Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

COMMERCE **7100/12**

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)

1467137974

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 **12** printed pages.

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1 The pictures show four activities.

agriculture



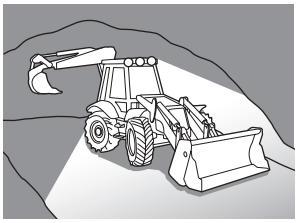
fishing



forestry



mining



To which classification do all four activities belong?

A construction industry

B manufacturing industry

C primary production

D tertiary production

2 Which definition describes *commerce*?

A buying goods from other countries

B serving the needs of the customer

C trading and using aids to trade

D using division of labour in a factory

3 The chain of production is complete when the goods have

A been offered for sale by the retailer.

B been sold by the retailer to the consumer.

C left the factory for the retailer's shop.

D left the factory for the wholesaler's warehouse.

4 What is a supermarket likely to sell?

A carpets

B cars

C dress materials

D washing powder

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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 Why are some goods **not** packaged for sale?

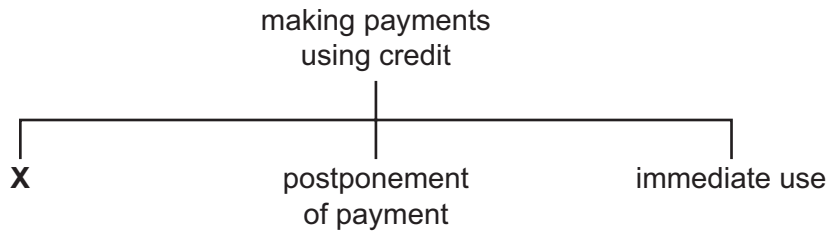
A They are sold in quantities to meet individual customer needs.

B They need to be branded and priced.

C They need to be made more attractive to consumers.

D They require mass advertising before sale.

7 The diagram shows the advantages to the customer of making payments using credit.



What is **X**?

A easily transferable

B no interest paid

C suitable for all small payments

D widely acceptable

8 A customer buys goods. He makes a payment using his PIN.

What type of payment is being made?

A credit card

B deferred payment

C hire purchase

D informal credit

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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 Manufacturers depend on wholesalers to

A clear production lines.

B display goods for sale.

C operate cash and carry services.

D produce a wide range of goods.

11 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

12 What is the purpose of an invoice?

A to list the price and details of goods supplied

B to prove that goods ordered have been delivered

C to provide a detailed description of goods required

D to show changes in price and terms of payment

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13 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**?

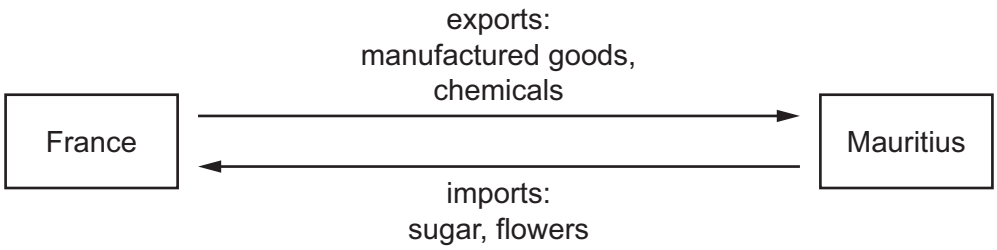
A –$560.00 **B** $440.00 **C** $640.00 **D** $730.00

14 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

15 The diagram shows trade between France and Mauritius.



This diagram suggests that France and Mauritius are

A competitors.

B interdependent.

C primary producers.

D self-sufficient.

16 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

17 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

18 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

19 Where might a firm make use of pop-ups for advertising?

A cinema

B internet

C national newspaper

D trade journals

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20 Four backpackers travelling the world are in conversation.

Which backpacker is using the **most** appropriate postal service for his or her needs?

A



B



C



D



21 Businesses are using smartphone technology as a means of advertising their products.

What could stop this method of advertising from being successful?

A Access to electronic data is unrestricted.

B Mobile phone technology has developed rapidly.

C Network availability in some countries is limited.

D Smartphone users access apps on the move.

22 The table shows the percentage (%) volume of freight moved.

type of transport	% tonnes moved
trucks and vans	40
goods train	25
roll-on, roll-off ferry	20
cargo plane	10
tanker ship	5

The total tonnage moved is 500 million.

What tonnage is delivered directly to people's houses without a change of transport?

A 15 m **B** 150 m **C** 200 m **D** 500 m

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23 What is the best way of transporting 100 kg of gold from a mine in South Africa to a jeweller in Hatton Garden in London?

A by air, sea and road

B by rail, air and rail

C by road, air and road

D by road, air and sea

24 What is a function of a port authority?

A to check incoming ships for unauthorised goods

B to collect customs duties

C to prevent illegal immigration

D to provide warehouses

25 What is an advantage of warehousing to a producer?

A It allows the producer to manufacture large quantities of goods ahead of demand.

B It allows the producer to offer trade credit to reliable customers.

C It enables the producer to make customers aware of its products.

D It enables the producer to operate a cash and carry service for customers.

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 Many people are involved in insurance.

Which name is given to the person who accepts risks and meets claims?

A actuary

B assessor

C broker

D underwriter

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28 Mrs Yip owns a factory valued at $400 000. It is insured with **two** insurance companies, each having a 50% share in the cover to the value of $500 000.

Later, 25% of the factory was destroyed in a fire.

How much would each insurance company pay Mrs Yip?

A $50 000 **B** $62 500 **C** $200 000 **D** $250 000

29 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.

30 'A means of payment agreed between the debtor and the creditor used for recurring and variable payments.'

Which means of payment is being described?

A bank draft

B direct debit

C documentary credit

D standing order

31 What is a benefit to the customer of mobile banking?

A cheaper staffing costs

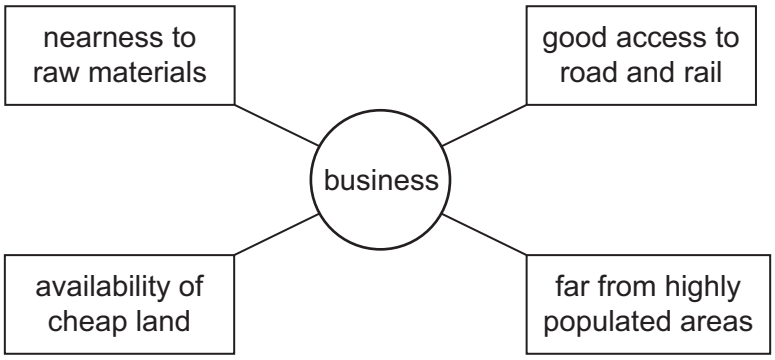
B lower operating costs

C smaller number of bank branches

D wider access to banking services

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



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

A chemical plant

B milk processing plant

C newspaper printing company

D sports and leisure centre

33 Which type of business organisation is correctly matched to its feature?

	type of business organisation	feature
A	partnership	board of directors
B	private limited company	unlimited liability
C	public limited company	restricted membership
D	sole trader	direct control

34 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

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35 HH is a privately owned builders merchants. It wishes to buy a small truck for deliveries to customers, costing $40 000.

What would be the **most** suitable source of finance to use for this purchase?

A debenture

B hire purchase

C mortgage

D trade credit

36 What is **not** likely to increase the working capital of a business?

A choosing a cheaper supplier

B giving more time to customers to pay their debts

C improving sales by promoting its goods in shops

D taking longer to pay its debts to suppliers

37 A trader has the following figures.

turnover	$120 000
gross profit margin	25%
rate of turnover	20 times

What is the average stock held?

A $4500 **B** $30 000 **C** $60 000 **D** $90 000

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



What is the main purpose of this code?

A to collect data so that supermarkets can re-order goods quickly

B to enable consumers to gain easy access to a brand's website to obtain information

C to provide a guarantee that the seller will cover parts and repairs for a set period of time

D to show that the product has been tested and meets a certain standard

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39 What is a negative effect of ecommerce on the environment?

A fewer people driving to shopping centres

B greater use of transport for deliveries

C larger warehouses storing goods

D reduced need for well-lit retail stores

40 Changes in working practices mean that more people work from home.

Which external factor does this describe?

A economic

B political

C social

D technological

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