UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

COMMERCE **7100/11**

Paper 1 Multiple Choice **October/November 2013**

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

* 0 4 2 0 7 5 3 3 9 2 *

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.

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.

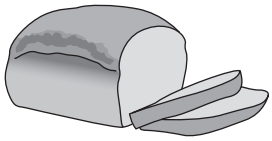
Each correct answer will score one mark. A mark will not be deducted for a wrong answer.
Any rough working should be done in this booklet.
The businesses described in this question paper are entirely fictitious.

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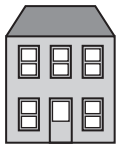
UNIVERSITY of CAMBRIDGE International Examinations

1 Which of the following is a human want?

A



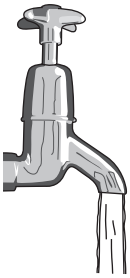
B



C



D



2 What is the **main** advantage of specialisation in production?

A complete products made by one worker

B greater output

C higher costs of production

D products made to individual orders

3 What name describes people who distribute raw materials and finished goods?

A commercial workers

B direct service employees

C factory workers

D primary producers

4 How does commerce assist industry?

A converts raw materials into finished goods

B enables industries to introduce specialisation

C helps manufacturers to find a market

D provides skilled labour for manufacturers

5 Retailers assist wholesalers by

A giving advice on the use of goods.

B offering information on new goods available.

C paying in advance.

D providing details of goods demanded.

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6 What is a feature of a multiple chain store?

A centralised purchasing

B less than five branches

C many departments

D wide range of services

7 Why is the Internet more suitable for buying books than for buying computers?

A better after-sales service

B books are easier to carry

C consumers can pay by credit card

D there is less need for technical advice

8 Susan buys a jacket using a credit sales agreement. The cash price is $290.

Susan pays $50 deposit and the rest of the debt, on which 10% interest is charged, in 12 equal monthly instalments.

What will be the total credit sales price?

A $266 **B** $290 **C** $314 **D** $340

9 A sale of goods act states that a product should be

A available in all sizes.

B fit for purpose.

C of good quality.

D value for money.

10 What are consumers **most** likely to be protected against by law?

A falling prices

B faulty goods

C imported goods

D persuasive advertising

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11 What is the advantage to a manufacturer of using the channel of distribution shown?

manufacturer → wholesaler → retailer → consumer

A The goods reach the consumer quickly.

B The manufacturer must store the goods.

C The manufacturer's distribution costs are reduced.

D The selling of goods is controlled by the manufacturer.

12 Which service does the wholesaler provide to manufacturers but **not** to retailers?

A clearing production lines

B giving advice and information

C offering storage of goods

D steadying prices of goods

13 What does a factor do?

A arranges insurance for goods

B brings buyers and sellers of shares together

C guarantees to sell goods for the exporter

D sells goods on behalf of his principal

14 In which order would the commercial documents concerning the purchase of goods be used?

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

15 A trader buys goods at a cost price of $50 each. He is allowed trade discount of $20 on each item.

He sells the goods with a mark-up of 20% on the cost price.

What is the selling price?

A $20 **B** $30 **C** $50 **D** $60

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16 How do trading blocs, such as ASEAN and SADC, help to increase trade?

A by ensuring that member countries export enough to pay for imports

B by imposing quotas on member countries

C by reducing the need for customs authorities

D by removing import tariffs among member countries

17 Which is an example of collective advertising?

A a supermarket chain advertising a variety of products

B manufacturers advertising their own products

C manufacturers in the same industry joining together to advertise their products

D manufacturers of unrelated products joining together to advertise their products

18 Before starting an advertising campaign, a company decides which group of consumers is likely to use its goods or services.

Which term is used for the chosen group of consumers?

A advertising coverage

B market share

C point of sale

D target audience

19 A motor manufacturer intends to advertise a new electric car using status and wealth as a method of appeal.

Which advertising slogan does **not** use social status and wealth as a method of appeal?

A

Be one of the first to own this exciting new product

B

Buy this car and help to save the world

C

The fastest car to drive around

D

This car will make the neighbours jealous

20 What is an advantage to an advertiser of using digital billboards?

A They appeal to people in rural areas.

B They are very cheap to set up and maintain.

C They can be interactive with people walking by.

D They will never break down.

21 Kim and Udoka work in offices in different countries.

Which telecommunications service enables them to hold meetings without leaving their offices?

A emailing

B subscriber trunk dialling

C teleconferencing

D text messaging

22 Which postal service would be **most** suitable for a firm requiring proof of posting but neither compensation nor proof of receipt?

A business reply service

B certificate of posting

C express delivery

D registered post

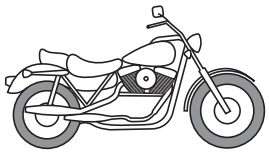
23 The pictures show different methods of transport used in a city.

Which method of transport would be **most** suitable for the fast delivery of take-away meals required by customers in many parts of the city?

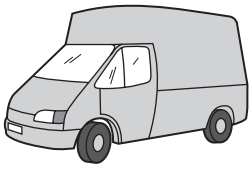
A



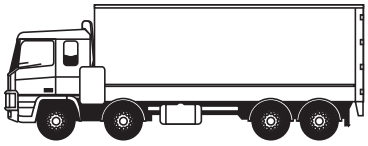
B



C



D



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24 The diagram shows how a consignment of jeans was transported from the manufacturer to the retailer.

manufacturer → road → port → sea → port → rail → road → retailer

What has enabled the transhipment of this consignment of jeans to take place?

A bulk cargo ships

B containerisation

C low-cost freight airlines

D more powerful, faster trucks

25 Which factor has led to the increased amount of air cargo in recent years?

A better airport handling facilities

B fewer airport immigration checks

C increased tourism

D lower air passenger fares

26 Which service is provided for an air freight company by an airport authority?

A collection of customs duties

B duty-free shopping

C hire of aircraft

D warehousing of goods

27 What is **not** a feature of an efficient system of storage?

A open access for all staff

B protection of goods

C regular stock checking

D stock control

28 Warehousing is unlikely to be part of the chain of distribution for

A canned food.

B clothes.

C milk.

D toys.

29 What is the importance of a bonded warehouse to a local manufacturer who exports goods?

A Customs duties can be avoided.

B Excise duties paid on goods that are then exported can be reclaimed.

C Goods can be exported more quickly.

D The manufacturing process can be completed in the warehouse.

30 Mrs Patel runs a small workshop. She is worried that if one of her employees has an accident at work it will cause her financial loss.

What **immediate** action should she take?

A check her employers' liability insurance cover

B employ only her relatives and herself in her workshop

C observe government health and safety rules

D take a sleeping partner to obtain more working capital

31 What does the insurance principle of utmost good faith mean?

A All matters relating to the insurance contract are disclosed.

B The insured does not gain from a loss.

C The insured has insurable interest.

D The risk insured against is insurable.

32 Tariq's new sports car is worth $30 000 but he has insured it for $24 000. Yesterday the car was involved in an accident and will cost $15 000 to repair.

If Tariq claims on his policy, what is the maximum amount that the insurance company is likely to pay out?

A $9000 **B** $12 000 **C** $15 000 **D** $18 750

33 A night safe is used for the safekeeping of

A cheque books when they are not in use.

B jewellery and important documents.

C money collected after banking hours.

D money deposited during the day.

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34 Which method of payment does **not** require a person paying a bill to have a bank account?

A cheque

B credit transfer

C direct debit

D standing order

35 The diagram shows part of a letter of credit.

To: Mauritius Sugar Traders
Port Louis
Mauritius

16/9/13

Dear Sirs

Letter of Credit Number 05/278

This letter of credit is sent at the request of the London Sugar Company, concerning the shipment of five hundred kilograms of sugar for the sum of fifty thousand rupees…

Yours faithfully
S Smith
Premier Bank

Who is the importer of the sugar?

A London Sugar Company

B Mauritius Sugar Traders

C Premier Bank

D S Smith

36 Which banking service is **not** available on the Internet?

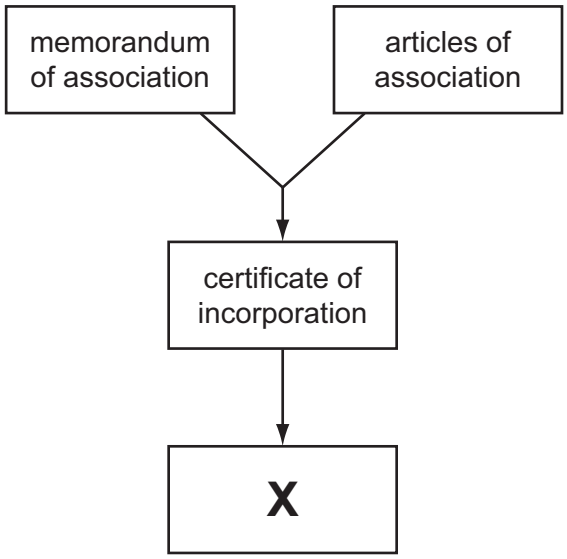
A obtaining a bank statement

B paying into creditors' bank accounts

C using direct debits

D withdrawing cash

37 The diagram shows the documents involved when forming a public limited company.



What is document **X**?

A insurance policy

B proposal form

C prospectus

D trading certificate

38 What is franchising?

A advertising goods through catalogues

B a request for capital from potential investors

C selling goods on commission

D the right to the use of another trader's name

39 What name is given to a business loan on which a fixed rate of interest is paid before ordinary shareholders receive their dividends?

A debenture

B factoring

C leaseback

D mortgage

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40 The table shows figures for 2012 from a trader's accounts.

	$
gross profit	20 000
net profit	12 000
cost of goods sold	80 000
cost of average stock	10 000

What is the rate of turnover?

A 2 **B** 4 **C** 8 **D** 10

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