UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

COMMERCE **7100/13**

Paper 1 Multiple Choice **May/June 2013**

1 hour

Additional Materials: Multiple Choice Answer Sheet

Additional Materials:
(**not** provided by CIE) Soft clean eraser
Soft pencil (type B or HB is recommended)
Ruler
Protractor

7073447731

READ THESE INSTRUCTIONS FIRST

Write in soft pencil.
Do not use staples, paper clips, highlighters, glue or correction fluid.
Write your name, Centre number and candidate number on the Answer Sheet in the spaces provided unless this has been done for you.
DO **NOT** WRITE IN ANY BARCODES.

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 separate Answer Sheet.

Read the instructions on the Answer Sheet very carefully.

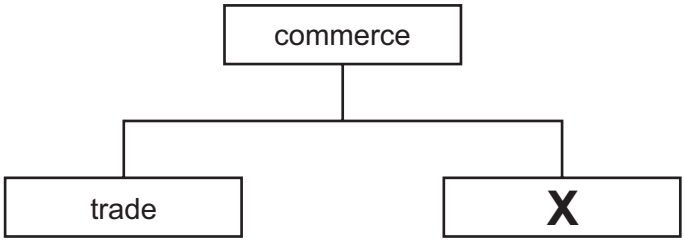
Each correct answer will score one mark. A mark will not be deducted for a wrong answer.
Any rough working should be done in this booklet.

The businesses described in this question paper are entirely fictitious.

This document consists of **10** printed pages and **2** blank pages.

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1



Identify **X** in the diagram.

A aids to trade

B direct services

C foreign trade

D home trade

2 Which statement shows the inter-relationship between secondary industry and commerce?

A growing wheat which is made into bread and cakes

B insuring a bank against claims made by the public

C mining coal for use in a steelworks

D selling furniture made in a factory to the consumer

3 The diagram shows some of the commercial problems helped by aids to trade.

commercial problems	aids to trade
risk	insurance
storage	warehousing
X	transport

Identify **X** in the diagram.

A communication

B distance

C finance

D wholesaling

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4 What is the **main** function of a retailer?

A manufacturing goods for customers

B offering free parking to customers

C providing small quantities of goods to consumers

D selling goods in bulk to consumers

5 Which advantage does a vending machine have over retail shops?

A It deals with consumers' complaints.

B It offers goods at low prices.

C It provides a wide range of goods.

D It saves on floor space.

6 Small-scale retailers survive competition from large-scale retailers by

A having access to credit finance.

B offering a personal service.

C providing a wide variety of goods.

D using expensive advertising.

7 Tariq wishes to buy a refrigerator. He can either pay $250 in cash, or accept the retailer's offer of a hire purchase agreement for a year. If he chooses hire purchase, he must pay a deposit of $40 and then 12 monthly instalments of $20.

How much would Tariq pay for the refrigerator if he chooses hire purchase?

A $40 **B** $60 **C** $240 **D** $280

8 Why might a consumer protection organisation advertise?

A to improve consumer awareness

B to inform consumers of new products

C to persuade consumers to buy goods

D to remind consumers of existing products

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9 A retailer is **most** likely to use a wholesaler when

A bulk orders are required by the retailer.

B goods are large and fragile.

C goods need after-sales service.

D the retailer has a small-scale business.

10 Which service is provided by wholesalers to manufacturers?

A clearing production lines

B offering loans

C providing cash and carry services

D supplying goods locally

11 What information would be found in a quotation?

A details of goods returned by a customer

B instructions to a carrier relating to the delivery of goods

C prices and terms under which the goods will be sold

D summary of a number of transactions

12 The diagram shows a statement of account from A1 Fashion Wholesalers for ABC Ltd.

STATEMENT OF ACCOUNT

A1 Fashion Wholesalers
Credit Avenue

To: ABC Ltd
10 New Street
Singapore

Month ending: 31 May 2013

Date	Details	Debit	Credit	Balance $
01 May	Balance b/f			400
05 May	Cheque		380	20
	Cash Discount		20	–
10 May	Invoice 7891	200		200
27 May	Credit Note		40	160

What percentage cash discount does A1 Fashion Wholesalers offer to ABC Ltd?

A 5% **B** 10% **C** 40% **D** 95%

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13 International trading figures for a country over one year are shown.

	visibles $bn	invisibles $bn
imports	45	30
exports	60	50

What is the Balance of Payments on its current account for the year?

A –$35bn **B** +$15bn **C** +$20bn **D** +$35bn

14 What are customs authorities responsible for?

A calculating the Balance of Trade

B collecting duty on imported goods

C reducing exports

D supervising port authorities

15 What is the **main** advantage of a trading bloc?

A free trade between member countries

B guaranteed prices to producers

C increased revenue from customs duties

D more trade with non-member countries

16 Why is trading overseas more difficult than trading in the home market?

A Goods are demanded in smaller quantities.

B Road and rail transport cannot be used.

C The exporter may be operating within a trading bloc.

D Weights and measurements may be different.

17 An unsuccessful advertising campaign may result in

A improvement in the quality of the goods.

B changes in prices charged for the goods.

C more goods for the consumer to buy.

D reduced costs of production.

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18 What is an advantage of direct mail advertising over newspaper advertising?

A Advertisements may last longer.

B Advertisements may reach more people.

C Advertisers are protected against bad publicity.

D Advertisers can target their audience.

19 A petrol company advertises the best fuel prices in the area.

What is this called?

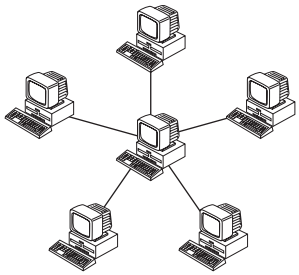
A collective advertising

B competitive advertising

C generic advertising

D informative advertising

20 What communication system does the diagram show?



A computer database

B computer network

C the Internet

D videoconferencing

21 The diagram shows address labels which might be seen on envelopes.

Which label would be used on an envelope addressed to a person who is travelling and who wishes to collect post from a nearby post office?

A

Mr Jasani
Freepost 99
Lahore Post Office
Pakistan

B

Mr Jasani
Poste Restante
Lahore Post Office
Pakistan

C

Mr Jasani
Private Box No. 106
Lahore Post Office
Pakistan

D

Mr Jasani
Registered Post No. 7634
Lahore Post Office
Pakistan

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22 What advantage does sea transport have over air transport?

A carries bulk loads

B faster turnaround of goods

C less risk of damaged goods

D quicker delivery

23 Which statement applies to an air waybill?

A It gives title to the goods.

B It is a contract.

C It is a negotiable instrument.

D It is made up of four copies.

24 Which service provided by a port authority would be **most** useful to a trader who is intending to re-export motor vehicle spare parts?

A access to the inland transport network

B accommodation for a branch of the trader's bank

C bonded warehousing

D ship refuelling and repair yard

25 Why are warehouses needed?

A to enable goods to be displayed

B to make goods available when they are wanted

C to reduce the chain of distribution

D to reduce the cost of goods to the consumer

26 What will a retailer expect when purchasing from a cash and carry warehouse?

A cash discount, if paid within 28 days

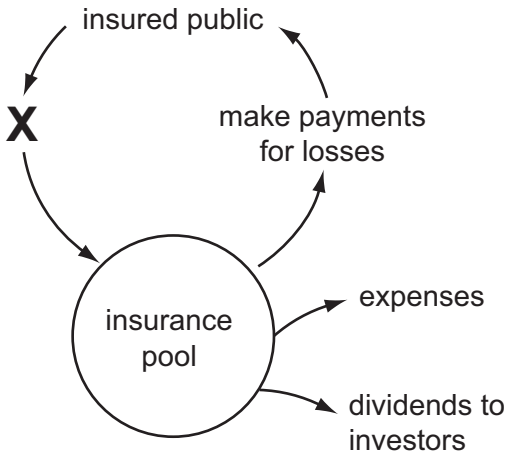
B long-term credit

C no credit and no delivery of goods

D prompt delivery of goods

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27 The diagram shows the pooling of risk.



Identify **X** in the diagram.

A invest funds

B make claims

C pay premiums

D receive policies

28 Mr Sibanda is **not** able to take out an insurance policy to cover

A a house he is renting from a friend.

B customers who visit his firm, in case of injury.

C the death of a client who owes him $10 000.

D workers in his firm, in case of injury.

29 A factory building is valued at $20 million. It has been insured for $25 million.

If the building is totally destroyed, how much would the factory owner receive in compensation?

A $0 million **B** $5 million **C** $20 million **D** $25 million

30 What is the **most** important factor when completing an insurance claim form relating to a motor vehicle accident?

A asking for a new car to replace the damaged one

B claiming as much money as possible from the insurance company

C completing the claim form truthfully and giving all relevant facts

D notifying the police that an accident has taken place

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31 What is the function of a commercial bank?

A financing hire purchase

B fixing the rate of exchange

C safeguarding customers' money

D setting interest rates

32 Why would a company manufacturing machinery for export have a bank savings account?

A Cheques can be used to pay creditors.

B Electronic transfers can be used to receive payments.

C Funds can be kept for future investment.

D Payments can be made to suppliers on a regular basis.

33 A large company wants all customers to pay their monthly accounts in full on the due date.

Which method of payment would be most suitable for the company?

A cheque

B credit transfer

C debit card

D direct debit

34 The Bank of Asia is offering a new online banking service.

What would **not** apply to this service?

A Customers are given special overdraft and loan facilities.

B Customers can bank 24 hours a day, 7 days a week.

C Customers can gain access to their accounts using computer links.

D Customers can pay bills and transfer funds over the Internet.

35 Two brothers wish to start a business selling tee-shirts over the Internet. They are looking for suitable premises.

Which factor will **most** influence their choice of location?

A cheap business rates and rent

B land for future expansion

C nearness of shopping areas

D parking area for vehicles

36 In which organisation are the owners protected by limited liability?

A ordinary partnership

B public corporation

C public limited company

D sole trader

37 What is an advantage of franchising to the franchisor?

A Control of the business is given to franchisees.

B Royalty payments, charged on turnover, are received.

C Support is given in the form of site selection and choice of suppliers.

D The franchisee does not pay advertising costs.

38 What is an advantage to a country of a multinational company being located there?

A environmental pollution in the home country

B high taxation in the country

C increased employment in the country

D profits returned to the home country

39 A limited company obtains long-term finance by issuing ordinary shares to people.

What is an advantage of owning ordinary shares in this company?

A Shareholders earn fixed interest.

B Shareholders have voting rights.

C Shares are linked to company assets.

D Share values are changeable.

40 During a month a retailer buys 1000 articles for $20 each. She sells all of them with a mark-up of 30%. Her expenses total $2000.

What is her turnover for the month?

A $18 000 **B** $20 000 **C** $24 000 **D** $26 000

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