Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/12**

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

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)

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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.

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1 The table shows some occupations and the branch of production to which they belong.

occupation	branch of production
lawyer	direct service
truck driver	tertiary
machinist	secondary
oil driller	primary
welder	X

Which branch of production is X?

A direct service

B primary

C secondary

D tertiary

2 What is an example of division of labour?

A a manager of a shop

B a part-time cleaner

C a self-employed plumber

D a worker on a factory's assembly line

3 Which definition describes trade?

A buying and selling of goods and services

B changing natural resources into consumable goods

C producing and distributing goods and services

D satisfying humans with goods and services

4 Which statement **best** describes how industry and trade are interrelated?

A Industry needs finance to expand its operations.

B Industry needs markets at home and abroad to sell its goods.

C Industry needs storage before sale of its finished goods.

D Industry needs transport to deliver goods to consumers.

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5 Which function is performed by retailers to consumers?

A acting as a link between manufacturers and wholesalers

B bringing buyers and sellers together

C giving advice on goods purchased

D offering cash and trade discounts

6 Which name is given to a very large store, situated in a town centre, selling many types of goods?

A chain store

B department store

C discount store

D speciality store

7 Which row about large-scale retailers and small-scale retailers is correct?

	large-scale retailers	small-scale retailers
A	buy mainly from manufacturers	buy mainly from wholesalers
B	charge high prices due to overheads	charge low prices due to quick turnover
C	offer informal credit	offer extended credit
D	stock specialist low-demanded goods	stock large variety of products

8 Which transaction is an example of a credit sale?

A buying a bicycle using a debit card

B exchanging a faulty television for another one

C leasing a computer for two years

D paying for furniture with a deposit and instalments

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9 A newsagent sells $240 of newspapers weekly.

The table shows the percentage of customers using each method of payment.

method of payment	% of customers paying by each method
cash	10
direct debit	15
informal credit	75

How much should the newsagent be paid weekly by informal credit?

A $24 **B** $36 **C** $60 **D** $180

10 Which statement describes the chain of distribution?

A deals arranged between buyers and sellers

B goods transferred from producer to consumer

C products made for the needs of retailers

D the sale of goods to other countries

11 What is the function of a wholesaler?

A to buy goods directly from the retailer for sale to the final consumer

B to obtain a large variety of goods in small quantities for resale

C to store goods purchased in large quantities from manufacturers

D to supply manufacturers with finished goods for resale

12 What is the purpose of an order form?

A to provide information to the seller about goods a buyer wishes to purchase

B to reply to a potential customer giving the costs of goods described in an enquiry

C to seek information from a seller about goods offered for sale

D to send a bill to a buyer giving details of an individual transaction

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13 Why do wholesalers offer their retail customers cash discount?

A to discourage retailers from buying on credit

B to enable wholesalers to operate on a cash and carry basis

C to encourage prompt payment on credit sales

D to persuade retailers to pay for purchases immediately

14 The cost price of a refrigerator is $150. The mark-up is 20% of the cost price.

What is the selling price?

A $30 **B** $120 **C** $170 **D** $180

15 The data shows the Balance of Payments for a country.

	$m
visible exports	82 500
visible imports	80 000
invisible exports	75 000
invisible imports	68 000

What is the Balance of Payments for this country?

A $2500 m **B** $7000 m **C** $9500 m **D** $14 500 m

16 What is the function of a customs authority?

A collecting statistics on imports and exports

B fixing the rates of customs duties

C maintaining ports and airports

D promoting new businesses

17 What might a Japanese car manufacturer find **most** difficult if it decides to export to Europe?

A cost of advertising

B fluctuating exchange rates

C level of excise duties

D weather conditions

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18 Which type of advertising is used in the advertisement shown?



A collective

B competitive

C informative

D persuasive

19 An advertising slogan for a business making tailored shirts is shown.

Want to impress and be a success? Then you need our address!

Which method of appeal is the advertiser using?

A ambition and status

B desire for an easy life

C love of a bargain

D need for social acceptance

20 CR Ltd has a new range of smart televisions. Stocks of their existing televisions are still unsold.

Which sales promotion method should CR Ltd use to help sell the existing televisions?

A attractive packaging

B buy one, get one free

C discount offers

D window displays

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21 What is an advantage of using registered mail?

A Delivery is faster.

B Sender does not pay postage.

C Special messenger service is provided.

D There is compensation for loss.

22 What is a characteristic of a tablet computer?

A It can be used only in offices.

B It has a very large screen.

C It is a portable mobile device.

D It is heavier than a laptop.

23 An advertisement includes the following information.

Secure storage
Standard sizes
Easy to load and unload
Low costs of labour

What does the advertisement refer to?

A containers

B railway freight wagons

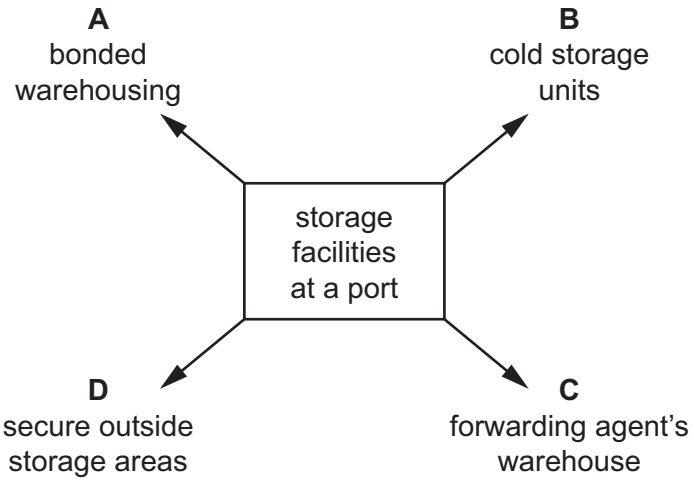
C regional distribution centres

D warehouses

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24 The diagram shows storage facilities at a port.

Which storage facility is supervised by the customs authorities?



25 The diagram shows part of an international trade document.

Ship from:	Number:
Ship to:	Carrier name:
Customer order information:	Carrier information:
Shipper signature:	Carrier signature:
Date:	Date:

Which document is shown?

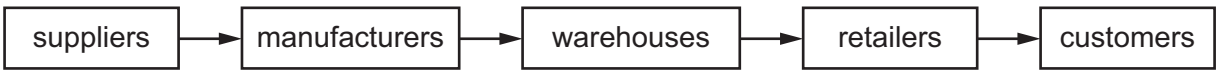
A advice note

B bill of lading

C consignment note

D documentary credit

26 The diagram shows the flow of goods from the supplier of raw materials to the consumer.



Which term is used to describe the management of this process?

A direct services

B logistics

C sustainability

D transportation

27 Why is it important to store winter snowboards in a warehouse?

A to aid continuous production

B to increase prices

C to prevent theft

D to provide space for transportation

28 What is a feature of a cash and carry warehouse?

A All goods are refrigerated.

B Entry is limited to members.

C Goods are sold on credit.

D Its location is close to an airport.

29 What is the **least** important factor when deciding if an insurance policy is good value for money?

A the claim payment history of the insurance company

B the financial worth of the insurance company

C the number of people employed by the insurance company

D the terms and conditions of the policies

30 Which business pays the **lowest** insurance premium?

	business	risk of injury	claims in past 3 years
A	cattle farmer	medium	5
B	diamond mine	high	50
C	shoe factory	low	2
D	sweet shop	low	1

31 Mrs Udawatte owns a house which has a market value of $400 000. To save on the price of the premium, she insured the house for $300 000. A fire destroys 25% of her house.

How much will the insurance company pay for her claim?

A $75 000 **B** $100 000 **C** $300 000 **D** $400 000

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32 What is a function of commercial banks?

A acting as bankers to government

B issuing notes and coins

C lending to businesses and personal customers

D organising a new share issue

33 Why would a bank's night safe be important to a restaurant?

A to allow cash withdrawals

B to deposit cash after banking hours

C to pay direct debits

D to transfer money between accounts

34 Which enterprise exists only in the private sector?

A electricity company

B fire service

C hair salon

D road construction

35 Maisie opens a fast food restaurant selling fried chicken. The recipe for the batter mix is owned by Frankie. Maisie buys all her supplies from Frankie.

Which type of business organisation describes this situation?

A franchise

B multinational

C partnership

D sole trader

36 What is a benefit of multinational companies to a host country?

A They may import goods rather than use local supplies.

B They improve the skills of the local workforce.

C They often bring in senior managers from other countries.

D They provide competition for local companies.

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37 Jamal requires a loan of $200 000 to purchase a property for his business.

Which question would a bank consider to be the **most** important before agreeing to the loan?

A Are you aware of the interest charges on loans?

B Do you have a current account with the bank?

C How long will you take to repay the loan?

D What collateral security can you provide against the loan?

38 The following information relates to a sole trader.

	$
current liabilities	20 000
stock	10 000
debtors	15 000
cash	10 000

What is the sole trader's working capital?

A $15 000 **B** $20 000 **C** $25 000 **D** $35 000

39 Before a business relocates, it should consider applying PEST analysis.

Political **E**conomic **S**ocial **T**

Which factor should be inserted at **T**?

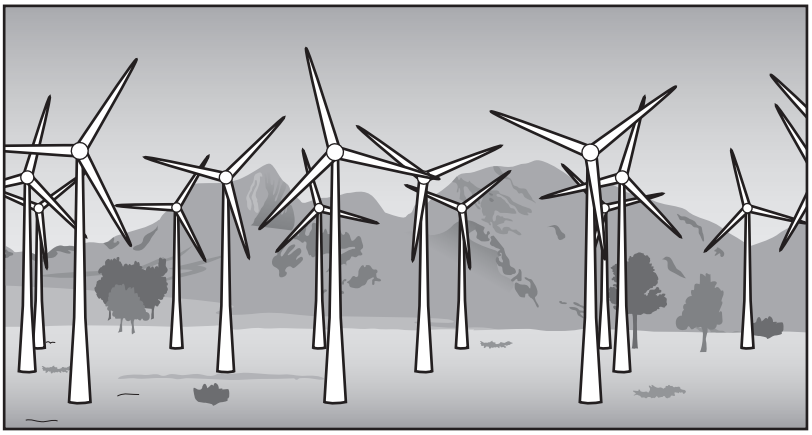
A tariffs

B taxation

C technological

D transportation

40 A wind farm is shown.



What is this an example of?

A greenhouse gas emission

B non-renewable resource

C recycled product

D sustainable source of energy

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