GradeMax

Please check the examination details below before entering your candidate information

Candidate surname | Other names

Pearson Edexcel International GCSE (9–1)

Centre Number | Candidate Number

Time 1 hour 30 minutes

Paper reference **4CM1/01**

Commerce

PAPER 1: Commercial operations and associated risks

You do not need any other materials. | Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- 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**.

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.

Turn over ▶

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Pearson

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 ☒.

1 (a) Which **one** of the following is a sum of money paid to an insurance company to provide cover?

Select **one** answer.

(1)

☒ **A** A proposal

☒ **B** A premium

☒ **C** An endorsement

☒ **D** A claim

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

Selec**t one** answer.

(1)

☒ **A** Duty

☒ **B** Privatisation

☒ **C** Factoring

☒ **D** Subsidy

(c) Define the term **specialisation**.

(1)

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(d) Define the term insurance **contribution**.

(1)

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(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.

(i) Calculate the percentage loss for *GreenHeart* when selling a box of fruit.

You are advised to show your workings.

(2)

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(ii) State **one** advantage loss leaders could have for a customer of *GreenHeart*.

(1)

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(iii) State **one** disadvantage for *GreenHeart* of using loss leaders.

(1)

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(f) Explain **one** disadvantage of a business partnership.

(3)

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(g) Explain **one** advantage for a country of being a member of a trading bloc.

(3)

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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)

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(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)

☒ **A** It is not labour intensive

☒ **B** It does not cause pollution

☒ **C** It can carry extra large loads

☒ **D** It offers greater flexibility

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

Select **one** answer.

(1)

☒ **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

(c) **Figure 1** shows the total value of insurance claims paid out in Europe, 2004 to 2016.

Bar chart titled "Claims in million euros" (y-axis, from 75 000 to 105 000) against Years (x-axis, 2004 to 2016):
- 2004: 86 734
- 2005: 88 761
- 2006: 89 221
- 2007: 91 470
- 2008: 95 427
- 2009: 98 620
- 2010: 100 918
- 2011: 99 177
- 2012: 96 183
- 2013: 93 766
- 2014: 91 339
- 2015: 96 922
- 2016: 103 513
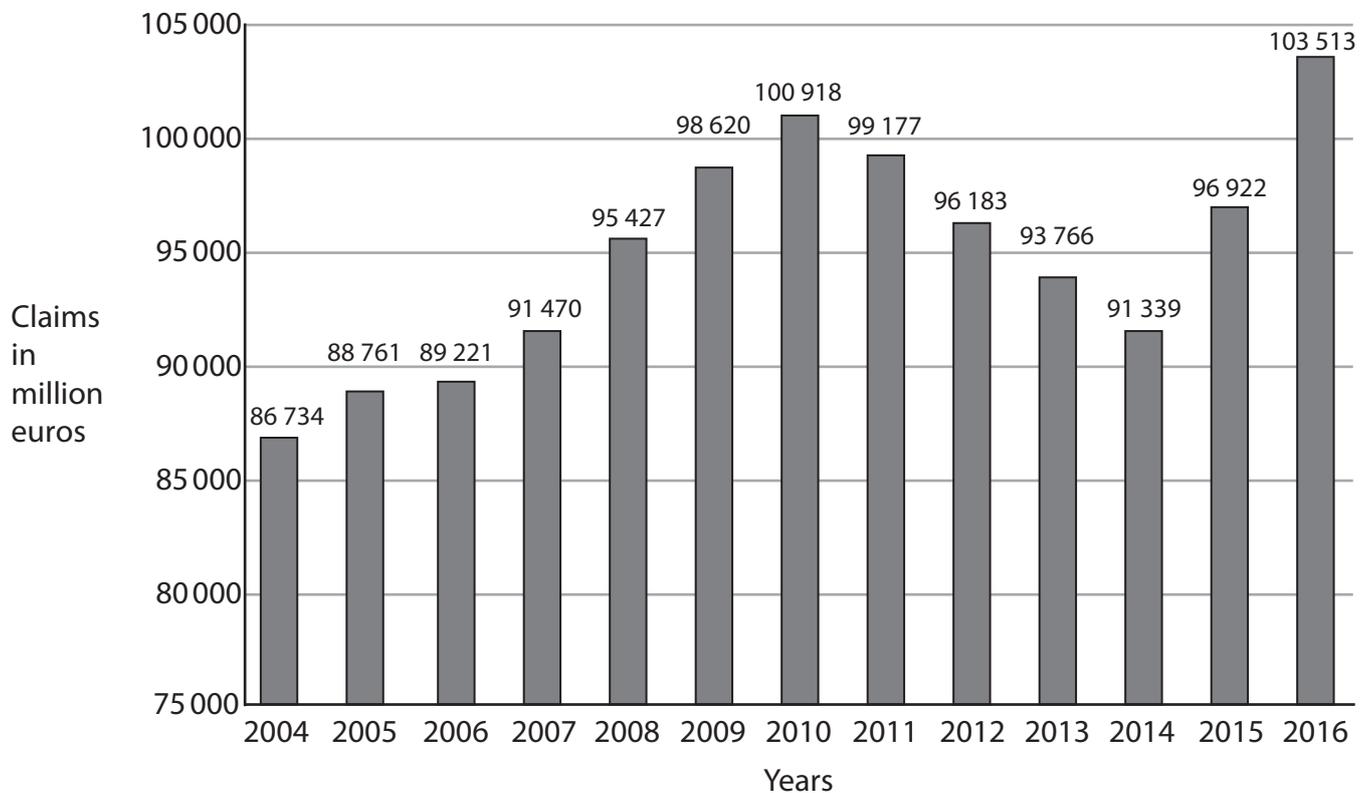
Figure 1

(i) Identify the year with the lowest value of claims.

(1)

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(ii) Identify the year with the highest value of claims.

(1)

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(d) Define the term **mail order**.

(1)

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(e) Explain **one** benefit to customers of online retailers offering a delivery service.

(3)

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

(3)

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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.

(g) Justify which **one** of these two options *Tzulai* should choose.

(9)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION A = 40 MARKS

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.

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.

(a) Which **one** of the following describes a sole trader?

Select **one** answer.

(1)

☒ **A** Has to share profits made

☒ **B** Has only one partner

☒ **C** Has limited capital

☒ **D** Has limited liability

(b) Which **one** of the following is a physical limit on the quantity of items imported by *Tuskys*?

Select **one** answer.

(1)

☒ **A** Tariffs

☒ **B** Import licence

☒ **C** Exchange control

☒ **D** Quotas

(c) State **one** reason why *Tuskys* would take out plate glass insurance.

(1)

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(d) Outline **one** reason why *Tuskys* would use general wholesalers.

(2)

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(e) Analyse why *Tuskys* insures all its shops against theft.

(6)

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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)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

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.

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) Calculate the cost of the 25 birthday cards in euros.

You are advised to show your workings.

(2)

€ ....

(b) Analyse how *PrintedinchinaOnline* could reduce bad debts.

(6)

(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)

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(Total for Question 4 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS

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Source information

https://www.statista.com/statistics/437562/vehicle-insurance-claims-value-europe/