Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

COMMERCE **7100/11**

Paper 1 Multiple Choice **October/November 2018**

1 hour

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

9620132267

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.

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

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1 The pictures show four activities.

agriculture



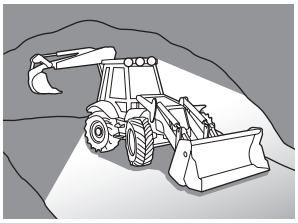
fishing



forestry



mining



To which classification do all four activities belong?

A construction industry

B manufacturing industry

C primary production

D tertiary production

2 Some countries are well known for producing specific goods which they sell to other countries.

Which word describes this type of production?

A automation

B distribution

C specialisation

D standardisation

3 What is the purpose of trade?

A to buy and sell goods and services for profit

B to convert raw materials into finished goods

C to distribute surplus goods from producer to consumers

D to provide goods to satisfy human wants

4 Which business is a small-scale retailer?

A AA convenience store

B BB multiple chain

C CC hypermarket

D DD department store

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5 What has helped the speed of self-service shopping to increase?

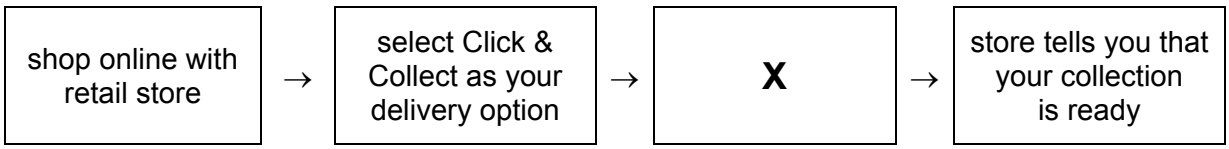
A after-sales service

B delivery service

C electronic point of sale

D the growth of credit

6 The diagram shows the process for a Click & Collect delivery service from stores.



What is **X** in the process?

A arrange courier delivery

B complete a consumer satisfaction survey

C confirm a delivery date

D select the store to collect from

7 The cash price of a washing machine is $260. The credit price is a deposit of 15% of the cash price and 12 monthly instalments of $25 each.

What is the difference between the cash price and the credit price?

A $39 **B** $79 **C** $300 **D** $339

8 A salesperson wishes to book a hotel for a business trip.

Which type of credit would be **most** suitable for her to use?

A bank loan

B credit card

C hire purchase

D informal credit

9 Which goods would normally be sold using a wholesaler?

A motor boats

B railway wagons

C soft drinks

D sports cars

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10 What is a function of a factor in international trade?

A charging higher commission than other agents

B guaranteeing to sell all the goods held

C owning the goods that he is offering for sale

D selling the goods which he has in his possession

11 A delivery note is used in a commercial transaction so that the buyer

A can check the condition of the goods.

B is given the correct price of the goods.

C is informed of the expected arrival date.

D knows the name of the transport company.

12 The diagram shows a statement of account.

HH Wholesalers Ltd
Moorgate Road
Anywhere

OO Retailers Ltd
784 Brightside
Anytown

May 2018

Date	Details	Debit $	Credit $	Balance $
30 April	Balance b/f			200.00
01 May	Invoice No. 627	50.00		250.00
05 May	Credit Note No. 45		10.00	240.00
06 May	Cheque		200.00	40.00
26 May	Invoice No. 695	600.00		**X**

What is the value of **X**?

A –$560.00 **B** $440.00 **C** $640.00 **D** $730.00

13 The cost price of a television is $150. The mark-up is 20% of the cost price.

What is the selling price?

A $30 **B** $120 **C** $170 **D** $180

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14 Which action would increase a country's earnings from its invisible trade?

A an increase in the amount of its goods transported by foreign shipping lines

B an increase in the number of its citizens holidaying abroad

C an increase in the number of overseas visitors travelling with its national airline

D an increase in the value of aid the country gives to other countries

15 What is a function of customs authorities?

A collecting port charges on imported goods

B compiling records of imports and exports

C preparing goods in bonded warehouses

D storing goods meant for the entrepôt trade

16 What is a freeport?

A a port allowing goods to be transported without any freight charges

B a port permitting goods to be imported without payment of duties

C a port where all loading and unloading of goods is free of charge

D a port which offers free travel for exporters and importers

17 An advertising manager is considering how to advertise a new perfume and asked her staff to write down some suggestions.

Which suggestion is a method of appeal?

A employing door-to-door sales people

B offering discounts in sports shops

C placing posters on public transport

D using pictures of famous people

18 A manufacturer pays for products to be included in a television programme and a movie.

What is this known as?

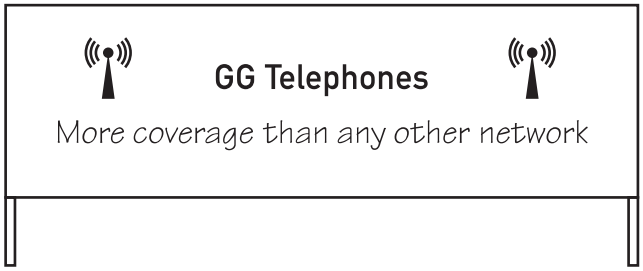
A product advertising

B product franchising

C product placement

D product promotion

19 The diagram shows a digital billboard.



Which location would **not** be suitable for this digital billboard?

A along a narrow rural road

B beside a city centre road

C near a main highway

D on the top of an office block

20 What is an advantage of oral communication?

A Discussion can be dominated by one person.

B Immediate feedback can be given.

C Misunderstandings will occur.

D There is no need for a written record.

21 Which method of communication would allow a salesperson to have a conversation with her manager when she is out of the office?

A internal telephone

B intranet

C mobile phone

D voicemail

22 What is an example of non-verbal communication?

A body language

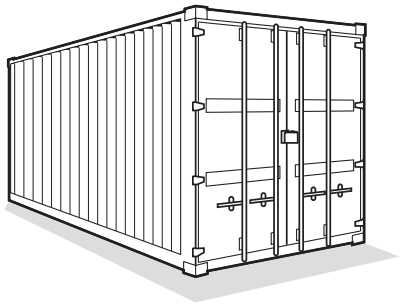
B face-to-face

C public address system

D videoconferencing

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23 The diagram shows a container used in transport.



Which commodity is **most** likely to be transported from one place to another using a container?

A coal from Australia to South Africa

B crude oil from Venezuela to Canada

C flowers from Kenya to France

D toys from Hong Kong to the UK

24 What is a port authority responsible for?

A collecting custom duties

B enforcing immigration rules

C providing loading and unloading facilities

D supervising bonded warehouses

25 F and V Ltd produces fruit and vegetables to sell in its home market and the international market. It has a large, cold storage warehouse.

Why would it need this warehouse?

A to avoid paying tax on the produce

B to enable produce to be sold more cheaply

C to preserve produce until buyers can be found

D to save on the purchase of refrigerated trucks

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26 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

27 Which insurance principle explains why a person **cannot** benefit from insuring a neighbour's house?

A contribution

B insurable interest

C subrogation

D utmost good faith

28 What are regular payments to insurance companies called?

A compensation

B dividends

C interest

D premiums

29 Which type of insurance covers death or injury at work?

A consequential loss

B employer's liability

C fidelity guarantee

D public liability

30 Mr Ali owns a garage that is valued at $200 000. He is insured for $250 000 and paid a premium of $800. A fire damaged 50% of the garage.

How much will Mr Ali be able to claim?

A $800 **B** $100 000 **C** $125 000 **D** $200 000

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31 What is a feature of a bank current account?

A A high interest rate is earned on money deposited.

B A minimum amount must be kept in the account.

C An overdraft may be possible.

D It is a means of long-term saving.

32 What is needed in order to use an ATM?

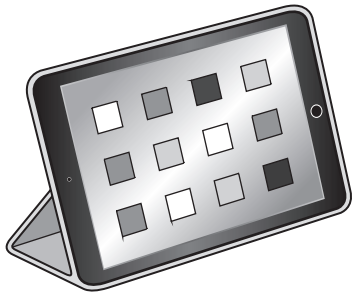
A phone number

B PIN

C signature

D voice recognition

33 The diagram shows a device which can be used for internet banking.



What is the benefit to a bank customer of using this device for internet banking?

A immediate access to services

B increased verbal communication with bank

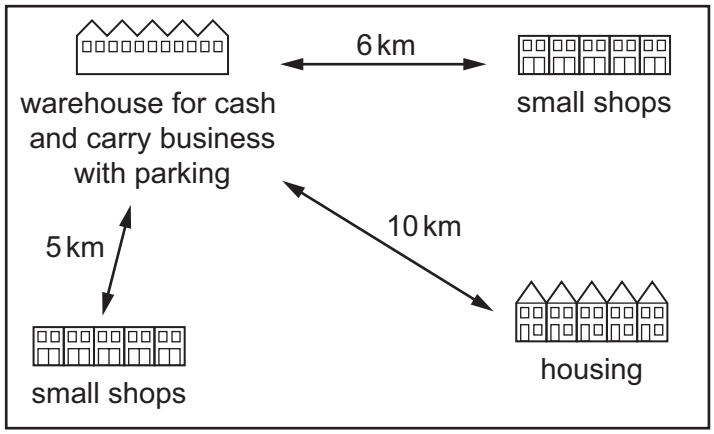
C more convenient and safer than carrying cash

D reduction in staff costs

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[Turn over

34 The diagram shows the site chosen to locate a new cash and carry business.



Which other location factor should be shown on the diagram?

A distance from local schools

B distance from suppliers

C location of nearest airport

D location of nearest petrol station

35 Which term describes an arrangement by one company to grant permission to another company to use its trademark when selling products?

A franchise

B lease

C licence

D royalty

36 A trader's gross profit is 30% of sales revenue. Her profit for the year (net profit) is 20% of sales revenue. Her sales revenue is $100 000.

What are her operating expenses?

A $10 000 **B** $20 000 **C** $30 000 **D** $70 000

37 Mr Ahmed owns a small, loss-making retail store. He wants to make a profit.

What is the **most** suitable method of achieving this?

A creating a large car park for customers

B installing extra security measures

C refitting the whole store

D undertaking a local leaflet campaign

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38 The diagram shows a QR (Quick Response) code.



What is its main function for a retailer?

A Consumers can gain quick access to a retailer's website.

B Goods can be scanned quickly at a retail shop checkout.

C It acts as a security tag to prevent shoplifting.

D It provides an added layer of security on cash and credit cards.

39 A firm moving towards sustainable production methods will make sure that

A it has sufficient consumer demand for its output.

B it has sufficient supplies of its raw materials.

C it is making full use of all its power supply.

D it is making full use of suitable recycled materials.

40 Esther is buying a new television.

Which action must she take in order to protect herself against faulty goods?

A Buy a television that comes with a manufacturer's guarantee.

B Choose a television which does not have a fault.

C Consult a friend about which is the best television to buy.

D Question the retailer about possible compensation for a faulty television.

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