



Cambridge O Level

COMMERCE

Paper 1 Multiple Choice

7100/13

May/June 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.

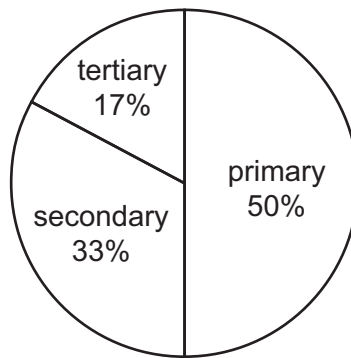
INFORMATION

- 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. Any blank pages are indicated.



- 1 The diagram shows the percentage of people employed in different sectors of industry in a country.



Which statement is true of this country?

- A Half of people employed in this country work in agriculture.
 - B Secondary workers are more productive than tertiary workers.
 - C The most important part of production in this country is secondary.
 - D The three branches of production are present in this country.
- 2 Which occupation would be classified as a direct service?
- A bank cashier
 - B fisherman
 - C hairdresser
 - D toolmaker
- 3 What is the buying and selling of goods and services called?
- A commerce
 - B distribution
 - C exports
 - D trade
- 4 What is a feature of supermarkets?
- A loss leaders
 - B mail order
 - C narrow range of goods
 - D personal attention

- 5 Which reason explains why independent retailers continue to survive?
- A they employ specialist staff
 - B they offer convenient opening hours
 - C they provide bulk buying discounts
 - D they use extensive advertising
- 6 What is showrooming?
- A checking the product in store, but buying it online
 - B comparing store prices before buying the product
 - C looking for the product online, but buying it in store
 - D window shopping but not buying the product
- 7 What is a disadvantage to a retailer of offering credit?
- A bad debts could occur
 - B interest has to be paid
 - C leads to impulse buying
 - D stocks clear more slowly
- 8 Mr Ahmed wants to buy a car costing \$10 000 on hire purchase over two years. He has to pay a deposit of \$2000. Interest of 20% is payable on the balance amount.
- How much will Mr Ahmed pay for the car?
- A \$8000 B \$10 800 C \$11 600 D \$12 000
- 9 Which type of credit is suitable for a seller who wants to keep ownership of the goods until full payment is received?
- A credit card
 - B extended credit
 - C hire purchase
 - D store card

10 What is the correct chain of production?

- A producer → retailer → wholesaler → consumer
- B producer → wholesaler → retailer → consumer
- C retailer → wholesaler → producer → consumer
- D wholesaler → producer → retailer → consumer

11 What is the function of a wholesaler?

- A buying goods in small amounts when they are produced
- B buying large quantities and selling smaller quantities
- C providing raw materials for production
- D selling products directly to the consumer

12 Which of the following provides information about goods for sale?

- A advice note
- B credit note
- C order
- D quotation

13 The diagram shows the terms of payment of a wholesaler. A retailer purchases \$400 of stock from this wholesaler.

TERMS OF PAYMENT	
TRADE DISCOUNT 20%	CASH DISCOUNT 5% 30 DAYS

How much will the wholesaler receive if the retailer makes the payment immediately?

- A \$300
- B \$304
- C \$320
- D \$380

14 What is a reason for high spending on visible imports by Japan?

- A Japan buys machinery, vehicles, oil and gold from other countries.
- B Japan sells machinery, vehicles, oil and gold to other countries.
- C People from other countries like to visit Japan for their holidays.
- D People of Japan like to visit other countries for their holidays.

- 15 The table shows the Balance of Payments in a country.

	\$m
visible exports	70 250
visible imports	82 120
invisible exports	72 500
invisible imports	66 250

What is the current Balance of Payments?

- A +\$6250 million
- B +\$9620 million
- C −\$5620 million
- D −\$11 870 million
- 16 Why does a trader exporting goods to another country have more difficulties than a trader selling in the home market?
- A Countries are becoming less dependent on one another.
- B Excise duties have to be paid on goods leaving the country.
- C Quotas on goods may be imposed by the importing country.
- D The goods need to be stored for six months before sale.
- 17 Which group is **most** likely to use collective advertising?
- A manufacturers
- B multinational companies
- C retailers
- D tourism boards
- 18 Which statement about personalised direct mail is correct?
- A It is a form of social media used by advertising companies.
- B It is addressed advertising sent to a named person.
- C It is a service for sending valuable items through the post.
- D It is hand-delivered, but non-addressed communications, such as leaflets.

19 Why might a person be annoyed when a pop-up advertisement appears on a smartphone?

- A It closes the webpage being browsed.
- B It empties the basket of goods selected.
- C It hides the webpage being browsed.
- D It opens a chatbot assistant.

20 A musician wants to show her performance to her fans by sharing video material.

Which method of communication would she use?

- A business reply
- B social media
- C teleconferencing
- D telephone

21 Ali wants to buy video games for his smartphone.

Which method will Ali use to buy the video games?

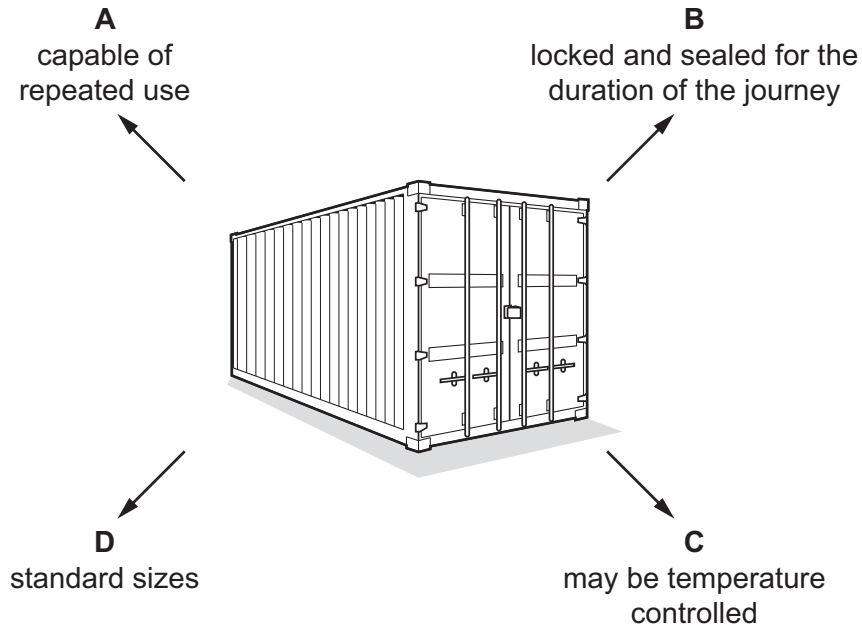
- A browse an online shopping website
- B contact a specialist computer retailer
- C use an application store
- D visit a hypermarket

22 Which type of transport is **most** likely to be used for carrying a large consignment of canned fruit from Singapore to Cape Town?

- A container ship
- B delivery van
- C goods train
- D passenger aircraft

23 The diagram shows features of a container.

Which feature enables containers to be moved easily from one method of transport to another?



24 When is a consignment note used?

- A** when carrying goods using air freight
- B** when hiring a transport company to carry goods
- C** when moving goods by sea and rail
- D** when using your own truck to deliver goods

25 What is **not** a function of a warehouse specialising in electrical goods?

- A** To meet the unexpected demand for goods.
- B** To protect goods from theft and damage.
- C** To provide cold storage facilities.
- D** To store goods being produced until they are traded.

- 26** Abdul owns a small retail store and has limited funds.

What is the **most** important reason why Abdul should buy from a cash and carry warehouse?

- A** Abdul finds it convenient to make cash payments.
- B** Abdul is provided with a free delivery service.
- C** Abdul sells items that experience sudden demand.
- D** Abdul wants to save on storage space.

- 27** Mr Hussain wishes to take out an insurance policy that will provide him with a lump sum of money in 20 years' time.

Which type of policy should he take out?

- A** endowment
- B** fidelity bond
- C** health
- D** mortgage protection

- 28** Mr Ajmal applied for life insurance cover, but he failed to disclose that he had a serious medical condition.

Which principle of insurance applied to this situation?

- A** indemnity
- B** insurable interest
- C** proximate cause
- D** utmost good faith

- 29** Javed's shop was valued at \$120 000 when fire insurance was arranged. In each of the next three years the market value of the shop increased by \$12 000. Javed has not told the insurance company about this increase.

If the shop is completely destroyed by fire, what will be the maximum amount the insurance company will pay out?

- A** \$120 000
- B** \$132 000
- C** \$144 000
- D** \$156 000

30 The diagram shows a service provided by most banks.



What is an advantage to a customer of using this service rather than telephone banking?

- A able to apply for loans
 - B able to arrange an overdraft
 - C able to order a new credit card
 - D able to withdraw cash
- 31 Which method of payment would be **most** convenient for a customer to pay for a small car?
- A bank draft
 - B cash
 - C credit card
 - D standing order
- 32 What is a feature of mobile banking?
- A Bank ATMs are no longer required.
 - B Bank customers have quick access to their accounts.
 - C Banks will increase the number of branches.
 - D Banks will no longer accept crossed cheques.
- 33 Which product's manufacturer needs to be located near to raw materials?
- A bicycles
 - B bread
 - C steel
 - D televisions

34 Which business organisation will raise capital through shares?

- A franchise
- B limited company
- C partnership
- D sole trader

35 What is a feature of a multinational company?

- A branches in host countries
- B government-owned enterprise
- C monopoly over product sales
- D trades in many products

36 The table shows trading figures for a business.

	\$
gross profit	80 000
cost of goods sold	32 000
average stock at cost price	4 000

What is the rate of inventory turnover for this business?

- A 1.60 B 2.22 C 8 D 20

37 Which action might improve the sales revenue of a business?

- A increasing advertising expenditure
- B keeping more stock in the storeroom
- C paying suppliers more quickly
- D reducing wages paid to employees

38 What is the **most** likely effect on credit card transactions if a government reduces the interest rate?

- A the number of transactions will remain the same
- B the transactions will become more expensive
- C there will be a decrease in the number of transactions
- D there will be an increase in the number of transactions

- 39** A government is introducing a policy that would encourage the use of bicycles instead of cars.

What is this government policy an example of?

- A** consumerism
- B** profitability
- C** protectionism
- D** sustainability

- 40** Which resource is non-renewable?

- A** coal
- B** solar
- C** water
- D** wind

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