Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/13**

Paper 1 Multiple Choice **May/June 2020**

1 hour

You must answer on the multiple choice answer sheet.

You will need: Multiple choice answer sheet
Soft clean eraser
Soft pencil (type B or HB is recommended)

INSTRUCTIONS

- 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 multiple choice answer sheet.
- Follow the instructions on the multiple choice answer sheet.
- Write in soft pencil.
- Write your name, centre number and candidate number on the multiple choice answer sheet in the spaces provided unless this has been done for you.
- Do **not** use correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

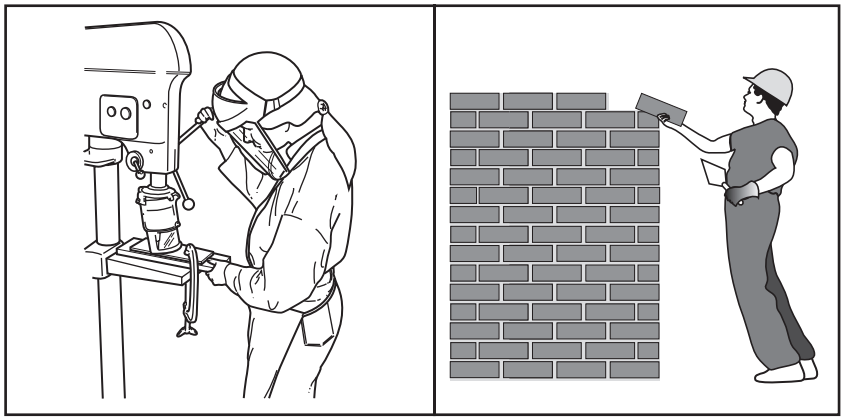
INFORMATION

- The total mark for this paper is 40.
- Each correct answer will score one mark. A mark will not be deducted for a wrong answer.
- Any rough working should be done on this question paper.

This document has **12** pages. Blank pages are indicated.

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1 Which type of productive activity is shown in the pictures?



A commercial

B direct services

C extractive

D secondary

2 The table shows numbers of workers employed in various occupations in a country.

agriculture	1 000 000
construction	400 000
engineering	3 000 000
mining	600 000
quarrying	400 000

How many workers are employed in the primary sector of production?

A 1 600 000

B 2 000 000

C 3 400 000

D 5 400 000

3 What is an aid to trade?

A banking

B construction

C retailing

D teaching

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4 At what stage of production will industrial and commercial firms require help from firms offering direct services?

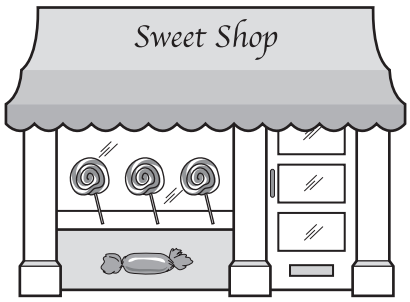
A after the raw materials are extracted

B at every stage in the production process

C before the finished goods are distributed

D when the goods are manufactured

5 The diagram shows a small retail shop selling sweets in a busy street.



Which service is likely to be provided by this retailer?

A charging low prices to customers

B offering car parking facilities for customers

C providing consumers with a convenient location

D selling a wide range of goods

6 What is a feature of a supermarket?

A competitive prices

B luxurious shopping facilities

C many sales floors

D specialised sales staff

7 Which problem might consumers face when shopping online?

A comparison of branded goods

B detailed information provided

C hidden cost to return goods

D many sales promotions/offers

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8 Consumers increasingly want to complete their in-store grocery shopping quickly. How have supermarkets responded to this demand?

A displaying fresher fruit and vegetables

B installing self-service checkouts

C providing better quality own brands

D training staff in customer care

9 What is an advantage to a buyer of purchasing on credit?

A Credit agreements are easy to understand.

B Credit is available to anyone.

C Discounts are usually available.

D Payment is postponed until a later date.

10 This price tag was attached to a smart TV in a store.

Cash Price $900

Hire Purchase Price
Deposit $400
12 monthly instalments of $50

How much **more** would the TV cost if it was bought on hire purchase?

A $50 **B** $100 **C** $600 **D** $1000

11 While driving his family to their holiday destination, Mr X's car breaks down.

What type of credit would be **most** suitable for paying the repair bill?

A credit card

B deferred payment

C informal credit

D store card

12 The number of wholesalers has declined because of the

A extended credit provided to retailers.

B impact of e-tailing.

C impact of more cash and carry warehouses closing.

D wider variety of goods offered to retailers.

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13 Which statement relating to wholesalers is **not** true?

A They are part of the chain of distribution.

B They deliver goods to retailers' premises.

C They make goods for consumer needs.

D They sell to retailers in small quantities.

14 A chain of distribution for clothes is shown.

manufacturers
sell to
business X
sells to
overseas retailers
sell to
consumers

What is business X?

A broker

B del credere agent

C export merchant

D forwarding agent

15 What would be sent to a customer who requires information on goods offered for sale?

A advice note

B catalogue

C enquiry

D order

16 How much would a buyer pay when given 5% cash discount on an item originally priced at $1200?

A $60 **B** $1140 **C** $1195 **D** $1200

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17 HF Wholesalers prepared a statement of account for OO Trading.

STATEMENT OF ACCOUNT

HF WHOLESALERS
UNIT 205, ANYTOWN INDUSTRIAL ESTATE
ANYTOWN

To OO Trading
110 Main Road
Anytown

Month Ending 30 April 2020

DATE	DETAILS	DEBIT	CREDIT	BALANCE
		$	$	$
April 1	balance b/f			500
April 6	remittance received		475	25
April 6	cash discount		20	5
April 12	sales invoice	795		800
April 22	sales invoice	700		1500
April 26	credit note		60	1440
April 29	sales invoice	300		

How much did OO Trading owe HF Wholesalers on 30 April?

A $500 **B** $1140 **C** $1740 **D** $1795

18 What is a function of a customs authority?

A calculating the Balance of Trade of a country

B deciding on rates of import duties

C enforcing public health regulations

D purchasing and owning bonded warehouses

19 The risk of political change is a difficulty faced by exporters.

What could this include?

A competition from local firms

B distance of delivery

C language problems

D nationalisation of industries

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20 Why do firms advertise?

A to even out prices

B to fight competition

C to increase prices

D to mislead customers

21 A retailer wants to clear old stock by having a 48-hour sale.

What is the **best** way to promote this sale to the most people at the least cost?

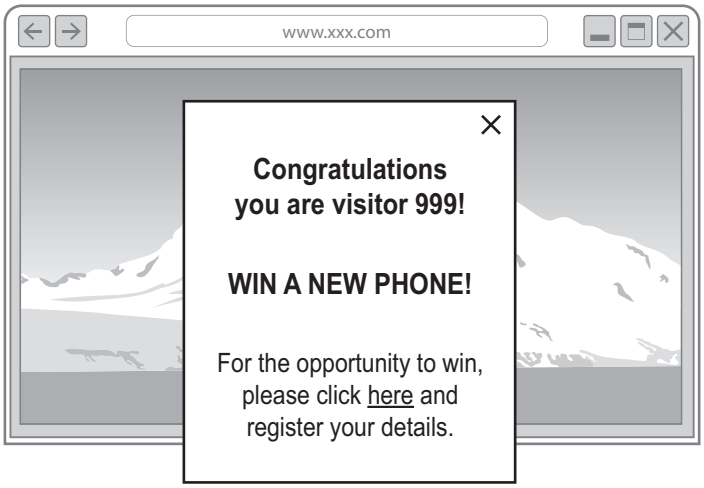
A hiring a celebrity to open the sale

B placing a series of advertisements on national TV

C putting posters in the shop's windows

D sending an email to all its customers

22 The picture shows a website advertisement.



Which type of website advertisement is shown?

A banner

B pop-up

C sandwich board

D side bar

23 Which information communicated to consumers is constantly changing throughout the day?

A customs duties charged at an airport

B prices of new cars in car showrooms

C toll charges on highways

D world prices of stocks and shares

24 What is **not** the responsibility of a port authority?

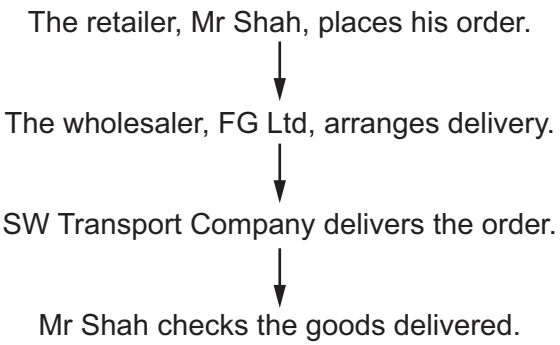
A collecting customs duties

B dredging the harbour

C installing re-fuelling facilities

D providing unloading equipment

25 The flowchart shows the main stages in distribution of goods between a wholesaler and retailer.



Which document will Mr Shah use to check the goods when they are delivered to him?

A consignment note

B receipt

C sales invoice

D statement of account

26 What is a function of a warehouse?

A having a place to pack goods

B helping the manufacturer to produce goods

C maintaining high prices for all goods kept in stock

D preventing goods from stock piling

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27 Which type of warehouse is used by a large-scale retailer?

A bonded

B cash and carry

C public

D regional distribution centre

28 Mrs Rajapaksa operates a small shop. She uses a cash and carry warehouse to obtain her supplies.

This means she has to

A deal with sales representatives.

B pay her account each month.

C show her membership card.

D wait for goods to be delivered.

29 Which insurance document is a contract between the insured and the insurance company?

A certificate of insurance

B claim form

C insurance policy

D proposal form

30 What is an advantage to a customer of using internet banking?

A Cash can be obtained anywhere at any time.

B Credit card fraud is not a problem.

C The customer can access account details worldwide.

D The customer has personal contact with the bank.

31 What is a benefit of mobile banking?

A Customers may use passwords that are easy to remember.

B Interest is paid on all transactions.

C There is face-to-face contact with bank employees.

D Users have ease of access through electronic devices.

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32 Which factor will a chain of fast food outlets consider when deciding where to locate a new restaurant?

A amount of competition in the area

B demand for fast food throughout the country

C greater popularity of drive-in restaurants

D increase in the price of fast food

33 TT Traders is a partnership with four partners. Each partner invested $100 000 in the business. The partnership is bankrupt and there are debts of $800 000 owing to creditors.

What amount must be paid to the creditors by TT Traders?

A $0 **B** $100 000 **C** $200 000 **D** $800 000

34 Who keeps the profits made by a franchise after royalties have been paid?

A directors

B franchisee

C franchisor

D shareholders

35 Which source of self-financing could be used by a business?

A debentures

B factoring

C overdrafts

D retained earnings (profits)

36 What would be the **best** way of improving sales turnover for a garage selling petrol and cars?

A offer trade discount

B provide a gift with each purchase

C raise the price of petrol

D sell a wider range of cars

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37 Which economic factor affects the general increase in the price of goods and services?

A balance of payments

B interest rates

C rate of inflation

D rate of unemployment

38 What is a feature of an e-shop?

A It always has enough stock to sell.

B It always uses sustainable transport.

C It offers many payment methods.

D It operates a policy of no returns.

39 Which process may increase global warming?

A assembling electric engines

B burning fossil fuels

C installing low energy lighting

D using recyclable packaging

40 Why does a government have consumer protection laws?

A Consumers are safeguarded from unscrupulous traders.

B Consumers want a bargain when buying a product.

C Retailers are encouraged to trade legally.

D Retailers can make profits from consumers.

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