

Cambridge IGCSE™

COMMERCE**0715/01**

Paper 1 Multiple Choice

For examination from 2028

SPECIMEN PAPER

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 or tape.
- 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.

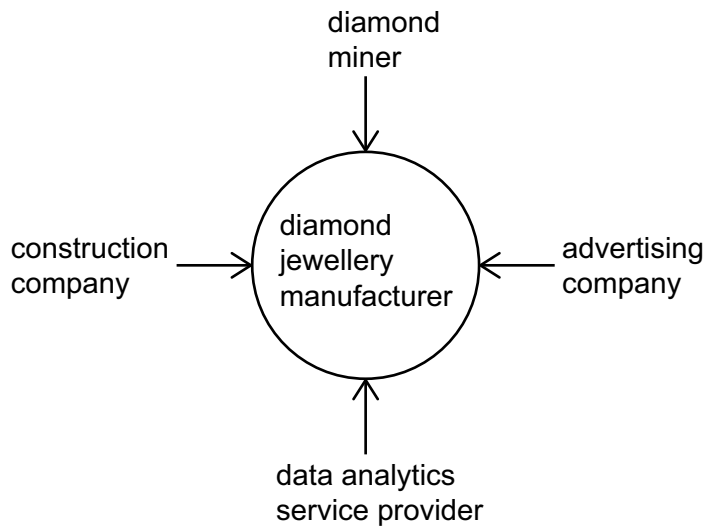
This document has **14** pages. Any blank pages are indicated.

- 1 Which type of commerce involves retailers displaying their products in a physical store?
 - A electronic commerce
 - B mobile commerce
 - C social commerce
 - D traditional commerce

- 2 Which term describes the role of an accountant in a housebuilding company?
 - A communication
 - B construction
 - C production
 - D specialisation

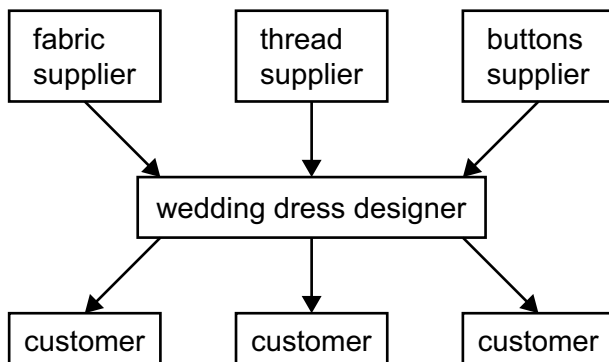
- 3 What is an example of interdependence between industry and direct services?
 - A A car company selling through dealers.
 - B A factory hiring an architect to design a new office.
 - C A lawyer calling the local fire brigade.
 - D An airline buying inflight food from its suppliers.

- 4 The diagram shows four suppliers of a diamond jewellery manufacturing business.



Which industry does the data analytics service provider operate in?

- A primary
 - B quaternary
 - C secondary
 - D tertiary
- 5 The diagram shows the supply chain of a wedding dress designer.



Which type of supply chain is shown in the diagram?

- A complex
- B downward
- C simple
- D specialised

6 What is **not** an example of an intermediary?

- A agent
- B factor
- C franchisor
- D wholesaler

7 A factory decides to use robotics for manufacturing cars.

What is the **most** important reason why this factory would invest in robotics for manufacturing cars?

- A to achieve economies of scale
- B to become more cost effective
- C to impress its customers
- D to teach skills to its employees

8 What is an example of a cost of production?

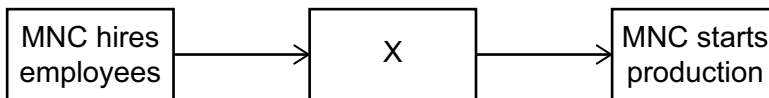
- A advertising
- B bank charges
- C interest received
- D inventory

- 9 The table shows the investment of three partners in a new business. They have agreed to share the profit in the same proportion as their investment.

partner	investment (\$)
A	50 000
B	30 000
C	20 000

How much would Partner B receive if the business made a profit of \$6000 at the end of the first year?

- A \$1200
 B \$1800
 C \$2000
 D \$4800
- 10 The diagram shows how businesses in a host country would benefit from a multinational company (MNC) opening a factory there.



What is X in the diagram?

- A MNC will bring foreign managers.
 B MNC will buy local goods and services.
 C MNC will increase competition.
 D MNC will pay higher wages to workers.
- 11 Ahmed wants to open a pizza store. He is advised to become a franchisee of an international pizza chain.

What is the advantage to Ahmed of operating his business as a franchisee?

- A Ahmed can easily hire experienced employees.
 B Ahmed will have immediate brand recognition.
 C The franchisor will pay half the rent of the premises.
 D The franchisor will provide supplies free of cost.

- 12** A travel agency plans to set up a call centre through which customers can book holidays.

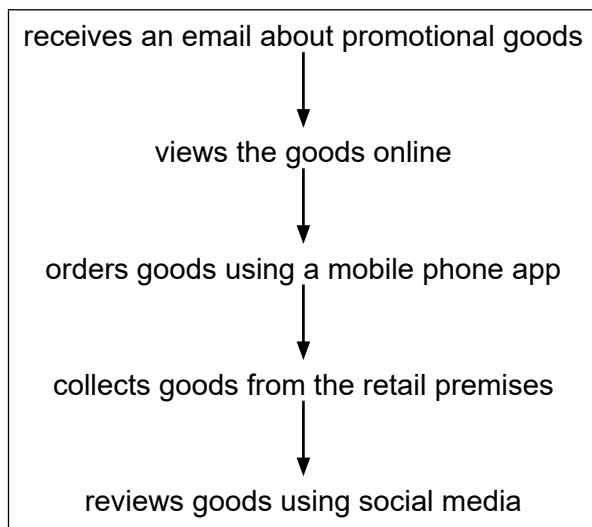
The travel agency considers possible location sites for the new call centre. The image shows a list of factors to be considered.

- | | |
|---|-------------------|
| 1 | road networks |
| 2 | planning laws |
| 3 | cost of sites |
| 4 | parking for staff |
| 5 | ? |

Which other factor should be included?

- A** access for visiting customers
 - B** competition in the area
 - C** reliable power supplies
 - D** suppliers of material nearby
- 13** What is the correct statement about outsourcing?
- A** A contract is not needed.
 - B** Negotiations with a supplier are involved.
 - C** Service delivery is always on time.
 - D** Suppliers cannot be changed.

- 14 The diagram shows how a consumer buys a product from a retailer.



Which type of retailer is this consumer buying from?

- A department store
 - B itinerant retailer
 - C street market
 - D vending machine
- 15 Which statement describes dropshipping?
- A Disha operates an online grocery shop without warehousing products.
 - B Fatima orders goods from China and receives delivery by ship.
 - C Mohammed buys a ship to provide logistics services.
 - D Paula opens a burger shop and accepts home delivery orders.
- 16 A small retailer is located in a remote village.

Which service provided by a wholesaler is this retailer **most** likely to benefit from?

- A advertising of products
- B convenient opening hours
- C credit facilities
- D delivery of goods

- 17** Which document will be sent to a customer when they return chargeable boxes and crates?
- A** credit note
 - B** order
 - C** quotation
 - D** receipt
- 18** Washing machines are sent from Singapore to France using sea transport.
- Which document is completed as evidence of the contract of carriage when these washing machines are transported by sea?
- A** advice note
 - B** air waybill
 - C** bill of lading
 - D** delivery note
- 19** Which method of communication can people in different places use to hold a meeting, allowing them to hear and see each other?
- A** emailing
 - B** telephone
 - C** text messaging
 - D** videoconferencing
- 20** Which challenge is faced by an exporter when trading with an international buyer?
- A** different legal systems
 - B** lack of internet access
 - C** larger customer base
 - D** various types of transportation

- 21 The table shows selected international trade figures for a country.

	foreign exchange \$bn	
	receipts	payments
electric motors		37
international tourism		33
medical services	26	
wheat	54	

Which statement about the international trade figures for this country is correct?

- A The country has a deficit in receipts.
 - B The country has a deficit in visible trade.
 - C The country has a surplus in payments.
 - D The country has a surplus in visible trade.
- 22 A multinational clothing retailer is unable to receive supplies because a volcanic eruption has stopped air traffic.

Which type of risk does this clothing retailer face?

- A ethical
 - B natural
 - C political
 - D technological
- 23 What is an advantage of using containers for transporting goods by road and sea?
- A goods packed at source
 - B high insurance premiums
 - C no export documentation
 - D non-payment of customs duties
- 24 What is essential for a well-organised warehouse?
- A accurate inventory control
 - B cash and carry service
 - C cold storage
 - D use of robots

- 25 What is an advantage to a manufacturer of a successful advertising campaign?
- A creating brand awareness
 - B producing better quality goods
 - C setting a higher mark-up on the goods
 - D understanding market demand
- 26 Which statement describes why a luxury handbag company would hire a social media influencer to promote its products?
- A All of the influencer's followers are from high income households.
 - B All of the influencer's followers will buy the company's products.
 - C The company will be able to reduce its cost of production.
 - D The influencer would know how to use their status appeal to generate sales.
- 27 Which method of payment requires the creditor to ask the bank for payment?
- A cash on delivery
 - B cheque
 - C credit transfer
 - D direct debit
- 28 The diagram shows a partially completed bank statement.

bank statement				
		credit \$	debit \$	balance \$
1 April	balance			250
7 April	online transfer		70	180
15 April	standing order		50	130
17 April	payment received			

A payment of \$800 is received against an invoice.

What is the correct entry for 17 April?

- A \$800 in the credit column and the balance is \$670
- B \$800 in the credit column and the balance is \$930
- C \$800 in the debit column and the balance is \$670 overdrawn
- D \$800 in the debit column and the balance is \$930 overdrawn

29 What is used for mobile banking?

- A** a car
- B** a desktop
- C** an app
- D** an ATM

30 What is a function of an insurance broker?

- A** to assess insurance claims
- B** to calculate risks for insurance companies
- C** to find clients for insurance companies
- D** to possess and sell goods to clients

31 A business owner has storm damage at his premises and his equipment has been destroyed. He cannot continue trading.

Which type of insurance provides cover for this loss?

- A** consequential loss
- B** fire
- C** public liability
- D** theft

32 An insurance company estimates 2500 people will be insured and that 20 of them will make claims. The total of claims and costs to the company will be \$300 000.

What is the minimum premium per person the insurance company could charge?

- A** \$20
- B** \$120
- C** \$125
- D** \$2400

- 33** Juliana plans to set up a business that sells designer clothing for children. She is considering raising capital through crowdfunding.

How would using crowdfunding benefit Juliana?

- A** It can test her business idea.
 - B** It will help her to deal with venture capitalists.
 - C** It will help her to earn immediate profit.
 - D** It will raise unlimited finance.
- 34** What is a use of working capital?
- A** buying new machinery
 - B** giving dividends to shareholders
 - C** investing in stocks and shares
 - D** paying a creditor for inventory
- 35** RR Retailer buys shirts at \$30 and sells them for \$42.

What is the mark-up on each shirt sold?

- A** 12%
 - B** 30%
 - C** 40%
 - D** 42%
- 36** Which development may have a negative environmental impact on commercial activities in the future?
- A** decreasing international trade
 - B** growing use of wind power
 - C** increasing deforestation
 - D** reducing online sales

37 A large hotel aims to become more sustainable.

Which action taken by this hotel will achieve this aim?

- A** building a water recycling plant on the premises
- B** increasing the use of food packaging
- C** replacing guests' towels every day
- D** serving only organic food in its restaurants

38 Which statement defines ethical behaviour?

- A** keeping customers informed at all times
- B** operating according to moral principles
- C** participating in sustainable activities
- D** showing environmental awareness

39 Which policy is an example of ethical action in a supply chain?

- A** ban suppliers who have unsafe working conditions
- B** buy only from suppliers who share customer data
- C** encourage suppliers to hire more workers
- D** increase payments to suppliers who do not recycle

40 A customer demands a refund from a retailer when a product is accidentally damaged after purchase.

Which action by the retailer would be appropriate?

- A** complain to a consumer court
- B** exchange the damaged product
- C** offer a coupon for discount
- D** show concern but do nothing

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