Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/12**

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

1 hour

You must answer on the multiple choice answer sheet.

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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.

IB21 11_7100_12/2RP
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[Turn over

1 Which activity is part of primary production?

A canning fish

B constructing roads

C growing crops

D making bicycles

2 Which list contains only direct services?

A accounting, nursing, teaching

B advertising, insurance, shopkeeping

C bottling, car manufacturing, road building

D farming, mining, quarrying

3 What does division of labour mean?

A Men and women do different tasks.

B Older workers are more skilful than younger workers.

C Production is divided into separate tasks.

D Workers can only work at certain times.

4 Commerce helps production by

A changing raw materials into finished goods.

B enabling goods to be distributed.

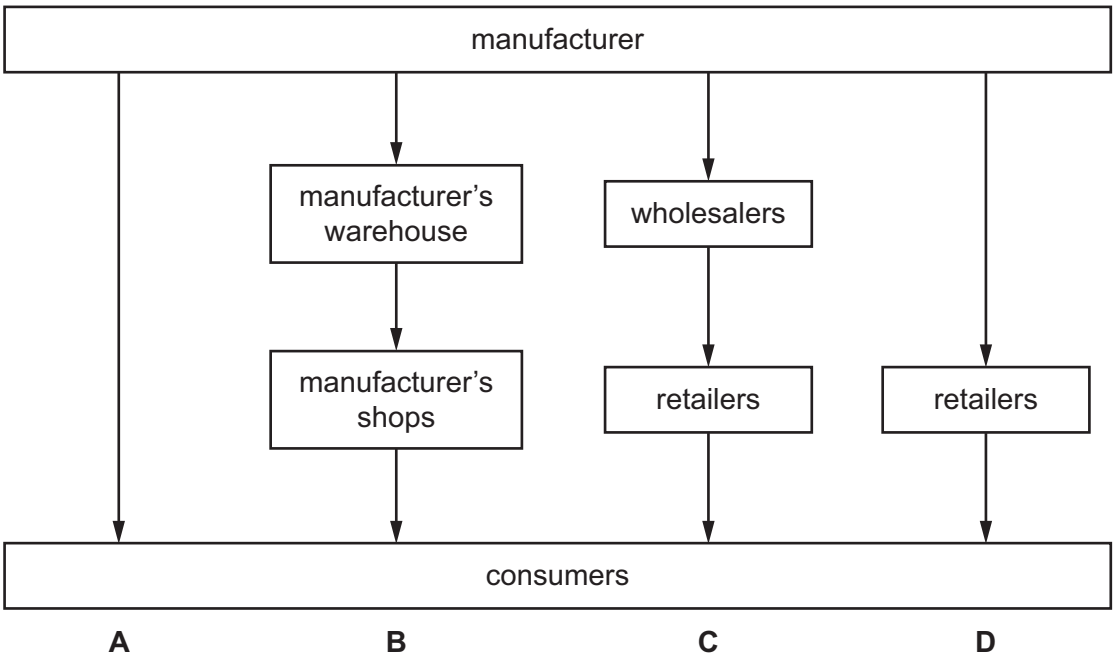
C providing necessary raw materials.

D using machines to produce a variety of goods.

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5 The diagram shows four channels of distribution.

Which channel is direct selling?



6 How do bar codes assist retailers?

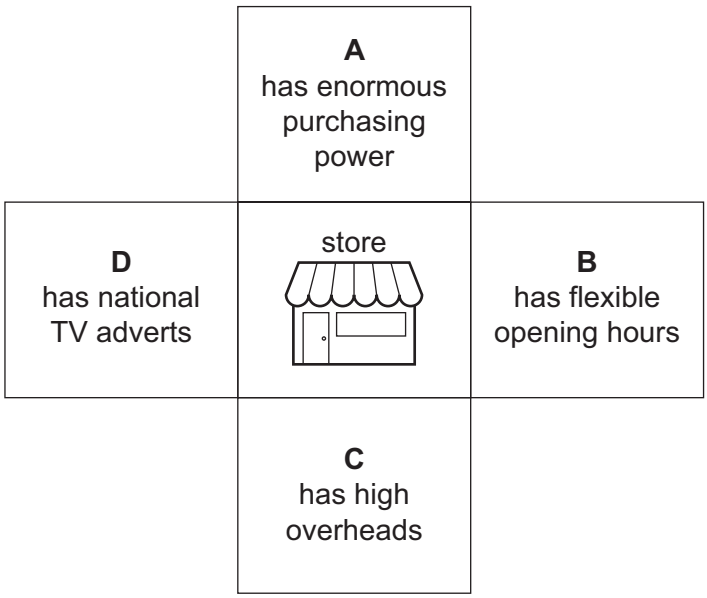
A by advertising goods and services to consumers

B by giving after-sales service

C by producing helpful information to consumers

D by providing information on stock levels

7 What is a characteristic of a small-scale retailer?



8 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

9 Why do many retailers offer credit to their customers?

A Customers can improve their standard of living.

B It will reduce their overheads.

C Their competitors already offer credit.

D They have to wait for payments.

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 A wholesaler benefits manufacturers by

A giving information on record keeping.

B informing them of market trends.

C operating a cash and carry warehouse.

D providing a wide range of goods.

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12 The business cards shown are used by four intermediaries.

Which intermediary does **not** have possession of goods?

A

AA Brokers
Adelaide
Australia

B

BB Export merchants
Lahore
Pakistan

C

CC Factors
London
United Kingdom

D

DD Wholesalers
Mumbai
India

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 Trade discount is offered by wholesalers to

A encourage buyers to place large orders.

B persuade retailers to make prompt payment.

C reduce delivery charges.

D sell goods at higher prices.

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[Turn over

15 TT Telephone Company gives its customers 10% discount for bills paid within 10 days.

Mrs Patel received this bill.

TT Telephone Company

Date: 1 November

Line rental	$130.00
Cost of calls	$50.00
Total	$180.00

Terms: 10% 10 days.

How much will Mrs Patel pay if she pays on 5 November?

A $80 **B** $162 **C** $180 **D** $198

16 The table shows a country's international trade.

	$bn
visible imports	50
visible exports	60
invisible imports	28
invisible exports	46

What is the balance on the current account of the Balance of Payments?

A –$36 bn **B** –$28 bn **C** $28 bn **D** $36 bn

17 What is **not** a function of a customs authority?

A checking non-dutiable goods arriving at freeports

B collecting statistics of imports and exports

C ensuring any import quotas are not exceeded

D owning bonded warehouses at docks and airports

18 Which difficulty is **not** experienced when trading abroad?

A different legal systems

B distance

C language barriers

D payments of excise duties

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19 Which statement about advertising is correct?

A Advertising expenditure is always passed on to the consumer.

B Advertising is a waste of money as it does not benefit the manufacturer or the retailer.

C Advertising needs to be regulated, otherwise it may have a harmful impact on society.

D Advertising should be ignored as it is not honest or truthful.

20 Why would a tractor manufacturer advertise in a trade journal?

A captive audience

B cheap advertising space

C national coverage

D targeted market

21 An international perfume business pays a famous pop singer to advertise its latest fragrance.

Which method of appeal is being used?

A health

B hero worship

C humour

D hygiene

22 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

23 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

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

A cash on delivery

B express delivery

C letter post

D registered post

25 What is the **best** way to transport 20 kg of gold jewellery from a jeweller in Hong Kong to a jeweller in London?

A by air, sea and road

B by road, air and rail

C by road, air and road

D by road, air and sea

26 Which product would a container ship be used to transport?

A furniture

B live animals

C newspapers

D urgent medical supplies

27 How may some goods ordered on the internet be delivered to customers' homes?

A drones

B hovercraft

C ferry

D railway

28 The owner of an apple farm requires a warehouse because apples are

A durable.

B expensive.

C mass produced.

D seasonal.

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29 What is the basis of insurance?

A indemnity

B insurable interest

C pooling of risk

D subrogation

30 Which risk would be covered by employer's liability insurance?

A worker crashes car on way to work

B worker injured falling on wet factory floor

C workers' canteen closed due to hygiene concerns

D workers' wages reduced due to downturn in economy

31 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

32 Banks give customers a PIN to

A allow facial recognition by counter staff.

B enable easy access to overdraft facilities.

C encourage movement towards a cashless society.

D provide secure access when using an ATM.

33 What is a mobile wallet?

A documentary letter of credit

B foreign currency exchange

C night safe service

D payment app on a smartphone

34 Who owns a public sector enterprise?

A private individuals

B shareholders

C the management

D the state

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.

	$
cost of sales	600 000
gross profit	200 000
purchases	300 000
total expenses	100 000

What is the profit for the year?

A $100 000 **B** $300 000 **C** $400 000 **D** $500 000

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 political factor which affects the commercial activity in a country?

A a general election which changes the government

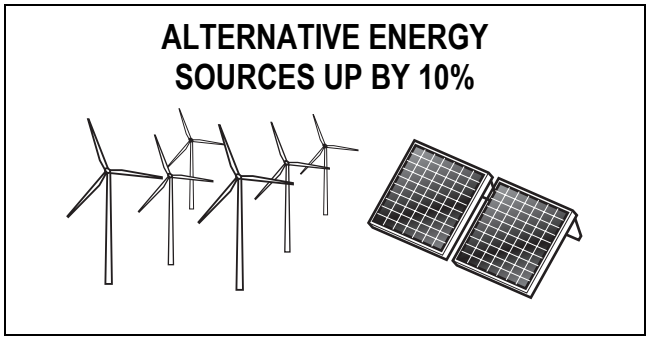
B a greater number of young people in the country

C a rise in the number of people unemployed

D an increase in the use of wind and solar energy

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39 This headline appeared in a newspaper.



What is the purpose of alternative energy sources?

A to reduce global warming

B to reduce hazardous products

C to reduce noise pollution

D to reduce traffic congestion

40 Javed bought a TV which became faulty after 10 days. He was refused a replacement or a refund.

Which consumer right has been broken?

A choice

B information

C redress

D service

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