

Please check the examination details below before entering your candidate information

Candidate surname					Other names				
Centre Number					Candidate Number				
Pearson Edexcel International GCSE (9–1)									
Tuesday 5 May 2020									
Afternoon (Time: 1 hour 30 minutes)					Paper Reference 4CM1/01				
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 a reason why retailers use barcodes on their products?

Select **one** answer.

(1)

- ☐ **A** To advertise goods
- ☐ **B** To increase turnover
- ☐ **C** To guarantee sales of goods
- ☐ **D** To monitor inventory levels

(b) Which **one** of the following identifies a loss leader?

Select **one** answer.

(1)

- ☐ **A** A product only sold through a wholesaler
- ☐ **B** A product sold with no packaging
- ☐ **C** A product sold at a non-profitable price
- ☐ **D** A product sold in a niche market

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

(1)

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(d) Define the term **bad debts**.

(1)

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Figure 1 shows South Africa's exports and imports for 2017. South Africa's main exports are corn, fruits, diamonds, gold and banking.

	Exports (ZAR) million	Imports (ZAR) million
Visible trade	102 610	99 092
Invisible trade	88 455	87 288

Figure 1

- (e) (i) Calculate, to two decimal places, the percentage difference between visible exports and visible imports. You are advised to show your workings.

(2)

..... %

- (ii) State **one** effect on South African trade of import figures being lower than export figures.

(1)

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- (iii) State **one** disadvantage for South African trade if the crops failed in a particular year.

(1)

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(f) Explain why **voluntary chains** are still popular with small retailers.

(3)

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(g) Explain **one** disadvantage for an ecommerce business of using road transport to deliver its goods.

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Reve Systems of Dhaka, Bangladesh create and develop software for businesses across the world. It believes that customers are the assets of every business and that it should aim to do their best to satisfy customers.

(h) Analyse why after sales service is important to a business such as *Reve Systems*.

(6)

(Total for Question 1 = 20 marks)



- 2 A wholesaler has increased the price of a product by 25%. The original price was 5 000 Dhirhams (AED).

(a) Which **one** of the following would now be the new price for the product?

Select **one** answer.

(1)

☐ **A** 1 250

☐ **B** 3 750

☐ **C** 5 025

☐ **D** 6 250

(b) Which **one** of the following insures against loss caused by fraud?

Select **one** answer.

(1)

☐ **A** Public liability

☐ **B** Fidelity guarantee

☐ **C** Consequential loss

☐ **D** Credit insurance

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Figure 2 shows the number of people employed in different businesses.

Business	Number of people employed
Agriculture	1,500,000
Commercial services	2,400,000
Fishing	200,000
Forestry	400,000
Manufacturing	1,700,000
Mining	100,000
Total	6,300,000

Figure 2

(c) (i) Identify from **Figure 2 one** secondary sector business.

(1)

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(ii) Identify from **Figure 2 one** tertiary sector business.

(1)

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

(1)

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(e) Explain why stalls in street markets remain a popular type of retailer.

(3)

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(f) Explain why some customers prefer to use mail order when purchasing goods.

(3)

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Jubilee Insurance has been trading in Kenya for 80 years. It has branches in many African countries with over 450,000 clients. Its main business is providing motor insurance, travel insurance and health insurance.

Recent research shows that young drivers find it difficult to get motor insurance.

Jubilee Insurance plans to expand and is considering the following two options:

Option 1: introduce marine insurance as a new product

Option 2: increase the provision of motor insurance for young drivers.

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

(9)



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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION A = 40 MARKS

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SECTION B

Answer ALL questions.

Read the following extract before answering the questions.

Write your answers in the spaces provided.

- 3 *PetShop* is a small business which breeds dogs for people living in Sri Lanka. It is a family business started by the owner Nimal Jayaweera. He started breeding dogs in the 1980s and over the years the business has grown. *PetShop* not only breeds dogs but also sells a wide variety of products from its shop. Nimal Jayaweera breeds a number of different dogs, such as German Shepherd, Dalmatian, Doberman and Dachshund. The business is very popular. To meet the needs of customers a website was produced.

- (a) Which **one** of the following best describes specialisation in a factory?

Select **one** answer.

(1)

- ☐ A Employing highly skilled workers
- ☐ B Repeating the same job over and over again
- ☐ C Producing large quantities of different goods
- ☐ D Using machines instead of people to produce goods

- (b) As *PetShop* is a private limited company it has limited liability.

Which **one** of the following is a benefit of having limited liability?Select **one** answer.

(1)

- ☐ A The business cannot make a loss
- ☐ B The business can only have 20 partners
- ☐ C The business has to complete legal formalities
- ☐ D The shareholders are only liable for the money they invested



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(c) State **one** possible reason why *PetShop* created a website.

(1)

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(d) Outline **one** reason why *PetShop* might take out public liability insurance.

(2)

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(6)

[illegible]

PetShop wants to maintain its reputation of only breeding dogs whose family history they know. *PetShop* plans to develop its business but at the present time it only has funds to develop one of the two options it is considering.

It is considering the following two options:

Option 1: producing its own range of *PetShop* products

Option 2: offering additional services such as grooming, dog training and dog sitting.

(f) Justify which **one** of the two options *PetShop* should develop.

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS



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SECTION C

Answer ALL questions.

Read the following extract before answering the questions.

Write your answers in the spaces provided.

- 4 *Mayse Artisan Bakery* is a bakery shop in Hong Kong, China, which specialises in making different types of bread. Alex the owner is a master bread maker who moved to Hong Kong seven years ago. He brought with him the traditions and healthy eating styles of his own country and started making bread. The business has become so popular that his daughter has joined him as his business partner. His daughter has just completed a college course in pastry and cake making. They plan to open another shop in the future.

In 2017 the average monthly consumption of bakery products in Hong Kong was 5.80 kilos per person. In 2018 the average monthly consumption was 7.25 kilos per person.

- (a) Calculate the percentage increase in consumption between 2017 and 2018.
You are advised to show your workings.

(2)

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(6)

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Before opening another shop, the partners of *Mayse Artisan Bakery* are planning to carry out research to find the best location for their new shop.

- (c) Evaluate which factors are most important when choosing the location for their new shop. 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

- <http://www.jubileeinsurance.com/>
- <https://www.linkedin.com/in/mehmudul-haque-b0717429>
- <http://www.petshop.lk/about.html>
- <https://www.timeout.com/hong-kong/restaurants/mayse-artisan-bakery>

