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Candidate Number

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Centre Name

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Paper 1: Commerce

Sample Paper

1 hour

It is necessary to respond on the answer sheets provided alongside this question paper. Additionally, you must have a soft pencil (preferably of type B or HB), a clean eraser and a dark blue or black pen.

INSTRUCTIONS:

- You must write your name, candidate number, centre name and centre number on the answer sheets in the designated spaces.
- Objective section consists of 40 questions, and it is essential that you attempt all of them.
- Each question has four options labelled A, B, C, and D. Select the option that you think is correct. Mark it on the multiple choice answer sheet using a soft pencil.
- It is important to follow the instructions provided on the answer sheets.
- Do not use correction fluid.
- Avoid writing on any bar codes.

INFORMATION:

- This paper has a total of 40 marks.
- In objective section there are 40 questions, each carries one mark. There is no negative marking for incorrect responses.

The number of marks assigned for every question or its parts is indicated within brackets []

1. Which of the following best defines "commerce"?

- A. The exchange of goods and services directly between consumers.
- B. Activities involved in buying and selling goods and services, including aids to trade.
- C. The production of goods for local consumption only.
- D. The act of transporting goods from one country to another.

2. Which of the following is an example of a "quaternary activity"?

- A. Farming corn in a rural area.
- B. Manufacturing clothes in a factory.
- C. Conducting research and development in a tech company.
- D. Transporting goods from warehouses to retailers.

3. What is the primary purpose of "aids to trade"?

- A. To produce goods and services.
- B. To facilitate the smooth functioning of trade and commerce.
- C. To replace traditional commerce methods.
- D. To regulate local and international trade.

4. How does "outsourced production" differ from "in-house production"?

- A. Outsourced production occurs only in foreign countries, while in-house production happens domestically.
- B. Outsourced production is conducted by external entities, while in-house production is managed within the organization.
- C. Outsourced production focuses on secondary activities, while in-house production focuses on tertiary activities.
- D. Outsourced production is always more expensive than in-house production.

5. Which type of commerce includes buying products directly through a mobile application?

- A. E-commerce
- B. Mobile commerce
- C. Traditional commerce
- D. Social commerce

6. What is a key feature of a private limited company?

- A. Shares can be traded on the stock exchange.
- B. Ownership is limited to a small group of shareholders.
- C. It is managed by the government.
- D. It operates without any profit motive.

7. Which of the following is a characteristic of a multinational company (MNC)?

- A. Operates only in its home country.
- B. Owns assets and operates in multiple countries.
- C. Focuses exclusively on digital commerce.
- D. Is owned by a single individual.

8. Which factor is most important for selecting a physical business location?

- A. Variety of payment methods.
- B. Availability of logistics and suppliers.
- C. Presence of e-commerce platforms.
- D. Number of employees in the region.

9. Franchising is best defined as:

- A. A company hiring contractors for production.
- B. A business model where a company allows another party to use its brand and systems for a fee.
- C. A method of merging two companies.
- D. A strategy for trading goods internationally.

10. A key disadvantage of hosting an MNC in a country is:

- A. Increased employment opportunities.
- B. Transfer of technology and expertise.
- C. Exploitation of natural resources.
- D. Boost to local businesses.

11. Which of the following is an example of a large-scale retailer?

- A. A local corner shop
- B. A farmers' market
- C. A supermarket chain
- D. An independent bookstore

12. What is the main purpose of a wholesaler in the supply chain?

- A. Directly sell goods to consumers.
- B. Bridge the gap between manufacturers and retailers.
- C. Specialize in e-commerce platforms.
- D. Replace manufacturers in the production process.

13. Which selling technique involves delivering goods to the buyer's address and collecting payment upon delivery?

- A. Barcoding
- B. Packaging
- C. Cash on delivery
- D. Informal credit

14. How does "omnichannel retailing" differ from traditional retailing?

- A. It relies solely on physical stores.
- B. It integrates multiple shopping platforms for a seamless customer experience.
- C. It only supports cash payments.
- D. It exclusively involves wholesale activities.

15. Which of the following has contributed significantly to the growth of outsourcing?

- A. Increased demand for barcoding in retail.
- B. Expansion of logistics and contract manufacturing.
- C. Preference for small-scale retailing.
- D. Reduction in digital payment systems.

16. What is one advantage of international trade for countries?

- A. Reduced competition among businesses
- B. Access to a wider variety of products
- C. Elimination of currency exchange issues
- D. Avoidance of job creation in the local market

17. Which of the following is an example of a trade restriction?

- A. Free trade agreement
- B. Trading bloc membership
- C. Imposing quotas on imports
- D. Reduction of tariffs on exports

18. What is a key feature of a "free trade" system?

- A. Governments impose strict limits on the quantity of goods traded.
- B. Trade occurs without tariffs, quotas, or other restrictions.
- C. Trade agreements focus exclusively on agricultural goods.
- D. Countries ban imports to protect domestic industries.

19. Which challenge is commonly associated with global supply chains?

- A. High tariffs within trading blocs
- B. Political instability affecting transportation routes
- C. Lack of variety in supplier options
- D. Reduced customer demand for goods

20. What is the purpose of risk management in the global supply chain?

- A. To eliminate all environmental risks entirely.
- B. To identify and minimize potential disruptions in the supply chain.
- C. To increase the complexity of supply chain operations.
- D. To standardize all global trade practices.

21. Which of the following documents is commonly used in international trade to confirm the shipment of goods?

- A. Invoice
- B. Bill of Lading
- C. Statement
- D. Quotation

22. What is one key advantage of using e-receipts in commerce?

- A. They eliminate the need for customer records.
- B. They reduce the cost of physical documentation.
- C. They allow goods to be shipped faster.
- D. They are only accessible to international businesses.

23. Which communication method is most suitable for real-time discussions in commerce?

- A. Email
- B. Face-to-face
- C. Written letters
- D. Social media

24. What distinguishes written communication from oral communication?

- A. Written communication involves direct interaction.
- B. Written communication provides a record for future reference.
- C. Oral communication is exclusively used in international trade.
- D. Oral communication eliminates the need for visual aids.

25. Which factor can significantly impact the effectiveness of communication in commerce?

- A. The time of day a message is sent.
- B. The choice of medium, such as email or face-to-face.
- C. The length of a document used in trade.
- D. The physical distance between businesses.

26. Which of the following is an example of short-term financing?

- A. Mortgage loan
- B. Trade credit
- C. Equity investment
- D. Business expansion loan

27. How is "sales revenue" calculated?

- A. Total expenses - total revenue
- B. Selling price per unit \times number of units sold
- C. Gross profit - cost of goods sold
- D. Total liabilities - total assets

28. What is one advantage of using insurance in business?

- A. It increases operational costs significantly.
- B. It provides financial protection against unforeseen risks.
- C. It eliminates the need for business financing.
- D. It guarantees higher sales revenue.

29. Which of the following is considered a long-term financing option?

- A. Crowdfunding for a marketing campaign
- B. Bank overdraft
- C. Business loan for purchasing machinery
- D. Trade credit from suppliers

30. What is the formula for calculating "net profit"?

- A. Total revenue - total expenses
- B. Sales revenue - cost of goods sold
- C. Gross profit \times total revenue
- D. Total liabilities - operating costs

31. Which of the following is a key function of transport in commerce?

- A. Increasing product prices
- B. Ensuring goods are available at the right time
- C. Storing goods for extended periods
- D. Promoting products through advertising

32. Which type of transport is most suitable for high-value, time-sensitive goods?

- A. Road
- B. Rail
- C. Air
- D. Sea

3. What is the primary purpose of containerisation in logistics?

- A. Reducing transportation costs by avoiding packaging
- B. Streamlining the movement of goods across different transport modes
- C. Increasing the storage capacity of warehouses
- D. Enhancing the visual appeal of goods for advertising

34. Which type of warehouse is specifically designed for storing perishable goods?

- A. Cash and carry
- B. Bonded warehouse
- C. Cold storage
- D. Informal warehouse

35. What is the main objective of persuasive advertising?

- A. Providing detailed information about products
- B. Encouraging customers to choose a specific product or service
- C. Highlighting industry-wide benefits of products
- D. Competing directly with rival brands

36. Which of the following is an example of a sustainable practice in commerce?

- A. Using excessive packaging to attract customers
- B. Switching to digital invoicing systems
- C. Offering discounts on all products
- D. Increasing production without waste management

37. What is one key benefit of adopting sustainable practices in commerce?

- A. Reducing production costs at the expense of quality
- B. Improving environmental impact and customer trust
- C. Ensuring maximum product availability in all markets
- D. Eliminating competition in the market

38. What does the concept of fair trade primarily aim to ensure?

- A. Lower prices for consumers in all markets
- B. Ethical treatment and fair payment for producers and workers
- C. Maximised profits for multinational corporations
- D. Increased competition among retailers

39. What is a potential consequence of misleading advertisements in commerce?

- A. Increased consumer trust and loyalty
- B. Enhanced product quality awareness
- C. Loss of customer trust and potential legal action
- D. Immediate improvements in product safety

40. Which action demonstrates a business protecting consumer rights?

- A. Limiting customer refunds to defective products only
- B. Providing accurate product information and fair pricing
- C. Restricting product availability to exclusive outlets
- D. Prioritising profits over customer feedback