



# Cambridge O Level

**COMMERCE**

**7100/12**

Paper 1 Multiple Choice

**October/November 2021**

**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.

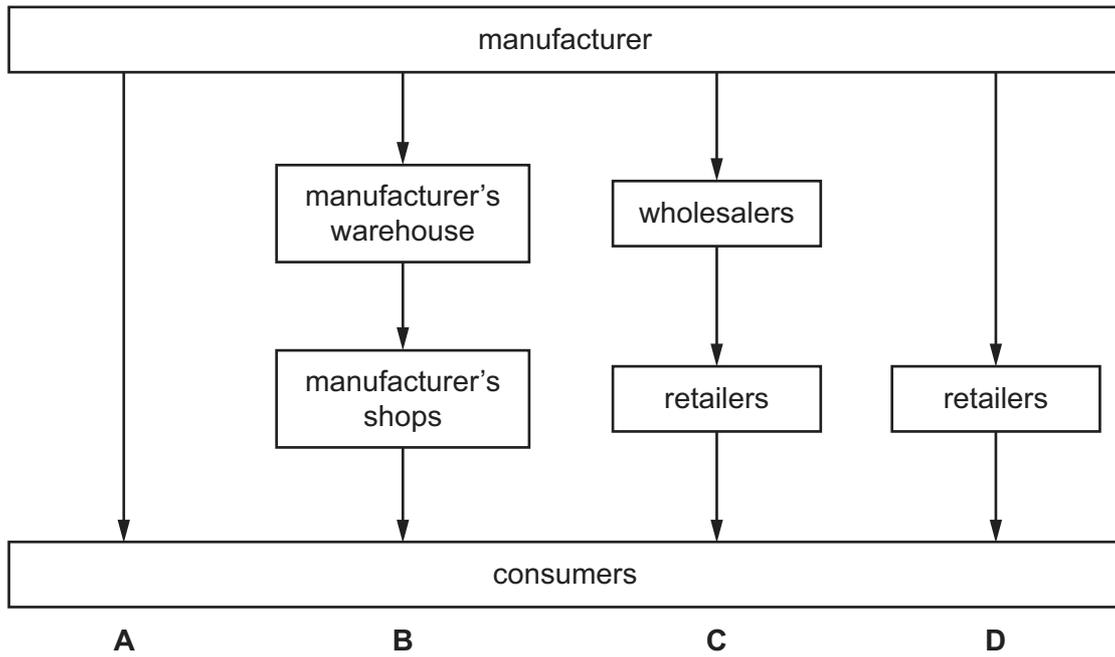
This document has **12** pages. Any blank pages are indicated.



- 1 Which activity is part of primary production?
  - A canning fish
  - B constructing roads
  - C growing crops
  - D making bicycles
  
- 2 Which list contains only direct services?
  - A accounting, nursing, teaching
  - B advertising, insurance, shopkeeping
  - C bottling, car manufacturing, road building
  - D farming, mining, quarrying
  
- 3 What does division of labour mean?
  - A Men and women do different tasks.
  - B Older workers are more skilful than younger workers.
  - C Production is divided into separate tasks.
  - D Workers can only work at certain times.
  
- 4 Commerce helps production by
  - A changing raw materials into finished goods.
  - B enabling goods to be distributed.
  - C providing necessary raw materials.
  - D using machines to produce a variety of goods.

5 The diagram shows four channels of distribution.

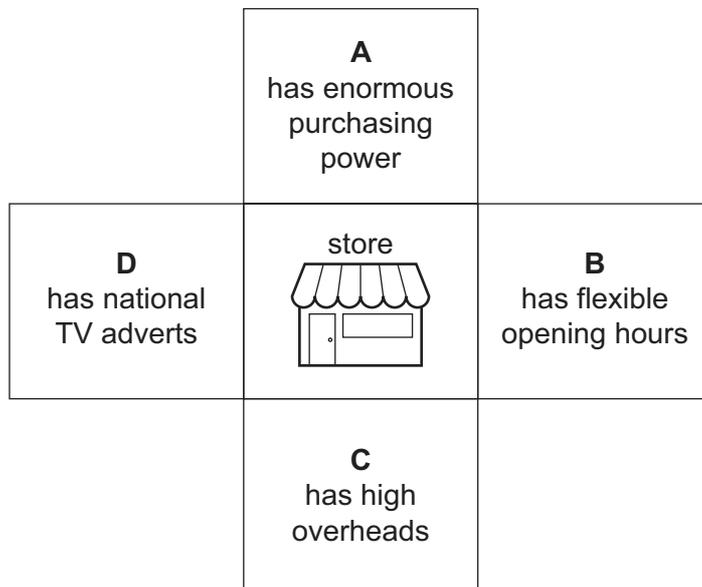
Which channel is direct selling?



6 How do bar codes assist retailers?

- A by advertising goods and services to consumers
- B by giving after-sales service
- C by producing helpful information to consumers
- D by providing information on stock levels

7 What is a characteristic of a small-scale retailer?



- 8 What is meant by mobile shopping?
- A collecting pre-ordered goods from a shopping centre
  - B having demonstrations at home by salespeople
  - C using smartphones or tablets to buy goods
  - D visiting several shops to examine products
- 9 Why do many retailers offer credit to their customers?
- A Customers can improve their standard of living.
  - B It will reduce their overheads.
  - C Their competitors already offer credit.
  - D They have to wait for payments.
- 10 Mrs Wang's computer needs urgent repairs. She has no money until she receives her salary next month.
- What is the **best** way to pay for these repairs?
- A bank loan
  - B credit card
  - C debenture
  - D debit card
- 11 A wholesaler benefits manufacturers by
- A giving information on record keeping.
  - B informing them of market trends.
  - C operating a cash and carry warehouse.
  - D providing a wide range of goods.

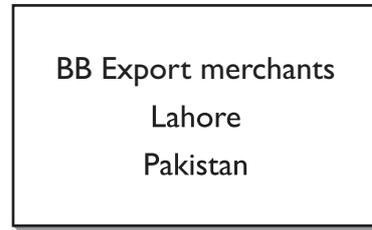
12 The business cards shown are used by four intermediaries.

Which intermediary does **not** have possession of goods?

**A**



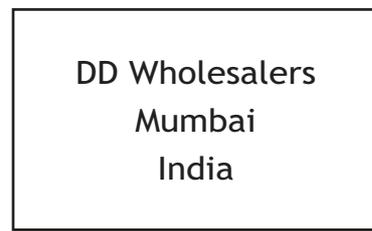
**B**



**C**



**D**



13 The diagram shows part of an invoice paid by a retailer.

20 cases	canned pineapple @ \$10 per case	\$200
	less 20% trade discount	\$40
	Total	\$160

If two damaged cases of pineapple are returned, what should the supplier send to the retailer?

- A a credit note for \$20
- B a credit note for \$16
- C an invoice for \$144
- D a receipt for \$16

14 Trade discount is offered by wholesalers to

- A encourage buyers to place large orders.
- B persuade retailers to make prompt payment.
- C reduce delivery charges.
- D sell goods at higher prices.

- 15 TT Telephone Company gives its customers 10% discount for bills paid within 10 days.

Mrs Patel received this bill.

TT Telephone Company	
	Date: 1 November
Line rental	\$130.00
Cost of calls	\$50.00
Total	\$180.00
Terms: 10% 10 days.	

How much will Mrs Patel pay if she pays on 5 November?

- A \$80                      B \$162                      C \$180                      D \$198
- 16 The table shows a country's international trade.

	\$bn
visible imports	50
visible exports	60
invisible imports	28
invisible exports	46

What is the balance on the current account of the Balance of Payments?

- A -\$36 bn                      B -\$28 bn                      C \$28 bn                      D \$36 bn
- 17 What is **not** a function of a customs authority?
- A checking non-dutiable goods arriving at freeports
- B collecting statistics of imports and exports
- C ensuring any import quotas are not exceeded
- D owning bonded warehouses at docks and airports
- 18 Which difficulty is **not** experienced when trading abroad?
- A different legal systems
- B distance
- C language barriers
- D payments of excise duties

- 19 Which statement about advertising is correct?
- A Advertising expenditure is always passed on to the consumer.
  - B Advertising is a waste of money as it does not benefit the manufacturer or the retailer.
  - C Advertising needs to be regulated, otherwise it may have a harmful impact on society.
  - D Advertising should be ignored as it is not honest or truthful.
- 20 Why would a tractor manufacturer advertise in a trade journal?
- A captive audience
  - B cheap advertising space
  - C national coverage
  - D targeted market
- 21 An international perfume business pays a famous pop singer to advertise its latest fragrance. Which method of appeal is being used?
- A health
  - B hero worship
  - C humour
  - D hygiene
- 22 Amos wants to use the internet to promote his business. He places a pop-up advert on the website of a well-known company. What advantage is gained by Amos?
- A endorsement by the well-known company
  - B mailing list of many potential customers
  - C professional design of the advertisement
  - D regular and frequent worldwide publicity
- 23 Why is communication important in the global economy?
- A to enable companies to contact customers worldwide
  - B to move goods urgently required
  - C to promote goods nationwide
  - D to transport people over long distances

- 24 Which Post Office service should be used to send valuables?
- A cash on delivery
  - B express delivery
  - C letter post
  - D registered post
- 25 What is the **best** way to transport 20 kg of gold jewellery from a jeweller in Hong Kong to a jeweller in London?
- A by air, sea and road
  - B by road, air and rail
  - C by road, air and road
  - D by road, air and sea
- 26 Which product would a container ship be used to transport?
- A furniture
  - B live animals
  - C newspapers
  - D urgent medical supplies
- 27 How may some goods ordered on the internet be delivered to customers' homes?
- A drones
  - B hovercraft
  - C ferry
  - D railway
- 28 The owner of an apple farm requires a warehouse because apples are
- A durable.
  - B expensive.
  - C mass produced.
  - D seasonal.

29 What is the basis of insurance?

- A indemnity
- B insurable interest
- C pooling of risk
- D subrogation

30 Which risk would be covered by employer's liability insurance?

- A worker crashes car on way to work
- B worker injured falling on wet factory floor
- C workers' canteen closed due to hygiene concerns
- D workers' wages reduced due to downturn in economy

31 Solomon has information from four insurance companies, **A–D**. He wants to insure two shops he owns. One shop is in Area 1 and one shop is in Area 2.

Which insurance company offers the cheapest premium to insure both shops?

	Area 1	Area 2
<b>A</b>	\$400	\$500
<b>B</b>	\$500	\$500
<b>C</b>	\$300	\$500
<b>D</b>	\$600	\$700

32 Banks give customers a PIN to

- A allow facial recognition by counter staff.
- B enable easy access to overdraft facilities.
- C encourage movement towards a cashless society.
- D provide secure access when using an ATM.

33 What is a mobile wallet?

- A documentary letter of credit
- B foreign currency exchange
- C night safe service
- D payment app on a smartphone

34 Who owns a public sector enterprise?

- A private individuals
- B shareholders
- C the management
- D the state

35 A multinational is a company that

- A has factories in one country.
- B imports goods from other countries.
- C produces in many countries.
- D sells goods in one country.

36 The table shows a firm's financial data.

	\$
cost of sales	600 000
gross profit	200 000
purchases	300 000
total expenses	100 000

What is the profit for the year?

- A \$100 000      B \$300 000      C \$400 000      D \$500 000

37 Mr Ahmed owns a small, loss-making retail store. He wants to make a profit.

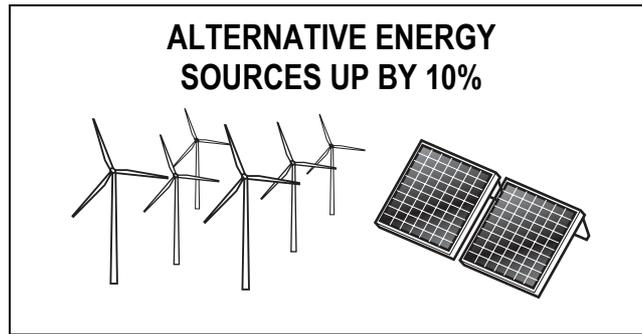
What is the **most** suitable method of achieving this?

- A distributing promotion leaflets locally
- B installing extra security measures
- C making a large car park for customers
- D refitting the whole store

38 What is a political factor which affects the commercial activity in a country?

- A a general election which changes the government
- B a greater number of young people in the country
- C a rise in the number of people unemployed
- D an increase in the use of wind and solar energy

39 This headline appeared in a newspaper.



What is the purpose of alternative energy sources?

- A to reduce global warming
  - B to reduce hazardous products
  - C to reduce noise pollution
  - D to reduce traffic congestion
- 40 Javed bought a TV which became faulty after 10 days. He was refused a replacement or a refund.

Which consumer right has been broken?

- A choice
- B information
- C redress
- D service

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