



# Cambridge O Level

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## COMMERCE

7100/11

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.

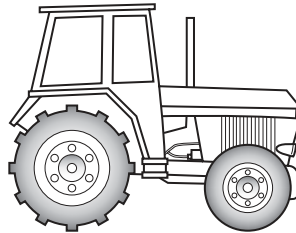
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This document has **12** pages. Any blank pages are indicated.

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.

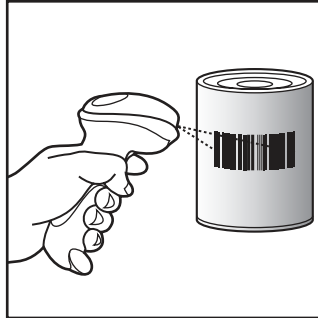
4 Which definition of trade is **most** accurate?

- A buying and selling goods for profit
- B distributing goods to markets
- C exchanging goods for other goods
- D importing and exporting goods

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.

Exclusive offer:

## Cooker!

Cash price \$1200

Hire purchase price – deposit \$500  
plus 10 monthly payments of \$80

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

- 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

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.

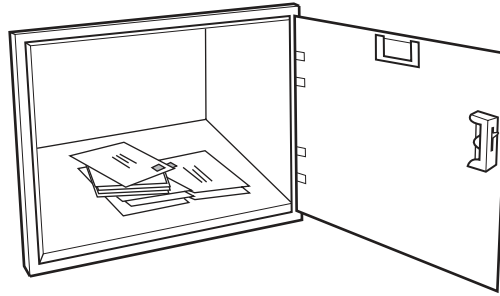
Which method of appeal should JM Ltd use for a successful advertising campaign?

- 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.

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

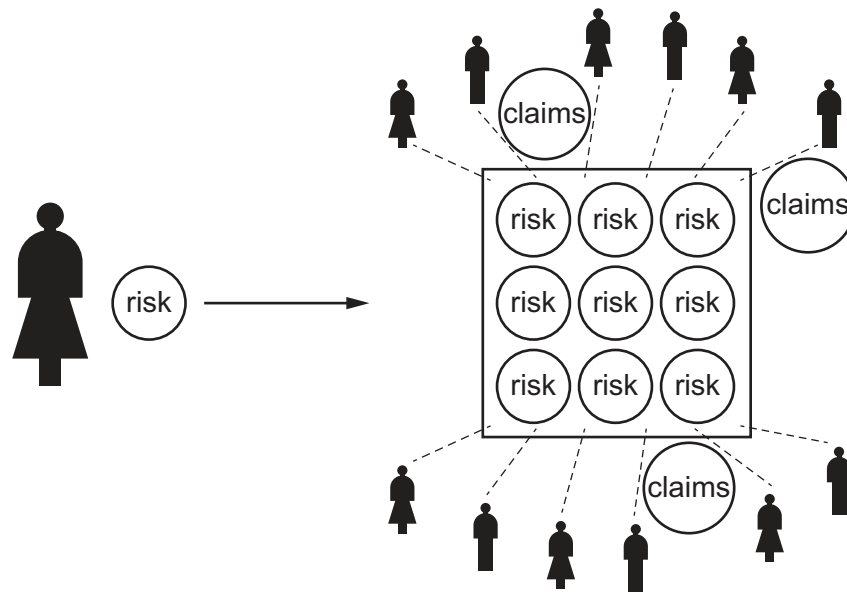
25 What is an advantage of containerisation in sea transport?

- 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



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

- 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

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?

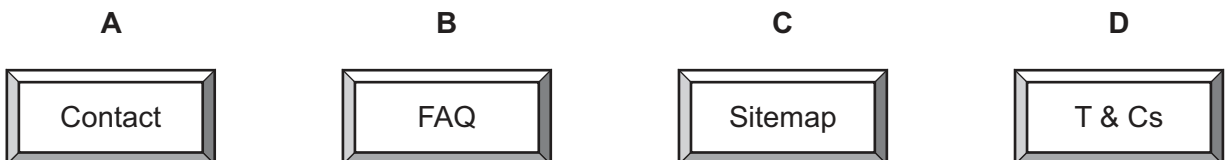
- A** \$10 000      **B** \$20 000      **C** \$30 000      **D** \$35 000

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?



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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