



# Cambridge O Level

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## COMMERCE

7100/11

Paper 1 Multiple Choice

October/November 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)

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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 The diagram shows a warehouse worker driving a forklift truck.



What is a disadvantage of division of labour to this worker?

- A fewer friends at work
  - B less job satisfaction
  - C increased manual effort
  - D increased production delays
- 2 The table shows the number of workers employed in different branches of production.

Branch of production	Number of workers
acting	50 000
food processing	20 000
mining	30 000
steel making	40 000

What is the total number of workers employed in secondary production?

- A 40 000
  - B 60 000
  - C 70 000
  - D 90 000
- 3 Which term describes the relationship between industry, commerce and direct services?
- A independent
  - B individualistic
  - C interdependent
  - D intermediary

- 4 Which commercial activity is likely to use the term BOGOF?
- A banking
  - B communications
  - C insurance
  - D retailing
- 5 Which type of retail organisation sells a narrow range of goods?
- A department store
  - B mail order company
  - C speciality store
  - D variety multiple chain
- 6 When making hire purchase transactions, which of the following is used?
- A a building society
  - B a commercial bank
  - C a finance company
  - D a stock exchange
- 7 What is an advantage to a customer of using credit?
- A The customer is able to use the product immediately and pay later.
  - B The customer is always offered convenient repayment terms.
  - C The customer is always provided with regular discounts.
  - D The customer is offered very flexible interest rates.
- 8 An international airline plans to purchase 20 aeroplanes from an aircraft manufacturer.
- What is the **most** likely channel of distribution for this purchase?
- A manufacturer → airline
  - B manufacturer → retailer → airline
  - C manufacturer → sole agent → airline
  - D manufacturer → wholesaler → retailer → airline

- 9 Which service is provided by wholesalers to manufacturers?
- A forecasting the likely changes in the market
  - B giving information on record-keeping
  - C operating a cash and carry facility
  - D providing a wide range of goods
- 10 Which document is widely used between buyers and sellers in home trade?
- A bank statement
  - B bill of lading
  - C delivery note
  - D proposal form
- 11 A retailer purchases lamps for \$16 each and sells the lamps for \$20 each.
- What is the percentage mark-up on each lamp sold?
- A 4%
  - B 20%
  - C 25%
  - D 36%
- 12 What is buying goods from another country called?
- A exchanging
  - B importing
  - C exporting
  - D transporting

13 The table shows trade between two countries in 2023.

	country X \$ bn	country Y \$ bn
visible exports	10	8
visible imports	8	10

Which statement is correct?

- A Country X has a Balance of Payments deficit with country Y.
- B Country X has a Balance of Trade surplus with country Y.
- C Country Y has a Balance of Payments deficit with country X.
- D Country Y has a Balance of Trade surplus with country X.

14 What is a function of customs authorities?

- A confiscating illegal goods
- B maintaining port facilities
- C marketing trade fairs
- D organising export trade

15 A company wants to export its sportswear.

Which factor is **most** likely to influence its choice of potential markets?

- A import regulations
- B number of banks
- C storage areas
- D time differences

- 16 The diagram shows an advertisement for new apartments.

**SEAVIEW APARTMENTS**

SV Estates offers 2-bedroom  
apartments with beautiful views of the ocean.

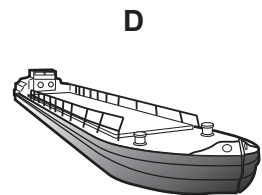
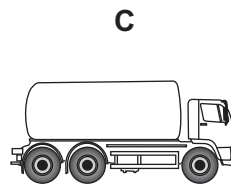
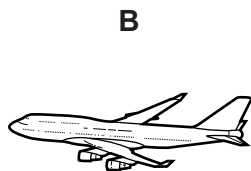
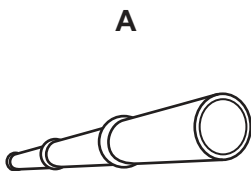
Only 12 units available. Don't delay!

Make an appointment to view **NOW!**

Which type of advertising is being used?

- A collective
  - B competitive
  - C informative
  - D persuasive
- 17 Where are digital billboards usually displayed?
- A at the cinema
  - B at the roadside
  - C on the internet
  - D on the television
- 18 Why do retailers use loss leaders?
- A to attract customers into shops
  - B to clear unused stock quickly
  - C to reward customers with free gifts
  - D to provide information on brands
- 19 What is the **most** important reason for a company to use social media for advertising?
- A Consumers can be targeted more easily.
  - B Consumers can obtain details about products.
  - C More consumers are able to make complaints.
  - D More consumers now have smartphones.

- 20 Which term is used for a computer network only accessible within an organisation?
- A blog
  - B cookies
  - C website
  - D intranet
- 21 What could be a disadvantage to a logistics company of using social media to communicate with its business customers?
- A It can be used with other forms of communication.
  - B It can combine information, videos and reviews.
  - C It allows customers to give poor reviews about the business.
  - D Many potential customers will be made aware of the business.
- 22 Why is electronic communication important to the aids to trade?
- A It allows goods to be transported in trucks.
  - B It allows insurance risk to be reduced.
  - C It enables international bank payments.
  - D It enables warehouses to store goods.
- 23 Which method can be used to transport oil under the sea?



- 24 What is the advantage to exporters of using containers to transport goods overseas?
- A Containers can be reused multiple times.
  - B Containerisation speeds up the process of moving goods.
  - C Containerisation requires fewer workers at seaports.
  - D Containers reduce the risk of theft and damage of goods.

- 25 Which service is **not** the responsibility of security at airports?
- A operating X-ray machines to check luggage
  - B restricting access to certain areas
  - C updating public information screens
  - D using sniffer dogs to find banned goods
- 26 Which document is used when goods are transported?
- A advice note
  - B bill of lading
  - C letter of credit
  - D proposal form
- 27 Which development in transportation aids international trade?
- A containerisation
  - B low-cost airlines
  - C mass rapid transport
  - D shared taxis
- 28 Which warehousing term describes storing goods for future use?
- A stock control
  - B stock-keeping
  - C stocktaking
  - D stockpiling

29 The diagram shows an advertisement for a new local warehouse.



Which type of warehouse is being advertised?

- A** bonded
- B** cash and carry
- C** cold storage
- D** manufacturer's

30 Jane has bought a café and has been advised to buy product liability insurance.

Which risk would this insurance policy cover for the café?

- A** bad debts
- B** dishonest employees
- C** food poisoning
- D** leaking windows

31 AB Repairs insured its garage for \$40 000, but the actual value was \$60 000. A flood caused \$9000 worth of damage to the garage. AB Repairs made a claim for compensation.

How much compensation should AB Repairs receive for this claim?

- A** \$3000                      **B** \$6000                      **C** \$9000                      **D** \$40 000

32 What is an advantage of a cashless society to consumers?

- A** all online transactions are safer
- B** reduces spending
- C** saves costs of manufacturing money
- D** safer than carrying cash

- 33 The picture shows a customer asking for a bank loan to start a new business.



Why will the bank manager be **more** willing to lend if the business is operated as a franchise?

- A Franchise businesses come with ready-made business plans.
  - B Franchise businesses have a higher survival rate than sole traders.
  - C Franchisees are seen as being more skilled at business.
  - D Franchisors pay some of the initial start-up costs.
- 34 What is an advantage to the host country of a multinational company locating to that country?
- A Foreign managers are brought in to work in the host country.
  - B The company is owned by the home country.
  - C The company's profits are sent back to the home country.
  - D The infrastructure of the host country is improved.
- 35 What is a feature of a private limited company?
- A Financial information must be shared with the government.
  - B Financial information must be shared with the public.
  - C Shares are freely transferable.
  - D Shares are traded on the stock exchange.
- 36 What is an advantage to a business of using retained profits to purchase a new factory?
- A fixed assets increase in value
  - B there are increased dividends for shareholders
  - C there are low interest charges
  - D there is less impact on working capital

37 The table shows trading figures for a business.

	\$
sales	300 000
opening stock	160 000
purchases less returns	175 000
closing stock	75 000

What is the cost of goods sold for this business?

- A** \$225 000      **B** \$235 000      **C** \$260 000      **D** \$335 000

38 Which action would improve the working capital of a business?

- A** asking for extended trade credit
- B** buying more fixed assets
- C** giving credit facilities to customers
- D** making use of retained profit

39 What is meant by the term recycling?

- A** to make more waste
- B** to minimise waste
- C** to use less waste
- D** to reuse waste

40 Why are guarantees important to customers?

- A** Guarantees always ensure products are of good quality.
- B** Guarantees always increase the price of goods.
- C** Guarantees help to give customers confidence to buy products.
- D** Guarantees reduce the cost of production.

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