Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/11**

Paper 1 Multiple Choice **October/November 2022**

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

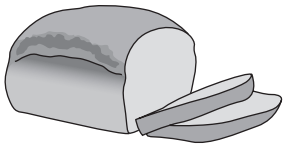
- The total mark for this paper is 40.
- Each correct answer will score one mark.
- Any rough working should be done on this question paper.

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1 Which picture shows a human need?

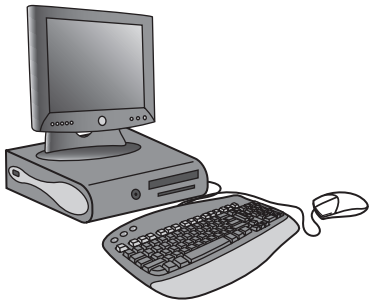
A



B



C



D



2 Raw materials and finished goods may not be immediately required for the next stage in the chain of production.

Which aid to trade solves this problem?

A advertising

B communications

C transport

D warehousing

3 How are commercial services and direct services interrelated?

A Buying and selling are examples of direct services.

B Commercial services depend on direct services.

C Direct services include advertising, accounting and medical services.

D Tertiary production consists of commerce and direct services.

4 Which type of retailer sells a limited range of products and uses national advertising?

A department store

B hypermarket

C speciality chain store

D variety chain

5 Which factor threatens the survival of a small independent retailer?

A cash and carry warehouses

B factory shops

C large-scale retailers

D voluntary chains

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6 A manufacturer gives a trade mark to one of its products.

What is this called?

A bar coding

B branding

C EPOS

D packaging

7 What is the correct order for making purchases online?

A select goods → visit website → make payment → receive delivery

B select goods → visit website → receive delivery → make payment

C visit website → select goods → make payment → receive delivery

D visit website → select goods → receive delivery → make payment

8 Which credit term matches its correct description?

	credit term	description
A	consumer credit	individuals buying goods and services
B	credit sales	goods are paid for when purchased
C	credit card	a plastic card issued only by retail stores
D	creditworthiness	the ability to pay for what is bought

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9 Suleiman received this credit card statement.

statement date	1 October
opening balance	$2000
debits	$750
credits	$500
new balance	$2250
credit limit	$5000
minimum payment	$85
payment to be credited by	21 October

Which way will Suleiman avoid paying any interest?

A pay $750 after 21 October

B pay $2000 before 21 October

C pay $2250 after 21 October

D pay $2250 before 21 October

10 Which advantage does a retailer achieve when a wholesaler breaks bulk?

A benefiting from trade discount

B buying goods on credit

C purchasing smaller quantities

D receiving pre-packed goods for sale

11 The table shows information about intermediaries in foreign trade.

intermediary	function	reward
agent	acts for others	earns commission
forwarding agent	arranges transportation documents	earns fees
X	brings buyers and sellers together	earns commission

What is **X**?

A broker

B del credere agent

C export merchant

D factor

12 What is the correct order of use for these trade documents in a credit sale?

A quotation → cheque → invoice → order → statement → receipt

B quotation → invoice → order → statement → cheque → receipt

C quotation → order → statement → cheque → invoice → receipt

D quotation → order → invoice → statement → cheque → receipt

13 The diagram shows an invoice for goods purchased.

Invoice No. 317293			16 October
ET Trading			
description	quantity	unit price $	total $
cooking oil	20	10	200
baked beans	50	2	100
dried fish	100	3	300
Total			600
Terms: 5% 7 days: 2.5% 30 days			

The customer paid the invoice on 26 October.

How much did the customer pay?

A $15 **B** $570 **C** $585 **D** $600

14 The table shows visible exports and imports of four countries, **A**–**D**.

Which country has a Balance of Trade surplus of $3m?

	exports $m	imports $m
A	7	10
B	15	12
C	35	58
D	70	61

15 What is a tariff?

A duty on imported goods

B limit on number of goods imported

C tax on locally produced goods

D total ban on specific goods

16 Why is trading overseas more difficult than trading in the home market?

A Both traders operate within a trading bloc.

B Different legal systems will apply.

C Fewer goods are demanded.

D Road and rail transport cannot be used.

17 What is a benefit to a retailer of a successful advertising campaign?

A improving the quality of goods

B knowing which goods are required

C selling more goods than before

D setting the price of goods

18 The diagram shows an advertisement for an expensive brand of perfume.



Which method of appeal is used?

A ambition

B hero worship

C social acceptance

D success

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19 What is an advantage to a business of internet advertising?

A Competitors have access to product details and prices.

B Competitors may post false reviews.

C Consumers can compare products from other suppliers.

D The business can monitor how many times advertisements are viewed.

20 What is the cheapest method of sending a written message from one company to another?

A airmail

B courier

C email

D post

21 What is a blog?

A app

B online diary

C pop-up

D social network

22 Which service is provided for an air freight company by an airport authority?

A collection of customs duties

B duty-free shopping

C hire of aircraft

D warehousing of goods

23 A consignment note is used when

A hiring a transport company to carry goods.

B moving goods by sea and rail.

C transporting goods by air freight.

D using own vehicle to deliver goods.

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24 Why do firms use air freight to send goods to other countries?

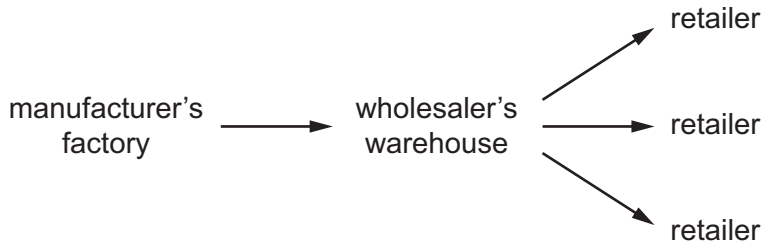
A Insurance costs are higher.

B It is cost effective for high value goods.

C No transhipment of goods is required.

D Planes cannot carry bulk loads.

25 The diagram shows the channel of distribution from a manufacturer to retailers.



Which function of warehousing is shown?

A breaking bulk quantity into smaller quantities

B helping with production of goods

C keeping goods until duty has been paid

D storing products until buyers can be found

26 What is a bonded warehouse used for?

A keeping illegally imported goods

B offering wholesaling services

C retaining goods until duty is paid

D storing goods not subject to duty

27 Which product would be stored in a cold storage warehouse?

A canned meat

B dried fruit

C ground coffee

D raw fish

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28 The table provides information about an insurance company.

	$m
administration costs	10
claims by policy holders	50
interest on investments	5
premiums received	80

How much is the profit of the insurance company?

A $5m **B** $25m **C** $40m **D** $70m

29 'This person assesses the probability of insurance risks and calculates premiums payable.'

What is this person called?

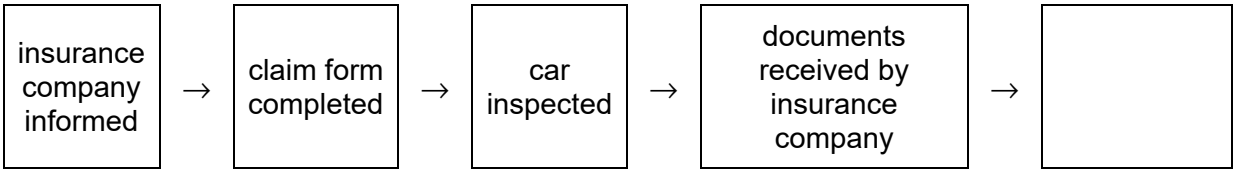
A actuary

B agent

C broker

D underwriter

30 The diagram shows the steps taken by an insured driver to make a claim after a car accident.



What is the final step?

A compensation paid

B damaged articles recorded

C police called

D proposal form completed

31 The diagram shows a partly completed bank statement.

Bank Statement

		credit $	debit $	balance $
1 October	balance b/f			200
6 October	cheque 456873		50	150
14 October	direct debit		100	50
16 October	salary			

The amount of salary paid into the account was $700.

What is the correct entry for 16 October?

A $700 in the credit column and the balance would be $650

B $700 in the credit column and the balance would be $750

C $700 in the debit column and the balance would be $650 overdrawn

D $700 in the debit column and the balance would be $750 overdrawn

32 What is the **most** likely effect a cashless society will have on banks?

A Customers will not go overdrawn.

B More bank branches will be opened.

C Queues will be longer at ATMs.

D The use of debit cards will increase.

33 Why might a manufacturer choose to open a factory shop on its production site?

A advertise new products

B clear substandard goods

C sell at premium prices

D sell directly to retailers

34 Which person will be employed in the public sector of a country?

A firefighter

B storekeeper

C taxi driver

D waiter

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35 Edward has a small business. He wants to buy a new delivery van on credit for $10 000.

Which method of credit is he **most** likely to use?

A credit card

B extended credit

C hire purchase

D informal credit

36 What is the function of working capital?

A buying land

B funding dividends

C paying wages

D repaying bank loan

37 What is the best method to improve the rate of inventory turnover for a small business selling fast food?

A improving marketing

B increasing overdraft

C lowering wages

D reducing wastage

38 The diagram shows a notice in a restaurant window.



Which PEST factor is this an example of?

A economic

B political

C social

D technological

39 What is an example of recycling?

A bio-diesel fuel

B bottle banks

C fair trade

D wind farms

40 Joan purchased an expensive gold necklace. Two days later the chain broke. She took these steps.

read guarantee → contacted shop → presented receipt → requested refund

What should she do if the shop does **not** give her a refund?

A contact the manufacturer

B make an insurance claim

C report to the police

D take court action

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