Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/13**

Paper 1 Multiple Choice **May/June 2021**

1 hour

You must answer on the multiple choice answer sheet.

* 8 8 9 7 9 7 1 8 6 7 *

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

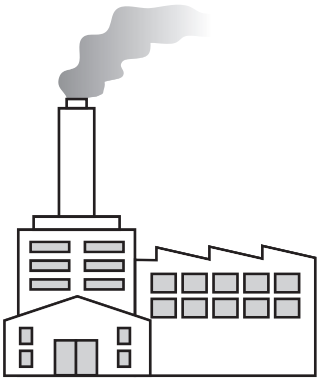
- The total mark for this paper is 40.
- Each correct answer will score one mark.
- Any rough working should be done on this question paper.

This document has **12** pages. Any blank pages are indicated.

1 What is an example of primary production?

- **A** a baker making bread
- **B** a farmer sowing a field
- **C** a shopkeeper selling goods
- **D** a teacher educating children

2 The picture shows an industrial building.



What is this building used for?

- **A** manufacturing finished goods from raw materials
- **B** obtaining raw materials from the earth
- **C** selling a variety of products to consumers
- **D** storing imported goods on which duty has been paid

3 When industry, commerce and direct services rely on each other they are

- **A** competitive.
- **B** interdependent.
- **C** manufacturing.
- **D** specialising.

4 What is an advantage to Mrs Lee of buying clothing from a multiple chain store rather than from a factory shop?

- **A** car parking
- **B** cheaper prices
- **C** choice of brands
- **D** free delivery

5 What helps to reduce a retailer's labour costs?

A own brands

B packaging

C point of sale promotions

D self-service checkouts

6 What is a feature of mail order firms?

A cash sales

B luxurious facilities

C self-service

D warehouse operations

7 The picture shows a trend in retailing.

What is this an example of?

A mobile retailing

B omni-channel retailing

C small-scale retailing

D virtual retailing

8 What is a disadvantage to a buyer of purchasing goods on credit?

A buy now and pay later

B goods purchased may be faulty

C immediate possession of the goods

D interest would be added to the price

9 A firm wants to buy heavy machinery for its factory.

What is the **most** suitable type of credit for this purchase?

A bank loan

B bank overdraft

C credit card

D debenture

10 The diagram shows a channel of distribution.

manufacturing → regional distribution centre (RDC) → retail branches → consumers

What is a feature of this channel of distribution?

A Hypermarkets and supermarkets use this channel.

B Industrial products such as tractors use this channel.

C RDCs are warehouses owned by independent wholesalers.

D Small-scale retailers are supplied by RDCs.

11 Which person is **not** an example of an intermediary in international trade?

A broker

B factor

C merchant

D retailer

12 Which document gives a summary of a customer's transactions over a period of time?

A delivery note

B quotation

C receipt

D statement of account

13 A stationery business purchases 20 boxes of highlighter pens for $5 per box. It applies a 20% mark-up.

What is the gross profit made if all the pens are sold?

A $20 **B** $80 **C** $110 **D** $120

14 When is cash discount offered by a wholesaler to a customer?

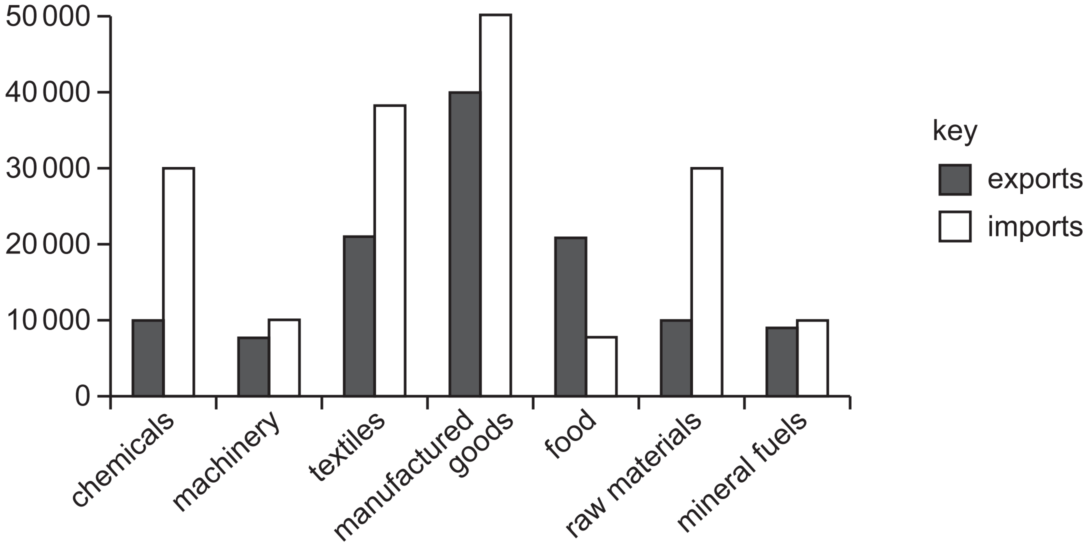
A when the customer buys goods on hire purchase

B when the customer buys trade goods

C when the customer pays for goods promptly

D when the customer pays for goods with a credit card

15 The diagram shows a country's visible foreign trade.



Which item does the country export more of than it imports?

A chemicals

B food

C manufactured goods

D raw materials

16 Why might a government impose quotas on imports?

A to increase imports

B to prevent smuggling

C to protect local industries

D to raise tax revenue

17 What are both examples of trade protection?

	example 1	example 2
A	embargo	subsidies
B	free trade	exchange control
C	quota	freeport
D	tariff	globalisation

18 What is an example of broadcast media?

A billboard

B bus stop signboard

C magazine

D television

19 What is the main reason for the growth of internet advertising?

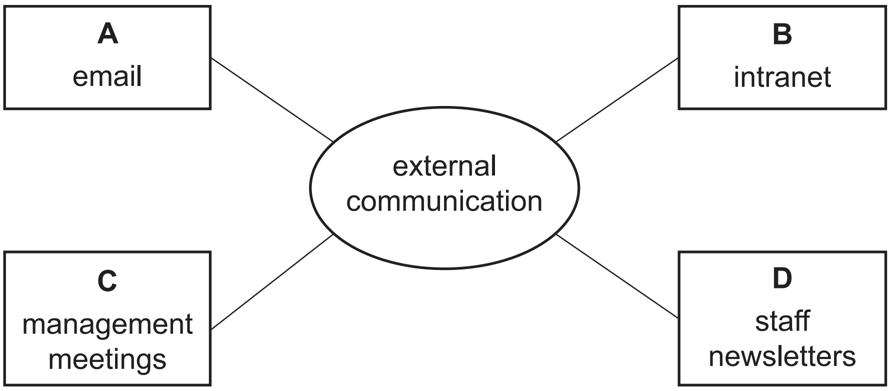
A Consumers can return goods at any time.

B Internet users like watching pop-up adverts.

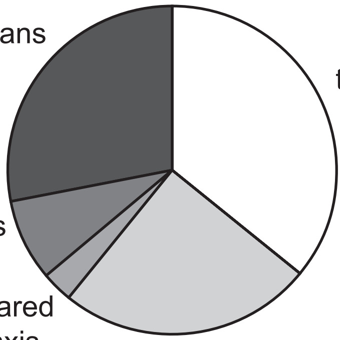
C Many households have access to the internet.

D Well-designed websites are cheap to set up.

20 Which method of communication would be used for external communication?



21 The chart shows how some goods are delivered and how some people travel in a country.



Which percentage of the modes of travel are used to carry people?

A 53% **B** 61% **C** 64% **D** 71%

22 Why should an exporter of high value goods use Transport International Routier (TIR)?

A Free warehouse facilities are provided at ports.

B Shipment can be made in sealed vehicles across borders.

C Temperature controlled containers are not required.

D The goods require sophisticated loading equipment.

23 Which function is performed by airport authorities?

A collecting import and excise duties

B guarding against smuggling

C operating immigration control

D providing security for goods and passengers

24 What is an advantage to a producer of warehousing?

A It allows the producer to manufacture large quantities of goods ahead of demand.

B It allows the producer to offer trade credit to reliable customers.

C It enables the producer to make customers aware of its products.

D It enables the producer to operate a cash and carry service for customers.

25 Why does a business need insurance?

A It allows the business to make a profit from a loss.

B It covers all risks.

C It is a form of financial protection.

D It prevents damage to goods.

26 A factory is valued at $3 million. Its owners insure it against fire with two companies for $3 million with each company.

How much compensation would the owners receive after a total loss due to a fire?

A none **B** $1.5 million **C** $3 million **D** $6 million

27 Which document asks for information on the past insurance record of the person buying insurance?

A cover note

B policy

C proposal form

D prospectus

28 Which principle of insurance applies to information given on a claim form?

A contribution

B pooling of risk

C subrogation

D utmost good faith

29 What does this symbol represent?

A bar code

B contactless

C logo

D QR code

30 What is a likely advantage of moving to a cashless society?

A Banks are closing down some ATMs and branches.

B Electronic payments can be used to make fast mobile purchases.

C Many people still want to use cheques.

D Retailers do not always accept electronic payment.

31 Kadir owns 2000 shares in a plc. The current value of each share is $4.

What is the total value of Kadir's shareholding?

A $4 **B** $2000 **C** $6000 **D** $8000

32 An advertisement for a franchise opportunity is shown.

STEWART HAS THE BUSINESS FOR YOU

Successful global company
Training given
Experience not necessary
Wonderful business opportunity
All materials supplied
Royalties payable annually

Telephone Stewart today on 01234 567890

Which statement in the advertisement would be a disadvantage to a franchisee?

A all materials supplied

B experience not necessary

C royalties payable annually

D training given

33 What is a feature of a multinational company (MNC)?

A employs labour from host country and country of origin

B only operates in low-income economies

C pays all taxes in host country

D takes full responsibility for environmental issues in host country

34 What is a characteristic of a bank overdraft?

A available to everyone

B no interest is charged

C the borrower must provide collateral security

D the interest rate is variable

35 The table shows a sole trader's financial data.

current assets		current liabilities	
	$		$
inventory	20 000	accounts payable	22 000
accounts receivable	15 000	overdraft	10 000
cash	2 500		
	37 500		32 000

What is the working capital?

A $2500 **B** $5500 **C** $32 000 **D** $37 500

36 A firm's current assets are less than its current liabilities.

Which action should it take to improve its position?

A Buy more office furniture.

B Negotiate a longer trade credit period.

C Pay debts more quickly.

D Sell some of its motor vehicles.

37 What is a political influence on commercial activities?

A changes in rate of inflation

B fluctuations in interest rates

C increases in tax rates

D stability of exchange rates

38 What is **not** an effect of the growth of ecommerce?

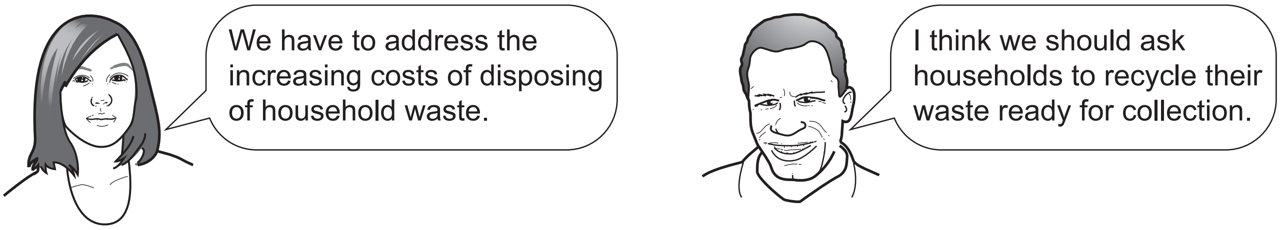
A Distribution of packages will lead to increased use of couriers.

B New consumer markets will develop in low-income economies.

C Online orders will require less complex communication systems.

D Retailers will create more employment by opening new town centre stores.

39 The diagram shows part of a conversation at a local council meeting.



What would be the **best** suggestion to deal with household waste?

A Advertise the scheme nationally.

B Give containers to households for recycling.

C Increase the number of vehicles collecting waste.

D Provide additional landfill sites.

40 A shopkeeper must exchange goods when

A goods are deliberately damaged just after they have been bought.

B goods have faults but are supposed to be in perfect condition.

C shoppers do not want the goods after using them for six months.

D shoppers return items 'sold as seen' in a sale.

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