Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/11**

Paper 1 Multiple Choice **October/November 2021**

1 hour

You must answer on the multiple choice answer sheet.

4008265923

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.
- Any rough working should be done on this question paper.

This document has **12** pages.

© UCLES 2021

[Turn over

1 What is the final stage of the chain of production?

A consumers

B distribution

C markets

D retailers

2 Which industry is **not** matched with its type of production?

	industry	type of production
A	banking	tertiary
B	building	primary
C	fishing	primary
D	textiles	secondary

3 What does the tertiary stage in the chain of production involve?

A commercial and direct services

B commercial services

C manufacturing and commercial services

D the final consumer

4 What is **not** the function of a small-scale retailer?

A making goods for sale

B offering advice on goods

C providing a variety of goods

D selling goods in a convenient location

5 How do bar codes assist retailers?

A by advertising goods and services to consumers

B by giving after-sales service

C by producing helpful information to consumers

D by providing information on stock levels

© UCLES 2021

6 What is an advantage to supermarkets of using automated check-outs?

A increased security

B no need to provide change

C reduction in staff

D used if supermarket is closed

7 What is meant by mobile shopping?

A collecting pre-ordered goods from a shopping centre

B having demonstrations at home by salespeople

C using smartphones or tablets to buy goods

D visiting several shops to examine products

8 What does credit **not** involve?

A an agreement to repay the lender in the future

B delay in receiving payment

C interest charged on the money borrowed

D payment made at the time of purchase

9 With which type of credit does the purchaser own the product on final payment?

A credit card

B extended credit

C hire purchase

D store card

10 Mrs Wang's computer needs urgent repairs. She has no money until she receives her salary next month.

What is the **best** way to pay for these repairs?

A bank loan

B credit card

C debenture

D debit card

11 What are both services provided by a wholesaler to a retailer?

A breaking bulk and trade discount

B clearing production lines and breaking bulk

C purchasing raw materials and storage

D trade discount and purchasing raw materials

12 Why will a manufacturer use an agent to sell goods abroad?

A The agent earns high commission.

B The agent works only for one manufacturer.

C The manufacturer concentrates on production.

D The manufacturer sells goods immediately.

13 The diagram shows part of an invoice paid by a retailer.

20 cases	canned pineapple @ $10 per case	$200
	less 20% trade discount	$40
	Total	$160

If two damaged cases of pineapple are returned, what should the supplier send to the retailer?

A a credit note for $20

B a credit note for $16

C an invoice for $144

D a receipt for $16

14 A retailer received an invoice for $1200 with cash discount of 2.5% 30 days.

Why did the retailer choose to pay after 40 days?

A She made a mistake calculating the invoice.

B She did not have enough money to pay the invoice within 30 days.

C She did not know she was entitled to cash discount.

D She had not sold all the goods listed on the invoice within 30 days.

15 A retailer buys 1000 pens for $2.50 each.

Which percentage mark-up must he apply to achieve a gross profit of $500?

A 16.7% **B** 20% **C** 25% **D** 50%

© UCLES 2021

16 This is a headline in a newspaper.

EUROPEAN STEEL PRODUCERS UNABLE TO COMPETE WITH VERY CHEAP IMPORTS FROM CHINA

What describes a country exporting goods below the market price?

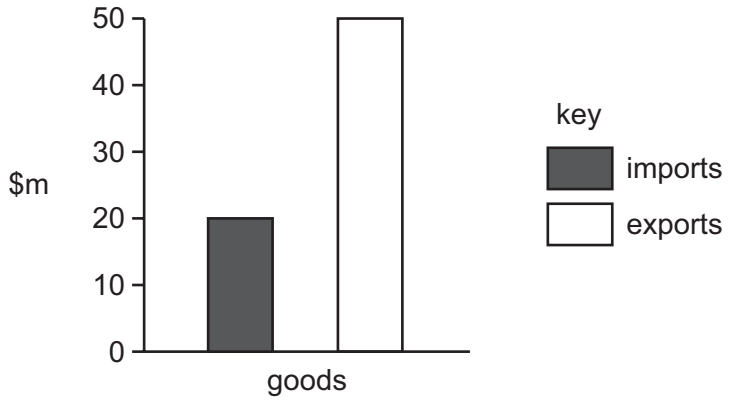
A comparative advantage

B competitive trading

C dumping

D globalisation

17 The bar chart shows the imports and exports for a country for a year.



What is the balance of trade?

A –$30 m **B** –$20 m **C** $30 m **D** $70 m

18 The diagram shows a map of Africa. The shaded area consists of countries that form a trading bloc.



What is the name of this trading bloc?

A ASEAN

B CARICOM

C EU

D SADC

19 A grocery chain divides a country into four regional sales areas, **A**–**D**.

Which region generates the most revenue?

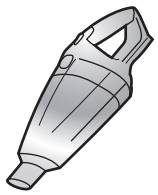
	units sold (m)	price per unit
A	40	8
B	50	10
C	60	6
D	70	7

© UCLES 2021

20 This advertisement was in a newspaper.

***HIGH-TECH* VACUUM CLEANER**

- *Cordless*
- *Very strong*
- *Powerful suction*
- *Lightweight*
- *Not expensive*



Which method of appeal is being used?

A easy living

B social acceptance

C status

D wealth

21 Amos wants to use the internet to promote his business. He places a pop-up advert on the website of a well-known company.

What advantage is gained by Amos?

A endorsement by the well-known company

B mailing list of many potential customers

C professional design of the advertisement

D regular and frequent worldwide publicity

22 Why is communication important in the global economy?

A to enable companies to contact customers worldwide

B to move goods urgently required

C to promote goods nationwide

D to transport people over long distances

23 Which Post Office service should be used to send valuables?

A cash on delivery

B express delivery

C letter post

D registered post

© UCLES 2021

24 Which type of ship specialises in carrying motor vehicles?

A bulk carrier

B cargo liner

C OBO ship

D Ro-Ro ferry

25 The picture shows a container on a truck.



What do the letters TIR indicate?

A The load has been checked and sealed by customs officials.

B The load may be dangerous in the event of an accident.

C The load must be carried using safe international routes.

D The load should be inspected at border crossings.

26 Why are some airports located by the sea?

A to improve security

B to increase scenic beauty

C to provide ample parking space

D to reduce danger from crashes

27 What describes the management of the flow of goods from production to consumer?

A logistics

B mass rapid transport

C regional distribution

D sustainability

© UCLES 2021

28 What is the effect of storing goods required seasonally?

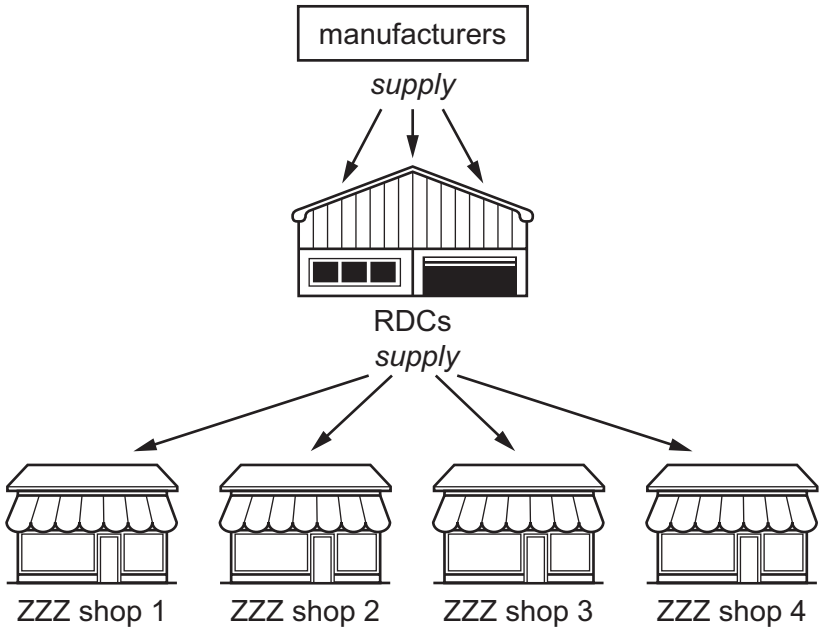
A balances supply and demand of these goods

B causes prices to fluctuate

C enables retailers to be supplied in bulk

D prevents theft and damage to goods

29 The diagram shows the function of a regional distribution centre (RDC) that belongs to ZZZ Ltd.



What is the function of a RDC?

A to provide delivery services throughout the country

B to provide stock for its own retail branches

C to store goods for other retailer businesses

D to store only non-perishable goods

30 What is the basis of insurance?

A indemnity

B insurable interest

C pooling of risk

D subrogation

31 Mrs Dube owns a small shop.

Which risk can she **not** insure against?

A customer falling over in her shop

B employee stealing from her shop

C poor customer service causing loss of sales

D worker injured while working for her

32 Solomon has information from four insurance companies, **A**–**D**. He wants to insure two shops he owns. One shop is in Area 1 and one shop is in Area 2.

Which insurance company offers the cheapest premium to insure both shops?

	Area 1	Area 2
A	$400	$500
B	$500	$500
C	$300	$500
D	$600	$700

33 A global bank plans to invest $1 billion in mobile and digital banking services.

What is the **most** likely reason for such an investment?

A Customers will be able to access all the services offered by the bank.

B Customers will save money on visits to bank branches.

C The bank can stay in touch with customers with SMS alerts.

D The bank wants to reduce its operating costs and make more profit.

34 Who owns a public sector enterprise?

A private individuals

B shareholders

C the management

D the state

© UCLES 2021

35 A multinational is a company that

A has factories in one country.

B imports goods from other countries.

C produces in many countries.

D sells goods in one country.

36 The table shows a firm's financial data.

	$
non-current assets	120 000
current assets	65 000
long-term liabilities	52 000
current liabilities	18 000
capital	115 000

What is the working capital?

A $47 000 **B** $55 000 **C** $83 000 **D** $97 000

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 distributing promotion leaflets locally

B installing extra security measures

C making a large car park for customers

D refitting the whole store

38 What is a social factor affecting business sales?

A government regulations on recycling affecting how businesses package their products

B growth of the global economy resulting in businesses offering more choice to customers

C improved internet provision enabling the growth of global ecommerce activities

D increase in number of women working resulting in higher demand for convenience foods

© UCLES 2021

39 How does an eretailer become more environmentally friendly?

A Have an automated warehouse.

B Introduce biodegradeable packaging.

C Open a canteen for workers.

D Use more delivery vehicles.

40 Which action should **not** be taken to claim for a faulty product?

A checking the warranty for the product

B contacting the local press to complain to them

C contacting the retailer to ask for a refund

D not using the faulty product

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.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

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