

Please check the examination details below before entering your candidate information			
Candidate surname		Other names	
Pearson Edexcel		Centre Number	
International GCSE (9–1)		Candidate Number	
Tuesday 5 May 2020			
Afternoon (Time: 1 hour 30 minutes)		Paper Reference 4CM1/01R	
Commerce Paper 1: Commercial operations and associated risks			
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 the name given to the owners of a public limited company?

Select **one** answer.

(1)

- ☐ **A** Government
- ☐ **B** Shareholders
- ☐ **C** Tax payers
- ☐ **D** Employees

- (b) Which **one** of the following is a retailer with no fixed premises?

Select **one** answer.

(1)

- ☐ **A** Hypermarket
- ☐ **B** Chain store
- ☐ **C** Street market stall
- ☐ **D** Speciality shop

- (c) Define the term **chain of production**.

(1)

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- (d) Define the term **department store**.

(1)

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- (e) An insurance company insures 100,000 factories against the risk of fire damage. The insurance company's statistics show that 2.5% of its insured factories catch fire in a year.
- (i) Calculate the number of factories affected by fire in a year. You are advised to show your workings.

(2)

- (ii) State **one** effect on the renewal of insurance for a factory that has made a claim.

(1)

- (iii) State **one** advantage for the insurance company of pooling the risks for the factories it insures.

(1)



(f) Explain why insurance companies issue cover notes when a policy is taken out.

(3)

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(g) Explain the importance of after sales service to a business.

(3)



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Over recent years there have been many changes to the way customers buy goods. Omnichannel retailing is one such development.

(h) Analyse the advantages for customers of omnichannel retailing.

(6)

(Total for Question 1 = 20 marks)



2 *Japan Best* is a retailer of gifts for all occasions. It purchases goods from a wholesaler.

(a) Which **one** of the following is a function of a wholesaler?

Select **one** answer.

(1)

- ☐ **A** Breaking bulk
- ☐ **B** Manufacture own brands
- ☐ **C** Produce goods from raw materials
- ☐ **D** Sell products to manufacturers

(b) Which **one** of the following is a benefit of international trade for a country?

Select **one** answer.

(1)

- ☐ **A** To allow multinational companies to make a profit
- ☐ **B** To enable the country to dispose of surplus output
- ☐ **C** To protect home industries
- ☐ **D** To reduce the need for government subsidies

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Figure 1 shows the cost per mile of transporting goods by road and rail.

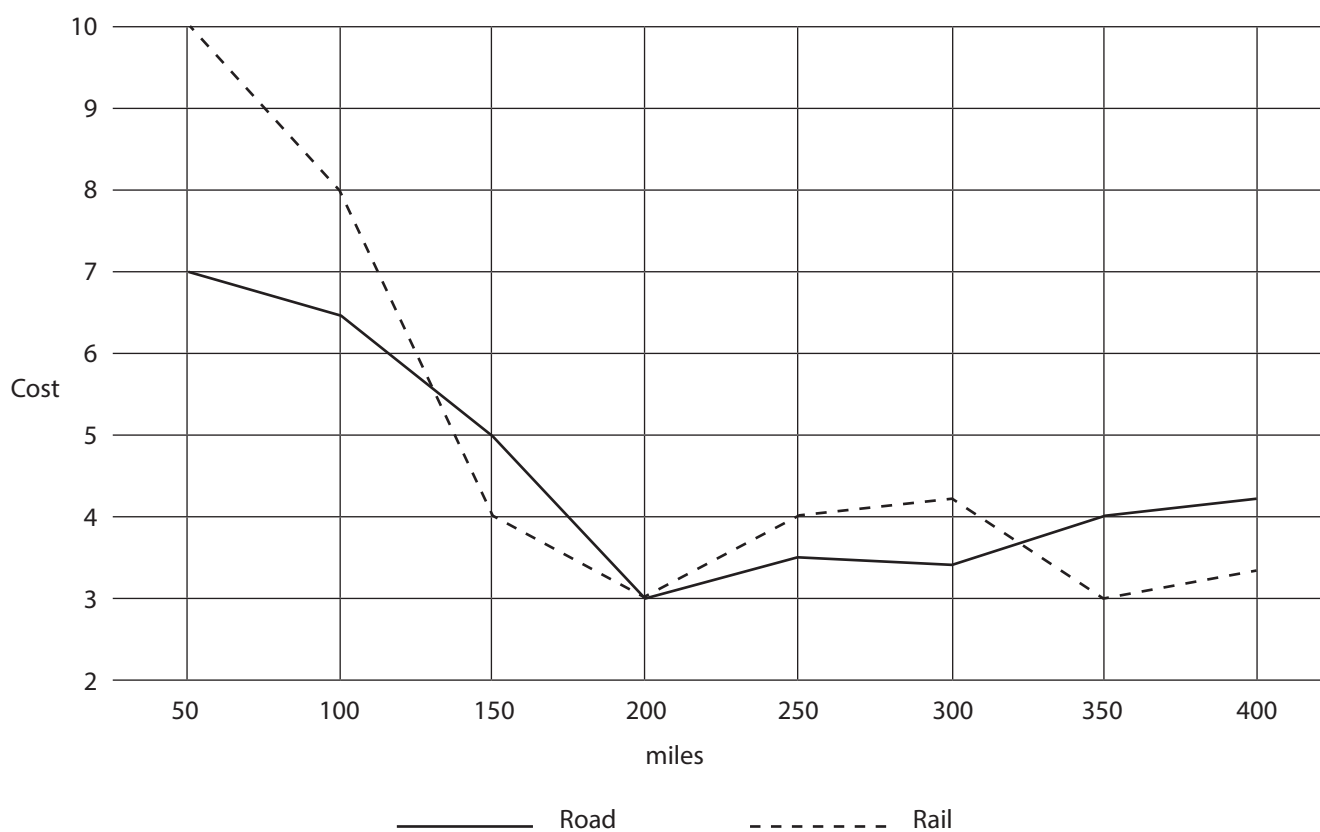


Figure 1

(c) (i) Identify the cheapest method of transport for a journey of 350 miles.

(1)

(ii) Identify the lowest cost per miles when road and rail are the same.

(1)

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

(1)

(e) Explain the role of actuaries in calculating insurance premiums.

(3)

(f) Explain **one** way consumers benefit from consumer protection legislation.

(3)



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Candylicious is a sweet shop in Singapore. Sweets can be purchased online but most people prefer to go to the shop and look at the sweets on display. *Candylicious* is planning to open another shop in Singapore and has not yet decided on the location.

Candylicious is considering the following two options on where to locate its new shop:

Option 1: a location with good availability of labour

Option 2: a location with competition nearby.

(g) Justify which **one** of these two options is most important when *Candylicious* decides on the location of its new shop.

(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** *China Cycle Tours (CCT)* is a private limited company based in Shanghai and Suzhou, China. It offers its customers the opportunity to buy new and used bicycles. In addition, it offers a variety of different bicycles and accessories for hire. These can be used on day trips or longer holidays. The prices vary according to the length of bicycle hire and holiday. All holidays are fully insured as customer safety is important to the business.

- (a) Which **one** of the following describes an insurance broker?

Select **one** answer.

(1)

- ☐ **A** Ensures transport arrangements are made
- ☐ **B** Guarantees buyers can pay
- ☐ **C** Arranges deals between buyers and sellers
- ☐ **D** Can insure against making a loss

- (b) Which **one** of the following might a business have to pay when importing goods?

Select **one** answer.

(1)

- ☐ **A** A quota
- ☐ **B** A subsidy
- ☐ **C** A tariff
- ☐ **D** An embargo

(c) State **one** reason why *CCT* might decide to only buy from Chinese suppliers.

(1)

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(d) Outline **one** way *CCT* could avoid bicycles being damaged whilst being stored in its shops.

(2)

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(e) Analyse why CCT might hold seasonal sales at different times of the year.

(6)

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In the past few years *CCT*, a private limited company, has become very popular with tourists from around the world who book holidays. *CCT* is considering expanding its business to other parts of China.

CCT is considering the following two options:

Option 1: *CCT* raises more capital to expand

Option 2: *CCT* offers franchise opportunities.

(f) Justify which **one** of these two options *CCT* 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** *Namdhari's Fresh* is a business in Bangalore that produces and sells fruit and vegetables. The produce is sold both domestically and internationally. Most is sent to Europe, Australia and the Middle East. At present *Namdhari's Fresh* have 25 stores across the city of Bangalore that sell its product range, which includes flower and vegetable seeds. Sales have grown throughout these stores, and this has led to *Namdhari's Fresh* introducing technology to sell its seeds.

Namdhari's Fresh sells bananas to Europe at a price of 69 rupees per kilo.

- (a) Calculate the price of buying 25 kilos of bananas in euros (€) if the exchange rate is €1 = 92 rupee. You are advised to show your workings.

(2)

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(b) Analyse why *Namdhari's Fresh* are likely to use Electronic Point of Sale (EPOS) when selling packets of seeds in its stores.

(6)

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Namdhari's Fresh exports most of its products to Europe, the Middle East and Australia.

- (c) Evaluate the language and currency difficulties *Namdhari's Fresh* may face when exporting its products. You should use the information provided and your own knowledge 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

Question 2

<https://www.japan-best.net><http://www.candyliciousshop.com/>

Question 3

<http://www.chinacycletours.com/index.asp>

Question 4

<https://www.namdharifresh.com/home>