

Paper Reference 4CM1/01
Pearson Edexcel
International GCSE (9-1)

Total Marks

COMMERCE
PAPER 1: COMMERCIAL OPERATIONS
AND ASSOCIATED RISKS

**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					

Y66485A



Pearson

YOU WILL BE GIVEN

- A separate Data Book.

INSTRUCTIONS

- Answer ALL questions.
- Answer the questions in the spaces provided in this Question Paper or in the Data Book – 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

- The 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.
- Calculators may be used.



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.
 - Good luck with your examination.
-

SECTION A

**Answer ALL questions.
Write your answers in the spaces
provided.**

**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 is a sum of money paid to an insurance company to provide cover?

Select ONE answer.
(1 mark)

☐

A A proposal

☐

B A premium

☐

C An endorsement

☐

D A claim

(continued on the next page)

1. continued

(b) Which ONE of the following is a payment given by a government to businesses to lower the cost of production?

**Select ONE answer.
(1 mark)**

☐

A Duty

☐

B Privatisation

☐

C Factoring

☐

D Subsidy

(continued on the next page)

1. continued

**(c) Define the term SPECIALISATION.
(1 mark)**

(continued on the next page)

1. continued

- (d) Define the term insurance
CONTRIBUTION.
(1 mark)**

(continued on the next page)

1. continued

- (e) GREENHEART ORGANIC FARMS** is based in Dubai. It started trading in 2009 and has expanded, selling a wide variety of different organic fruits, vegetables and dairy products through its own shops.

GREENHEART sometimes sells boxes of fruit as a loss leader for 132 Dirhams (AED) that cost 160 AED to produce. This means **GREENHEART** makes a loss of 28 AED on each box it sells.

(continued on the next page)

1. continued

- (e) (i) On the space provided for Question 1 (e) (i) in the separate Data Book, calculate the percentage loss for GREENHEART when selling a box of fruit.**

You are advised to show your workings.

(2 marks)

(continued on the next page)

1. continued

- (e) (ii) State ONE advantage loss leaders could have for a customer of GREENHEART.
(1 mark)**

(continued on the next page)

1. continued

- (e) (iii) State ONE disadvantage for GREENHEART of using loss leaders.
(1 mark)**

(continued on the next page)

1. continued

**(f) Explain ONE disadvantage of
a business partnership.
(3 marks)**

(continued on the next page)

Turn over

1. continued

(continued on the next page)

1. continued

- (g) Explain ONE advantage for a country of being a member of a trading bloc.
(3 marks)**

(continued on the next page)

Turn over

1. continued

(continued on the next page)

1. continued

BBQ BY THE BEACH (BBQBB) is a small retailer in Hong Kong selling different foods including a variety of barbecue, grilled and street food. BBQBB is part of the Xiaolam Barbecue Park that offers customers the opportunity of experiencing a barbecue garden where small retailers sell their food from different stalls. It appeals to Hong Kong tourists as well as local people.

- (h) Analyse why BBQBB should take out public liability insurance.
(6 marks)**

(continued on the next page)

Turn over

1. continued

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Turn over

1. continued

[illegible]

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Turn over

1. continued

(Total for Question 1 = 20 marks)

TEXTURED JERSEY LANKA PLC (TJL) makes and sells knitwear in Sri Lanka. It delivers the knitwear by road to shops across the country.

- 2. (a) Which ONE of the following is the most likely reason why TJL uses road transport?**

Select ONE answer.
(1 mark)

☐

A It is not labour intensive

☐

B It does not cause pollution

☐

C It can carry extra large loads

☐

D It offers greater flexibility

(continued on the next page)

Turn over

2. continued

(b) Which ONE of the following is the role of an insurance broker?

Select ONE answer.

(1 mark)

☐

A To underwrite the risk taken by the insurance companies

☐

B To sell insurance company shares on the stock exchange

☐

C To arrange insurance cover on behalf of insurance companies

☐

D To pay claims for compensation against policies

(continued on the next page)

Turn over

2. continued

- (c) Look at Figure 1 for Question 2 (c) in the separate Data Book.**

Figure 1 is a table showing the total value of insurance claims paid out in Europe, 2004 to 2016.

- (i) Identify the year with the lowest value of claims.
(1 mark)**

(continued on the next page)

Turn over

2. continued

- (c) (ii) Identify the year with the highest value of claims.
(1 mark)**

(continued on the next page)

2. continued

**(d) Define the term MAIL ORDER.
(1 mark)**

(continued on the next page)

2. continued

- (e) Explain ONE benefit to customers of online retailers offering a delivery service.
(3 marks)**

(continued on the next page)

Turn over

2. continued

(continued on the next page)

2. continued

- (f) Explain why the principle of utmost good faith is important to an insurance company.
(3 marks)**

(continued on the next page)

Turn over

2. continued

(continued on the next page)

2. continued

TZULAI is a business running a coffee shop that sells coffee and other products related to coffee, such as cups, in Tainan, a small city in Taiwan. Its products are bought from local suppliers.

In recent years the business has grown and now plans to open a number of shops in larger cities in Taiwan. These shops will sell the same products as the existing shop. TZULAI is considering the following two options for the location of these shops:

OPTION 1: locate the shops closer to its market

OPTION 2: locate the shops near to suppliers.

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Turn over

2. continued

- (g) Justify which ONE of these two options TZULAI should choose.
(9 marks)**

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2. continued

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Turn over

2. continued

[illegible]

(Total for Question 2 = 20 marks)



TOTAL FOR SECTION A = 40 MARKS

Turn over

SECTION B

Answer ALL questions.

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  .

Read the following extract before answering the questions.

Write your answers in the spaces provided.

Question 3 is on the next page.

- 3. TUSKYS is a large retailer in Kenya selling different goods. These include food and clothing from general wholesalers. Electrical goods such as televisions and laptops are imported from other countries.**

TUSKYS stores open at 06.00 in the morning and close every night at 22.00.

TUSKYS is a private limited company owned by one family. It began trading in 1990 but is now planning to expand throughout Kenya.

(continued on the next page)

3. continued

(a) Which ONE of the following describes a sole trader?

Select ONE answer.

(1 mark)

☐

A Has to share profits made

☐

B Has only one partner

☐

C Has limited capital

☐

D Has limited liability

(continued on the next page)

Turn over

3. continued

(b) Which ONE of the following is a physical limit on the quantity of items imported by TUSKYS?

Select ONE answer.

(1 mark)

☐

A Tariffs

☐

B Import licence

☐

C Exchange control

☐

D Quotas

(continued on the next page)

3. continued

- (c) State ONE reason why TUSKYS would take out plate glass insurance.
(1 mark)**

(continued on the next page)

3. continued

- (d) Outline ONE reason why TUSKYS would use general wholesalers.
(2 marks)**

(continued on the next page)

Turn over

3. continued

- (e) Analyse why TUSKYS insures all its shops against theft.
(6 marks)**

(continued on the next page)

Turn over

3. continued

[illegible]

(continued on the next page)

Turn over

3. continued

(continued on the next page)

Turn over

3. continued

To carry out its planned expansion, TUSKYS will have to raise additional finance. It is estimated it will need 140 000 000 Kenyan Shillings (KES).

It is considering the following two options to raise finance:

OPTION 1: sell additional shares in the private limited company

OPTION 2: become a public limited company.

**(f) Justify which ONE of these two options TUSKYS should choose.
(9 marks)**

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Turn over

3. continued

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3. continued

(Total for Question 3 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

Turn over

SECTION C

Answer ALL questions.

Read the following extract before answering the questions.

Write your answers in the spaces provided.

- 4. PRINTEDINCHINAONLINE is a printing business in China. It prints many things including birthday cards and catalogues. This means that individuals as well as businesses can use PRINTEDINCHINAONLINE. It is proud to provide a quality service to customers worldwide. Every effort is made to ensure that customers are satisfied with the service they receive.**

(continued on the next page)

Turn over

4. continued

Customers can only pay for their purchases by using credit cards, debit cards and bank transfers.

A German customer purchased 25 birthday cards from PRINTEDINCHINAONLINE for a total cost of 275 Chinese Yuan (CNY).

1 (CNY) = €0.13 (euros)

- (a) On the space provided for Question 4 (a) in the separate Data Book, calculate the cost of the 25 birthday cards in euros.**

You are advised to show your workings.

(2 marks)

(continued on the next page)

4. continued

- (b) Analyse how
PRINTEDINCHINAONLINE
could reduce bad debts.
(6 marks)**

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Turn over

4. continued

[illegible]

(continued on the next page)

Turn over

4. continued

(continued on the next page)

Turn over

4. continued

- (c) Evaluate why
PRINTEDINCHINAONLINE
would comply with consumer
protection legislation. You should
use the information provided and
your own knowledge of
commerce in your answer.
(12 marks)**

(continued on the next page)

Turn over

4. continued

[illegible]

(continued on the next page)

Turn over

4. continued

[illegible]

(continued on the next page)

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4. continued

[illegible]

(continued on the next page)

Turn over

4. continued

[illegible]

(continued on the next page)

Turn over

4. continued

(Total for Question 4 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS

TOTAL FOR PAPER = 80 MARKS

END OF PAPER
