Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

COMMERCE **7100/13**

Paper 1 Multiple Choice **May/June 2015**

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

* 4 2 6 6 6 8 8 4 1 *

READ THESE INSTRUCTIONS FIRST

Write in soft pencil.
Do not use staples, paper clips, 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.

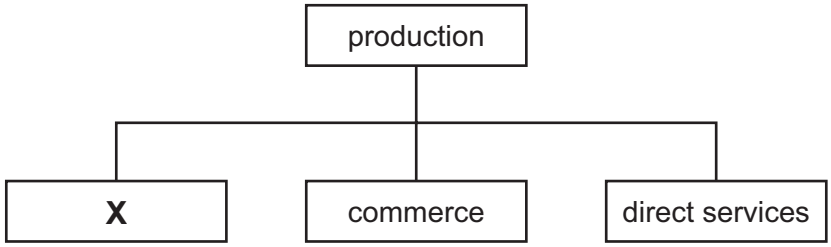
Read the instructions on the Answer Sheet very carefully.

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.

IB15 06_7100_13/3RP
© UCLES 2015

1 The diagram shows the parts of production.



What is **X**?

A aids to trade

B industry

C trade

D warehousing

2 Commerce is involved in the production process because it includes

A building houses and roads.

B distributing goods and services.

C extracting raw materials from the earth.

D manufacturing machinery.

3 What difficulty will aids to trade **not** help a business to overcome?

A distance between buyers and sellers

B poor consumer knowledge

C storage of seasonal goods

D the risk of a business failing

4 What is a feature of a supermarket?

A competitive prices

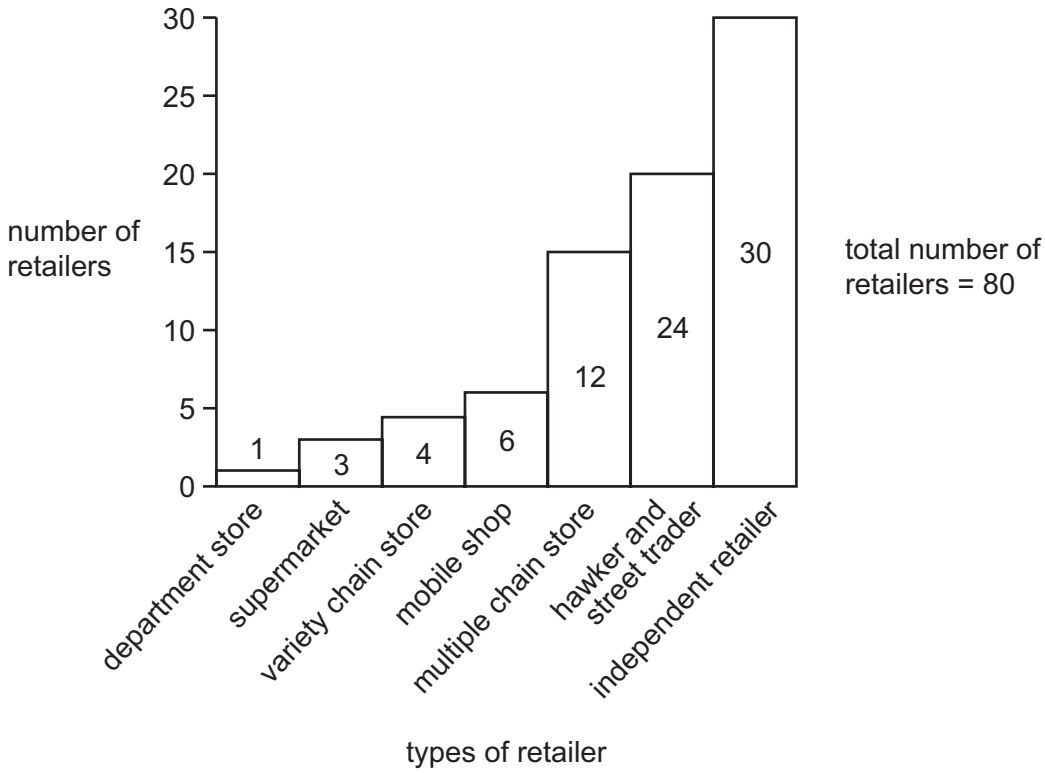
B luxurious shopping facilities

C many sales floors

D specialised sales staff

© UCLES 2015

5 The bar chart shows the number of different types of retailer in a town.



What percentage are small-scale retailers?

A 10% **B** 25% **C** 50% **D** 75%

6 The picture below shows items used at a retailer's checkout.



These items help retailers to

A encourage impulse buying.

B obtain invoices and statements of account.

C offer a delivery service to customers.

D produce information on sales and stock levels.

7 Which question is **most** important for a customer considering buying goods on credit?

A Are the goods fit for the purpose?

B Do the goods represent value for money?

C What discount will be given by the retailer?

D What is the difference between the cash price and the credit price?

8 Seals of approval on manufactured goods mean that

A they are cheaper than other goods.

B they have been advertised to persuade customers to buy.

C they have been tested for quality.

D they were made by a well-known company.

9 The decline of the independent wholesaler has been caused partly by the growth of

A automatic vending machines.

B cash and carry warehouses.

C large-scale retailers.

D mobile shops.

10 A general wholesaler acts as a middleman between the manufacturer and the retailer.

Which function carried out by the wholesaler benefits **both** the manufacturer and the retailer?

A clearing stocks to enable production to continue

B giving help and advice on the use of new products

C providing a wide variety of goods

D taking the risks of losses from unsold goods

11 What is the function of a broker in international trade?

A arranging contracts in his own name

B being responsible for the delivery of goods

C bringing buyers and sellers together

D guaranteeing payment to the seller

© UCLES 2015

12 What is **not** contained on a statement of account?

A balance at the end of the period

B balance at the start of the period

C credit notes issued during the period

D description of goods bought during the period

13 The diagram shows an invoice.

INVOICE

Acme Trading Ltd

To: ABC Souvenirs — Date: 28 May 2015

Delivery Note: 3037 — Order No: 273

Terms: 5% 30 days

Quantity	Cat. No.	Item	Unit Price $	Cost $
150	XY27	China Cups	5	750
50	OM32	China Plates	5	250
			Less Trade Discount	200
			Total Cost	800

How much money will ABC Souvenirs save if payment is made immediately?

A $10 **B** $40 **C** $50 **D** $200

14 A customer would expect trade discount to be deducted from the value of goods bought when

A goods are bought on credit.

B goods are intended for resale.

C it is a cash transaction.

D the debt is paid promptly.

15 Why does a country import raw materials from other countries?

A to assist home production

B to improve the balance of trade

C to obtain customs revenue

D to protect home industries

16 Last year a country's trade figures were as follows.

	$bn
visible imports	1.6
visible exports	1.9
invisible imports	2.1
invisible exports	1.7

What was the country's balance of trade for last year?

A –$0.4bn **B** –$0.1bn **C** $0.3bn **D** $3.5bn

17 A government is considering imposing a tariff on imported foreign cars.

What would be the likely effect of imposing the tariff?

A It would result in the increased export of home-produced cars.

B It would raise revenue for the government.

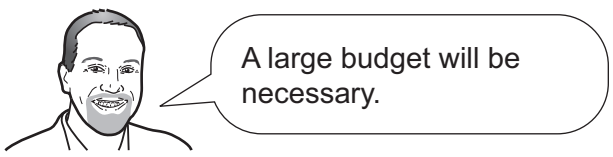
C The government would know exactly how many cars would be imported.

D There would be no extra work for the customs authorities.

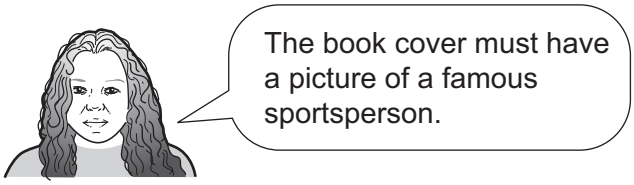
18 Four employees of a publishing company are discussing the launch of a book about sport.

Which employee is referring to advertising coverage?

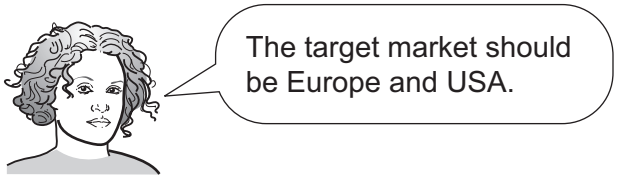
A



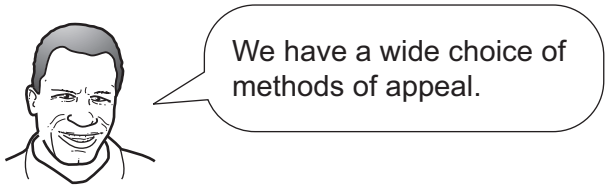
B



C



D



© UCLES 2015

19 Which advertising medium would be **most** suitable for use by a manufacturer of engineering parts?

A billboards

B leaflets

C radio

D trade journals

20 A department store organises a competition for its customers. In order to enter, customers have to give their email address.

What is the main purpose of the competition?

A to enable the company to inform customers about future promotions

B to give away surplus stock as prizes

C to make shopping in the store more attractive

D to reward customers for their loyalty to the store

21 Why is communication important in the global economy?

A to advertise and promote goods nationwide

B to enable companies to contact customers worldwide

C to move goods urgently required

D to transport people over long distances

22 What is an advantage of using teleconferencing as a communication service?

A Copies of the message can be received at any time.

B Costs of travelling are reduced.

C It can be used with an answering machine.

D It gives exact copies of documents, including colour.

23 What is an advantage of sea transport over air transport?

A greater safety

B greater speed over long distance

C lower carriage costs for bulk cargoes

D lower insurance charges

© UCLES 2015

24 The transport of goods has been made easier by

A express road routes in many countries.

B fewer facilities at many airports.

C increased checks by customs officers.

D more detailed inspections of railway networks.

25 What is a document of title to goods?

A bill of lading

B certificate of incorporation

C insurance policy

D invoice

26 What is a function of a port authority?

A collecting customs duties

B controlling movement of prohibited goods

C hiring out ships

D providing refuelling facilities

27 Manufacturers continue producing goods, even when the demand for their goods is seasonal, because they can

A advertise the goods.

B insure the goods.

C transport the goods.

D warehouse the goods.

© UCLES 2015

28 Mr Chang is advertising his cash and carry warehouse. His advertisement includes some information which is not accurate for a cash and carry warehouse.

Chang's Cash and Carry Warehouse

offers

discounted prices
extended credit
free car parking
variety of goods

open 7 days a week!

Which part of his advertisement is **not** accurate?

A discounted prices

B extended credit

C free car parking

D variety of goods

29 Mrs Smith owns a small general store.

Why does she have various insurance policies covering different aspects of the business?

A to guard against risk

B to help customers

C to make a profit

D to reduce prices

30 To which type of insurance does the 'new for old' principle of compensation refer?

A household contents insurance

B life assurance

C marine insurance

D motor insurance

31 Which insurance principle does **not** allow a person to insure another person's property?

A indemnity

B insurable interest

C subrogation

D utmost good faith

32 What is an inflow of funds into a customer's bank account?

A dividends on investments

B standing orders for regular payments

C transfers money to other banks

D withdrawals of cash

33 Which document may be used to settle debts in international trade?

A air waybill

B delivery note

C letter of credit

D quotation

34 Which service is **not** available to a person using Internet banking at home?

A applying for a loan or overdraft

B checking bank statements

C paying cheques into his account

D transferring funds between accounts

35 Who controls a public corporation?

A a board of directors elected by shareholders

B a board of management appointed by the government

C shareholders who buy shares on a stock exchange

D tax payers who provide capital through their taxes

36 What is the purpose of the Certificate of Incorporation when setting up a company?

A to advertise the sale of shares to the public

B to establish the identity of the company

C to register the company as a legal entity

D to set out the rules for operating the company

© UCLES 2015

37 Which statement explains the term 'limited liability'?

A The amount of money put into a business is limited by law.

B The business has a limited amount of time to pay its debts.

C The business limits the range of goods it sells.

D The owners' responsibility for debts is limited to their investment.

38 What is a fixed asset for a shop?

A cash tills

B creditors

C debtors

D stock

39 A clothing retailer says that her rate of turnover is five.

What does this mean?

A The average stock held remains with the retailer for five weeks.

B The mark-up is 5% more than the cost of the clothes.

C The profits are 5% of the capital invested.

D The retailer sells five times the average stock held each year.

40 Suzi runs a business selling shoes. Last year her profit and loss account showed the following:

	$000	$000
sales revenue		100
less cost of sales		40
gross profit		60
expenses: warehouse and office	5	
advertising and sales promotions	15	
wages and salaries	30	
net profit		**X**

What is the value of **X**?

A $10 **B** $50 **C** $60 **D** $200

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge International Examinations Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cie.org.uk after the live examination series.

Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.