Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/13**

Paper 1 Multiple Choice **May/June 2023**

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

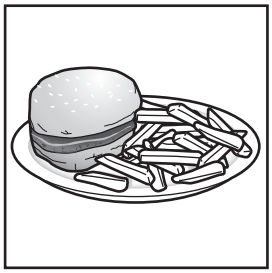
- The total mark for this paper is 40.
- Each correct answer will score one mark.
- Any rough working should be done on this question paper.

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[Turn over

1 Which diagram shows an example of a human want?

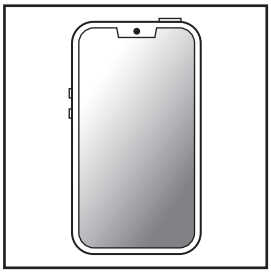
A



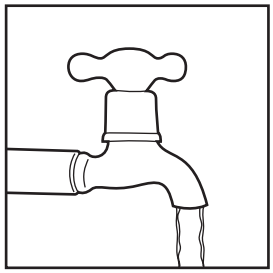
B



C



D



2 A business uses division of labour with workers specialising in one job.

What is the advantage of division of labour to this business?

A It gives greater job satisfaction for workers.

B The choice of goods to the consumer is wider.

C There are economies of scale and less waste.

D Work spaces are organised into different production areas.

3 What is an example of the interdependence between commerce and direct services?

A doctors buying equipment from suppliers

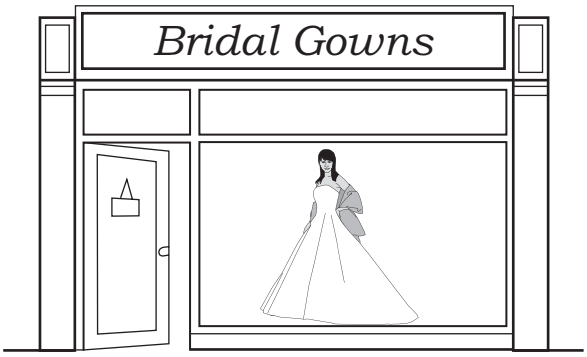
B governments taxing profits of transport companies

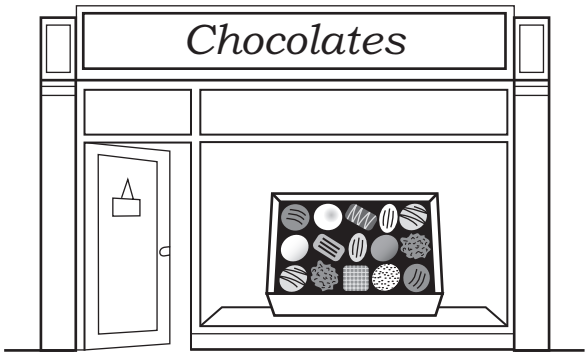
C manufacturers depositing their sales revenue in a bank

D wholesalers agreeing contracts with retailers

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4 The diagram shows two retailers, each selling only one type of product.





What is this type of retailer called?

A hawker stall

B hypermarket

C speciality shop

D variety chain store

5 What will a loyalty programme offered by a retailer always involve?

A purchasing using mobile phone apps

B rewards for repeat purchases

C shopping on the internet

D use of free parking

6 Which type of shop is likely to offer informal credit?

A department store

B fast-food restaurant

C local neighbourhood shop

D speciality shop

7 HH is a grocery wholesaler. It wishes to buy a truck for deliveries to customers, costing $40 000.

What would be the **most** suitable source of finance to buy this truck?

A debenture

B hire purchase

C mortgage

D trade credit

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8 Why do small-scale retailers purchase from wholesalers?

A to buy goods at fixed prices

B to clear production lines

C to obtain trade discount

D to receive discount for bulk purchases

9 An advertisement for GG Ltd, an overseas intermediary, is shown.

GG Ltd

How GG Ltd helps you in international trading:

- takes possession of goods
- sells goods
- delivers goods
- collects payment

Which type of overseas intermediary is GG Ltd?

A broker

B factor

C importer

D merchant

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10 ABC Wholesalers prepared a statement of account for XYZ Designs.

STATEMENT OF ACCOUNT

ABC WHOLESALERS
CHA CHA ROAD
LUSAKA

To: XYZ Designs
Broad Street
Lusaka

Month Ending: April 30 2022

DATE	DETAILS	DEBIT	CREDIT	BALANCE
		$	$	$
April 1	balance owed			500
April 7	cheque no. 456		475	25
April 7	cash discount		25	0
April 11	invoice no. 579	800		800
April 22	invoice no. 610	700		1500
April 25	credit note no. 12		60	1440

Why was a credit note issued on April 25?

A Cash discount of $60 was given.

B Goods valued at $60 were bought on April 25.

C Goods valued at $60 were returned.

D Payment of $60 was made by cheque.

11 Which term defines mark-up?

A cost of goods sold

B cost price

C selling price

D seller's profit margin

12 A wholesaler sends a monthly statement to a retailer. The closing balance dated 10 June is $1000.

The cash discount terms are: 5% two weeks; 2.5% one month.

When the account is settled on 28 June, how much is paid?

A $25 **B** $50 **C** $950 **D** $975

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13 What are customs authorities responsible for?

A changing rates of import duty

B owning bonded warehouses

C preventing the smuggling of goods

D reducing total imports

14 Which term means the total ban on importing a product?

A embargo

B quota

C subsidy

D tariff

15 An exporter faces difficulties when trading with another country.

Which difficulty would be reduced by the exporter employing workers from that country?

A competition

B exchange rates

C language barriers

D transport problems

16 ABC Ltd, EFG Ltd, and XYZ Ltd are three companies that manufacture smoke alarms.

Which type of advertising would be **most** effective in generating sales for XYZ Ltd over its rivals?

A competitive advertising

B generic advertising

C informative advertising

D persuasive advertising

17 What is an example of a method of appeal?

A advertising

B direct mail

C music

D television

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18 Popular products sold below cost price to encourage customers to enter a shop are known as

A branded goods.

B free gifts.

C loss leaders.

D test samples.

19 All computers within the ABC Company are networked with each other.

What is the network called that links these computers?

A internet

B intranet

C telecommunication

D teleconferencing

20 Which postal service would be used to send valuable items within a country?

A air mail

B freepost

C parcel post

D registered post

21 What is the **most** important benefit to a small business of having a mobile app for its customers?

A improving customer engagement

B offering a new product or service

C providing online discount coupons

D targeting younger customers

22 What is an advantage of containerisation as a method of transport?

A Ships are restricted to a small number of routes.

B There is no possibility of damage or theft of goods in containers.

C The workforce used for transhipment needs little training.

D Warehousing is not needed as goods are stored in the containers.

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23 Which service is provided at airports for passengers?

A container handling equipment

B office accommodation

C secure warehousing

D transit hotels

24 Which document allows an importer to take possession of goods?

A air waybill

B bill of lading

C consignment note

D invoice

25 Which factor has **not** resulted in the increased amount of goods carried by air freight?

A development of low-cost passenger airlines

B development of more airports

C increased number of low bulk goods

D increased number of perishable goods

26 What is a function of warehousing?

A to allow standardisation of goods to take place

B to provide materials for the manufacture of goods

C to ensure market outlets for producers

D to enable production to take place ahead of demand

27 What is an example of a non-insurable risk for a shopkeeper?

A a compensation claim from a customer who was injured in the shop

B a loss of profits caused by a fall in sales

C damage to freezer stock caused by an electricity failure

D the theft of money by the shop manager

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28 A building valued at $1 000 000 ($1m) is insured by three companies, X, Y and Z.

X 50% of warehouse insured risk

Y 30% of warehouse insured risk

Z 20% of warehouse insured risk

If half of the building is completely destroyed, how much compensation would be paid by Z?

A $100 000 **B** $250 000 **C** $400 000 **D** $500 000

29 What is the purpose of a personal identification number (PIN)?

A It allows access to an automatic teller machine (ATM).

B It enables opening of a current bank account.

C It gives instant withdrawal of cash from a savings account.

D It provides an overdraft facility.

30 AS is a medium-sized company employing 100 people.

What is the safest way of paying its employees' wages?

A bank giro credit

B cash

C direct debit

D standing order

31 What does an internet banking service allow customers to do?

A access their cash and obtain a mini-statement

B make use of all bank services at any time

C obtain financial data through ATM services

D use electronic systems of payment

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32 The diagram shows the logo for contactless debit cards.



Which service is provided by the contactless feature on these debit cards?

A making small payments without entering a PIN number

B obtaining cashback when using the card and a PIN number

C paying for goods and services purchased online

D using the card to obtain local currency in another country

33 Which enterprise is likely to be state-owned?

A bakery

B car manufacturer

C pharmacy

D power station

34 John and Ali plan to start a business together.

Why should they form a private limited company instead of an ordinary partnership?

A continuity of existence

B equal sharing of profits

C no legal requirements

D unlimited liability

35 Mr Todd has a franchise from OP Petroleum Ltd to sell its petrol in his garage.

What is an advantage of having this franchise to Mr Todd?

A Mr Todd will have responsibility for the quality of petrol he sells.

B Mr Todd will be able to share in the profits made by OP Petroleum Ltd.

C OP Petroleum Ltd will share any losses that Mr Todd makes.

D The garage will benefit from OP Petroleum Ltd's advertising campaigns.

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36 The diagram shows an advertisement for leasing a vehicle.

RR Vehicle Leasing

We have all types of vans ready for leasing at low monthly rents

Reasons for leasing a van instead of buying a van:

1 Servicing and maintaining the van is included in the rental charge.

2 We take care of the van; you take care of your business.

What would be another reason for leasing a van?

A avoids high fuel costs

B enables instant ownership

C enables provision of loan capital

D avoids the need to raise capital

37 Debenture holders are entitled to

A a fixed amount of dividend.

B a fixed amount of interest.

C buy back ordinary shares.

D vote in meetings.

38 What is an economic factor affecting commercial activities?

A change in government

B growth in use of internet

C increase in inflation

D more leisure facilities

39 Which energy resource is non-renewable?

A fossil fuels

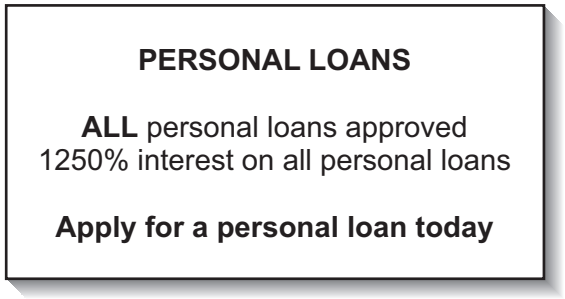
B sunlight

C waves

D wind power

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40 The diagram shows a newspaper advertisement.



Which organisation should a person complain to about the very high rate of interest mentioned in this advertisement?

A a consumers' association

B the newspaper

C the government

D the local police

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