Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/12**

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

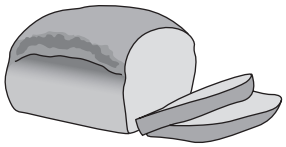
- The total mark for this paper is 40.
- Each correct answer will score one mark.
- Any rough working should be done on this question paper.

IB22 11_7100_12/3RP
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[Turn over

1 Which picture shows a human need?

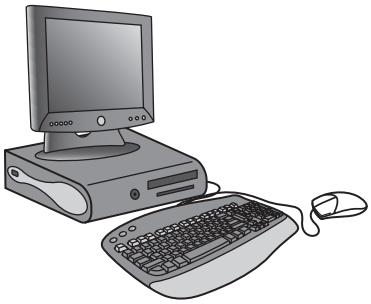
A



B



C



D



2 Which business provides commercial services?

A BB Builders

B FF Farms

C MM Mining

D QQ Bank

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 Why are small shops often known as unit retailers?

A They are owned by one person.

B They employ one person.

C They have one branch.

D They sell one type of product.

5 Which retailer does **not** provide self-service?

A department store

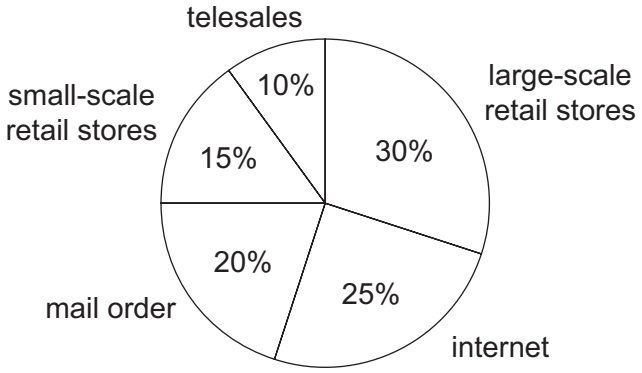
B mobile shop

C multiple chain store

D supermarket

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6 The chart shows the percentage of sales revenue from different retail outlets.



total sales revenue $80m

What is the total sales revenue from ecommerce?

A $16m **B** $20m **C** $36m **D** $44m

7 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

8 Which statement describes the chain of distribution?

A delivery of goods to a large-scale retailer

B how goods are moved from producer to consumer

C production of goods to meet the needs of retailers

D sale of goods to other countries

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9 Which service is correctly paired with its type of wholesaler?

	service	type of wholesaler
A	breaks bulk for retailers	general
B	brings buyers and sellers together	specialist
C	prepares goods for sale	online
D	provides delivery to retailers	cash and carry

10 A Pakistani manufacturer uses an intermediary to find buyers for its products in the US. The manufacturer delivers the products to the intermediary who sells them and collects payment for the manufacturer.

Which type of intermediary would do this for the manufacturer?

A broker

B export merchant

C factor

D import merchant

11 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

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12 The diagram shows a signed delivery note.

Delivery Note No 524
Microchips
La Rioja 327, Córdoba, Argentina



x .....
customer sign here

What does this mean?

A Goods can be paid for.

B Goods can be returned.

C Goods have been delivered on time.

D Goods have been received.

13 TK Ltd purchases pyjamas at $40 and sells them for $60.

What is the mark-up on each sale of pyjamas?

A 20% **B** 40% **C** 50% **D** 60%

14 The table shows the international trade figures for a country for a year.

	$m
total exports	3330
total imports	3560
investments and other capital flows	500
X	270

What does **X** represent?

A Balance of Payments on capital account

B Balance of Payments on current account

C Balance of Trade on capital account

D Balance of Trade on current account

15 How can customs authorities assist trade?

A arranging the transport, tracking and delivery of freight

B giving advice and guidance to businesses on import regulations

C offering special facilities such as cold storage for perishable goods

D providing security services such as police and fire services

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

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18 The diagram shows an advertising method of appeal.



Which advertising method of appeal is shown?

A cleanliness

B convenience

C durability

D status

19 What is the aim of a sales promotion?

A acting as a short-term tactic to increase sales

B advertising products during television programmes

C differentiating between different brands

D spreading information about products

20 Actors in a television series use a brand of sports equipment.

What is this known as?

A product display

B product liability

C product placement

D product promotion

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

A airmail

B courier

C email

D post

22 A prospective employer has asked to see the original certificates for the qualifications Maisie has listed on her curriculum vitae.

What is the **most** appropriate way to send the certificates?

A email

B letter post

C poste restante

D registered post

23 Mohammed wants to increase security in his city centre grocery store.

What would he use to achieve this?

A automated checkouts

B CCTV system

C QR codes

D touch interfaces

24 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

25 Who issues a bill of lading?

A exporter

B importer

C shipping company

D ship's captain

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26 What is the definition of logistics?

A facilities for handling cargo at airports and seaports

B insurance cover taken out for the transit of goods

C management of flow of goods from manufacturer to consumer

D storage of goods ahead of consumer demand

27 The protection of goods from theft, weather and damage is a key function of

A distribution.

B manufacturing.

C retailing.

D warehousing.

28 Which type of warehouse is supervised by customs authorities?

A bonded

B cash and carry

C cold storage

D wholesale

29 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

30 Insurance companies collect statistics about claims.

What do these statistics help them to estimate?

A honesty of the insured

B insurable interest on a policy

C probability of a risk

D value of the property insured

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 a benefit to a customer of using mobile banking?

A faster access to payment services

B fewer bank branches needed

C paper proof of transactions

D reduced staff costs

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33 A manufacturer has to decide where to relocate its business.

Which option, **A**–**D**, contains only financial factors that might influence its decision?

A	**B**
raw materials labour supply recreational facilities	power supply car parking wages

C	**D**
consumers transport systems medical services	local taxes interest rates government grants

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

A firefighter

B storekeeper

C taxi driver

D waiter

35 Which business is **most** likely to be a multinational?

A legal partnership offering services to people selling their houses

B private limited company selling holiday tours

C public limited company drilling, refining and selling oil products

D sole trader using auction websites to sell goods worldwide

36 How is capital calculated?

A current assets minus current liabilities

B non-current assets minus current assets

C total assets minus total liabilities

D trade receivables minus trade payables

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

A improving marketing

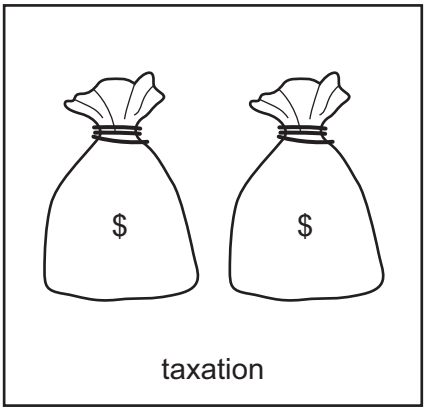
B increasing overdraft

C lowering wages

D reducing wastage

38 Which diagram shows an economic factor of PEST?

A



taxation

B



healthy living

C



automation

D

	$1
rupee	150
euro	1.5

exchange rates

39 Which row shows a renewable and a non-renewable resource under the correct heading?

	renewable resource	non-renewable resource
A	gas	hydroelectric
B	solar	oil
C	water	wind
D	wood	tidal

40 John bought a shirt at a shop. Later, he decides he does not like the colour and takes it back to the shop.

According to consumer law, what is the shopkeeper legally obliged to do?

A give a refund

B nothing

C offer an exchange

D provide a credit note

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