Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/13**

Paper 1 Multiple Choice **May/June 2022**

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

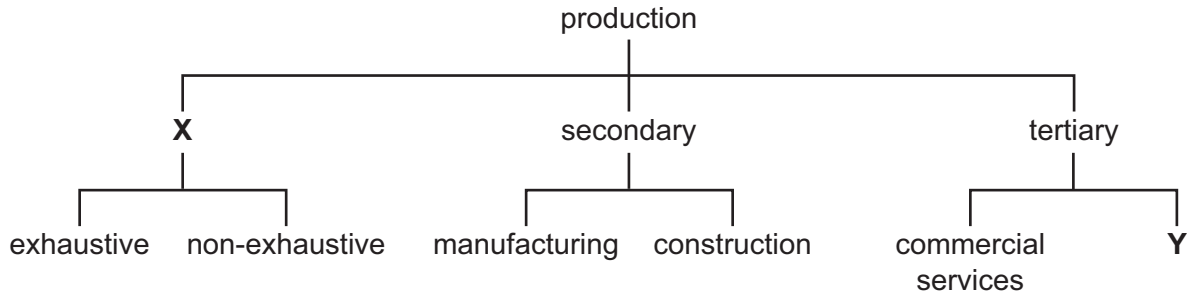
- There are **forty** questions on this paper. Answer **all** questions.
- For each question there are four possible answers **A**, **B**, **C** and **D**. Choose the **one** you consider correct and record your choice in soft pencil on the multiple choice answer sheet.
- Follow the instructions on the 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.
- Any rough working should be done on this question paper.

IB22 06_7100_13/3RP
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1 The diagram shows branches of production.



What are **X** and **Y**?

A distribution and storage

B primary and direct services

C specialisation and industry

D wholesaling and retailing

2 When individuals concentrate on certain aspects of a job, they are

A economising.

B investing.

C managing.

D specialising.

3 Which aid to trade is **not** important for the import of wool from New Zealand by a South African merchant?

A advertising

B communication

C transportation

D warehousing

4 'Commercial services and direct services are interrelated.'

What is an example of this statement?

A a farmer paying a vet to vaccinate his cattle

B a lawyer drawing up a contract between a wholesaler and a retailer

C a teacher preparing students for an examination in Commerce

D an architect preparing plans for a new car factory

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5 The chain of distribution is **not** complete until the retailer

A offers goods for sale.

B persuades the customer to buy.

C purchases goods from a wholesaler.

D receives payment for goods from the customer.

6 A city has the following numbers of retail outlets.

1 department store	2 variety chain stores
3 supermarkets	22 independent stores
10 multiple chain stores	30 hawker stalls

How many large-scale retail outlets are there in this city?

A 6 **B** 14 **C** 16 **D** 28

7 Some supermarket chains also operate convenience stores.

Why might consumers prefer to use this method of shopping?

A cheaper prices

B close to their homes

C greater choice of food

D more checkouts

8 A student wishes to buy a laptop.

Which factor would be the **least** important 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 What is the aim of all wholesalers?

A to distribute goods directly to consumers

B to earn profits by selling goods to consumers

C to offer consumers cash and carry facilities

D to provide consumers with cold storage facilities

10 Which intermediary guarantees payment to the seller of goods if the buyer does **not** pay?

A broker

B del credere agent

C export merchant

D factor

11 In which order are the following home trade documents used?

	first →			last
A	enquiry	order	invoice	statement
B	enquiry	order	statement	invoice
C	order	enquiry	invoice	statement
D	statement	invoice	enquiry	order

12 What is the **most** likely reason that sellers send electronic invoices to customers' email accounts instead of using paper invoices?

A ensures confidentiality

B ensures delivery

C reduces operating costs

D reduces time of payment

13 Quai receives a 20% trade discount from a wholesaler. She also gets a cash discount of 5% if she pays within 7 days. An invoice for $800 dated 8 May was paid on 30 May.

How much did Quai pay the wholesaler?

A $160 **B** $192 **C** $640 **D** $840

14 The table shows a country's international trade.

	exports $bn	imports $bn
visible	250	320
invisible	80	40

What is the balance of trade on its current account?

A –$70 bn **B** –$30 bn **C** +$170 bn **D** +$570 bn

15 What is a function of a customs authority?

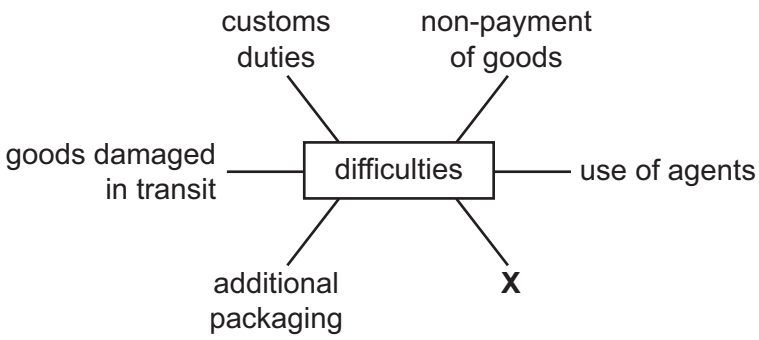
A ensuring efficient handling of imports and exports

B keeping statistical records of imports and exports

C maintaining ports and airports

D providing storage for dutiable imported goods

16 AA Ltd wishes to expand its business by exporting washing machines. The diagram shows some difficulties it may face.



What is **X**?

A buying spare parts

B climate change

C disposal of surplus goods

D language differences

17 What is an example of informative advertising?

A advertisement by a trade association

B appeals to human emotions

C includes dates of future trade shows

D offers product samples

18 Which type of business is likely to use television as an advertising medium?

A airline

B farm

C newsagent

D quarry

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19 Many businesses use social media for communication.

Which advantage would a business have if it uses social media?

A connects only with local consumers

B high cost of advertising

C informative feedback on its products

D time used to update content

20 What is **not** an effect of the increase in global communication?

A Buyers and sellers are brought together more easily.

B Contracts can be sent and received instantly.

C Goods are transported around the world more efficiently.

D Information on overseas markets is updated quickly.

21 A business has to send important legal documents to a supplier.

Which postal service should it use?

A express mail

B letter post

C poste restante

D registered post

22 Which product will be transported by sea?

A emergency supplies

B jewellery

C newspapers

D sand

23 What is a responsibility of a port authority?

A checking the movement of people into and out of a country

B maintaining runways and hangars for aircraft

C providing office space and warehouses

D supervising the movement of imported and exported goods

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24 Flowers are sent by cargo plane from Asia to the UK.

Which document is completed as evidence of the contract of carriage?

A advice note

B air waybill

C bill of lading

D delivery note

25 What is an effect of logistics in the distribution of goods?

A Customs duties are reduced.

B Delays caused by congestion are less.

C Delivery times are improved.

D Perishables can be stored longer.

26 What is the **most** important function of warehousing for a manufacturer of seasonally demanded goods, such as umbrellas?

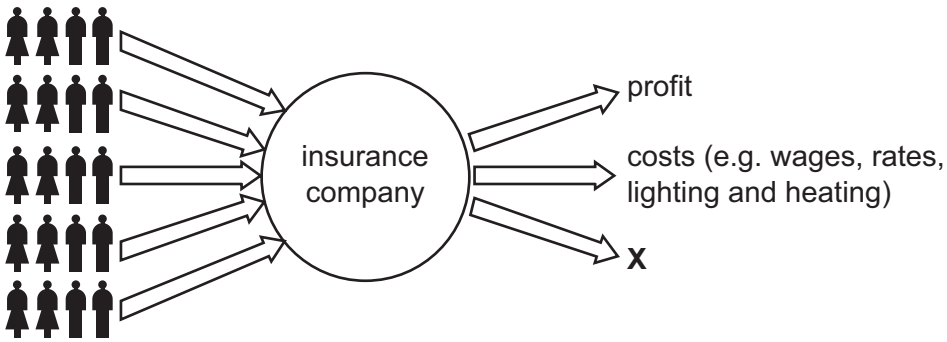
A to enable continuous production to take place

B to prevent a steady supply of goods to retailers

C to prevent goods from deteriorating

D to provide a place where goods can be packaged and labelled

27 The diagram shows the pooling of risk.



What does **X** represent?

A claims

B interest

C loans

D transfers

28 Which insurance policy covers an employer against losses from employees stealing company funds?

A consequential loss

B employer's liability

C fidelity guarantee

D public liability

29 Which insurance principle stops the insured from profiting by under-insuring property?

A indemnity

B insurable interest

C proximate cause

D utmost good faith

30 An insurance company estimates 3000 people will be insured and that 30 of them will make claims. The total of claims and costs to the company will be $420 000.

What is the minimum premium per person the company could charge?

A $30 **B** $100 **C** $140 **D** $2700

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

A dividends on investments

B standing orders for regular payments

C transfers of money to other banks

D withdrawals of cash

32 Which factor influences where a market stall is located?

A amount of storage space needed

B availability of raw materials

C cheap land

D closeness to centres of population

33 A public limited company sold 10 000 shares. At the end of the year, the company declared a total dividend of $300 000.

What was the dividend paid per share?

A $10 **B** $30 **C** $3000 **D** $30 000

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34 Which factor will decrease a franchisee's profits?

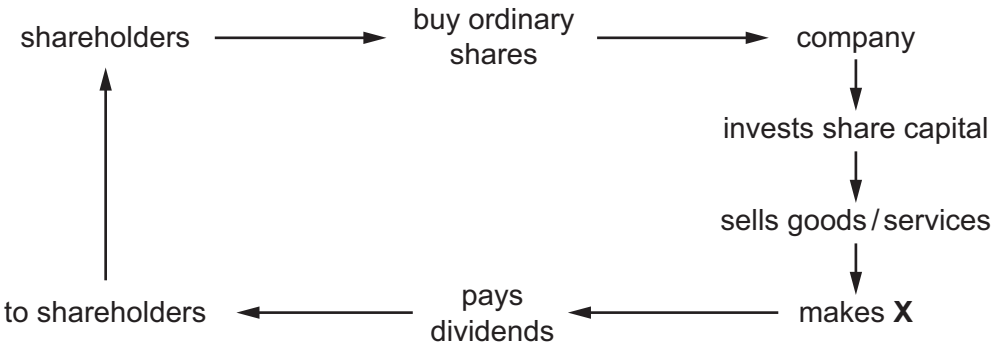
A franchisee's capital investment

B franchisee's royalty payments

C franchisor's expert advice

D franchisor's share of advertising costs

35 The diagram shows the relationship between a company and its shareholders.



What is **X**?

A bonus

B commission

C interest

D profit

36 Which business is **most** likely to have the highest rate of inventory turnover?

A a bookshop

B a fruit stall

C a jewellery shop

D a motor car dealer

37 What is a political factor that affects commercial activity?

A healthcare

B pollution

C taxation

D technology

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[Turn over

38 The development of ecommerce means more packages are being delivered directly to customers, resulting in

A a decrease in courier services.

B a reduction in global warming.

C an expansion of retail shops.

D more vehicle emissions.

39 What is an example of a sustainable activity?

A buying envelopes made from recycled paper

B cutting down forests to make furniture

C driving a vehicle fuelled by diesel

D using plastic to package goods

40 The table shows terms relating to consumer protection and their definitions.

Which pair is **not** correct?

	term	definition
A	consumer claims court	settles money-related disputes between employers and employees
B	fit for purpose	does what it is supposed to do
C	warranty	promises to replace or repair products the consumer is not satisfied with
D	weights and measures regulations	guarantee accurate measures of goods

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