

Cambridge O Level

COMMERCE**7100/13**

Paper 1 Multiple Choice

May/June 2026**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 or tape.
- 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 table shows the sectors of production and examples of industries within these sectors.

What is the correct example?

	sector of production	example
A	primary	construction
B	secondary	research and development
C	tertiary	processing
D	quaternary	digital technology

- 2 What is the transformation of raw materials into finished goods called?
- A commerce
 - B distribution
 - C specialisation
 - D production
- 3 Why are commercial services essential to a motorcycle manufacturer?
- A They help the manufacturer get the motorcycles to the consumer.
 - B They control the quality of the motorcycles produced.
 - C They organise workers needed in the motorcycle factory.
 - D They produce the raw materials necessary for making motorcycles.
- 4 What is a benefit of outsourced production to a computer manufacturer?
- A better control over quality of monitors
 - B focus on core business activities
 - C increased employee wage costs
 - D protection of software designs
- 5 Which statement describes in-house production?
- A delegating production to third party businesses
 - B hiring an external supplier to provide services
 - C manufacturing products using internal resources
 - D using digital technology in the production process

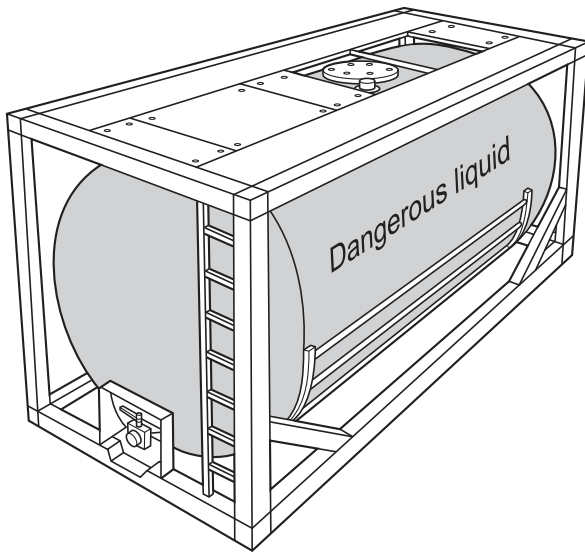
- 6 Which term describes a network of businesses which supports the production and the delivery of a product to a consumer?
- A electronic data interchange
 - B supply chain
 - C multiple chain
 - D voluntary chain
- 7 A construction business in Singapore imports timber worth \$750 000 from Norway and pays 20% customs duty.
- How much customs duty was paid by the business?
- A \$37 000 B \$150 000 C \$3 750 000 D \$15 000 000
- 8 What is an advantage of using robots in production?
- A to enable better quality work
 - B to motivate employees
 - C to reduce capital investment
 - D to take all decisions
- 9 What is a reason for the public sector ownership of a rail transport network?
- A The rail network can be owned by many partners.
 - B The government wants to make large profits.
 - C The government can reduce employment.
 - D The rail network can offer low prices to consumers.
- 10 Who is responsible for losses in a public corporation?
- A directors
 - B employees
 - C shareholders
 - D taxpayers

- 11 What is **not** a feature of an airline eticket?
- A ticket can be emailed to a customer as a pdf file
 - B ticket contains a customer's name and seat number
 - C costs more than a paper ticket
 - D stored in an online ticketing system
- 12 What is a commercial effect of ecommerce?
- A increase in use of cash
 - B increase in use of couriers
 - C decrease in returned goods
 - D decrease in supplied goods
- 13 Which type of retailer sells a limited range of products and uses national advertising?
- A department store
 - B hypermarket
 - C speciality shop
 - D supermarket
- 14 Which payment method is **not** accepted at a self-service checkout?
- A cheque
 - B credit card
 - C debit card
 - D cash
- 15 What is the **most** important benefit of a mobile phone app to a small business?
- A improving customer engagement
 - B offering a new good or service
 - C providing online discount coupons
 - D targeting younger customers

- 16 Which document of trade lists unpaid amounts from past purchases?
- A customer enquiry
 - B credit note
 - C sales invoice
 - D statement of account
- 17 Which statement explains the benefits of international trade to a country?
- A It allows the country to obtain a wider choice of goods.
 - B It enables the country to compare prices.
 - C It allows the country to export low quality goods.
 - D It makes the country dependent on other countries.
- 18 Which statement shows a Balance of Trade surplus?
- A export values are greater than import values
 - B import values are greater than export values
 - C import values equal export values
 - D receipts are less than payments
- 19 A government imposes a restriction of 100 000 cars to be imported into the country in a year.
- What is this restriction called?
- A embargo on imports
 - B import duty
 - C import tariff
 - D quota on imports
- 20 Which action should a country take to increase the import of some raw materials that it does **not** produce itself?
- A hold a trade fair
 - B increase tariffs
 - C reduce customs duties
 - D use a quota system

- 21** Which commercial activity is required to move goods through the global supply chain?
- A** communication
 - B** logistics
 - C** manufacturing
 - D** retailing
- 22** Which global supply chain would be used by a smartphone manufacturer?
- A** raw materials supplier → manufacturer → retailer → agent → customer
 - B** raw materials supplier → manufacturer → agent → retailer → customer
 - C** wholesaler → raw materials supplier → retailer → manufacturer → customer
 - D** wholesaler → raw materials supplier → manufacturer → retailer → customer
- 23** What is an example of a political risk to global supply chains?
- A** cyber attacks
 - B** extreme weather events
 - C** poor communication networks
 - D** tariffs on imported goods

24 The diagram shows a container.



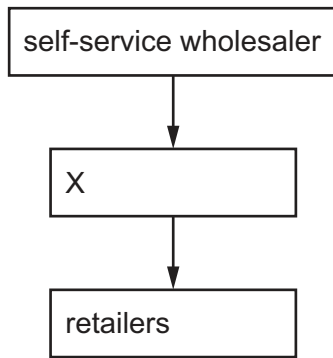
Which good will be transported in the container shown in the diagram?

- A fish
- B fruit
- C milk
- D petrol

25 What is **not** a feature of containerisation?

- A containers have standard size dimensions
- B containers are fitted with locks
- C high unit cost of transportation
- D used for transporting goods on ships

26 Which type of warehouse does X represent in the diagram?



- A bonded
- B regional distribution centre
- C government
- D cash and carry

27 What is the difference between a cold storage warehouse and a regional distribution centre?

	cold storage warehouse	regional distribution centre
A	main use is stocking of goods	main use is on flow of goods
B	fast turnover of stock	slow turnover of stock
C	stores a wide variety of products	stores a limited variety of products
D	usually large scale	usually small scale

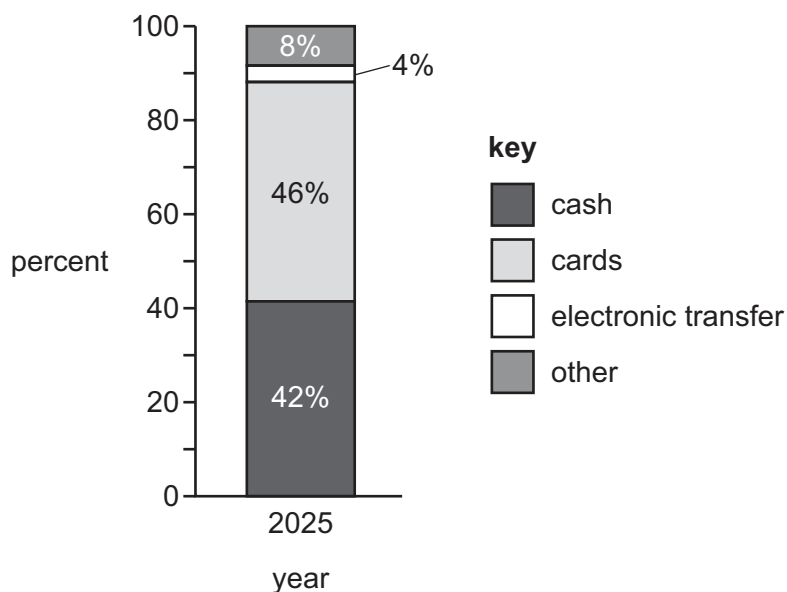
28 How does a business that is involved in sponsorship attract publicity?

- A by creating a window display
- B by paying to be linked with an event
- C by providing a point of sale display
- D by sending advertisements to consumers

29 What is an example of an electronic advertising display?

- A digital billboards
- B leaflets
- C posters
- D email marketing

- 30 The diagram shows the percentage of transactions using different methods of payment for a business for one day of trading. The total value of transactions was \$18 000.



What was the value of transactions in 2025 using electronic transfer as a method of payment?

- A \$72 B \$720 C \$1440 D \$2160
- 31 What is an insurance premium?
- A consequential loss insurance
 B compensation for an insurance claim
 C payment for insurance cover
 D profit earned by an insurance company
- 32 Which person is **most** likely to be charged the highest premium for motor insurance?
- A 18-year-old new driver
 B 25-year-old driver
 C 50-year-old driver
 D 65-year-old senior citizen
- 33 On 1st April, Lisa's opening inventory shows \$700 worth of stock. On 25th April, Lisa makes purchases of \$2200. At the end of April, Lisa is left with an inventory worth \$500.

What is Lisa's cost of sales for April?

- A \$1200 B \$2400 C \$2900 D \$3400

- 34 TK Ltd purchases pyjamas at \$40 and sells them for \$60.

What is the mark-up on each sale of pyjamas?

- A 20% B 40% C 50% D 60%

- 35 What is the formula for gross profit?

- A fixed capital + liquid capital
B fixed capital + working capital
C revenue – cost of sales
D revenue – expenses

- 36 Which action will make ecommerce more eco-friendly?

- A decrease in energy use from computers
B less development of sustainable transport
C more lighting used in large retail stores
D increased use of transport for deliveries

- 37 The following headline appeared in a newspaper.

Online shopping is polluting the planet

- demand for home delivery is expected to grow 78%
in the next ten years, leading to 36% more delivery
vehicles and greater vehicle emissions

What would be the **best** way to deal with this environmental impact?

- A change the width of the roads
B change to electric vehicles
C increase the number of car parking spaces
D increase the number of petrol stations

38 Which action can a clothing retailer take to improve sustainability in its stores?

- A** provide cheaper items
- B** provide greater consumer choice
- C** provide electronic receipts for purchases
- D** provide single use plastic carrier bags

39 Cocoa farmers in Ghana have signed a fair trade agreement with chocolate producers in the European Union.

What is the role of this fair trade agreement?

- A** keep prices low for consumers of chocolate in Europe
- B** help cocoa farmers in Ghana to earn a higher income
- C** reduce the customs duty for cocoa farmers
- D** increase the profits of chocolate producers

40 Maya bought an oven from an online retailer. The oven that was delivered to her by a courier was not the same model she ordered on the retailer's website.

Which consumer protection action should Maya take to get the oven replaced?

- A** complain to the head office of the courier company
- B** contact the local newspaper about the retailer's website
- C** telephone the customer service team of the online retailer
- D** write a letter to the manufacturer of the oven

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