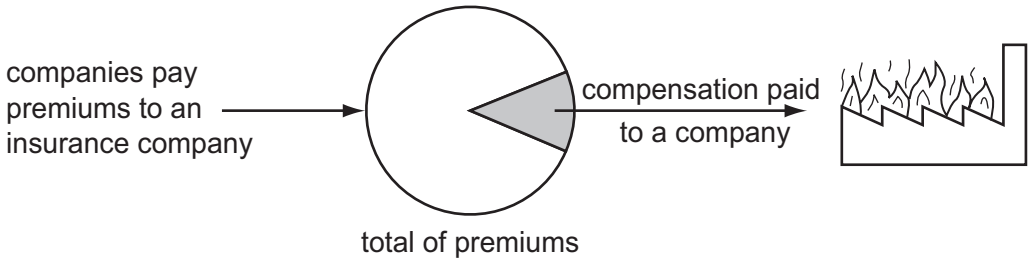
B cash and carry

C discount

D regional distribution

© UCLES 2012

29 What aspect of insurance does the diagram show?



A arranging a policy

B assessing a risk

C insurable interest

D pooling of risks

30 Mrs Ndoro's insured car is written off after an accident. The insurance company compensates her fully for the loss of her car.

If the insurance company then takes over the damaged car, this illustrates the principle of

A contribution.

B proximate cause.

C subrogation.

D utmost good faith.

31 A fire has destroyed the insured house owned by Mr Maboto.

What is the first thing he should do when making an insurance claim?

A complete a proposal form

B contact his insurance company

C hire an assessor

D refer to his cover note

32 Telebanking is a service provided by banks to customers who cannot visit their bank branches in person.

Which facility must be available to the customer in order to use the telebanking service?

A credit card account

B digital television

C Internet access

D Touch-Tone telephone

© UCLES 2012

33 A customer has an agreed overdraft facility of $200. She has received a bank statement showing the balance of the account to be $120 overdrawn. The account was later credited $50.

What is the new balance of her account?

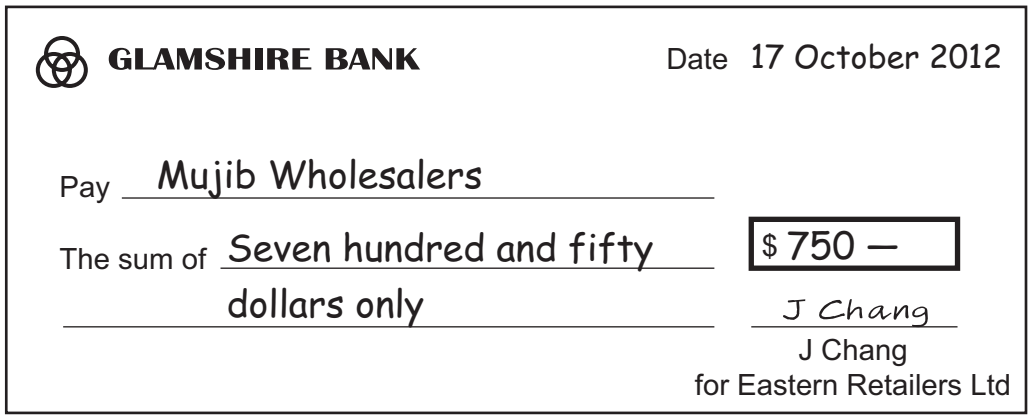
A $170 overdrawn

B $70 overdrawn

C $170 credit

D $250 credit

34 This cheque is written by J Chang to pay for goods bought from Mujib Wholesalers.



Who is the payee for this cheque?

A Eastern Retailers Ltd

B Glamshire Bank

C J Chang

D Mujib Wholesalers

35 What is the best location for a steelworks?

A close to a port

B in a town centre

C near to an airport

D on an industrial estate

36 How does a public sector organisation differ from a private sector organisation?

A directors control the organisation

B it is government-owned

C it sells shares to raise capital

D shareholders are responsible for losses

© UCLES 2012

37 A well-known bakery sells its products through a nationwide chain of franchises.

How does the franchisor benefit from this arrangement?

A The franchised premises are regularly inspected.

B The franchisor is responsible for managing the outlets.

C The franchisor receives royalty payments from the franchisee.

D The franchisor supplies training and marketing for the franchisee.

38 Which source of finance would be **most** suitable for a large company planning to modernise its manufacturing equipment?

A bank loan

B debt factoring

C overdraft

D trade credit

39 The rate of turnover for a retail business is 2.

Which product is the business most likely to be selling?

A cakes

B hamburgers

C jewellery

D petrol

40 A trader has the following results:

sales	$800 000
cost of sales	$650 000
expenses	$90 000

What is the net profit?

A $60 000 **B** $150 000 **C** $540 000 **D** $710 000

© UCLES 2012

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

University of Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.

© UCLES 2012