



Cambridge O Level

COMMERCE

7100/01

Paper 1 Multiple Choice

For examination from 2026

SPECIMEN PAPER

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 **14** pages. Any blank pages are indicated.

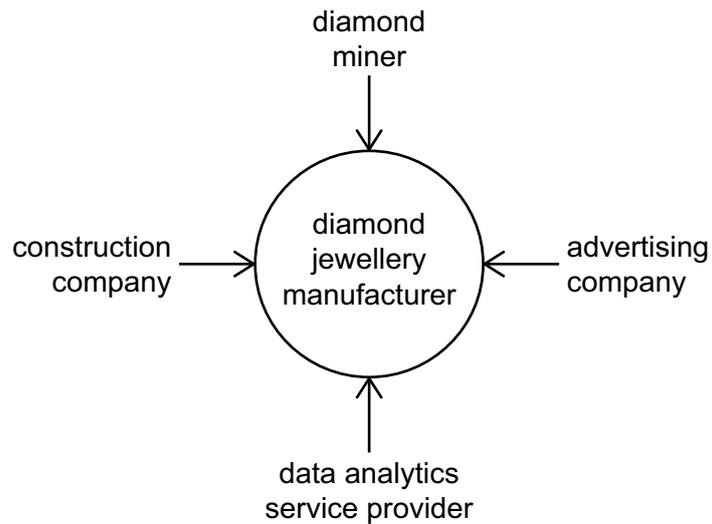


- 1 Which type of commerce involves retailers displaying their products in a physical store?
 - A electronic commerce
 - B mobile commerce
 - C social commerce
 - D traditional commerce

- 2 Which term describes the role of an accountant in a housebuilding company?
 - A communication
 - B construction
 - C production
 - D specialisation

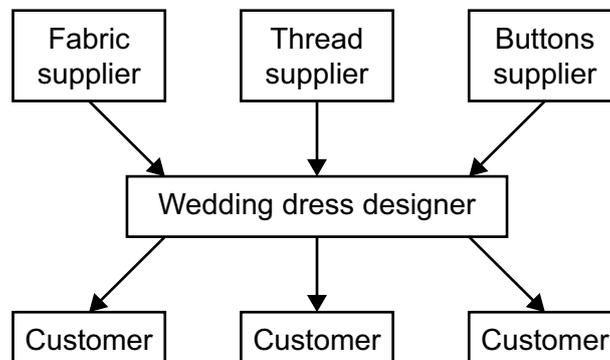
- 3 What is an example of interdependence between industry and direct services?
 - A A car company selling through dealers.
 - B A factory hiring an architect to design a new office.
 - C A lawyer calling the local fire brigade.
 - D An airline buying inflight food from its suppliers.

- 4 The diagram shows four suppliers of a diamond jewellery manufacturing business.



Which industry does the data analytics service provider operate in?

- A primary
 - B quaternary
 - C secondary
 - D tertiary
- 5 The diagram shows the supply chain of a wedding dress designer.



Which type of supply chain is shown in the diagram?

- A complex
- B downward
- C simple
- D specialised

6 What is **not** an example of an intermediary?

- A agent
- B factor
- C franchisor
- D wholesaler

7 A factory decides to use robotics for manufacturing cars.

What is the **most** important reason why this factory would invest in robotics for manufacturing cars?

- A to achieve economies of scale
- B to become more cost effective
- C to impress its customers
- D to teach skills to its employees

8 What is an example of a cost of production?

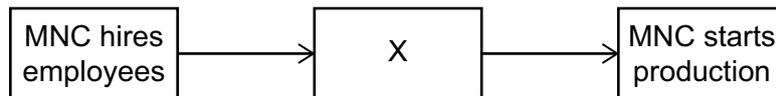
- A advertising
- B bank charges
- C interest received
- D inventory

- 9 The table shows the investment of three partners in a new business. They have agreed to share the profit in the same proportion as their investment.

Partner	Investment (\$)
A	50 000
B	30 000
C	20 000

How much would Partner B receive if the business made a profit of \$6000 at the end of the first year?

- A \$1200
 B \$1800
 C \$2000
 D \$4800
- 10 The diagram shows how businesses in a host country would benefit from a multinational company (MNC) opening a factory there.



What is X in the diagram?

- A MNC will bring foreign managers.
 B MNC will buy local goods and services.
 C MNC will increase competition.
 D MNC will pay higher wages to workers.
- 11 Ahmed wants to open a pizza store. He is advised to become a franchisee of an international pizza chain.

What is the advantage to Ahmed of operating his business as a franchisee?

- A Ahmed can easily hire experienced employees.
 B Ahmed will have immediate brand recognition.
 C The franchisor will pay half the rent of the premises.
 D The franchisor will provide supplies free of cost.

12 A travel agency plans to set up a call centre through which customers can book holidays.

The travel agency considers possible location sites for the new call centre. The image shows a list of factors to be considered.

1	Road networks
2	Planning laws
3	Cost of sites
4	Parking for staff
5	?

Which other factor should be included?

- A** access for visiting customers
 - B** competition in the area
 - C** reliable power supplies
 - D** suppliers of material nearby
- 13** What is the correct statement about outsourcing?
- A** A contract is not needed.
 - B** Negotiations with a supplier are involved.
 - C** Service delivery is always on time.
 - D** Suppliers cannot be changed.

14 The diagram shows how a consumer buys a product from a retailer.



Which type of retailer is this consumer buying from?

- A department store
 - B itinerant retailer
 - C street market
 - D vending machine
- 15 Which statement describes dropshipping?
- A Disha operates an online grocery shop without warehousing products.
 - B Fatima orders goods from China and receives delivery by ship.
 - C Mohammed buys a ship to provide logistics services.
 - D Paula opens a burger shop and accepts home delivery orders.
- 16 A small retailer is located in a remote village.

Which service provided by a wholesaler is this retailer **most** likely to benefit from?

- A advertising of products
- B convenient opening hours
- C credit facilities
- D delivery of goods

17 Which document will be sent to a customer when they return chargeable boxes and crates?

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

18 Washing machines are sent from Singapore to France using sea transport.

Which document is completed as evidence of the contract of carriage when these washing machines are transported by sea?

- A advice note
- B air waybill
- C bill of lading
- D delivery note

19 Which method of communication can people in different places use to hold a meeting, allowing them to hear and see each other?

- A emailing
- B telephone
- C text messaging
- D videoconferencing

20 Which challenge is faced by an exporter when trading with an international buyer?

- A different legal systems
- B lack of internet access
- C larger customer base
- D various types of transportation

21 The table shows selected international trade figures for a country.

	Foreign exchange \$bn	
	Receipts	Payments
Electric motors		37
International tourism		33
Medical services	26	
Wheat	54	

Which statement about the international trade figures for this country is correct?

- A The country has a deficit in receipts.
 - B The country has a deficit in visible trade.
 - C The country has a surplus in payments.
 - D The country has a surplus in visible trade.
- 22 A multinational clothing retailer is unable to receive supplies because a volcanic eruption has stopped air traffic.

Which type of risk does this clothing retailer face?

- A ethical
 - B natural
 - C political
 - D technological
- 23 What is an advantage of using containers for transporting goods by road and sea?
- A goods packed at source
 - B high insurance premiums
 - C no export documentation
 - D non-payment of customs duties
- 24 What is essential for a well-organised warehouse?
- A accurate inventory control
 - B cash and carry service
 - C cold storage
 - D use of robots

- 25 What is an advantage to a manufacturer of a successful advertising campaign?
- A creating brand awareness
 - B producing better quality goods
 - C setting a higher mark-up on the goods
 - D understanding market demand
- 26 Which statement describes why a luxury handbag company would hire a social media influencer to promote its products?
- A All of the influencer's followers are from high income households.
 - B All of the influencer's followers will buy the company's products.
 - C The company will be able to reduce its cost of production.
 - D The influencer would know how to use their status appeal to generate sales.
- 27 Which method of payment requires the creditor to ask the bank for payment?
- A cash on delivery
 - B cheque
 - C credit transfer
 - D direct debit
- 28 The diagram shows a partially completed bank statement.

Bank statement				
		Credit \$	Debit \$	Balance \$
1 April	balance			250
7 April	online transfer		70	180
15 April	standing order		50	130
17 April	payment received			

A payment of \$800 is received against an invoice.

What is the correct entry for 17 April?

- A \$800 in the credit column and the balance is \$670
- B \$800 in the credit column and the balance is \$930
- C \$800 in the debit column and the balance is \$670 overdrawn
- D \$800 in the debit column and the balance is \$930 overdrawn

29 What is used for mobile banking?

- A a car
- B a desktop
- C an app
- D an ATM

30 What is a function of an insurance broker?

- A to assess insurance claims
- B to calculate risks for insurance companies
- C to find clients for insurance companies
- D to possess and sell goods to clients

31 A business owner has storm damage at his premises and his equipment has been destroyed. He cannot continue trading.

Which type of insurance provides cover for this loss?

- A consequential loss
- B fire
- C public liability
- D theft

32 An insurance company estimates 2500 people will be insured and that 20 of them will make claims. The total of claims and costs to the company will be \$300 000.

What is the minimum premium per person the insurance company could charge?

- A \$20
- B \$120
- C \$125
- D \$2400

- 33** Juliana plans to set up a business that sells designer clothing for children. She is considering raising capital through crowdfunding.

How would using crowdfunding benefit Juliana?

- A** It can test her business idea.
 - B** It will help her to deal with venture capitalists.
 - C** It will help her to earn immediate profit.
 - D** It will raise unlimited finance.
- 34** What is a use of working capital?
- A** buying new machinery
 - B** giving dividends to shareholders
 - C** investing in stocks and shares
 - D** paying a creditor for inventory
- 35** RR Retailer buys shirts at \$30 and sells them for \$42.

What is the mark-up on each shirt sold?

- A** 12%
 - B** 30%
 - C** 40%
 - D** 42%
- 36** Which development may have a negative environmental impact on commercial activities in the future?
- A** decreasing international trade
 - B** growing use of wind power
 - C** increasing deforestation
 - D** reducing online sales

37 A large hotel aims to become more sustainable.

Which action taken by this hotel will achieve this aim?

- A** building a water recycling plant on the premises
- B** increasing the use of food packaging
- C** replacing guests' towels every day
- D** serving only organic food in its restaurants

38 Which statement defines ethical behaviour?

- A** keeping customers informed at all times
- B** operating according to moral principles
- C** participating in sustainable activities
- D** showing environmental awareness

39 Which policy is an example of ethical action in a supply chain?

- A** ban suppliers who have unsafe working conditions
- B** buy only from suppliers who share customer data
- C** encourage suppliers to hire more workers
- D** increase payments to suppliers who do not recycle

40 A customer demands a refund from a retailer when a product is accidentally damaged after purchase.

Which action by the retailer would be appropriate?

- A** complain to a consumer court
- B** exchange the damaged product
- C** offer a coupon for discount
- D** show concern but do nothing

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