

Part A Organisational principles

Section 1 The nature of business

1.1 Explain the development of barter

- 1 The exchange of goods without the use of money is defined as
- (A) purchase. (A)
 - (B) barter. (B)
 - (C) transaction. (C)
 - (D) transfer. (D)
- 2 'Double coincidence of wants' is an issue associated with the system of
- (A) barter. (A)
 - (B) sale. (B)
 - (C) transfer. (C)
 - (D) donations. (D)
- 3 Which of the following is a disadvantage of the barter system?
- I The rate of exchange
 - II Storage of wealth
 - III Acquisition of goods
- (A) I and II only (A)
 - (B) III only (B)
 - (C) I and III only (C)
 - (D) I, II and III (D)

1.2 Describe the role of money

- 4 Any commodity accepted as a measure of value and a medium of exchange is called
- (A) trade. (A)
 - (B) paper. (B)
 - (C) money. (C)
 - (D) finance. (D)
- 5 The feature of money which states it must be identical in look, size and weight is called
- (A) acceptable. (A)
 - (B) divisible. (B)
 - (C) homogenous. (C)
 - (D) portable. (D)
- 6 John told his sister Susan that money must be able to pass from hand to hand without being easily destroyed. John is describing which feature of money?
- (A) Portable (A)
 - (B) Durable (B)
 - (C) Divisible (C)
 - (D) Acceptable (D)
- 7 Which of the following is not a function of money?
- (A) Medium of exchange (A)
 - (B) Standard of value (B)
 - (C) Means of deferred payment (C)
 - (D) Standard of validity (D)

1.3 Identify the instruments of exchange

- 8 Business transactions done through the internet are called
- (A) e-commerce. (A)
 - (B) e-currency. (B)
 - (C) trans-currency. (C)
 - (D) inter-commerce. (D)
- 9 A written order by one party to another to pay a certain sum by a certain time is known as a
- (A) bank draft. (A)
 - (B) credit card. (B)
 - (C) bill of exchange. (C)
 - (D) cheque. (D)
- 10 Yvette is unable to buy a new purse because the store does not accept cash transactions. Which financial instrument allows her to access her funds electronically?
- (A) Money order (A)
 - (B) Debit card (B)
 - (C) Credit card (C)
 - (D) Mobile wallet (D)
- 11 Susan is unable to go to the bank, so she used her residential phone to conduct banking transactions. Susan is engaged in
- (A) tele-commerce. (A)
 - (B) e-banking. (B)
 - (C) inter-banking. (C)
 - (D) telebanking. (D)