Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

COMMERCE **7100/13**

Paper 1 Multiple Choice **May/June 2017**

1 hour

Additional Materials: Multiple Choice Answer Sheet
Soft clean eraser
Soft pencil (type B or HB is recommended)
Ruler
Protractor

* 0 8 9 5 8 8 7 9 6 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.

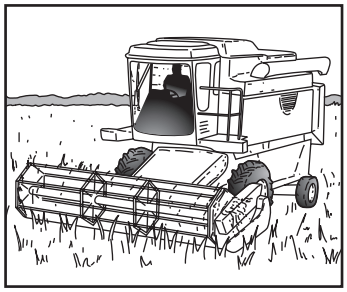
This document consists of **11** printed pages and **1** blank page.

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CAMBRIDGE
International Examinations

1 The pictures show three occupations.







To which sector of production do these occupations belong?

A commercial services

B direct services

C manufacturing

D primary

2 What is an advantage of specialisation in production?

A greater speed in producing goods

B greater variety of goods produced

C increase in mechanisation

D reduction in craftsmanship

3 Which group of people distributes raw materials and finished goods?

A commercial workers

B direct service providers

C factory employees

D primary producers

4 Which statement **best** describes how industry and trade are inter-related?

A Industry needs finance to expand its operations.

B Industry needs markets at home and abroad to sell its goods.

C Industry needs storage before sale of its finished goods.

D Industry needs transport to deliver goods to consumers.

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5 What would a small-scale retailer often provide?

A large variety of goods

B long-term credit

C mail order sales

D personal service

6 Which feature distinguishes a speciality store from a supermarket?

A acceptance of credit cards

B late night shopping

C narrow range of goods

D self-service

7 What is meant by the term *branding*?

A advertising the product on national television

B providing customers with after-sales services

C putting the name of a manufacturer on a product

D wrapping the product in brightly coloured paper

8 How does online shopping differ from traditional shopping?

A accepts credit card payments

B offers cheaper prices

C operates without sales staff

D provides variety of goods

9 A computer is offered for sale by cash or by hire purchase on the following terms.

Cash price $400

Hire purchase with a deposit of $50 and 24 monthly instalments of $20 each

How much **more** will the customer pay if she buys the computer using hire purchase?

A $130 **B** $400 **C** $480 **D** $530

10 If a customer does not want a cash refund for returned goods, what might a retailer give her instead?

A claim form

B credit note

C receipt

D store card

11 What is a function of a wholesaler?

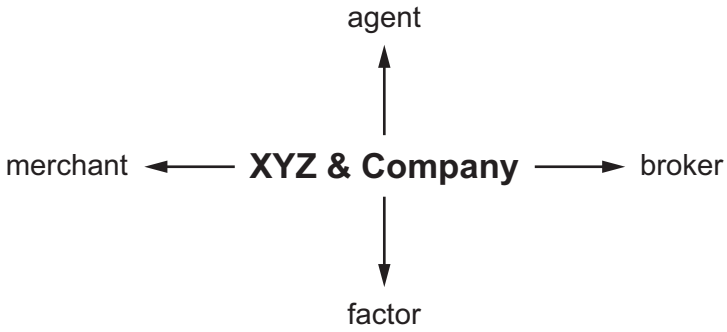
A to act as a link between manufacturers and retailers

B to advertise widely on television and radio

C to control demand from retailers and consumers

D to provide after-sales service to customers

12 The diagram shows four different intermediaries that XYZ & Company could use to export its manufactured products.



Which activity applies **only** to a merchant when preparing to export XYZ & Company's manufactured products?

A arranging necessary transport to carry products to other countries

B buying the products before selling them for profit

C finding and dealing with creditworthy buyers in other countries

D providing suitable warehousing while the products await export

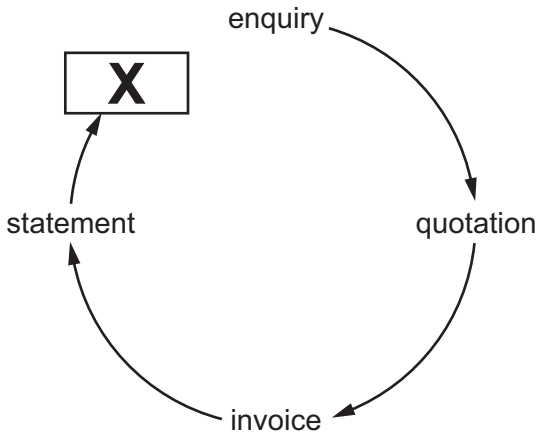
13 Mr Singh has bought 1000 shirts from a wholesaler at a total cost of $2000. Mr Singh wants to make a profit of 50%.

At which price will Mr Singh need to sell **each** of the shirts?

A $1 **B** $2 **C** $3 **D** $4

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14 The diagram represents a commercial transaction.



What is the missing document **X**?

A advice note

B catalogue

C delivery note

D receipt

15 Which item is regarded as invisible when calculating the Balance of Payments?

A car components shipped from overseas

B freight charges paid to foreign transporters

C oranges sent to a foreign wholesaler

D petrol supplied by a foreign oil company

16 What is a function of a customs authority?

A controlling airports

B maintaining ports

C preventing smuggling

D setting rates of duty

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[Turn over

17 What is an advantage to a country of joining a trading bloc?

A free trade between member countries

B increased prices in member countries

C loss of national identity

D reduced choice for consumers

18 This advertisement recently appeared in a retail trade magazine.

Digital services for the independent retailer

We supply:
barcode readers
electronic tills
software for computer systems

Contact@mail.com

What type of advertising is shown in the advertisement?

A collective

B competitive

C informative

D persuasive

19 Which medium would be **most** suitable for a multinational that wishes to advertise a new range of cosmetics?

A cinema

B local newspapers

C magazines

D posters

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20 CW Ltd wishes to promote its new range of car accessories by using an endorsement from a famous person. Its advertising agency has suggested four people.

Which one would be the **best** for CW Ltd to choose?

A a celebrity dancer

B a famous chef

C a film star

D a racing driver

21 Why are communications important in the global economy?

A to keep efficient records

B to make use of satellite links

C to send email attachments

D to speed transmission of information

22 When placing an order, why might a trader prefer to use email instead of the telephone?

A The order may be discussed in detail.

B The order may be sent over longer distances.

C There is a written record of the order.

D Verbal feedback on the order can be given.

23 Which document used in the transport of goods is negotiable?

A air waybill

B bill of lading

C consignment note

D insurance policy

24 For which service is a port authority **not** responsible?

A collecting customs duties

B maintaining dry docks

C providing loading and unloading facilities

D providing re-fuelling facilities

25 Which process **cannot** be carried out in a bonded warehouse?

A grading

B manufacturing

C packing

D selling

26 Three boxes of products are shown below.

fresh meat	fresh fruit	fresh fish

In which type of warehouse should all these products be stored?

A bonded warehouse

B cash and carry warehouse

C cold storage warehouse

D regional distribution centre

27 Which statement about comprehensive motor insurance is correct?

A It covers one's own vehicle and that of a third party.

B It covers one's own vehicle and the occupants.

C It is cheaper than third party insurance.

D It is compulsory for licensing purposes.

28 Which principle of insurance prevents the insured from gaining from over-insuring property?

A indemnity

B insurable interest

C subrogation

D utmost good faith

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29 The diagram shows part of a bank statement.

	BANK STATEMENT		
	debit $	credit $	balance $
Oct 1 Balance			100 CR
Oct 4 Cheque 541987	150		50 OD
Oct 7 Bank transfer	15		65 OD
Oct 8 Salary		600	

What will be the balance on October 8?

A $535 CR **B** $535 OD **C** $665 CR **D** $665 OD

30 A bank's client wishes to pay several bills, which vary in amount, at irregular intervals.

Which method of payment is the **most** suitable for the client?

A bank giro

B cheque

C direct debit

D standing order

31 Which transaction is possible with a debit card?

A cashing personal cheques

B making payment to an online retailer

C obtaining information on interest rates

D organising a personal loan

32 Which service is **not** provided by an Automated Teller Machine (ATM)?

A cash a cheque

B change a PIN

C view an account balance

D withdraw cash

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33 Simeon, a retailer, wishes to locate his business in a shopping centre.

Why would Simeon choose the shopping centre?

A Businesses selling the same products are already there.

B Many people visit shopping centres every day.

C The shopping centre is on the outskirts of a town.

D There is an internet café and banking services there.

34 What is likely to be provided by a public utility corporation in many countries?

A car making

B construction

C tourism

D water

35 What is given by the franchisor to a franchisee?

A managers of each outlet

B the brand name

C the money needed to build the outlet

D wages to the workers in an individual franchise outlet

36 Which statement best defines a multinational company?

A A business that has its head office in the same country as its branches.

B A large company which produces and sells in different countries.

C A public limited company with many shareholders in many different countries.

D People from many different countries are employed by the company.

37 Why are debentures a safe form of investment for investors in a public limited company?

A Debenture holders are paid dividends.

B Debenture holders can vote at the annual general meetings.

C Debentures attract higher interest in good years.

D Debentures can be secured against company assets.

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38 A supermarket has decided to lease delivery vehicles rather than to buy them.

What is the **main** reason for doing this?

A The insurance costs of the delivery vehicles are reduced.

B The supermarket owns the delivery vehicles at the end of the lease.

C Up-to-date vehicles are provided by the leasing company.

D Vehicles can be sold when no longer needed.

39 The table shows some of the balances in the accounts of a business.

	$
capital	50 000
premises	100 000
stock	10 000
cash	10 000
debtors	15 000
creditors	10 000

What is the total value of the current assets?

A $10 000 **B** $20 000 **C** $30 000 **D** $35 000

40 Mrs Moyo's gross profit for a trading period was $17 500 and her expenses amounted to $8400.

If her turnover was $70 000, what was her net profit?

A $9100 **B** $25 900 **C** $44 100 **D** $52 500

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