



Cambridge O Level

COMMERCE

7100/12

Paper 1 Multiple Choice

May/June 2024

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

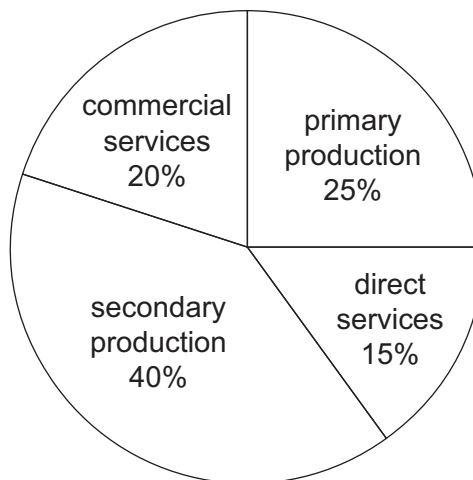
- The total mark for this paper is 40.
- Each correct answer will score one mark.
- Any rough working should be done on this question paper.

This document has **12** pages.

1 Which group only includes human needs?

- A education, shelter and transport
- B food, water and shelter
- C transport, work and water
- D work, shelter and education

2 The pie chart shows the annual output of a country that produces goods and services valued at \$10 billion.



What is the value of output from the tertiary sector?

- A \$1.5 billion
- B \$2.0 billion
- C \$3.5 billion
- D \$4.0 billion

3 Which group of activities only has aids to trade?

- A advertising, banking, wholesaling
- B banking, communication, transportation
- C communication, manufacturing, warehousing
- D insurance, retailing, warehousing

- 4 What is a function of a small-scale retailer?
- A buying goods in bulk
 - B buying raw materials in small quantities
 - C selling only packaged goods
 - D selling small quantities of goods
- 5 What allows a consumer to buy goods and services from an online store?
- A mail order
 - B telephone shopping
 - C television shopping
 - D virtual retailing
- 6 The diagram shows the stages in a retailing service.



Which retailing service does the diagram show?

- A click and collect
 - B loyalty scheme
 - C self-service checkout
 - D showrooming
- 7 Why do some street traders accept credit card payments from their customers?
- A Customers become more loyal.
 - B Customers do not have to carry cash.
 - C Street traders can gain interest on payments.
 - D Street traders will become more competitive.

- 8 A customer wants to buy a fridge freezer priced at \$1600. If they buy it on hire purchase, the terms of payment are 5% deposit plus 10 equal instalments of \$175.

How much **more** will the customer pay when buying the fridge freezer on hire purchase instead of paying in cash?

A \$80 **B** \$150 **C** \$230 **D** \$1750

- 9 Baljinder buys a smartphone using a credit sales agreement. The cash price is \$400. She pays \$100 deposit. 10% interest is charged on the remaining balance which she pays in instalments.

What is the total credit sales price?

A \$330 **B** \$400 **C** \$430 **D** \$500

- 10 Which service is provided by a wholesaler to a manufacturer?

A advice to retailers
B breaking bulk
C delivery of goods
D purchasing in bulk

- 11 Which intermediary in international trade guarantees payment to the seller?

A broker
B del credere agent
C export merchant
D import agent

- 12 What is the name of a document used by a seller to correct an overcharge?

A advice note
B cover note
C credit note
D delivery note

- 13 A manufacturer deducts 20% trade discount and 5% cash discount from an item priced at \$100.

What is the selling price of this item?

A \$20 **B** \$24 **C** \$76 **D** \$80

14 The table shows international trading figures for four countries, **A**, **B**, **C** and **D**.

Which country has a Balance of Trade surplus?

	visible exports \$ bn	invisible exports \$ bn	visible imports \$ bn	invisible imports \$ bn
A	16	10	21	8
B	17	11	15	10
C	20	12	20	10
D	22	12	22	14

15 What are ASEAN, EU and SADC examples of?

- A** international trading blocs
- B** multinational businesses
- C** non-renewable resources
- D** television shopping channels

16 A computer manufacturer in India imports hard drives from Singapore.

Which difficulty is the manufacturer **most** likely to experience when buying the hard drives?

- A** different customer tastes
- B** fluctuating exchange rates
- C** organising transport
- D** paying excise duties

17 Which method is an example of mass media advertising?

- A** direct mail
- B** internet
- C** leaflets
- D** trade fair

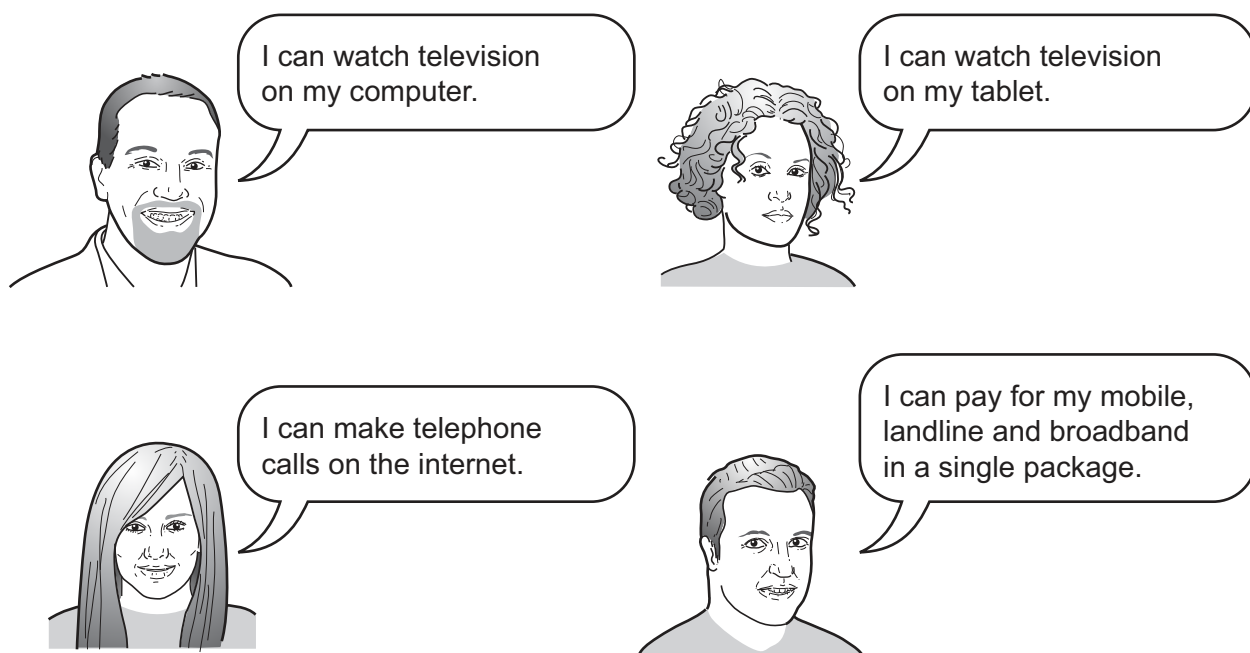
- 18 What is an advantage to a new restaurant of using a local newspaper to advertise?
- A Local newspapers can provide detailed information.
 - B Local newspapers have a long life span.
 - C Local newspapers offer good-quality reproduction.
 - D Local newspapers target a nationwide audience.
- 19 The diagram shows a sign in a supermarket.



Which sales promotion method is shown?

- A competition
 - B coupon
 - C loss leader
 - D special offer
- 20 What is **not** an advantage of communication in international trade?
- A being able to advertise job opportunities internally within a business
 - B being able to produce photos, videos and reviews of products
 - C being able to show details of prices of products to potential customers
 - D being able to speak directly to customers to sell products
- 21 What is an advantage of videoconferencing to a company?
- A The company can only have three people attending the meetings.
 - B The company can save travel costs on meetings.
 - C Videoconferencing does not require technical support at meetings.
 - D Videoconferencing is suitable for every kind of meeting.

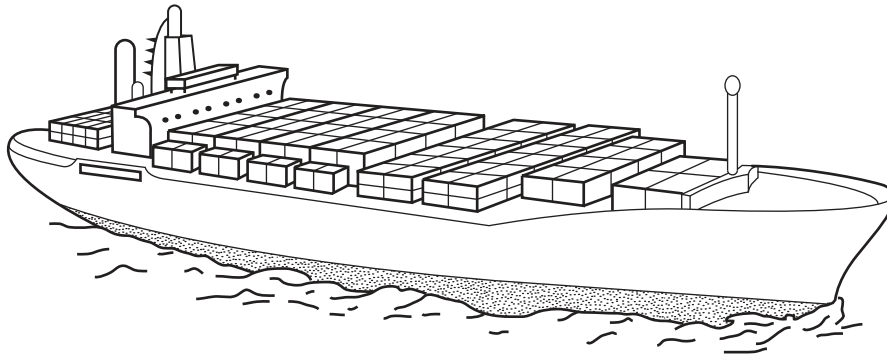
22 The picture shows four users of modern technologies having a conversation.



What is this process of bringing technologies and devices closer together called?

- A capital
- B collateral
- C contribution
- D convergence

23 The picture shows a vessel.



What kind of vessel is it?

- A bulk carrier
 - B container ship
 - C ferry
 - D tanker
- 24 What is an example of a negotiable document?
- A a bill of lading
 - B a cover note
 - C an air waybill
 - D an insurance policy
- 25 Which service is **least** likely to be provided by a forwarding agent to a small exporting business?
- A arranging delivery of exported products to customers abroad
 - B making sure the products are suitable for customers abroad
 - C organising the booking and loading of cargo for air freight
 - D providing storage while waiting for transport
- 26 Which function is performed by a wholesaler in a warehouse?
- A advertising of goods
 - B breaking of bulk goods
 - C manufacturing of goods
 - D transporting of goods

- 27 Which building stores dutiable goods?
- A bonded warehouse
 - B cash and carry warehouse
 - C manufacturer's warehouse
 - D regional distribution centre
- 28 What does underinsurance mean?
- A insuring a non-insurable risk
 - B insuring a risk for its actual value
 - C insuring a risk for less than its value
 - D insuring a risk for more than its value
- 29 Which factor might cause a customer to be quoted a higher premium for car insurance?
- A a history of 15 years without a claim
 - B drives the car only at weekends
 - C lives in a city with significant crime rate
 - D no accidents in the last 5 years
- 30 What is an advantage to a customer of using internet banking?
- A Cash can be obtained anywhere at any time.
 - B Credit card fraud is not a problem.
 - C The customer can access account details worldwide.
 - D The customer has personal contact with the bank.

31 The diagram shows an insurance document.

Private car insurance	
Title (Mr, Mrs, Miss, etc):	First names:
Surname:	
Date of birth:	
Type of licence (eg Full, Provisional):	
Daytime tel. no:	Evening tel. no:
Email address:	
Postal address:	
Address at which vehicle is kept if different from postal address:	
Occupation:	<input type="checkbox"/> Full <input type="checkbox"/> Part time
Employer's business:	<input type="checkbox"/> Full <input type="checkbox"/> Part time
Cover to commence from:	To:

What is this document called?

- A** claim form
- B** cover note
- C** insurance policy
- D** proposal form

- 32 What is a benefit of mobile banking?
- A Customers may use passwords that are easy to remember.
 - B Interest is paid on all transactions.
 - C There is face-to-face contact with bank employees.
 - D Users have ease of access through electronic devices.
- 33 What is a mobile wallet?
- A an app containing card details
 - B using internet banking to pay bills
 - C visiting a bank to get money from an ATM
 - D a wallet to carry bank cards and cash
- 34 Which business is **most** likely to be located outside of a city?
- A baker
 - B department store
 - C newsagent
 - D online retailer
- 35 In the absence of a deed of partnership, how would the losses be shared out if a partnership ceased to trade?
- A according to each partner's investment
 - B according to seniority of the partners
 - C equally between partners
 - D on the basis of a legal judgement
- 36 Irfan needs a new van for his business, but he does not have enough money to buy one.
- Which method should Irfan use to finance the van?
- A debentures
 - B factoring
 - C leasing
 - D savings

- 37 Which action will help to improve the rate of inventory turnover for a retailer?
- A increasing selling prices
 - B purchasing goods in demand
 - C reducing advertising budget
 - D reducing storage capacity
- 38 What is **not** a PEST factor?
- A exports
 - B political
 - C social
 - D technological
- 39 Which statement indicates a **negative** environmental impact of commerce?
- A chemicals are imported and exported
 - B forests are exploited to produce timber
 - C retail development causes property prices to increase
 - D technology is used to recycle plastic
- 40 Which action should a shop assistant take if a customer returns faulty shoes after wearing them for a day?
- A apologise but explain to the customer that the shoes are worn
 - B ask the customer to return to see the shop manager
 - C make eye contact with the customer but say nothing
 - D offer to exchange the shoes immediately for the customer

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