

Please check the examination details below before entering your candidate information			
Candidate surname		Other names	
Pearson Edexcel		Centre Number	Candidate Number
International GCSE (9–1)			
Wednesday 13 May 2020			
Afternoon (Time: 1 hour 30 minutes)		Paper Reference 4CM1/02	
Commerce Paper 2: Facilitating commercial operations			
Calculators may be used.			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.*

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.

Turn over ►

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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 benefit to a consumer of using a store card?

Select **one** answer.

(1)

- ☐ **A** They often have high interest rates
- ☐ **B** They can only be used in that store
- ☐ **C** They can give you a discount on your first purchase
- ☐ **D** They allow information to be collected by the store

- (b) Which **one** of the following will improve commercial performance?

Select **one** answer.

(1)

- ☐ **A** Reduce sales turnover
- ☐ **B** Reduce expenses
- ☐ **C** Reduce inventory turnover
- ☐ **D** Reduce mark-up

- (c) Define the term **standing order**.

(1)

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(d) Define the term **speculation**.

(1)

(e) *Tata Motors* is Asia's largest automobile manufacturer of cars and trucks.

- (i) State **one** trading document that *Tata Motors* would send to a customer informing them that their vehicle has been despatched from the factory.

(1)

- (ii) State **one** possible reason why *Tata Motors* wants customers to use electronic transfers when paying for their vehicles.

(1)



Figure 1 shows the expenses and turnover of *Tata Motors* for 2018.

	Expenses	Turnover
	\$ Billions	\$ Billions
All vehicles	28	42

Figure 1

- (iii) Calculate, to two decimal places, *Tata Motors* expenses as a percentage of turnover. You are advised to show your working.

(2)

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- (f) Explain **one** advantage for a business of negotiating longer trade credit terms.

(3)



(g) Explain **one** reason why overdrafts are useful for businesses.

(3)

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Tata Motors aims to increase its global sales. To achieve this aim, *Tata Motors* is going to sponsor a famous sports team and participate in trade fairs across the world.

(h) Analyse how these promotional methods could increase *Tata Motors* global sales.

(6)

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(Total for Question 1 = 20 marks)



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- 2 (a) Which **one** of the following is a service offered by a bank?

Select **one** answer.

(1)

- ☐ **A** Night safe
- ☐ **B** Postal order
- ☐ **C** Crowdfunding
- ☐ **D** Owner capital

- (b) Which **one** of the following is a method of oral communication a business could use when contacting suppliers?

Select **one** answer.

(1)

- ☐ **A** Minutes
- ☐ **B** Agenda
- ☐ **C** Telephone
- ☐ **D** Letter



(c) *The Courteney Boot Company (CBC)* is a unique business in Zimbabwe as it makes its boots from hippopotamus and ostrich skin. It only makes 16 pairs of boots a day as everything is handmade to order.

Figure 2 shows the price and the number of sales for two types of boot in 2018.

	Price in US Dollars \$	Number of pairs of boots sold in 2018
<i>Courteney Selous Men’s Safari Boot</i>	436.00	1,460
<i>Ladies Classic Courteney Safari Boot</i>	305.00	2,190

Figure 2

(i) Identify which boot is the most expensive to buy. (1)

(ii) Identify which boot had the most sales in 2019. (1)

(d) Define the term **mark-up**. (1)

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(e) Explain **one** reason why a business would lower the price of a product.

(3)

(f) Explain **one** reason why a business might use email to send invoices to its customers.

(3)



Courteney Boot Company (CBC) prides itself on the handmade nature and high quality of the boots it produces. It now exports 85% of all products it produces to meet the high demand. *CBC* is planning to purchase new sewing machines so that it can expand its production to cater for the increased demand for its boots. It is considering the following two finance options to buy new sewing machines:

Option 1: retained profit

Option 2: hire purchase.

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

(9)



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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION A = 40 MARKS



SECTION B**Answer ALL questions.****Read the following extract before answering the questions.****Write your answers in the spaces provided.**

- 3** *Odyssey Airlines* is a premium non-stop business class service direct from London City Airport to New York.

(a) Which **one** of the following is a method of electronic communication?

Select **one** answer.

(1)

- ☐ **A** Face-to-face
- ☐ **B** Leaflet
- ☐ **C** Teleconferencing
- ☐ **D** Meeting

(b) Which **one** of the following would *Odyssey Airlines* send to its customers in response to an enquiry?

Select **one** answer.

(1)

- ☐ **A** Quotation
- ☐ **B** Advice note
- ☐ **C** Receipt
- ☐ **D** Credit note

(c) State **one** benefit to *Odyssey Airlines* of owning its own planes.

(1)

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(d) Complete the invoice below to show the missing values.

(2)

Odyssey Airlines Ltd - Invoice Number 501		
Date – 1 May 2020		
Customer Name – Tomcat Finance Systems Ltd		
Description	Passengers	Amount
Departure Flight: London to New York (£3 500 per person)	4	£ (i)
Departure Flight: New York to London (£4 250 per person)	4	£ 17 000
	Subtotal	£31 000
	Tax Rate	20%
	Tax	£ (ii)
	Total Due	£37 200
Payment due within 14 days of the date of this invoice. Address: Odyssey Airlines, London City Airport, London, United Kingdom. Telephone Number: +44 207 653 9244		



Profits for *Odyssey Airlines* fell in 2018 causing dividends to go from 33 pence per share to 30 pence per share.

- (e) Analyse the impact on the shareholders of *Odyssey Airlines* due to a falling dividend.

(6)

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Odyssey Airlines has seen significant growth in the demand for premium non-stop business class flights. It is now considering expanding by offering flights to Toronto in Canada. However, *Odyssey Airlines* does not have enough knowledge of the Canadian market.

Odyssey Airlines is considering the following two aids to export to establish if there is enough demand:

Option 1: use a chamber of commerce

Option 2: use an overseas agent.

(f) Justify which **one** of these two options *Odyssey Airlines* 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 *Apple* uses a variety of advertising methods when promoting its products such as iPhone, iMac, *Apple Music* and *Apple's* mobile payment system called *Apple Pay*. However, over the past 12 months *Apple* has identified that consumer preferences on advertising have changed and has now increased its spend on television advertising by \$118 million.

- (a) Outline **one** likely reason why television advertising is suitable for *Apple's* products.

(2)

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(b) Analyse the positive impact that the increased use of mobile payment services would have on *Apple Pay*.

(6)

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Apple is planning to expand *Apple Pay* into India but it is having problems convincing the 30 to 50 year old age group to use the service. *Apple* has chosen to use *Facebook* and *YouTube* to target this age group, as they are the most popular social media networks. However, *Apple* is worried that only 14% of India's population uses social media regularly.

- (c) Evaluate how effective social media may be in convincing the 30 to 50 year old age group to use *Apple Pay*. You should use the information provided as well as your knowledge of commerce.

(12)



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(Total for Question 4 = 20 marks)

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

