



Cambridge O Level

CANDIDATE
NAME

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COMMERCE

7100/02

Paper 2 Written

For examination from 2026

SPECIMEN PAPER

2 hours

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [].

This document has **14** pages. Any blank pages are indicated.

1 Fig. 1.1 shows the logistics in the global supply chain of a multinational car producer. The multinational outsources its logistics activities to a freight forwarder.

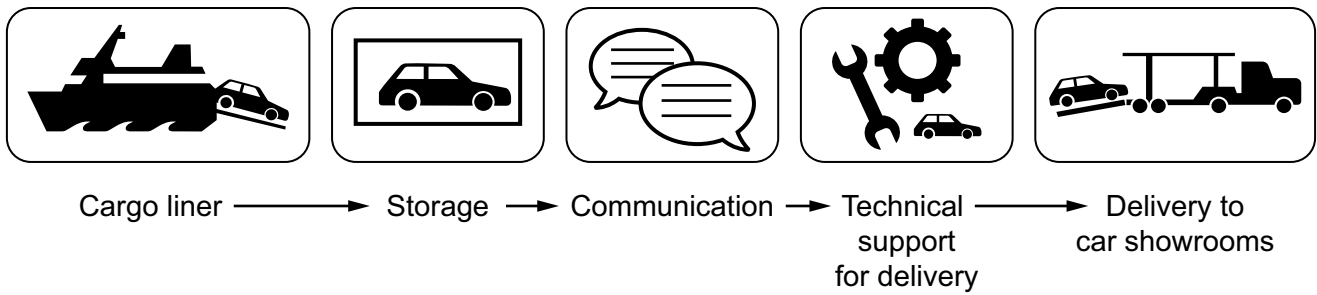


Fig. 1.1

Use Fig. 1.1 to help you answer the following questions.

(a) (i) Define *supply chain*.

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 [1]

(ii) Identify the **one** aid to trade named in Fig. 1.1.

..... [1]

(iii) State **two** possible risks involved in this supply chain.

1
 2 [2]

(b) Describe **one** benefit of using a cargo liner to transport cars.

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 [2]

(c) Do you think it is a good idea for a company to outsource its logistics to freight forwarders? Give reasons for your answer.

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(d) A multinational car manufacturer has asked a government if it can open a large manufacturing factory in the government’s country. However, the government has expressed concerns about the impact that a multinational company may have on their country.

Evaluate the positive and negative impacts of a multinational company locating its car factory in the country.

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2 Zain is a mobile hairdresser who benefits from word-of-mouth advertising to promote his sole trader business. Zain has been advised by a website developer to also advertise his services using social media and internet advertising.

(a) Complete the following sentences by inserting **one** word in each space.

(i) A mobile hairdresser is an occupation in the sector of production. [1]

(ii) A website developer is an occupation in the sector of production. [1]

(b) Explain **two** advantages to a business of using word-of-mouth advertising.

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[4]

(c) State **two** characteristics of a sole trader.

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[2]

(d) Explain **one** possible disadvantage to a business of using social media for advertising.

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(e) Evaluate the benefits to Zain of using internet advertising to promote his business.

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[Total: 16]

- 3 A furniture wholesaler supplies retailers with a wide range of furniture, including Fairtrade products. The wholesaler wishes to insure its warehouse and inventory against the risk of fire and theft. Fig. 3.1 shows the annual insurance premiums quoted for this.

	Value	Premium
Warehouse	\$960 000	\$1 per \$1000
Inventory of furniture	\$822 000	\$4 per \$1000

Fig. 3.1

Use Fig. 3.1 to help you answer the following questions.

- (a) (i) Calculate the total annual fire and theft premium for the warehouse and the inventory of furniture. Show your working.

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- (ii) Explain why the insurance premium for the inventory of furniture is higher than for the warehouse.

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(b) Do you think businesses should sell Fairtrade products? Give reasons for your answer.

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(c) This wholesaler is considering selling furniture directly to individual consumers as well as to retailers.

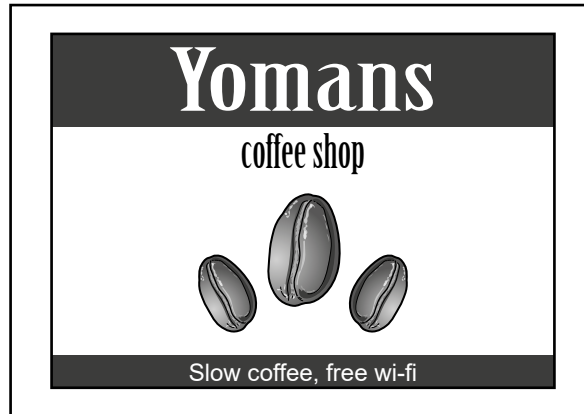
Evaluate whether this would benefit the wholesaler.

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[Total: 15]

- 4 Yomans is a coffee shop that provides free wi-fi. The business wants to become more sustainable.

Fig. 4.1 shows the signboard of the coffee shop and the selling price and costs of each cup of coffee sold.



Coffee selling price	\$3.60
Costs	
	\$
Coffee	0.52
Filter	0.04
Electricity	0.01
Water	0.13
Coffee machine	1.10

Fig. 4.1

Use Fig. 4.1 to help you answer the following questions.

- (a) (i) Identify the brand shown in Fig. 4.1.

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 [1]

- (ii) Calculate how much it costs to make each cup of coffee.

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 [1]

(iii) Calculate the mark-up percentage made by the coffee shop on each cup of coffee sold. Show your working.

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(b) Describe **one** action that a coffee shop can take to become more sustainable.

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(c) Do you think it is a good idea for a coffee shop to provide free wi-fi?

Give reasons for your answer.

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- (d) Yomans coffee shop plans to introduce a subscription commerce service to improve its sales. This service will allow subscribers to receive a variety of coffee beans for a monthly fee of \$20. The first month’s subscription is free of charge.

Evaluate whether introducing a subscription commerce service is a good idea for Yomans coffee shop.

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[Total: 15]

5 Fig. 5.1 shows the Balance of Payments on current account for two countries, Country A and Country B.

Use Fig. 5.1 to help you answer the following questions.

(a) Complete the missing information and calculations, (i)–(iv), in Fig. 5.1.

Balance of Payments		
	Country A (\$bn)	Country B (\$bn)
Visible exports	195	220
Visible imports	233	165
Balance of (i)	–38	(ii)
Invisible exports	84	50
Invisible imports	77	58
Balance of invisibles	(iii)	–8
Balance of Payments on current account	–31	(iv)

Fig. 5.1

[4]

(b) Define *invisible imports*, giving an example.

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..... [2]

(c) Country B specialises in agriculture.

Do you think specialisation benefits Country B? Give reasons for your answer.

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- (d) The government of Country A wants to reduce the trade deficit. It is considering applying import quotas or organising international trade fairs.

Discuss each of these two options. Justify which one of these two options Country A should choose.

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[Total: 17]

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