

Please check the examination details below before entering your candidate information

Candidates surname					Other names				
Centre Number					Candidate Number				

Pearson Edexcel International GCSE (9–1)

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.

Turn over ►

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Q:1/1/1/1/1/1/



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 businesses is in the secondary sector?

Select **one** answer.

(1)

- ☐ **A** Cereal farmer
- ☐ **B** Hairdresser
- ☐ **C** Car manufacturer
- ☐ **D** Taxi driver

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

Select **one** answer.

(1)

- ☐ **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

- (c) Define the term **utmost good faith**.

(1)

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- (d) Define the term **multinational corporation**.

(1)

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- (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.

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

(2)

€

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

- (ii) State **one** possible effect on the business in Italy from the appreciation of the euro against the Kenyan Shilling in September 2020.

(1)

- (iii) State **one** possible advantage for *Kazuri* of exporting its products.

(1)



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(f) Explain **one** advantage to a retailer of providing a good after-sales service.

(3)

(g) Explain why department stores are a popular type of retailer.

(3)



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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)

(Total for Question 1 = 20 marks)



- 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)

- ☐ **A** £33.45
- ☐ **B** £41.40
- ☐ **C** £371.50
- ☐ **D** £401.40

- (b) Which **one** of the following could help independent retailers to survive?

Select **one** answer.

(1)

- ☐ **A** Reduce their social media marketing
- ☐ **B** Increase the price of goods
- ☐ **C** Offer extra services to customers
- ☐ **D** Reduce opening hours

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(c) **Figure 1** shows the most popular laptops for sale in the UK for 2020.

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

Figure 1

(i) Identify which laptop is the most expensive.

(1)

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

(1)

(d) Define the term **cover note**.

(1)



(e) Explain why wholesalers offer advice to retailers.

(3)

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(f) Explain the importance of packaging to retailers.

(3)



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(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 *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.

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)

- ☐ **A** Coal
- ☐ **B** Trees
- ☐ **C** Farm worker
- ☐ **D** Machinery

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)

- ☐ **A** 17.67%
- ☐ **B** 21.46%
- ☐ **C** 82.33%
- ☐ **D** 121.46%

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(c) State **one** possible reason why staffing costs for *SLS* may be high.

(1)

(d) Outline **one** likely reason why *SLS* prefers to purchase goods from local suppliers.

(2)



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

(6)

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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.

(f) Justify which **one** of these two options *SLS* 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** *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.

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.

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

You are advised to show your working.

(2)

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(b) Analyse the purpose of endorsements on an insurance policy taken out by *Next*.

(6)

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- (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)

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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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