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O Level 7100

COMMERCE

Topical Paper 1

Multiple Choice Questions

With Answer Keys

June 2011 – June 2021

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I wish him good luck and pray for his success as an author.



Write a comment.....

Your feedback is warmly welcomed. Feel free to suggest us for improvements if you have any ~~comments~~ comments; kindly send us at +91 98961 11111 H.

The Author

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Topical P1 (MCQs)

Commerce 7100

Chapter 1

Production and Specialisation

1 PRODUCTION	
1.1 The chain of production	<ul style="list-style-type: none"> define the term <i>production</i> show understanding of the production of goods and services to satisfy human wants and needs
1.2 Primary (extractive) industries, secondary (manufacturing and construction) industries and tertiary activities (commercial services and direct services)	<ul style="list-style-type: none"> describe these types of industries and activities with examples explain how people working in primary industries, secondary industries and tertiary activities are part of production discuss the relative importance of each type of industry within a country
1.3 Specialisation and division of labour	<ul style="list-style-type: none"> explain the terms <i>specialisation</i> and <i>division of labour</i> describe the different forms of specialisation by: country, region, town, firm, factory, individual discuss the advantages and disadvantages of division of labour to a manufacturer and a worker
1.4 Commerce	<ul style="list-style-type: none"> define the terms <i>trade</i> and <i>commerce</i> showing the differences between them discuss how distribution assists commercial activity explain the nature, purposes and importance of trade, both at home and overseas discuss how advertising, communications, transport, warehousing, insurance, banking and finance help trade to function evaluate the extent to which businesses are involved in trade and/or commerce
1.5 The relationship between industry, commerce and direct services	<ul style="list-style-type: none"> discuss ways in which industry, commerce and direct services are inter-related and interdependent

Q 1:What is the part of production concerned with trade and aids to trade known as?

- (a) Commerce
- (b) Distribution
- (c) Exchange
- (d) Industry

[May/June 2011-MCQ 1]

Q 2:The picture shows two occupations.



Which kinds of occupation are shown?

- (a) Commercial services
- (b) Customer services
- (c) Direct services
- (d) Retail services

[May/June 2011-MCQ 2]

Q 3:What is the advantage of specialization in a factory?

- (a) Greater craftsmanship
- (b) Increased use of machinery
- (c) More workers required
- (d) Workers dependent on one another.

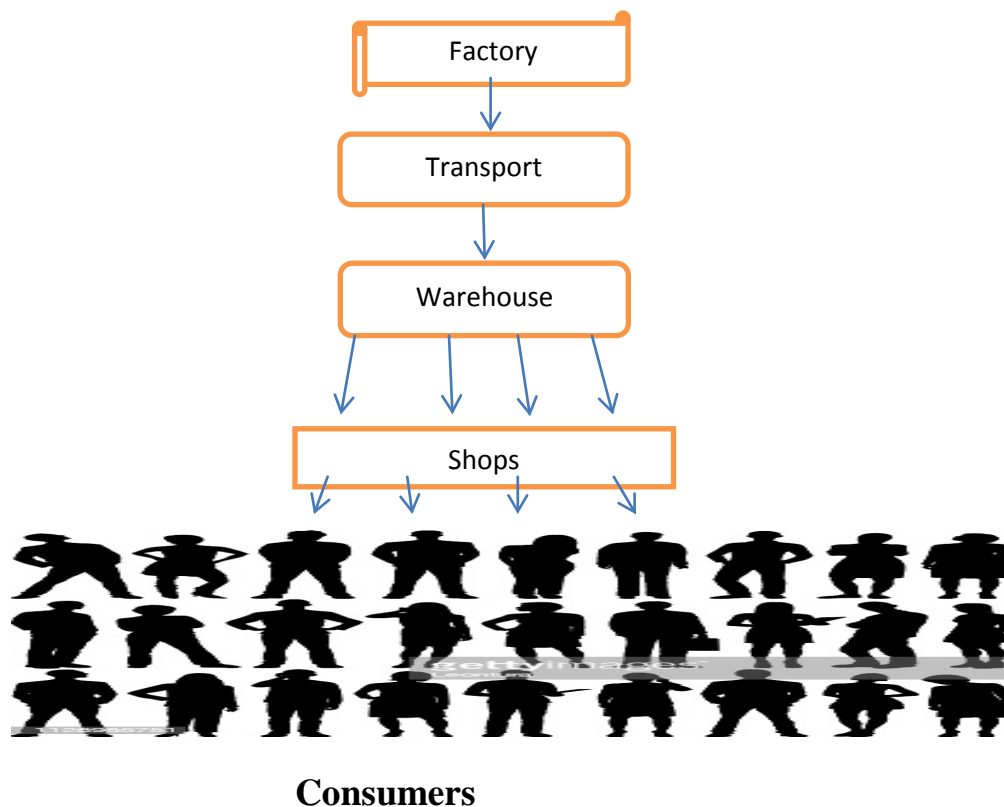
[May/June 2011-MCQ 3]

Q 4: Which of the following is an aid to trade?

- (a) Importing
- (b) Retailing
- (c) Transporting
- (d) Wholesaling

[May/June 2011-MCQ 4]

Q 5: The diagram shows a commercial activity.

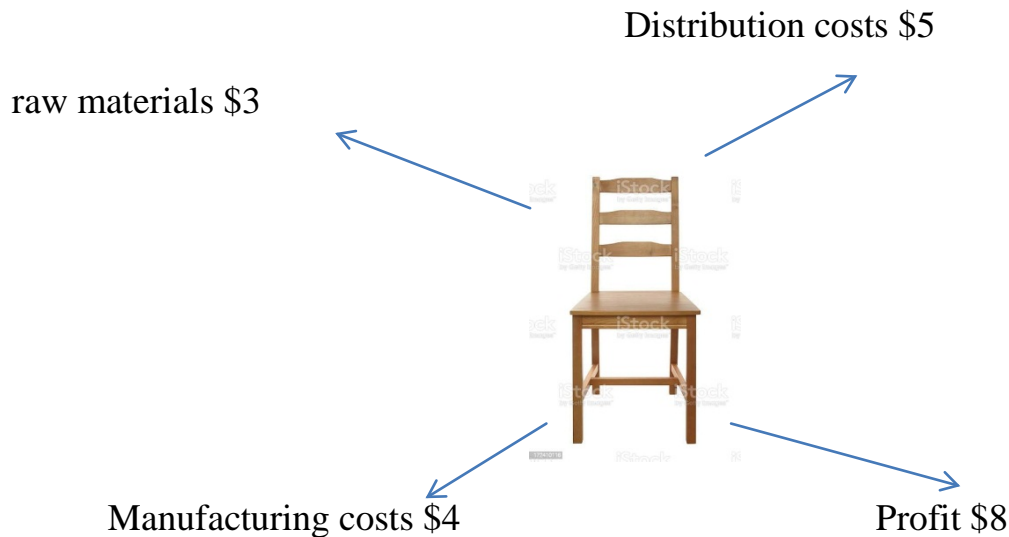


Which commercial activity is shown in the diagram?

- (a) Adding value
- (b) Distribution
- (c) Manufacturing
- (d) Wholesaling

[May/June 2011-MCQ 11]

Q 6: The diagram shows a wooden chair that sells for \$20.



How much value was added to the raw materials to produce the wooden chair?

- (a) \$4 (b) \$9 (c) \$17 (d) \$23

[Oct/Nov 2011-MCQ 1]

Q 7:What is trade?

- (a) Buying and selling goods and services for profit
(b) Changing natural resources into usable goods
(c) Producing and distributing goods and services
(d) Providing consumers with goods and services

[Oct/Nov 2011-MCQ 2]

Q 8:What is the main purpose of production?

- (a) To increase exports
- (b) To provide employment
- (c) To satisfy human wants
- (d) To use factors of production

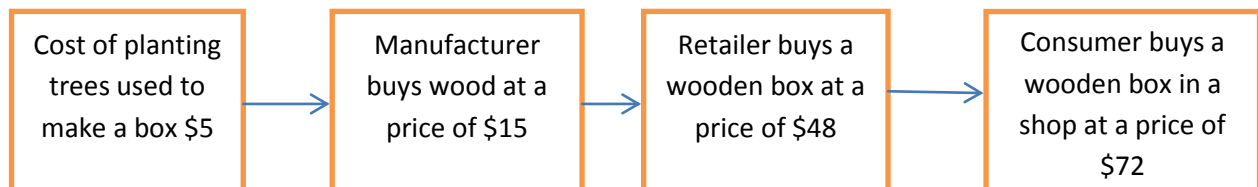
[Oct/Nov 2011-MCQ 3]

Q 9:At which stage is production completed?

- (a) When goods are manufactured
- (b) When goods are used by consumer
- (c) When goods reach the consumer
- (d) When goods reach the retailer

[Oct/Nov 2012-MCQ 1]

Q 10:The diagram below shows a chain of production for a wooden box.

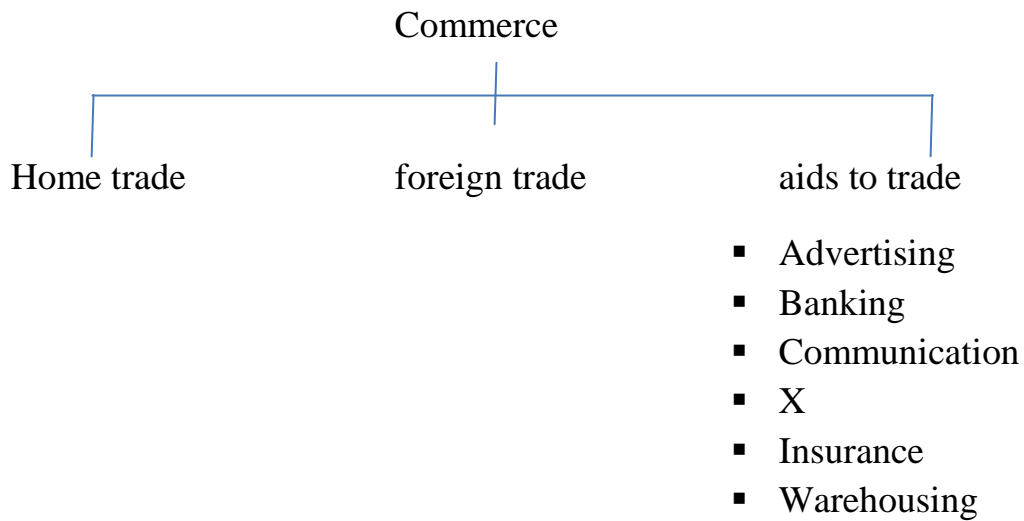


How much value does the manufacturer add in the making of the wooden box?

- (a) \$10
- (b) \$20
- (c) \$24
- (d) \$33

[Oct/Nov 2012-MCQ 2]

Q 11: Below is an incomplete diagram showing the structure of commerce.



Which item, marked X is missing from the list of the aids to trade?

- (a) Direct services
- (b) Retail trade
- (c) Transport
- (d) Wholesale trade

[Oct/Nov 2012-MCQ 3]

Q 12: What is an example of primary production?

- (a) A baker making bread
- (b) A farmer planting a new orchard
- (c) A nurse looking after children
- (d) A shopkeeper opening a new store

[May/June 2013-MCQ 1]

Q 13:

Identify X in the diagram

- (a) Aids to trade
- (b) Direct services
- (c) Foreign trade
- (d) Home trade

[May/June 2013-MCQ 2]

Q 14: How are commercial services and direct services inter-related?

- (a) Buying and selling are examples of direct services
- (b) Commercial services depend on direct services
- (c) Direct services including advertising, accounting and medical services
- (d) Tertiary production consists of commerce and direct services

[May/June 2013-MCQ 3]

Q 15: Which of the following is a human want?

A



B



C



D



Q 16: In which stage of production is the construction industry classified?

- (a) Direct services
- (b) Primary
- (c) Secondary
- (d) Tertiary

[Oct/Nov 2013-MCQ 2]

Q 17: Advertising, banking and insurance are collectively known as

- (a) Commercial services
- (b) Distribution
- (c) Essential services
- (d) Trade

[Oct/Nov 2013-MCQ 3]

Q 18: How does commerce assist industry?

- (a) Converts raw materials into finished goods
- (b) Enables industries to introduce specialization
- (c) Helps manufacturers to find a market
- (d) Provides skilled labour for manufacturers

[Oct/Nov 2013-MCQ 4]

Q 19:The diagram shows an industrial building.



For what is this building most suitable?

- (a) Manufacturing goods from raw materials
- (b) Protecting goods from theft and damage
- (c) Selling products to customers
- (d) Storing dutiable goods

[May/June 2014-MCQ 1]

Q 20:Deep Velvet is a luxury chocolate brand.

In what way does the manufacturer of Deep Velvet add value to the chocolate?

- (a) Advertising the chocolates for sale
- (b) Displaying the chocolates at point of sale
- (c) Investing in machinery to produce the chocolates
- (d) Making quality chocolates and packaging them

[May/June 2014-MCQ 2]

Q 21:What is the basic need?

A



B



C



D



[Oct/Nov 2014-MCQ 1]

Q 22:Modern societies usually require the contribution of those working in direct services.

Which job is a direct service?

- (a) Bank manager
- (b) Builder
- (c) Doctor
- (d) Insurance broker

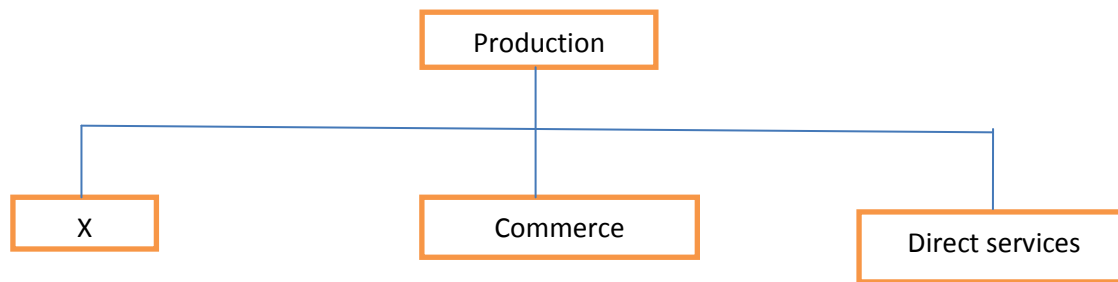
[Oct/Nov 2014-MCQ 2]

Q 23:Why are commercial services essential to a motorcycle manufacturer?

- (a) They assist the manufacturer to get the motorcycles to the consumer
- (b) They control the quality of the motorcycle produced
- (c) They organize workers needed in the motorcycle factory
- (d) They produce the raw materials necessary for making motorcycles.

[Oct/Nov 2014-MCQ 3]

Q 24:The diagram shows the parts of production.



What is X?

- (a) Aids to trade (b) Industry (c) Trade (d) Warehousing

[May/June 2015-MCQ 1]

Q 25:Specialisation within a firm results in

- (a) Decreased output
 (b) Greater stability of employment
 (c) Increased use of automation
 (d) Longer periods of worker training.

[May/June 2015-MCQ 2]

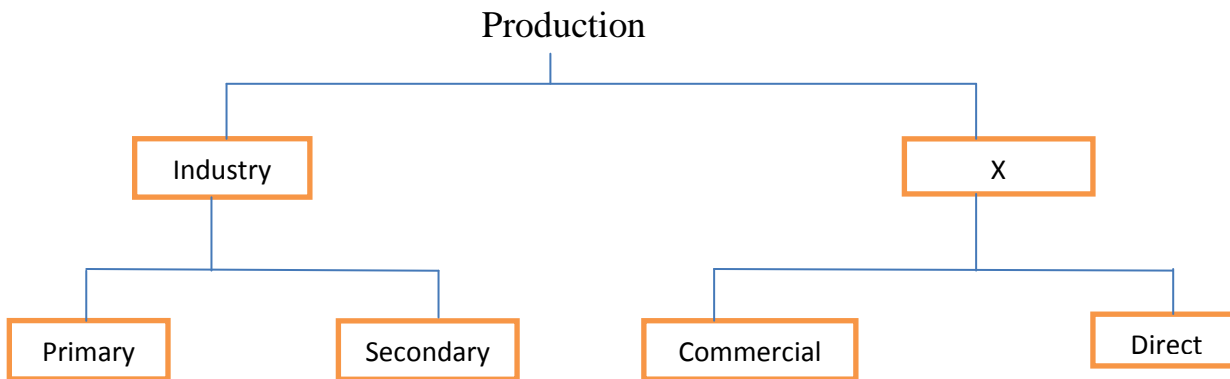
Q 26:Commercial services and direct services are interrelated.

Which example illustrates this statement?

- (a) A farmer paying a vet to vaccinate his cattle
 (b) A lawyer drawing up a contract between a wholesaler and a retailer
 (c) An architect preparing plans for a new car factory
 (d) A teacher preparing students for an examination in commerce

[May/June 2015-MCQ 3]

Q 27:The diagram shows the parts of production



What is X?

- (a) Aids to trade (b) Distribution (c) Services (d) Trade

[Oct/Nov 2015-MCQ 1]

Q 28:Jose makes leather gloves. He buys the leather from the primary producer.

How does he add value to the leather?

- (a) Adding finish profit to the finished goods
 (b) Buying the leather in bulk
 (c) Cutting the leather into the shape of gloves
 (d) Storing the gloves until prices rise

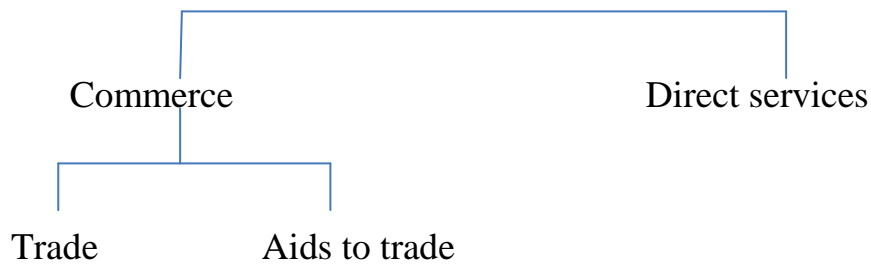
[Oct/Nov 2015-MCQ 2]

Q 29:As a result of specialization by process, the consumer has less choice of goods to buy. This is because

- (a) Factories produce less output of each product
 (b) Goods are more expensive to produce
 (c) Goods take longer to make
 (d) Standardized goods are made

[Oct/Nov 2015-MCQ 3]

Q 30: Which sector of production is shown in the diagram?



- (a) Manufacturing
- (b) Primary
- (c) Secondary
- (d) Tertiary

[May/June 2016-MCQ 1]

Q 31: When making a suit, value is added by

- (a) Advertising on television
- (b) Designing the suit
- (c) Displaying the suit
- (d) Viewing the suits of competitors

[May/June 2016-MCQ 2]

Q 32: Which action is not an example of trade?

- (a) Buying goods from another company
- (b) Exchanging goods to make a profit
- (c) Selling products for money
- (d) Storing goods awaiting sale

[May/June 2016-MCQ 3]

Q 33: The table shows how a country's labour force is distributed between various industries.

Industry	% of labour force
Agriculture	8
Manufacturing	20
Direct services	20
Construction	9
Mining	3
Processing	17
Commerce	23

Which sector of the country's economy employs the most people?

- (a) Exhaustive (b) Primary (c) Secondary (d) Tertiary

[May/June 2016-MCQ 4]

Q 34: What does the term commerce describe?

- (a) Aids to trade and direct services
 (b) Direct services and industry
 (c) Industry and trade
 (d) Trade and aids to trade

[Oct/Nov 2016-MCQ 1]

Q 35: A chair is sold for \$200.

The cost of the materials was \$50.

The cost of services used was \$35.

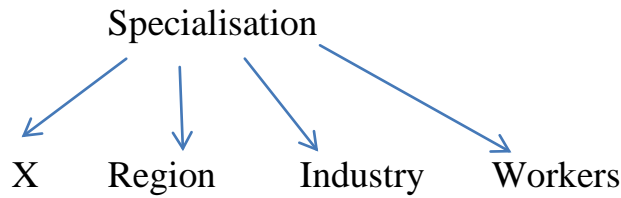
Manufacturing wages amounted to \$100.

What is the added value?

- (a) \$15 (b) \$115 (c) \$150 (d) \$165

[Oct/Nov 2016-MCQ 2]

Q 36:The diagram shows a number of ways in which specialization occurs.



What is X?

- (a) Construction
- (b) Country
- (c) Primary
- (d) Tertiary

[Oct/Nov 2016-MCQ 3]

Q 37:Which term describes the manufacture of goods and the provision of services?

- (a) Commerce
- (b) Industry
- (c) Production
- (d) Trade

[May/June 2017-MCQ 1]

Q 38:Which picture shows an example of human need?

A

B

C

D



[May/June 2017-MCQ 2]

Q 39:Which group of people distributes raw materials and finished goods?

- (a) Commercial workers
- (b) Direct service providers
- (c) Factory employees
- (d) Primary producers

[May/June 2017-MCQ 3]