



# 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

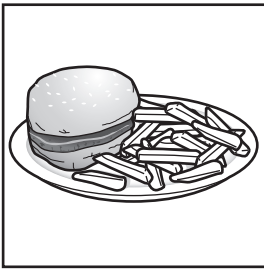
- The total mark for this paper is 40.
- Each correct answer will score one mark.
- Any rough working should be done on this question paper.

This document has **12** pages.



1 Which diagram shows an example of a human want?

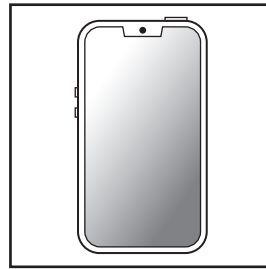
A



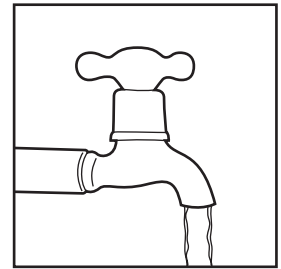
B



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.

<b>STATEMENT OF ACCOUNT</b>				
<b>ABC WHOLESALERS CHA CHA ROAD LUSAKA</b>				
<b>To:</b> XYZ Designs Broad Street Lusaka			<b>Month Ending:</b> 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.

**PERSONAL LOANS**

**ALL** personal loans approved  
1250% interest on all personal loans

**Apply for a personal loan today**

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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