

Paper reference 4CM1/01
Pearson Edexcel
International GCSE (9 – 1)

Total Marks

COMMERCE
PAPER 1: COMERCIAL OPERATIONS
AND ASSOCIATED RISKS

Time: 1 hour 30 minutes

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

Surname					
Other names					
Centre Number					
Candidate Number					

Y70540A

YOU MUST HAVE:

Nil.

YOU WILL BE GIVEN:

Nil.

You do not need any other materials.

INSTRUCTIONS

- **Answer ALL questions.**
- **Answer the questions in the spaces provided – 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.**

(continued on the next page)

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.**
-

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  .

SECTION A is on the next page

SECTION A

1. (a) Which **ONE** of the following businesses is in the secondary sector?

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

☐

A Cereal farmer

☐

B Hairdresser

☐

C Car manufacturer

☐

D Taxi driver

(continued on the next page)

Question 1 continued

(b) Which ONE of the following describes a loss leader?

Select ONE answer.

(1 mark)

☐

A An item of stock that is given away free

☐

B An item of stock that has the wrong price

☐

C An item of stock that has been stolen

☐

D An item of stock sold below its cost price

(continued on the next page)

Turn over

Question 1 continued

- (c) Define the term UTMOST
GOOD FAITH.
(1 mark)**

(continued on the next page)

Question 1 continued

(d) Define the term MULTINATIONAL CORPORATION.

(1 mark)

(continued on the next page)

Question 1 continued

- (e) KAZURI is a business based in Kenya. It has a factory making beads that are then used to make bracelets and necklaces. KAZURI also produces different types of pottery. All these items are sold around the world.**

A business in Italy purchased 200 KAZURI necklaces at a cost of 481 720 Kenyan Shillings (KES).

In February 2020 the exchange rate was 1 euro (€) = 120.43 KES.

(continued on the next page)

Question 1 (e) continued

- (e) (i) Calculate the cost of buying the 200 KAZURI necklaces in euros in February 2020. You are advised to show your working.
(2 marks)**

SPACE FOR WORKING:

€ _____

(continued on the next page)

Turn over

Question 1 (e) continued

In September 2020 the exchange rate was €1 = 124.48 KES.

- (e) (ii) State ONE possible effect on the business in Italy from the appreciation of the Euro against the Kenyan shilling in September 2020.**
(1 mark)

(continued on the next page)

Turn over

Question 1 (e) continued

- (iii) State ONE possible advantage for KAZURI of exporting its products. (1 mark)**

(continued on the next page)

Question 1 continued

- (f) Explain ONE advantage to a retailer of providing a good after – sales service.
(3 marks)**

Answer space continues on the next page

Turn over

Question 1 (f) continued

(continued on the next page)

Question 1 continued

- (g) Explain why department stores are a popular type of retailer.
(3 marks)**

Answer space continues on the next page

Turn over

Question 1 (g) continued

(continued on the next page)

Question 1 continued

BANGLA TOYS in Bangladesh sells a wide variety of toys that it buys from a number of Manufacturers. These toys include an Activity Ball or Baby Pool for babies and games such as Chess or Battleships for teenagers. A small number of toys are returned to BANGLA TOYS if they have faults.

- (h) Analyse the impact on BANGLA TOYS of dealing with faulty toys.
(6 marks)**

Answer space continues on the next 3 pages

Turn over

Question 1 (h) continued

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Turn over

Question 1 (h) continued

[illegible]

(continued on the next page)

Turn over

20

Question 1 (h) continued

(Total for Question 1 = 20 marks)

Turn over

2. An insurance company has been asked by a businessman to extend the insurance on his car for an extra month.

The premium for the extra month has been calculated as 11.5% of the annual premium of £360.

- (a) Which ONE of the following is the premium for the extra month?

Select ONE answer.
(1 mark)

☐

A £33.45

☐

B £41.40

☐

C £371.50

☐

D £401.40

(continued on the next page)

Turn over

Question 2 continued

(b) Which ONE of the following could help independent retailers to survive?

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

☐

A Reduce their social media marketing

☐

B Increase the price of goods

☐

C Offer extra services to customers

☐

D Reduce opening hours

(continued on the next page)

Turn over

Question 2 continued

(c) FIGURE 1 below shows the most popular laptops for sale in the UK for 2020.

FIGURE 1

Model	Original price (£)	Special offer price (£)
Dell Inspiron 14 7000	1 000	900
Acer Swift 3	500	430
Asus Zeus Book	600	500
Acer Chromebook Spin	230	200
HP Pavilion Gaming	900	770

(continued on the next page)

Question 2 (c) continued

- (c) (i) Identify which laptop is the most expensive.
(1 mark)**

(continued on the next page)

Question 2 (c) continued

(c) (ii) Identify the laptop with the largest difference between its original price and its special offer price.

(1 mark)

(continued on the next page)

Question 2 continued

**(d) Define the term COVER NOTE.
(1 mark)**

(continued on the next page)

Question 2 continued

- (e) Explain why wholesalers offer advice to retailers.
(3 marks)**

Answer space continues on the next page

Turn over

Question 2 (e) continued

(continued on the next page)

Question 2 continued

- (f) Explain the importance of packaging to retailers.
(3 marks)**

Answer space continues on the next page
Turn over

Question 2 (f) continued

(continued on the next page)

Question 2 continued

HOLDERS FARMERS' MARKET is a local market in Barbados. It opens every Sunday from 9.00 am until 2.00 pm. Rackel Barber hires a stall each week to sell the fruit and vegetables she grows. She also has a stall at another weekly market. She wants to expand her business by growing additional varieties of fruit and vegetables, but she is working most of the day and has very little free time. She is considering the following two options:

OPTION 1: to remain a sole trader

OPTION 2: to take on a partner.

(continued on the next page)

Question 2 continued

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

Answer space continues on the next 3 pages

Turn over

Question 2 (g) continued

[illegible]

(continued on the next page)

Turn over

Question 2 (g) continued

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Turn over

Question 2 (g) continued

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION A = 40 marks

Turn over

SECTION B

Answer ALL questions.

Read the following extract before answering the questions.

Write your answers in the spaces provided.

- 3. SRI LANKAN SAFARI (SLS) offers overland adventures and safaris throughout Sri Lanka. Trips range from 1 to 25 days and each one is accompanied by an experienced driver and a tour guide. All meals are freshly prepared each day using local suppliers. SLS provides an opportunity for tourists to see Sri Lanka's animals and sea life as well as bird watching.**

(continued on the next page)

Turn over

Question 3 continued

There are some high running costs so SLS needs to manage the business efficiently.

All safaris are sold at a high price.

(a) Which ONE of the following is an example of capital?

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

☐

A Coal

☐

B Trees

☐

C Farm worker

☐

D Machinery

(continued on the next page)

Turn over

Question 3 continued

The revenue earned from tourists in Sri Lanka was:

2018 – \$4 381 Million

2019 – \$3 607 Million

(b) What is the percentage decrease in revenue from tourists to Sri Lanka?

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

☐

A 17.67%

☐

B 21.46%

☐

C 82.33%

☐

D 121.46%

(continued on the next page)

Turn over

Question 3 continued

- (c) State ONE possible reason why staffing costs for SLS may be high.
(1 mark)**

(continued on the next page)

Question 3 continued

- (d) Outline ONE likely reason why SLS prefers to purchase goods from local suppliers.
(2 marks)**

(continued on the next page)

Turn over

Question 3 continued

- (e) Analyse how SLS could reduce the risk of bad debts from its clients.
(6 marks)**

Answer space continues on the next 2 pages

Turn over

Question 3 (e) continued

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Turn over

Question 3 (e) continued

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Question 3 continued

In recent years SLS has increased its sales from both local and foreign tourists. To increase the opportunities for customers to discuss and then book more specialised tours SLS is considering the following two options:

OPTION 1: have desks in several large hotels in Sri Lanka where tourists can discuss and then book safari tours

OPTION 2: Improve the website by giving a wider variety of options for safari tours from which customers can choose.

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Question 3 continued

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

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Question 3 (f) continued

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Question 3 (f) continued

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Question 3 (f) continued

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(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. NEXT, a well – known clothing retailer, operates in over 70 countries with more than 43,000 Employees. Since NEXT started trading it has introduced many other products to its range such as furniture and flowers.**

(continued on the next page)

Question 4 continued

In 1999 it launched its own online shopping platform allowing customers to purchase NEXT goods wherever they live. NEXT continues to improve its customer service by introducing new initiatives such as next day delivery.

To reduce its stock of furniture NEXT is selling sofas with a 33% discount off the original price.

(continued on the next page)

Question 4 continued

- (a) Calculate the discounted price of a sofa originally selling for £999.00**

You are advised to show your working.

(2 marks)

SPACE FOR WORKING:

SPACE FOR WORKING continued

£ _____

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Question 4 continued

- (b) Analyse the purpose of endorsements on an insurance policy taken out by NEXT.
(6 marks)**

Answer space continues on the next 2 pages

Turn over

Question 4 (b) continued

[illegible]

(continued on the next page)

Turn over

Question 4 (b) continued

(continued on the next page)

Question 4 continued

- (c) Evaluate the types of business risks NEXT would have to consider when taking out insurance on its stores / shops. You should use the information provided and your own knowledge of commerce in your answer. (12 marks)**

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Question 4 (c) continued

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Question 4 (c) continued

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Question 4 (c) continued

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Question 4 (c) continued

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Question 4 (c) continued

(Total for Question 4 = 20 marks)

TOTAL FOR SECTION C = 20 marks

TOTAL FOR PAPER = 80 marks

END OF PAPER
