



Cambridge O Level

COMMERCE

7100/12

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)

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 How is industry defined?
 - A activities that lead to the satisfying of human wants
 - B buying and selling products
 - C extraction, manufacturing and construction
 - D provision of direct services

- 2 What is an advantage of specialisation to factory workers?
 - A better production quality
 - B fewer tools used
 - C improved skills
 - D over-production

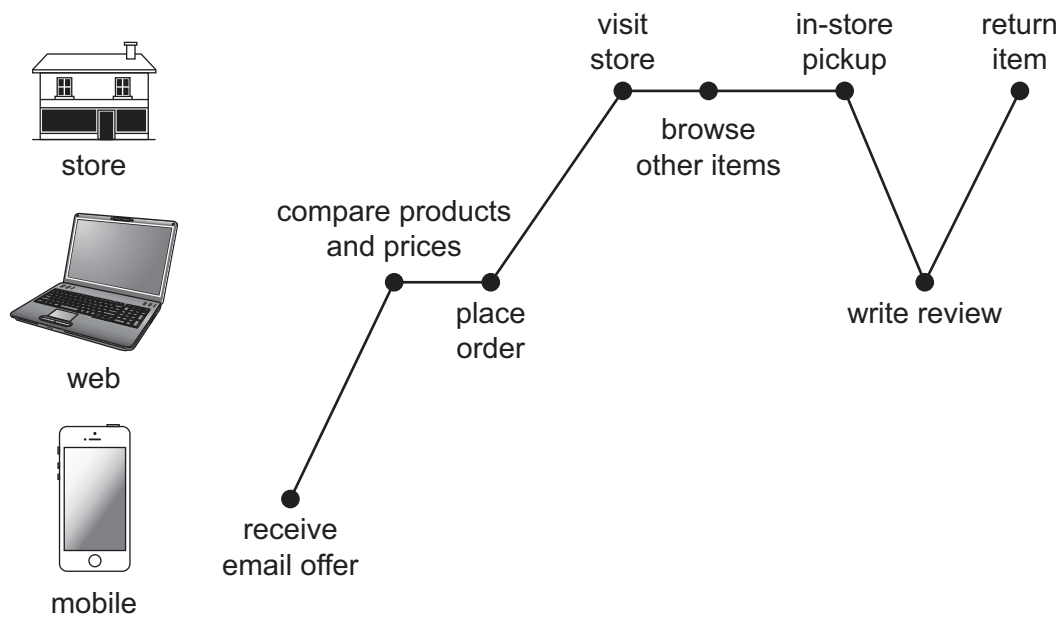
- 3 Mr X has started a business selling cheese to Germany.

Which types of interrelated commercial activities is Mr X involved in?
 - A commercial services and direct services
 - B commercial trade and direct services
 - C export trade and commercial services
 - D import trade and commercial services

- 4 What is a feature of a multiple chain store?
 - A centralised purchasing
 - B less than five branches
 - C many departments
 - D wide range of services

- 5 Why is the branding of goods important for self-service stores?
 - A Customers can identify the goods they require.
 - B Goods are less likely to be damaged.
 - C Perishable goods may be stored for long periods.
 - D Prices of goods are clearly marked.

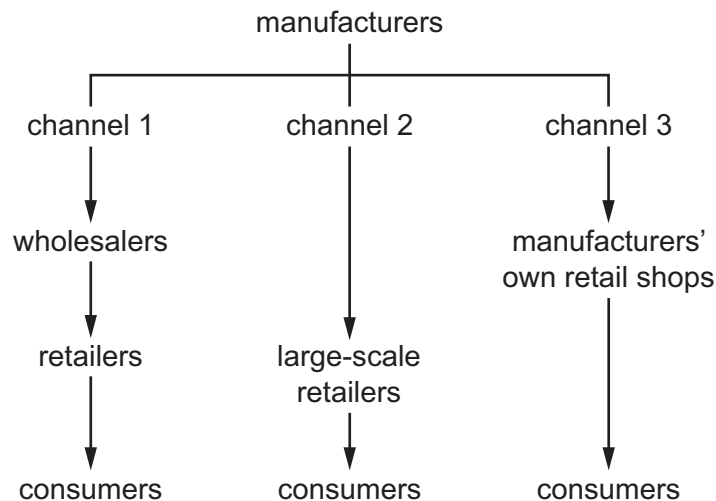
- 6 The diagram shows a customer buying goods from a retailer.



Which retailing trend is shown?

- A loyalty schemes
 - B mobile retailing
 - C omnichannel retailing
 - D showrooming
- 7 Which method of credit is **most** likely to be used to buy a new luxury car?
- A credit card
 - B extended credit
 - C hire purchase
 - D informal credit

- 8 The diagram shows three channels of distribution for goods.



Which statement **best** explains why wholesalers have been eliminated from channels 2 and 3?

- A Manufacturers are producing goods that are perishable.
 - B Manufacturers are selling goods that do not require storage.
 - C Manufacturers are trying to reduce costs and increase profits.
 - D Manufacturers want to control the supply of goods.
- 9 A retailer purchased goods from a wholesaler and received an invoice for \$10 000. The wholesaler then sent the retailer a credit note for \$2000.
- How much does the retailer owe the wholesaler?
- A \$2000 B \$8000 C \$10 000 D \$12 000
- 10 How much would a buyer save when given a cash discount of 2.5% on an item originally priced at \$600?
- A \$5 B \$15 C \$24 D \$30
- 11 What is a benefit of international trade to a country?
- A Free trade is common between countries.
 - B The country can dispose of surplus goods.
 - C The country can increase the prices of its goods.
 - D There are currency differences between countries.

- 12 The table shows figures relating to a country's international trade.

	\$bn
visible exports	10
visible imports	9
invisible exports	12
invisible imports	8

What is the Balance of Trade?

- A -\$3bn B \$1bn C \$5bn D \$39bn
- 13 Which organisation is responsible for the collection of import duty?
- A customs authority
B forwarding agent
C port authority
D public corporation
- 14 The diagram shows a newspaper headline.

US Dollar Hits a New High Rate on Foreign Exchange Markets

How will this new high rate of the US dollar affect exporters and importers that trade with the US?

- A Exporters will be forced to develop markets outside the US.
B Exporters will benefit from increased revenue from sales to the US.
C Importers buying goods from the US will benefit from lower costs.
D Importers will be able to buy more goods from the US.
- 15 What is a **disadvantage** of advertising to a consumer?
- A it adds to the price of goods paid by consumers
B it encourages consumers to buy only the advertiser's product
C it is used to remind consumers about an established brand
D it makes consumers aware of products to purchase

16 Which advertising method is **most** likely to be eye-catching to passing commuters?

- A digital billboard
- B direct mail
- C magazine
- D sponsorship

17 A confectionery business has shops nationwide.

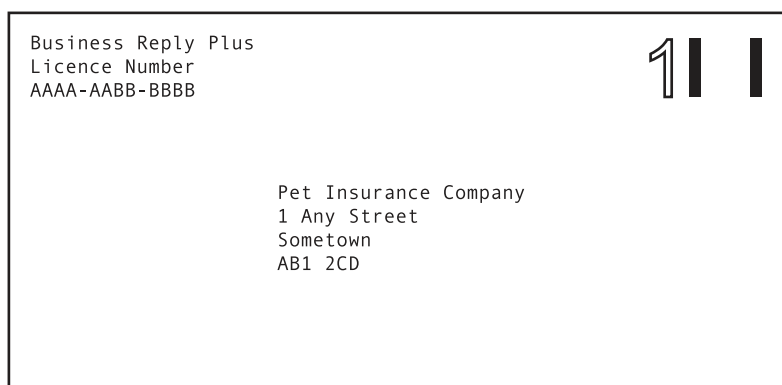
Which method should it use to promote its new range of chocolates?

- A point of sale
- B product placement
- C samples
- D sponsorship

18 Why is communication important in the global market?

- A goods can be transported within a country
- B it guarantees an increase in international trade
- C replies are received immediately
- D worldwide suppliers can be contacted quickly

19 The diagram shows a postal service used by Pet Insurance Company for market research.



What is the advantage to Pet Insurance Company of using this postal service?

- A It can be used for sending valuable items through the post.
 - B It encourages potential customers to respond.
 - C It provides online tracking of post anywhere in the world.
 - D It provides proof of posting and delivery.
- 20 What is an app store?
- A a barcode reader in a supermarket
 - B a digital platform for installing software on devices
 - C a lightweight portable computer
 - D an in-touch interface used to send signals to a computer
- 21 Which statement describes a cruise liner?
- A It carries bulk cargoes.
 - B It carries containers.
 - C It has no fixed timetables.
 - D It offers luxury travel.
- 22 Which facility is **not** provided by both airport and port authorities?
- A car parking
 - B container terminal for cargo
 - C cranes for unloading cargo
 - D security service

23 What is a document of title to goods?

- A** bill of lading
- B** certificate of incorporation
- C** insurance policy
- D** invoice

24 A regional distribution centre wants to make it possible to pick items quickly from shelves in the warehouse.

Which equipment might it invest in to enable this?

- A** conveyor belts
- B** loading bays
- C** pallets
- D** robots

25 Which purpose of insurance is related to payments against losses?

- A** business confidence
- B** compensation
- C** financial protection
- D** risk reduction

26 Which type of insurance covers claims against faulty or dangerous goods?

- A** consequential loss
- B** employers' liability
- C** product liability
- D** public liability

27 An insurance company has estimated that 5000 people will purchase fire insurance. The company forecasts 100 claims totalling \$720 000 in the next year.

What is the average premium that this insurance company will charge for the 5000 people?

- A** \$50
- B** \$144
- C** \$720
- D** \$7200

- 28 A retail store suffers fire damage worth \$35 000. The store closes for four weeks while the damage is being repaired. The cost of the repair is \$30 000. The store owner has insurance policies for premises and consequential loss.

Which statement **best** explains the store owner's insurance cover?

- A They can claim full compensation of \$35 000 for the fire damage.
- B They can claim loss of profit from being closed as well as \$30 000 for the fire damage.
- C They will only receive payment for loss of profit from being closed.
- D They will receive \$65 000 as compensation for the fire damage to the premises.

- 29 The diagram shows a banking document.

Details of cheques			Brought forward	£	
16-22-20 12345678 Ms Pam Frost	£	17 99			
Carried forward			Carried over		

What is this document called?

- A bank statement
 - B bank transfer
 - C paying-in slip
 - D withdrawal form
- 30 Which statement describes a cashless society?
- A closure of bank branches
 - B electronic payments replacing notes and coins
 - C elimination of the cheque system
 - D reduction in bank staff

31 The diagram shows different forms of business organisation.



Which sector do all these business organisations operate in?

- A private sector
 - B public sector
 - C secondary sector
 - D tertiary sector
- 32 Which term describes a business that has changed ownership from the private sector to the public sector?
- A franchised
 - B globalised
 - C nationalised
 - D privatised
- 33 A study found that the rate of business failure in the first year is much higher for sole traders than for franchises.
- Which factor would explain this?
- A franchises attract more talented business people
 - B operating as a franchise involves less risk
 - C sole traders are able to keep all profits
 - D sole traders have a limited amount of capital to invest
- 34 Which term is a source of self-financing?
- A debentures
 - B factoring
 - C overdrafts
 - D retained earnings (profits)

- 35 Which term is used for purchasing inventory?
- A current liabilities
 - B fixed capital
 - C gross profit
 - D working capital
- 36 Which action would increase the working capital of a car manufacturer?
- A buying more steering wheels
 - B obtaining a loan to design a new car
 - C purchasing car seats on credit
 - D selling unwanted spare parts
- 37 What does the letter T stand for in the PEST analysis of the environment of commerce?
- A tariff
 - B taxation
 - C technological
 - D trade
- 38 What is an example of an economic factor that affects commercial activities?
- A better communications
 - B changes in consumer tastes
 - C political stability
 - D unemployment levels
- 39 How might a multinational company reduce its carbon footprint?
- A advertise its products using digital billboards
 - B conduct regional meetings through video-conferencing
 - C stop giving efficiency ratings on its appliances
 - D use its own transportation vehicles for delivery

- 40** Mrs Wang purchased a bed from RR Supplier. The company has the advertising slogan, 'We guarantee we will not be beaten on price.' She then found the same model of bed \$40 cheaper from a different supplier.

Which action must RR Supplier take when Mrs Wang complains?

- A** accept the bed back and give a refund of \$20
- B** change its advertising slogan
- C** refund the difference of \$40
- D** supply a voucher for \$40

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