



Cambridge O Level

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COMMERCE**7100/23**

Paper 2 Written

May/June 2026**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. 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 80.
- The number of marks for each question or part question is shown in brackets [].

This document has **16** pages. Any blank pages are indicated.

- 1 Figure 1.1 shows a simple supply chain for a large-scale online retailer of household appliances. The retailer offers installation of new appliances, free collection of old appliances and an extended warranty on every appliance.

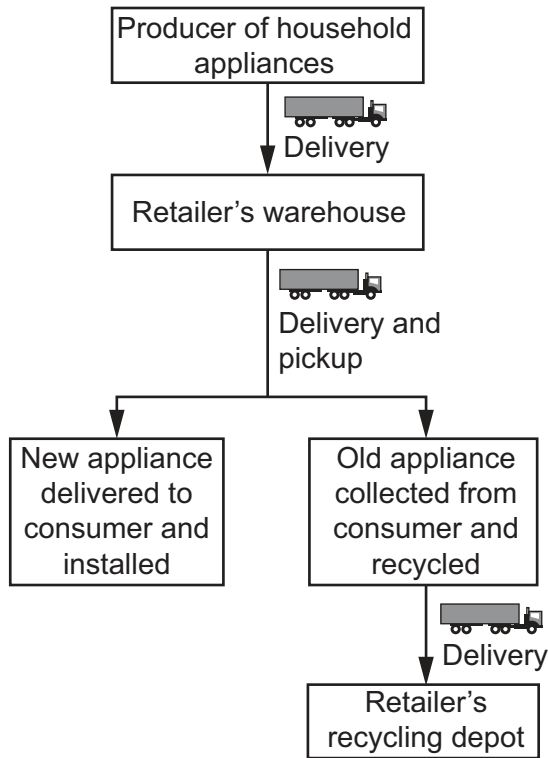


Figure 1.1

Use Figure 1.1 to help you answer the following questions.

- (a) (i) Define 'consumer'.

.....
 [2]

- (ii) Do you think old household appliances should be recycled? Give reasons for your answer.

.....

 [3]



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

(i) A warranty is a type of protection. [1]

(ii) The buying and selling of goods is known as [1]

(c) Describe **two** functions of a warehouse to a large-scale retailer.

1

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.....

.....

2

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.....

.....

[4]

(d) Discuss the importance of electronic communication in commerce.

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.....

..... [6]

[Total: 17]



- 2 Coal Power is a public corporation which generates and distributes electricity within a country. Most of the coal required for generating electricity is imported and then transported to its power plants using freight trains.

(a) Explain **one** reason why businesses import raw materials.

.....

.....

.....

..... [2]

(b) State **one** aid to trade used by a business, other than transport.

.....

..... [1]

(c) Explain **one** advantage and **one** disadvantage of transporting coal using freight trains.

advantage

.....

.....

.....

disadvantage

.....

.....

..... [4]





(d) Evaluate whether or not a public corporation is the best type of enterprise to supply electricity.

[8]

[Total: 15]

- 3 Figure 3.1 shows a national newspaper advertisement for the Rip-Roar amusement park. Entry tickets can only be bought digitally on the park's website or app. The park has a large food court with multiple franchised fast-food outlets.

Content removed due to copyright restrictions.

Figure 3.1

Use Figure 3.1 to help you answer the following questions.

(a) Explain **one** advantage to Rip-Roar of:

(i) offering a loyalty programme.

.....

.....

.....

..... [2]

(ii) advertising in a national newspaper.

.....

.....

.....

..... [2]



(b) Do you think it is appropriate for a business to only accept cashless payments? Give reasons for your answer.

.....

.....

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.....

..... [3]

(c) Explain **two** advantages to a business of operating as a franchisee of a fast-food enterprise.

1

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.....

.....

2

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.....

..... [4]





(d) Discuss the importance of suppliers as a factor when deciding on a suitable location for a new amusement park.

[6]

[Total: 17]





Turn over





- 4 BC uses in-house production to manufacture bicycles. Country X imports 75% of the bicycles that BC makes. The remaining 25% of the bicycles are sold by BC in the home market through a range of speciality shops.

(a) Define 'speciality shop'.

.....

.....

.....

..... [2]

(b) Explain **one** reason why BC should outsource its manufacturing.

.....

.....

.....

..... [2]

(c) Should countries, such as country X, increase tariffs on imports? Give reasons for your answer.

.....

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..... [3]

(d) BC sells 1.5 million bicycles in the home market.

Calculate the total number of bicycles manufactured by BC.

.....

.....

.....

..... [2]





(e) BC needs to increase its working capital. It is considering two options:

Option 1: debt factoring

Option 2: overdraft

Discuss both options. Which option would you recommend? Give reasons for your answer.

[8]

[Total: 17]



- 5 Abdul owns a convenience store. He buys stock from a wholesaler. His monthly cash outflow includes two direct debit payments. One payment is for a mortgage and the other payment is for buildings insurance.

(a) State **one** feature of a mortgage.

.....
..... [1]

(b) Describe a banking service that Abdul might use in each of the following situations:

(i) depositing money when the bank is closed.

.....
.....
.....
..... [2]

(ii) making a verbal complaint about an error on his bank statement.

.....
.....
.....
..... [2]



- (c) Table 5.1 gives information about an insurance claim made by Abdul last year after suffering a loss of stock due to flooding.

Table 5.1

actual value of stock at the time of flooding	\$30 000
insured value	\$24 000
stock damaged in flooding	40%
compensation paid to Abdul	?

Calculate the compensation paid to Abdul, using Table 5.1. Show your working.

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..... [3]

- (d) Discuss the importance of wholesaling to a small-scale retailer.

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..... [6]

[Total: 14]









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