Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/11**

Paper 1 Multiple Choice **October/November 2023**

1 hour

You must answer on the multiple choice answer sheet.

* 2 2 5 5 4 6 9 1 1 2 *

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. Any blank pages are indicated.

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[Turn over

1 What is the manufacturing of large quantities of standardised goods called?

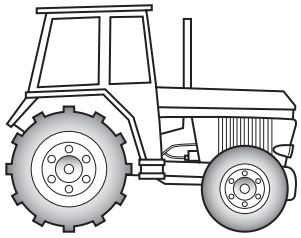
A direct production

B division of labour

C economies of scale

D mass production

2 The diagram shows a tractor.



Which branch of production would a tractor be involved with?

A construction

B extractive

C manufacturing

D tertiary

3 As a result of specialisation by process, the consumer has less choice of goods to buy.

What is the reason for this?

A Factories produce less output.

B Goods are more expensive to produce.

C Goods take longer to produce.

D Standardised goods are produced.

4 Which definition of trade is **most** accurate?

A buying and selling goods for profit

B distributing goods to markets

C exchanging goods for other goods

D importing and exporting goods

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5 Which advantage of small-scale retailing is **not** important for creating customer loyalty?

A flexible opening hours

B informal credit

C low operating costs

D personal service

6 The diagram shows a bar code scanner.



What is this used for?

A branding goods

B click and collect purchases

C maintaining stock levels

D online shopping

7 Before buying a product, Mr Phiri wants to check the widest range and cheapest price available.

What would Mr Phiri consult?

A comparison websites

B franchisees

C mail order catalogues

D manufacturers

8 What is a disadvantage to the customer of purchasing a television on credit?

A A credit check will be made by the seller.

B Interest may be charged by the seller.

C Payment is postponed until a later date.

D The buyer does not need to carry cash.

9 A leaflet contains an advertisement for a cooker.



How much more would it cost to buy the cooker using hire purchase than paying for it by cash?

A $100 **B** $500 **C** $800 **D** $1300

10 Hawwaa has a bakery business producing small quantities of high value speciality cakes ordered online by customers.

Which channel of distribution should she use to supply her customers?

A producer → consumer

B producer → agent → consumer

C producer → retailer → consumer

D producer → wholesaler → consumer

11 Which benefit does a small-scale retailer have by using a wholesaler?

A Cash discount for bulk purchases is provided.

B Less storage space is needed.

C Market trends are not updated.

D The theft of goods is prevented.

12 CL Fashions places an order with NT Textiles.

What is the first document sent by NT Textiles to CL Fashions after the order is placed?

A catalogue

B delivery note

C price list

D receipt

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13 Which statement does **not** apply to the use of trade discount between traders?

A It acts as an incentive to buyers to place large orders.

B It encourages buyers to make prompt payment of bills.

C It removes the burden of frequent reprinting of catalogues.

D The amount offered may vary according to the goods being sold.

14 Mr X purchased watches for $5000 from Mr Y and received an invoice for the amount due. Later, Mr Y sent Mr X a credit note for $1000.

How much does Mr X now owe Mr Y?

A $4000 **B** $5000 **C** $6000 **D** $10 000

15 Why do customs authorities keep statistical records?

A to calculate the Balance of Trade

B to calculate the exchange rate

C to compare exports with imports

D to enable duties to be collected

16 Why will consumers in a trading bloc country usually benefit from lower prices?

A Domestic companies will be allowed low interest loans by the government.

B High-priced imports from member countries will be banned.

C Taxes on imports from other member countries are abolished.

D The government will pay subsidies to domestic companies.

17 What is a difficulty faced by importers?

A better quality imported goods

B demand exceeding supply

C language barriers

D non-payment by exporters

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18 An advertising leaflet is shown.



What is this leaflet an example of?

A collective advertising

B competitive advertising

C informative advertising

D persuasive advertising

19 JM Ltd needs to advertise the launch of its new luxury range of running shoes to its teenage target market.

Which method of appeal should JM Ltd use for a successful advertising campaign?

A emotion

B health

C humour

D status

20 A point-of-sale display attracts customers who are

A visiting a shop.

B shopping on a website.

C using vending machines.

D ordering from mail order catalogues.

21 What is the **most** likely reason that businesses use mobile phone advertising to promote sales?

A Advertisements are not ignored.

B Advertisements will be read immediately.

C Mobile phones are less personal than desktop computers.

D Mobile phones can reach people at any location.

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22 What is a purpose of communication in trade?

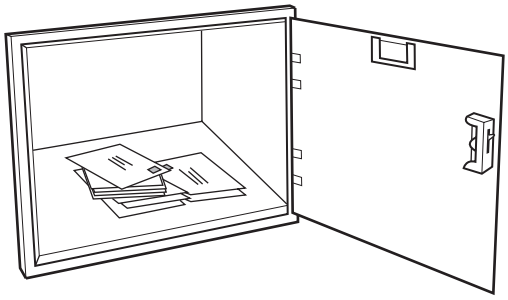
A to deliver goods quickly

B to increase sales revenue

C to obtain information on goods and services

D to record telephone conversations

23 The diagram shows a service offered at post offices for people to collect their mail.



What is this service called?

A night safe

B poste restante

C private box

D special delivery

24 What does an application store (app store) enable a smartphone user to do?

A allow the user to apply directly for financial products

B allow the user to have in-touch interface with the screen

C download job information from a website

D download third party software onto a mobile device

25 What is an advantage of containerisation in sea transport?

A avoidance of customs duty

B carriage of one type of product at a time

C fast turnaround of ships at ports

D quick unpacking of goods at docks

26 Which service is provided at a seaport to handle cargo?

A gantries

B hangars

C pilots

D shops

27 Which transport document does **not** act as evidence of a contract of carriage?

A air waybill

B bill of lading

C consignment note

D delivery note

28 What is a feature of a bonded warehouse?

A allows goods to be manufactured

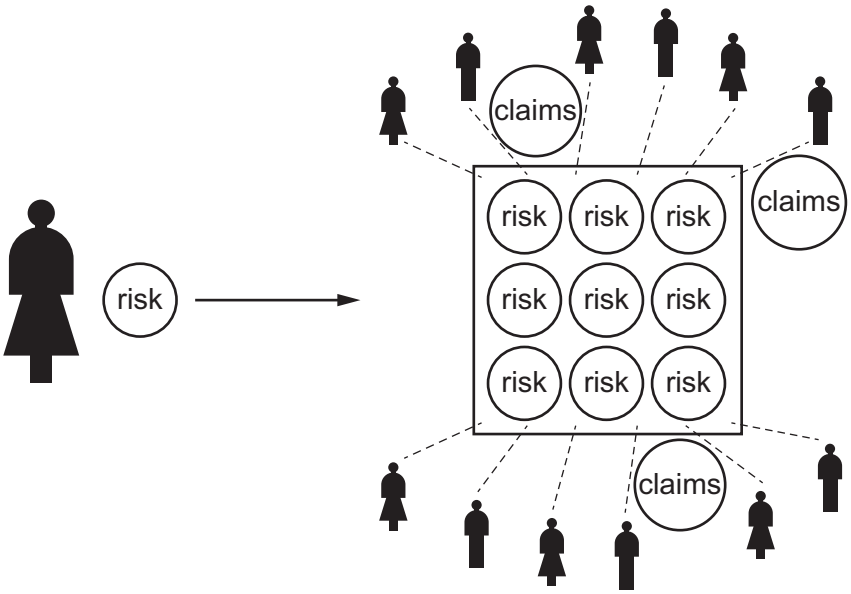
B enables goods to be sold in small quantities

C requires immediate payment of customs duty

D stores confiscated goods

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29 The diagram shows a purpose of insurance.



Which purpose of insurance is shown?

A business confidence

B consequential loss

C investment

D risk reduction

30 A partner of a business has died.

Which type of business insurance would be **most** beneficial for the other partners?

A professional indemnity

B employer's liability

C key person

D public liability

31 Javed insured his shop for $120 000. In the following year the market value of the shop increased by $12 000. Javed has not told the insurance company about this increase.

If the shop is completely destroyed by fire, what is the maximum amount that the insurance company will pay out?

A $12 000 **B** $108 000 **C** $120 000 **D** $132 000

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32 What does the banking term ETF stand for?

A electronic transaction of finance

B electronic transaction of funds

C electronic transfer of finance

D electronic transfer of funds

33 What is an advantage of using a cheque to pay a debt?

A It can be made out for any amount.

B It is accepted as a means of payment everywhere.

C It must be taken to a bank to be paid in.

D It must be cleared before the money can be used.

34 Which term is given to a government-owned train company operating as a public corporation?

A distribution

B diversification

C nationalisation

D privatisation

35 Mr Singh is a franchisee who has to pay monthly royalty payments of $500 plus 5% of his shop's turnover.

If this month's sales have been $20 000, how much are this month's royalties?

A $1000 **B** $1500 **C** $6000 **D** $18 500

36 What is the main benefit to a developing country of multinational companies locating in the country?

A changing the local environment

B improving local infrastructure

C providing competition for local companies

D sending profits back to home country

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37 The table shows some of the balances in the accounts of a business.

	$
capital	50 000
premises	100 000
stock	10 000
cash	10 000
debtors	15 000
creditors	10 000

What is the total value of the current assets?

A $10 000 **B** $20 000 **C** $30 000 **D** $35 000

38 How can a company improve its sales revenue?

A cut its workforce

B increase its expenses

C lower its mark-up

D reduce its marketing

39 The diagrams show four options seen by customers using a website.

Which option helps customers with concerns that might also have been raised by others?

A



B



C



D



40 A consumer will always receive a refund for a product if she has

A been aware of a fault in the product at the time of purchase.

B changed her mind and does not want the product.

C received the product in damaged condition.

D used the product for more than 28 days.

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