



Cambridge O Level

COMMERCE

7100/12

Paper 1 Multiple Choice

October/November 2025

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 What is an example of a human need?

A



B



C



D



2 Susan works in a shoe factory during the day. She also has a part-time job packing shelves in a shop in the evenings.

Which two branches of production is she involved in?

- A primary production and commercial services
- B primary production and secondary production
- C secondary production and direct services
- D secondary production and tertiary production

3 Which two commercial services operate together?

- A banking and farming
- B communication and manufacturing
- C mining and retailing
- D transport and warehousing

4 Which feature makes a speciality store different from a supermarket?

- A acceptance of credit cards
- B late night shopping
- C narrow range of goods
- D self-service

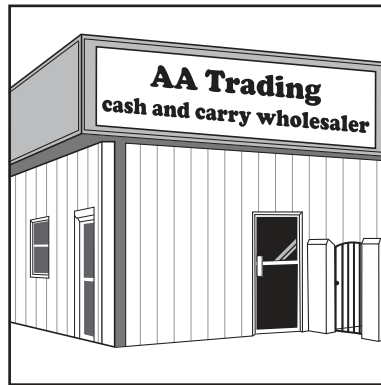
- 5 The diagram shows information provided by a washing machine manufacturer.



What is this called?

- A advertising campaign
 - B after-sales service
 - C installation service
 - D point of sale
- 6 What is the **most** likely reason internet shoppers use click and collect services?
- A They help with the packing of goods.
 - B They make it easier to return goods.
 - C They can avoid shipping charges.
 - D They can pick up goods on the same day.
- 7 Which factor would help a supplier check the creditworthiness of a new customer?
- A cost of borrowing
 - B repayment history
 - C secure website
 - D size of premises
- 8 Which is an advantage to a customer of using a credit card to pay for a washing machine?
- A no debt is owed
 - B no interest is paid
 - C payment is made in instalments
 - D payment is postponed

- 9 The diagram shows a commercial building.



Where would you be **most** likely to find such a building?

- A in an out-of-town retail park
 - B in a shopping mall
 - C in the centre of a town
 - D in the suburbs of a town
- 10 What is the role of a broker?
- A to bring buyers and sellers together
 - B to buy goods for resale to other countries
 - C to guarantee to buyers that sellers are creditworthy
 - D to pack goods and arrange their transportation
- 11 What is a quotation?
- A a bill for goods already supplied
 - B goods ordered by a customer
 - C goods to be sent on approval
 - D a reply to an enquiry about goods

12 The diagram shows an invoice for goods purchased.

Invoice No. 317293 ET Trading			16 October
description	quantity	unit price \$	total \$
cooking oil	20	10	200
baked beans	50	2	100
dried fish	100	3	300
Total			600
Terms: 5% 7 days: 2.5% 30 days			

The customer paid the invoice on 26 October.

How much did the customer pay?

- A** \$15 **B** \$570 **C** \$585 **D** \$600

13 What is the **most** likely reason that countries engage in international trade?

- A** to access resources not available in their country
B to collect customs duties
C to protect home industries
D to reduce competition

14 The table shows the Balance of Trade for country Y.

		\$m
imports	goods	200
	services	500
exports	goods	350
	services	100

What is the Balance of Trade figure for country Y?

- A** -\$400m **B** -\$250m **C** +\$150m **D** +\$250m

15 Which type of duty is levied on foreign goods entering a country?

- A excise
- B export
- C import
- D quota

16 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

17 What is an advantage of advertising with digital billboards?

- A They are interactive.
- B They can convey long messages.
- C They do not need technical maintenance.
- D They use moving images.

18 The diagram shows part of a price list for shoes.

<u>Catalogue No.</u>	<u>Item</u>	<u>Price per pair</u>
761	Shoes X	\$23.00
762	Shoes Y	\$25.00

How much will a customer pay for **two** pairs of each shoe with a special offer of 25% discount on the list price?

- A \$24
- B \$48
- C \$72
- D \$96

19 Why is digital communication between businesses in different countries important?

- A Digital communication will give the businesses a good reputation.
- B Messages can be sent much faster than using non-digital messages.
- C Digital connections between different countries are good.
- D There are no language barriers when using digital communication.

20 What is **not** an example of oral communication?

- A face-to-face meeting
- B sending an email
- C using the telephone
- D video streaming

21 The diagram shows a conversation between two parents.



Which post office service will pay full compensation to Mr Singh if the smartphone is lost in delivery?

- A poste restante
- B private box
- C recorded delivery
- D registered post

22 Which type of ship carries goods on a scheduled service between Dubai and Karachi?

- A cargo liner
- B coastal vessel
- C ferry
- D tramp ship

- 23** Chang delivered two boxes of mugs to Ben. Chang included a delivery note with the boxes of mugs.
- Why did Chang include a delivery note?
- A** Chang needed to know who delivered the mugs.
 - B** Chang needed Ben to know the price of the mugs.
 - C** Chang needed proof that the mugs had been received.
 - D** Chang needed to know the route to take.
- 24** What is a correct statement about freight forwarders?
- A** They are specialists in providing logistics services.
 - B** They are the issuers of the bills of lading.
 - C** They are the owner of the goods being imported.
 - D** They pay the customs duty for imported goods.
- 25** Which sporting good is likely to have seasonal demand?
- A** footballs
 - B** roller skates
 - C** running shoes
 - D** snowboards
- 26** What is an advantage of cold storage warehouses?
- A** They allow customs duty to be paid at a later date.
 - B** They can protect infant industries in a country.
 - C** They prolong the shelf life of perishable goods.
 - D** They provide a cash and carry service to retailers.
- 27** Which insurance principle requires the insured to give correct information?
- A** contribution
 - B** indemnity
 - C** insurable interest
 - D** utmost good faith

- 28** An insurance company has 100 000 customers with contents insurance. Based on past records, it is estimated that 15% of customers will make a claim. This costs the company approximately \$3 000 000 each year.

How many claims will the insurance company receive?

- A** 15 **B** 15 000 **C** 85 000 **D** 450 000

- 29** Which person negotiates a claim settlement from an insurance company?

- A** assessor
B general manager
C loss adjuster
D underwriter

- 30** Paul has \$760 in his bank account. On the same day he has a direct debit payment of \$80, he spends \$30 using his mobile wallet and withdraws \$60 from an ATM.

What balance will Paul have in his bank account at the end of the day?

- A** \$170 **B** \$590 **C** \$650 **D** \$750

- 31** Karen always carries her mobile wallet with her.

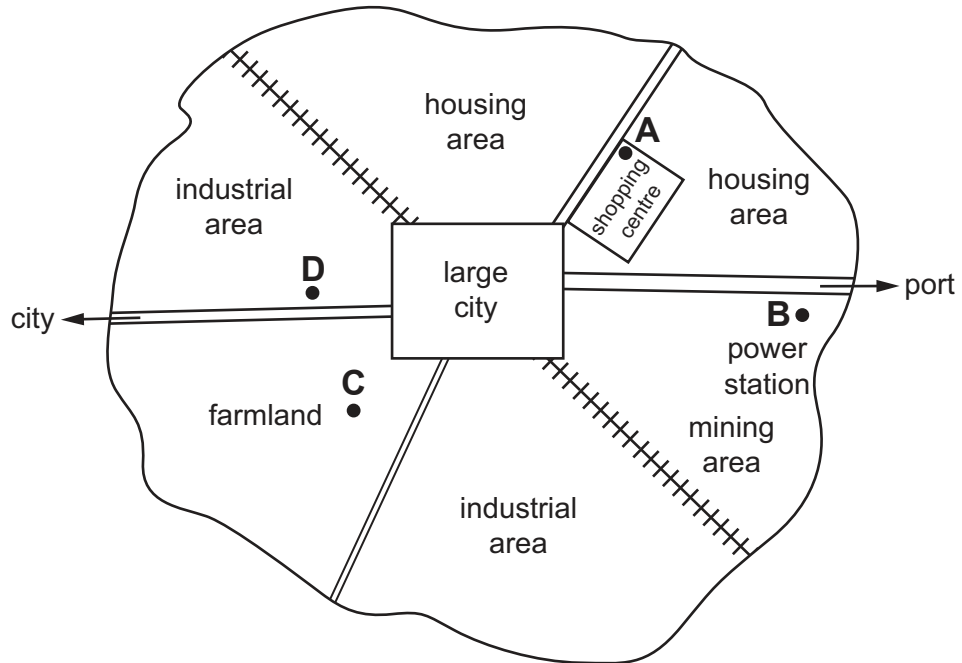
Why might Karen prefer to make cashless transactions?

- A** Cashless payments leave a digital footprint and can risk identity theft.
B Karen is worried about carrying cash in the city due to the risk of theft.
C Karen likes to pay by cash when she buys food from the supermarket.
D Small businesses may have to pay a processing charge for digital payments.

32 The map shows a large city and its surrounding area.

Four locations, **A**, **B**, **C** and **D**, are marked on the map.

Which location would be **most** suitable for a company planning to open a supermarket?



33 People have purchased shares of a hotel chain on the stock exchange.

Which type of business is the hotel chain likely to be?

- A partnership
- B private limited company
- C public limited company
- D sole trader

34 What is an advantage to a person buying a franchise?

- A They can buy supplies from any supplier.
- B They can operate completely risk free.
- C They receive managerial assistance.
- D They share the profits with the franchisor.

35 Which source of finance is used by a firm facing difficulties with customers who do **not** make payments on time?

- A** debt factoring
- B** hire purchase
- C** mortgage
- D** venture capital

36 What is gross profit?

- A** cost of buying raw materials
- B** revenue from selling products
- C** revenue minus all expenses
- D** revenue minus cost of goods sold

37 A multiple chain retailer is overstocked with unsold goods.

Which action can this retailer take to reduce the amount of stock it is holding?

- A** move the surplus stock to its profitable stores
- B** negotiate new agreements with suppliers
- C** open new stores to be supplied with excess stock
- D** organise seasonal sales in all its stores

38 What is a political factor that affects commercial activity?

- A** changing gender roles in society
- B** growing use of smartphones
- C** increasing rates of taxation
- D** increasing use of QR codes

39 Four benefits of e-commerce are shown.

What is a benefit for a business operating in e-commerce?

- A** wider customer base
- B** lower prices
- C** convenience
- D** wider product variety

40 What is a purpose of a product guarantee to a consumer?

- A** to ensure value for money
- B** to give confidence
- C** to provide a discount
- D** to provide instructions for use

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