

Paper Reference 4CM1/02
Pearson Edexcel
International GCSE (9 – 1)

Total Marks

COMMERCE

**PAPER 2: FACILITATING COMMERCIAL
OPERATIONS**

Tuesday 14 May 2019 – Morning

**TIME: 1 hour 30 minutes (plus your
additional time allowance)**

**In the boxes below, write your name, centre number
and candidate number.**

Surname					
Other names					
Centre Number					
Candidate Number					

X59935A

ITEMS INCLUDED WITH QUESTION PAPER

- **A separate Data Booklet.**
- **A spare Data Booklet.**

INSTRUCTIONS

- **Use BLACK ink, BLACK ball – point pen, BLACK felt tip or your usual method.**
- **Write your name, centre number and candidate number in the spaces provided on the front page.**
- **Answer ALL questions.**
- **Answer the questions in the spaces provided in this Question Paper or in the Data Booklet**
– THERE MAY BE MORE SPACE THAN YOU NEED.
- **YOU MUST SHOW ALL YOUR WORKING OUT WITH YOUR ANSWER CLEARLY IDENTIFIED AT THE END OF YOUR SOLUTION.**

INFORMATION

- **Total mark for this paper is 80.**
- **The marks for EACH question are shown in brackets**
– USE THIS AS A GUIDE AS TO HOW MUCH TIME TO
SPEND ON EACH QUESTION.

ADVICE

- **Read each question carefully before you start to**
answer it.
 - **Try to answer every question.**
 - **Check your answers if you have time at the end.**
-

SECTION A

**ANSWER ALL QUESTIONS. WRITE YOUR ANSWERS
IN THE SPACE PROVIDED IN THIS QUESTION PAPER
OR IN THE DATA BOOKLET.**

**SOME QUESTIONS MUST BE ANSWERED WITH
A CROSS IN A BOX ☐.**

**IF YOU CHANGE YOUR MIND ABOUT AN ANSWER,
PUT A LINE THROUGH THE BOX ☒ AND THEN
MARK YOUR NEW ANSWER WITH A CROSS ☐.**

Question 1 is on the next page.

1. (a) Which ONE of the following methods of payment has decreased in use?

Select ONE answer.

(1 mark)

☐

A Debit cards

☐

B Credit cards

☐

C Cheques

☐

D Standing orders

Question 1 (b) is on the next page.

Turn over

1. (b) Which ONE of the following is a method of short – term finance?

Select ONE answer.

(1 mark)

☐

A Debentures

☐

B Venture capital

☐

C Mortgage

☐

D Overdraft

Question 1 (c) is on the next page.

Turn over

1. (c) Define the term **BANK LOAN**.

(1 mark)

(d) Define the term **STANDING ORDER**.

(1 mark)

Question 1 (e) is on the next page.

Turn over

1. (e) NEO is a fast – growing coffee retailer in Nigeria that has seen its popularity increase significantly over the last two years. It owns 30 coffee shops and one regional distribution centre.

- (i) State ONE reason why NEO would accept cash payments in its shops.

(1 mark)

- (ii) State ONE reason why NEO uses a regional distribution centre.

(1 mark)

Question 1 (e) (iii) is on the next page.

Turn over

Look at **Figure 1** below.

Figure 1 shows an extract from NEO'S financial information for **2018**.

	\$ MILLION
Revenue	180
Gross Profit	112
Operating Expenses	52



1. (e) (iii) In the space provided for Question 1 (e) (iii) in the separate Data Booklet, calculate, to two decimal places, NEO'S net profit margin for the year **2018**.

You are advised to show your workings.

(2 marks)

Question 1 (f) is on the next page.

Turn over

1. (f) Explain ONE advantage for a business of having 60 days' trade credit from its supplier.

(3 marks)

Question 1 (g) is on the next page.

Turn over

1. (g) Explain ONE reason why businesses accept the use of debit cards to purchase goods.

(3 marks)

Question 1 (h) is on the next page.

Turn over

NEO is considering two options to deliver coffee from its farm to the regional distribution centre.

Look at **Figure 2** below.

Figure 2 shows the cost of each delivery method and the delivery time.

	COST PER TONNE PER KM	DELIVERY TIME
Road – delivery van	\$1.12	4 Days
Rail – goods train	\$2.73	1 Day



1. (h) Analyse the positive impact that each method could have on NEO'S continued growth.

(6 marks)

Turn over

(TOTAL FOR QUESTION 1 = 20 MARKS)

Question 2 is on the next page.

2. (a) Which ONE of the following sources of finance would allow the purchase of a property?

Select ONE answer.

(1 mark)

☐

A Overdraft

☐

B Mortgage

☐

C Hire purchase

☐

D Leasing

Question 2 (b) is on the next page.

Turn over

2. (b) Which ONE of the following is the cost of borrowing from a bank?

Select ONE answer.

(1 mark)

☐

A Dividend

☐

B Equity

☐

C Yield

☐

D Interest

Question 2 (c) is on the next page.

2. (c) ZIPLINE is a company in Rwanda that builds drones. The drones transport life – saving medical supplies to places where roads are poor.

Look at **Figure 3** below.

Figure 3 shows the costs per delivery of each medical supply and the number of deliveries in 2018.

	COST PER DELIVERY	NUMBER OF DELIVERIES IN 2018
Vaccines	\$6 000	450
Medicine	\$4 500	840
Sterile equipment	\$11 000	370



- (i) Identify which product had the largest number of deliveries in 2018.

(1 mark)

Turn over

2. (c) (ii) Identify which product has the highest cost per delivery.

(1 mark)

- (d) Define the term
RETURN ON CAPITAL EMPLOYED (ROCE).

(1 mark)

Question 2 (e) is on the next page.

Turn over

2. (e) Explain ONE way a business could improve its gross profit.

(3 marks)

Question 2 (f) is on the next page.

Turn over

2. (f) Explain ONE reason why a business would accept payments using electronic transfers.

(3 marks)

Question 2 (g) is on the next page.

Turn over

ZIPLINE is looking to expand the production of the drones in India and requires \$200 million. The money will be used to open a new distribution centre in India. ZIPLINE currently has \$221 million as retained profit and its share price is \$25.

ZIPLINE is considering the following two finance options:

OPTION 1: use all of its retained profits

OPTION 2: issuing 8,000,000 ordinary shares.

- 2. (g) Justify which ONE of these options ZIPLINE should choose.**

(9 marks)

Turn over

(TOTAL FOR QUESTION 2 = 20 MARKS)

TOTAL FOR SECTION A = 40 MARKS

SECTION B is on the next page.

SECTION B

ANSWER ALL QUESTIONS. READ THE FOLLOWING EXTRACT BEFORE ANSWERING THE QUESTIONS. WRITE YOUR ANSWERS IN THE SPACE PROVIDED IN THIS QUESTION PAPER OR IN THE DATA BOOKLET.

OYO ROOMS is an Indian – based business that books hotel rooms for its customers. It works with hotels across India to provide hotel rooms at budget prices.

OYO ROOMS keeps in contact with its customers using email.

In the last three months some of its customers have not paid their invoices. OYO ROOMS will use a factoring service offered by its bank but will only get 80% of the invoice totals.

Question 3 (a) is on the next page.

3. (a) Which document is sent by a business in response to a customer enquiry?

Select ONE answer.

(1 mark)

☐

A Quotation

☐

B Order

☐

C Advice note

☐

D Invoice

Question 3 (b) is on the next page.

Turn over

3. (b) Which ONE of the following is a type of credit used by consumers to buy goods?

Select ONE answer.

(1 mark)

☐

A Debit card

☐

B Store card

☐

C Cash on delivery

☐

D Cheque

Question 3 (c) is on the next page.

Turn over

3. (c) State ONE benefit of OYO ROOMS using email to keep in contact with customers.

(1 mark)

- (d) Look at Figure 4 for Question 3 (d) in the separate Data Booklet.

Figure 4 shows an incomplete invoice.

Complete the invoice to show the missing amounts below.

(i) \$ _____ (1 mark)

(ii) \$ _____ (1 mark)

Question 3 (e) is on the next page.

Turn over

- 3. (e) Analyse the impact on OYO ROOMS of using a factoring service to claim the unpaid invoices.**

(6 marks)

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Question 3 (f) is on the next page.

The demand for OYO ROOMS has increased in Japan. It is planning to expand in this market by adding Tokyo hotels to its list. OYO ROOMS is considering the following two options to attract hotels to their list:

OPTION 1: using national Japanese newspapers to advertise OYO ROOMS

OPTION 2: using a stand at an international business trade fair in Tokyo.

3. (f) Justify which ONE of the two options OYO ROOMS should choose.

(9 marks)

Turn over

(TOTAL FOR QUESTION 3 = 20 MARKS)

TOTAL FOR SECTION B = 20 MARKS

SECTION C is on the next page.

SECTION C

ANSWER ALL QUESTIONS. READ THE FOLLOWING EXTRACT BEFORE ANSWERING THE QUESTIONS. WRITE YOUR ANSWERS IN THE SPACE PROVIDED IN THIS QUESTION PAPER OR IN THE DATA BOOKLET.

- 4. HSBC HOLDING PLC is a British multinational banking and financial services business. It is the world's seventh largest bank.**

It has recently started an advertising campaign aimed at persuading customers to change banks. HSBC advertisements show famous people using its products. Recently, LLOYDS BANK, its largest rival, has started using competitive advertising.

HSBC's popularity in the Asian market has been restricted due to the increased use of social media by its competitors, such as Chinese and Japanese banks.

Question 4 (a) is on the next page.

Turn over

4. (a) Outline ONE reason why HSBC uses persuasive advertising.

(2 marks)

- (b) Analyse how competitive advertising by LLOYDS BANK would impact on HSBC.

(6 marks)

Turn over

**HSBC wants to increase its popularity in Asian markets.
It plans to use social media to advertise its goods.**

- 4. (c) Evaluate how social media can be used by HSBC
to improve its popularity in Asian markets.**

**You should use the information provided as well
as your knowledge of commerce.**

(12 marks)

Turn over

(TOTAL FOR QUESTION 4 = 20 MARKS)

TOTAL FOR SECTION C = 20 MARKS

TOTAL FOR PAPER = 80 MARKS
