

Write your name here

Surname

Other names

**Pearson Edexcel
International GCSE**

Centre Number

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Candidate Number

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Commerce

Wednesday 10 May 2017 – Afternoon
Time: 2 hours

Paper Reference

4CM0/01

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.*

Information

- The total mark for this paper is 100.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- A calculator 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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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 ☒.

- 1** Complete the following sentences by inserting only **one** word in each space.
- (a) Communication is an example of a sector activity. (1)
 - (b) Buy One Get One Free is an example of a special (1)
 - (c) A partnership will normally have between and 20 owners. (1)
 - (d) A business may pay an advertising to organise its advertising campaign. (1)

(Total for Question 1 = 4 marks)

- 2** Using **one** example of a type of job in each case, define the following terms:
- (a) primary production (2)

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- (b) secondary production. (2)

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(Total for Question 2 = 4 marks)

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- 3 A wholesaler sells 55 chairs to a retailer. The normal selling price is £20 but for this transaction the retailer is given a 20% trade discount. The retailer decided to return 12 chairs to the wholesaler.

Calculate the amount of the credit note. Show your working.

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(Total for Question 3 = 2 marks)

- 4 State **two** disadvantages for factory production workers of division of labour.

1

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(Total for Question 4 = 2 marks)

- 5 Identify **two** features of a documentary credit.

1

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2

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(Total for Question 5 = 2 marks)

- 6 State **two** examples of costs that a company might pay when selling goods online.

1

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(Total for Question 6 = 2 marks)



7 Retailers can be divided into large or small types.

For each retailer below, identify whether it is small or large by putting a cross ☒ in the correct box below.

Retailer	Small	Large
(i) Convenience store	☒	☒
(ii) Department store	☒	☒
(iii) Hypermarket	☒	☒
(iv) Street market stall	☒	☒

(Total for Question 7 = 4 marks)

8 Identify the type of warehouse that offers self-service wholesaling with no credit or delivery services.

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(Total for Question 8 = 1 mark)

9 State **two** methods of appeal that might be used to advertise chocolate in a magazine.

1

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2

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(Total for Question 9 = 2 marks)

10 Outline **two** features of hire purchase.

1

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2

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(Total for Question 10 = 2 marks)



14 Study the information provided, and answer the questions that follow.

The company's long-term capital has been raised with:

1 000 000 ordinary shares of £1
4 000 000 8% preference shares of 50p
£7 000 000 of 7% debentures

During the year, the company's accounts showed:

Sales revenue	£2 000 000
Production costs (excluding payments to debenture holders)	£500 000
Income tax	£50 000

(a) (i) Which **one** of the sources of capital would give shareholders voting rights? (1)

(ii) How much money does the company raise by issuing preference shares? (1)

(iii) How much does the company pay in interest to debenture holders each year? (1)

(b) Calculate the amount of money available to pay out in ordinary share dividends. (3)

(Total for Question 14 = 6 marks)



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15 The following information shows a country's balance of payments for 2016.

Balance of payments (£million)

Visible imports	760
Visible exports	494
Invisible imports	240
Invisible exports	425

Study the information, and answer the questions that follow.

(a) Calculate the following, showing your working:

(i) balance of trade (2)

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(ii) balance of payments. (2)

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(b) Describe **two** possible advantages for a country of international trade. (4)

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The government of a country is concerned about its balance of payments figures. It is considering the introduction of trade restrictions and a devaluation of its currency.

(c) Analyse the likely effects of the following trade restrictions on imports:

(i) tariffs

(3)

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(ii) quotas.

(3)

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(d) Analyse why a devaluation of the country's currency might benefit the country.

(6)

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(Total for Question 15 = 20 marks)



16 Below is an advertisement for Wecaninsureyou, an insurance company.

Telephone us on 08006234860 or email us on wecaninsureyou@freeline for an insurance quotation.



Study the advertisement, and answer the questions that follow.

(a) (i) State **one other** electronic method of communication that could be used by Wecaninsureyou.

(1)

(ii) State **one** benefit to the company of a customer telephoning them for a quotation.

(1)

(iii) State **one** reason why a customer would make an insurance enquiry by email rather than by telephone.

(1)



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(b) Analyse **two** differences between purchasing insurance from an insurance company and purchasing insurance from Lloyd's.

(4)

1

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2

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(c) Explain why people should obtain several quotations before purchasing insurance.

(3)

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(d) Suggest why an insurance company requires a proposal form to be completed before providing insurance cover.

(6)

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(e) Explain how insurance companies make a profit from providing insurance cover.

(4)

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(Total for Question 16 = 20 marks)



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17 Seaways Ltd is a transport company. Apart from transporting oil in oil tankers, it now wants to carry passengers and freight by ferry.

(a) Describe **two** benefits of using ferries to transport freight.

(4)

1

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2

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(b) Seaways Ltd is a private limited company. What is meant by:

(i) private

(2)

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(ii) limited?

(2)

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Seaways Ltd wishes to buy two ferries to start its new service. It does not have enough capital but is considering the following two options.

Option 1 – Using retained profits

Option 2 – Obtaining a bank loan

(c) Justify which option Seaways Ltd should choose by explaining why you have selected this option and rejected the other.

(8)

Dotted lines for writing the answer.



(d) Analyse why an overdraft would not be a suitable source of finance for buying the new ferries.

(4)

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(Total for Question 17 = 20 marks)

TOTAL FOR PAPER = 100 MARKS

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