Cambridge
O Level

**Cambridge International Examinations**
Cambridge Ordinary Level

**COMMERCE** **7100/13**

Paper 1 Multiple Choice **May/June 2018**

**1 hour**

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

* 5 7 7 8 8 6 5 3 4 8 *

**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.

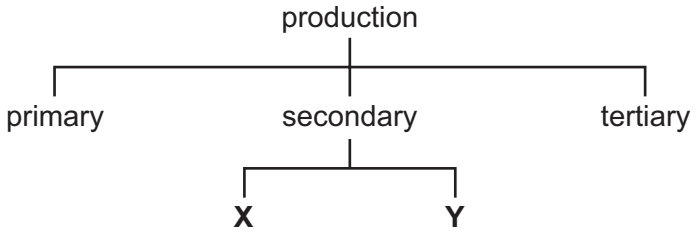
**Read the instructions on the Answer Sheet very carefully.**

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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**1** The diagram shows stages of production.




What do **X** and **Y** represent?

**A** commerce and direct services

**B** construction and manufacturing

**C** extraction and processing

**D** trade and aids to trade

**2** What is an advantage of specialisation to factory workers?

**A** better craftsmanship

**B** fewer tools used

**C** improved skills

**D** over-production

**3** Which statement shows how direct services assist industry and commerce?

**A** Advertisers promote products of industry and commerce.

**B** Banks provide finance for industry and commerce.

**C** Education helps to produce a skilled workforce.

**D** Transport moves foods and raw materials.

**4** Which type of retail outlet involves selling goods from machines?

**A** automatic vending

**B** electronic point of sale

**C** speciality store

**D** street market traders

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**5** Which name is given to the buying and selling of products or services using electronic systems such as the internet?

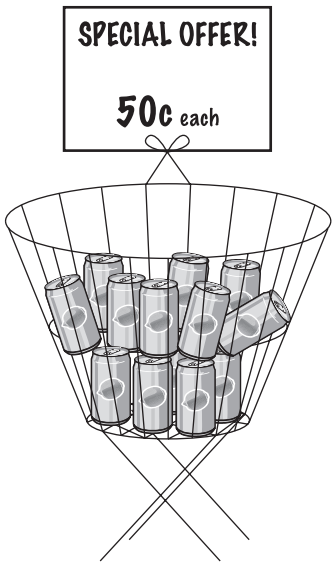
**A** ebanking

**B** ecommerce

**C** email

**D** ereader

**6** The diagram shows goods on display.




Where is this type of display **most** likely to be found?

**A** mail order company

**B** mobile shop (van)

**C** supermarket

**D** wholesale warehouse

**7** A person wishes to purchase a car that is valued at $1600 cash. He pays a deposit of 5% of the cash price, plus 10 equal payments of $190.

How much does he pay in total for the car?

**A** $1600 **B** $1680 **C** $1900 **D** $1980

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**8** A student wishes to buy a laptop to aid his studies.

Which factor would be the **most** important for him to consider when deciding which type of credit to use?

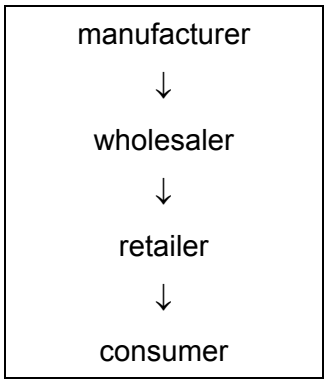
**A** immediate ownership

**B** length of repayment period

**C** number of instalments

**D** overall total cost

**9** The diagram shows a channel of distribution.




Which type of product would be likely to be sold using this channel of distribution?

**A** bread

**B** clothing

**C** jewellery

**D** ships

**10** Which service does a wholesaler provide for retailers?

**A** credit information about customers

**B** debt collection

**C** maintenance of goods

**D** wide variety of goods

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

**A** bringing buyers and sellers together

**B** delivering goods to buyers

**C** having possession of the seller's goods

**D** selling goods on behalf of others

**12** Which document, prepared by the seller, shows a number of transactions and is sent to the buyer at the end of a trading period?

**A** credit note

**B** delivery note

**C** invoice

**D** statement of account

**13** The diagram shows an invoice.

**INVOICE**

**TD Trading Ltd**

To: ABC Souvenirs — Date: 28 May 2018

Order No: 3037 — Invoice 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 |
| | | | Invoice Total | 800 |

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

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

**14** A manufacturer makes a suit. The costs are as follows.

| | $ |
|---|---|
| materials | 30 |
| labour | 20 |
| overheads | 30 |

The manufacturer has a mark-up of 50% on all its retail prices.

What is the selling price of the suit?

**A** $60 **B** $80 **C** $120 **D** $160

**15** What is *entrepôt trade*?

**A** arranging trade between two countries

**B** importing duty-free goods only

**C** re-exporting goods previously imported

**D** selling more cheaply abroad than at home

**16** The table shows the international trade figures for a country in one year.

| | $ m |
|---|---|
| visible exports | 500 |
| visible imports | 400 |
| invisible exports | 350 |
| invisible imports | 200 |

What is the Balance of Payments for this country?

**A** $150 m **B** $250 m **C** $350 m **D** $1450 m

**17** How do member countries benefit from belonging to a trading bloc?

**A** Financial contributions are paid to administer the trading bloc.

**B** Goods are adapted to meet the needs of all the members of the trading bloc.

**C** Higher prices are paid for goods bought from outside the trading bloc.

**D** Sales to other members of the trading bloc are likely to increase.

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**18** Which factor is **most** likely to influence the choice of an advertising medium for many kinds of goods?

**A** amount and size of packaging

**B** method of distribution

**C** number of customers

**D** the brand name

**19** Which advertising method of appeal is shown?



**A** ambition

**B** convenience

**C** durability

**D** masculine appeal

**20** A manufacturer of soft drinks has decided to advertise on the internet because

**A** computer users can block unwanted messages by installing security software.

**B** instructions can be given on how to use the products.

**C** market coverage is limited to those who surf the internet.

**D** the advertisement can appear on popular websites and homepages.

**21** What would companies trading in the global economy find **most** useful to know about?

**A** benefits of insurance through the pooling of risks

**B** exchange rates of different currencies

**C** survival of small retail shops across the world

**D** weather conditions in their own countries

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**22** Which postal service would be used for urgent delivery of letters and parcels?

**A** express mail

**B** poste restante

**C** private box

**D** registered post

**23** Which type of transport is the **most** suitable for the bulk delivery of diesel fuel to a transport company?

**A** delivery van

**B** freight plane

**C** goods train

**D** road tanker

**24** Which service is provided at both seaports and airports for the handling of international cargo?

**A** car hire

**B** customs inspection

**C** quays

**D** runways

**25** What is **not** a function of warehousing?

**A** acting as a reservoir for production ahead of demand

**B** ensuring that retailers obtain the best possible price

**C** ensuring that seasonal products are available all year

**D** providing a place for collection and distribution

**26** What is a benefit to a supermarket chain of operating regional distribution centres?

**A** It can break bulk and distribute supplies where required.

**B** It can buy from a variety of wholesalers.

**C** It can locate a warehouse near every supermarket.

**D** It can supply small-scale retailers with small quantities of goods.

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**27** Which risk is non-insurable?

**A** bad management

**B** broken window

**C** car accident

**D** warehouse flood

**28** Which insurance principle requires the insured to give correct information?

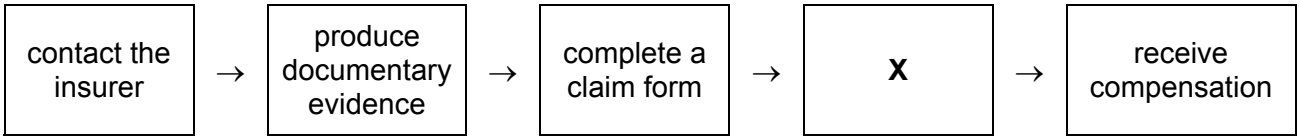
**A** contribution

**B** indemnity

**C** insurable interest

**D** utmost good faith

**29** The diagram shows the process involved in making a claim.




What is the insurer's action at **X**?

**A** assess the evidence

**B** find witnesses

**C** inform police

**D** prepare cover note

**30** What is an advantage to a customer of having an internet bank account?

**A** being sure of complete security

**B** paying in cash and cheques

**C** receiving alerts about the account

**D** withdrawing cash at any time

**31** What is a *direct debit*?

**A** a method by which a bank charges a current account holder for its services

**B** money taken automatically by a creditor from a current account

**C** payment of several bills with one cheque for the total amount

**D** the bank's own cheque paid on behalf of a customer

**32** Which business unit is **not** in the private sector?

**A** limited company

**B** partnership

**C** public corporation

**D** sole trader

**33** CC Confectionery is a newly-established public limited company. It wishes to raise extra finance on a stock exchange in order to expand.

Which feature of this company is **most** likely to encourage investment in CC Confectionery?

**A** gift boxes for new shareholders

**B** limited liability for shareholders

**C** publication of the accounts

**D** the popularity of sweets in the country

**34** Which definition describes a multinational company?

**A** It is formed by two or more organisations, now trading as one company.

**B** It is owned and run by a government to provide a service nationally.

**C** It is owned by many shareholders who live and work in other countries.

**D** It operates in many countries, with its headquarters in one country.

**35** How might financial services support primary producers?

**A** helping producers purchase equipment

**B** linking primary and secondary producers

**C** marketing products produced

**D** providing direct services

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**36** A retailer's opening stock, valued at cost, was $18 000. At the end of the trading period its cost value was $22 000. The rate of inventory turnover for the period was 4.

What was the cost to the retailer of buying the stock during the trading period?

**A** $5000 **B** $10 000 **C** $40 000 **D** $80 000

**37** A department store wishes to increase its sales revenue.

How might it achieve this?

**A** charge for after-sales services such as delivery and installation of goods

**B** increase customer satisfaction by reducing its use of self-service

**C** move to different suppliers who may charge more for stock

**D** relocate to a different city centre area where rents are lower

**38** What is a political factor that affects commercial activity?

**A** healthcare

**B** pollution

**C** taxation

**D** technology

**39** Which action is an environmentally-friendly practice?

**A** forest clearance for new industrial sites

**B** overfishing of seas and rivers

**C** returning landfill sites to parklands

**D** using rivers to dispose of waste

**40** A customer wishes to return a recently purchased item.

Under what circumstances is the shop **not** required to give the customer a refund?

**A** The customer has damaged the item and no longer wants it.

**B** The item does not match the description on its packaging.

**C** The item does not match the sample shown to the customer in the shop.

**D** When the item was eventually delivered to the customer it was too late to be of any use.

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