



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.

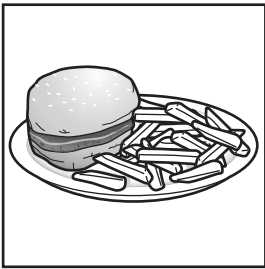
INFORMATION

- 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.

This document has **12** pages.

1 Which diagram shows an example of a human want?

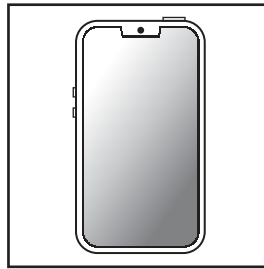
A



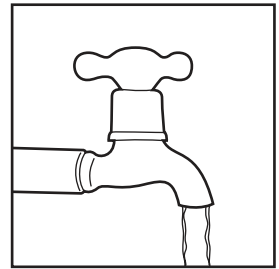
B



C



D



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

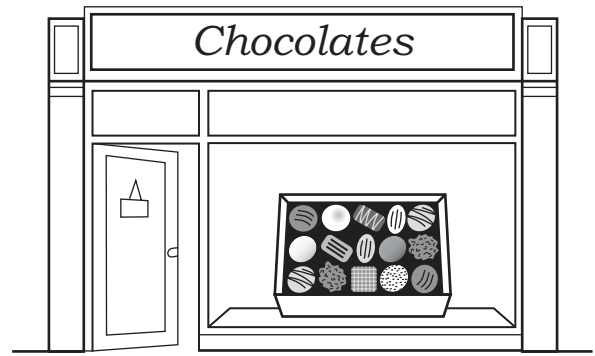
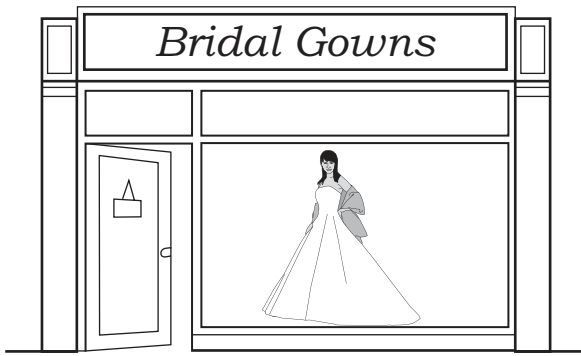
What is the advantage of division of labour to this business?

- 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

- 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

- 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

- 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

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

- 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 transshipment needs little training.
 - D Warehousing is not needed as goods are stored in the containers.

- 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

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

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.

- 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

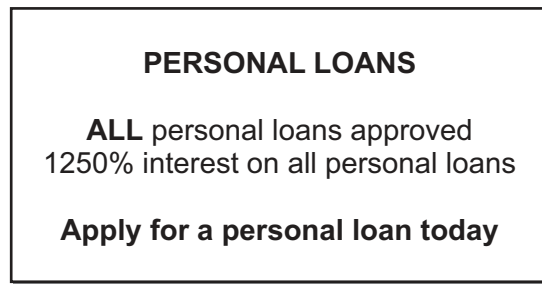
Reasons for leasing a van instead of buying a van:

- 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

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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