Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/12**

Paper 1 Multiple Choice **October/November 2020**

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. A mark will not be deducted for a wrong answer.
- Any rough working should be done on this question paper.

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1 Producers need to satisfy human needs and wants.

Which example is a human need?

A clothing

B entertainment

C social media

D transport

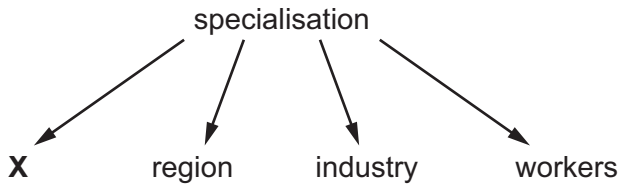
2 The table shows numbers of workers (000s) employed in industries in a country.

	(000s)
agriculture	1 000
engineering	4 000
mining	600
steelmaking	3 000
	8 600

What is the total number of workers employed in the secondary sector?

A 1 600 000 **B** 3 000 000 **C** 4 000 000 **D** 7 000 000

3 The diagram shows a number of ways in which specialisation occurs.



What is **X**?

A construction

B country

C primary

D tertiary

4 A producer of steel bars is dependent on commerce because

A employees need good working conditions.

B money from sales is kept in banks.

C the business is a limited liability company.

D the products need to be fit for purpose.

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5 What is a function of a retailer?

A buying from a wholesaler and selling to consumers

B offering cash and carry services to small-scale traders

C providing credit facilities to businesses

D storing goods ready for distribution to small shops

6 A multiple chain store selling clothing decides to expand from a regional chain to a national chain.

Which advantage will this expansion achieve?

A employing fewer staff

B offering consumers one-stop shopping

C reducing purchasing power

D using cost-effective national advertising

7 The diagram shows a bar code.



Which statement about bar codes is correct?

A A bar code increases human errors.

B A bar code attracts more customers.

C Bar code data is quickly available to retailers.

D Bar codes provide helpful information to consumers.

8 A retailer engaged in ecommerce may continue to operate a number of physical stores so that it can offer

A a delivery system.

B an online customer review service.

C face-to-face customer service.

D payment by credit card.

9 The cash price for a motorcycle is $1500. The credit price is 5% deposit of cash price plus 10 instalments of $170.

How much does the credit purchase cost?

A $170 **B** $1425 **C** $1700 **D** $1775

10 Which statement describes the work of del credere agents?

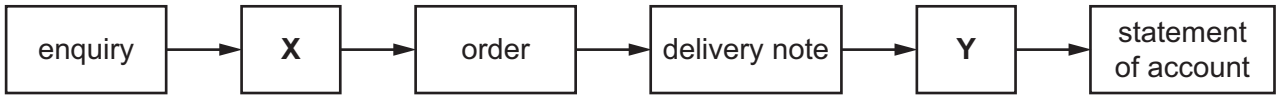
A They are not responsible for guaranteeing a delivery.

B They bring together seller and buyer.

C They cannot arrange contracts in their own name.

D They guarantee payment is made to the seller.

11 The sequence of documents used for a business transaction between two firms is shown.



Which documents fit the **X** and **Y** boxes to make the sequence complete?

	X	Y
A	credit note	invoice
B	invoice	credit note
C	invoice	quotation
D	quotation	invoice

12 What is **not** a characteristic of a credit note?

A It is issued when the buyer has been undercharged.

B It is used when a buyer has returned damaged goods.

C It is usually printed in red or pink.

D It will be itemised on the statement of account.

13 A wholesaler buys televisions from a manufacturer for $120 each. The wholesaler sells them to a retailer for $150 each.

What is the wholesaler's percentage mark-up?

A 20% **B** 25% **C** 30% **D** 75%

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14 A country has a Balance of Payments surplus on its current account.

What does this mean?

A The total value of its exports exceeds the total value of its imports.

B The total value of its imports exceeds the total value of its exports.

C The total value of its invisibles exceeds the total value of its visibles.

D The total value of its visibles exceeds the total value of its invisibles.

15 A company exporting goods may be faced with protectionism.

What does this mean?

A Countries in a trading bloc may not buy the goods.

B It will be compulsory to use a free port.

C Local industries might fail.

D Tariffs and quotas may be placed on the goods.

16 Which trade difficulty is **more** likely to be faced by an importer of tractors than an importer of oranges?

A availability of cold storage facilities

B differences in safety standards

C fixed exchange rates

D speed of delivery

17 BOGOF is a sales promotion that refers to

A buying high quality goods.

B getting one product free.

C offering low standard goods.

D offering two free products.

18 Why is communication important in the global market?

A It enables buyers and sellers worldwide to meet face-to-face.

B It lengthens the chain of distribution for goods.

C It reduces transport costs between countries.

D It speeds the marketing of goods and services.

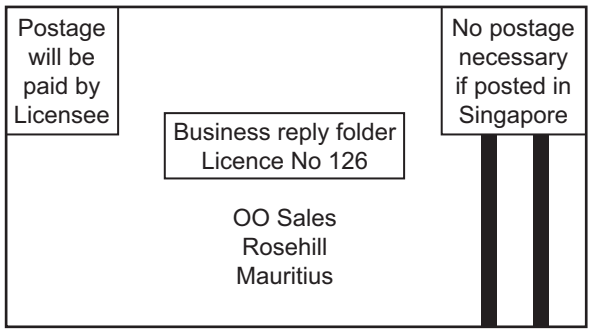
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[Turn over

19 The diagram shows examples of envelopes used in the postal service.

Which envelope would be collected by a business from its local post office?

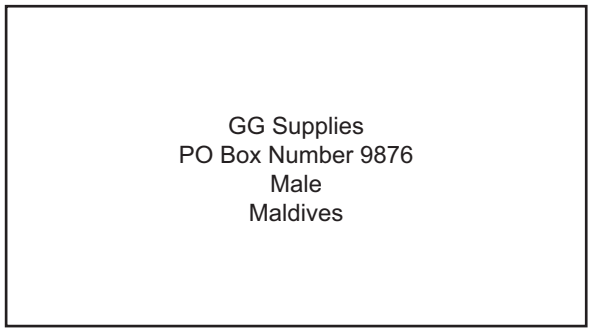
A



B



C



D



20 What is an advantage of using a mobile phone rather than a landline?

A It is difficult to steal.

B It is used only for local calls.

C It may be used anywhere.

D It requires a signal to operate.

21 Which service is provided by a port authority?

A collecting revenue for the government

B inspecting immigration documents

C maintaining and repairing the docks

D supervising bonded warehouses

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22 Which development in transportation has had the **most** impact on reducing costs of moving goods?

A development of integrated freight transport using standard-sized containers

B express road routes reducing travelling times between cities

C mass rapid transport systems providing high-capacity movement around cities

D more airports and air routes giving more opportunities to travel abroad

23 What is a function of warehousing?

A to maintain supplies

B to manufacture goods

C to provide after-sales service

D to standardise goods

24 The picture shows the flow of goods from the manufacturer to the retailer.



Which statement describes the role of the warehouse in the picture?

A advertising availability of goods to consumers

B providing protection for raw materials

C selling directly to the public

D storing goods ahead of consumer demand

25 A bonded warehouse is a place where

A customs officials store confiscated and smuggled goods.

B dutiable goods are stored until duty has been paid on them.

C goods are manufactured ready for sale.

D merchants store all their goods awaiting export.

26 Which insurance policy would cover a supermarket against the risk of a cashier stealing the store's money?

A employer's liability

B fidelity bond

C key person

D public liability

27 The owner of a factory holding stock worth $200 000 insures the stock for $150 000. A fire causes $40 000 of damage.

How much would the factory owner receive?

A $30 000 **B** $40 000 **C** $50 000 **D** $150 000

28 A bank customer with a current account will

A be able to make withdrawals on demand.

B be certain of being granted an overdraft if required.

C receive a credit card when the account is opened.

D receive a safe deposit box.

29 Simeon, a retailer, wishes to locate his business in a shopping centre.

Why would Simeon choose the shopping centre?

A Businesses selling different products are there.

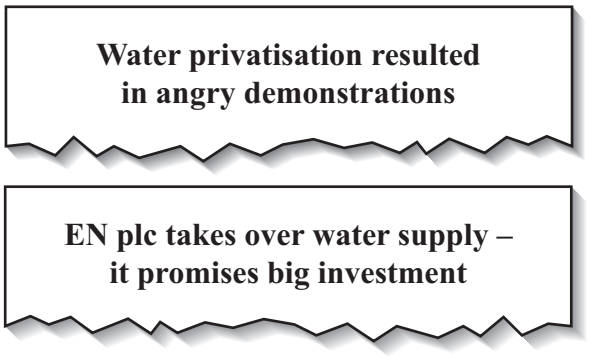
B Many people visit shopping centres every day.

C The shopping centre is on the outskirts of a town.

D There is an internet café there.

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30 The following headlines appeared in an African newspaper.



What was the **most** likely reason for the demonstrations against privatisation of the water supply?

A EN plc may bottle the water for export.

B EN plc may put up water prices.

C Investment in the water supply is not needed.

D Water supply may become contaminated.

31 In the absence of a deed of partnership, how would the losses be shared out if a partnership ceased to trade?

A according to each partner's investment

B according to seniority of the partners

C equally between partners

D on the basis of a legal judgement

32 What is a feature of a multinational company?

A branches in host countries

B government-owned enterprise

C monopoly over product sales

D trades in many products

33 Which form of capital is often secured to company assets?

A debentures

B government grants

C leasing

D ordinary shares

34 Mr Singh is a small-scale retailer. His cost of goods sold was $90 000. His opening inventory was $10 000 and closing inventory was $8000.

What is his rate of inventory turnover?

A 5 **B** 9 **C** 10 **D** 18

35 What is an example of a fixed asset for a car sale and repair business?

A advertising new cars for sale

B insuring used cars before resale

C rebuilding the car showroom

D repairing damaged cars

36 How could the rate of inventory turnover of a wholesale business be improved?

A changing suppliers and buying more expensive products

B holding more goods in the warehouse

C reducing the amount spent on advertising

D setting up a website and starting online shopping

37 The acronym PEST is helpful to analyse the external environment.

What factors does PEST stand for?

A political, ecological, social and technological

B political, economic, social and trade

C political, economic, social and technological

D political, economic, sustainable and technological

38 What will a retailer provide so that a shopper can link quickly to its website?

A bar code

B brand

C pin number

D QR code

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39 What is the **best** method of recycling glass?

A burning in a fire

B dumping at a landfill site

C putting into a bin in the street

D putting into a bottle bank

40 Mrs Moyo buys a new toaster from a shop. When she arrives home, she discovers that the toaster is faulty.

According to consumer law, what should she do?

A claim compensation for her wasted time

B return to the shop for a replacement toaster

C take no action

D tell the police

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