



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.

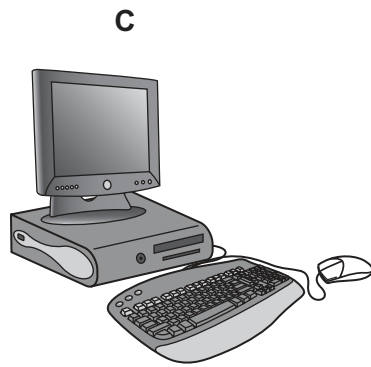
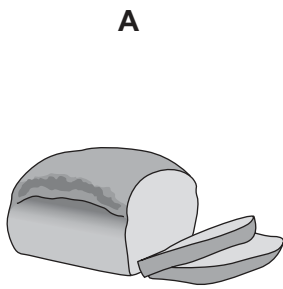
INFORMATION

- 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.

This document has **12** pages.



1 Which picture shows a human need?



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

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

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			<u>600</u>
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?

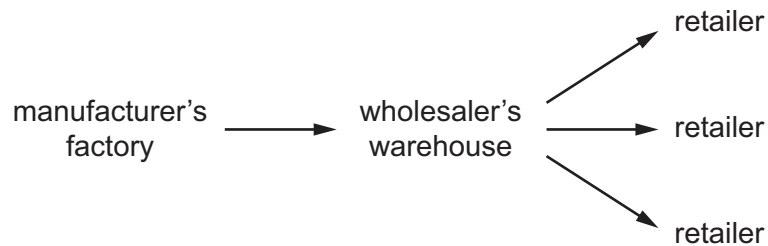
- A ambition
- B hero worship
- C social acceptance
- D success

- 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.

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 transshipment 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

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?

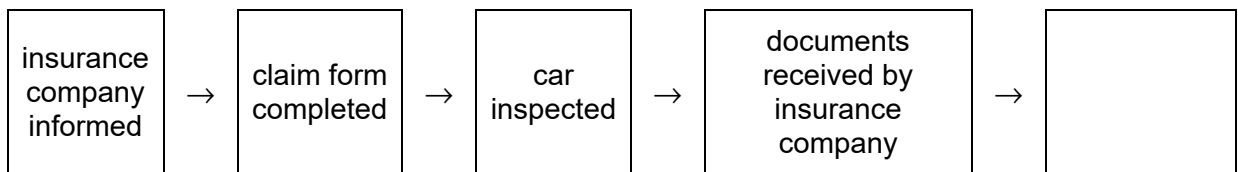
- A** \$5m **B** \$25m **C** \$40m **D** \$70m

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

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

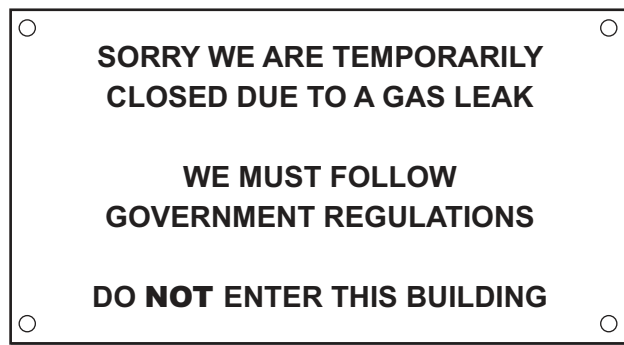
36 What is the function of working capital?

- 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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