

S1032 & 1 June
W.A.S.S.C.E. 2001
COMMERCE 2 & 1

2&1

3 $\frac{1}{2}$ hours

Name:.....

Identification Number:.....

THE WEST AFRICAN EXAMINATIONS COUNCIL

West African Senior School Certificate Examination

June 2001

COMMERCE 2 & 1

3 $\frac{1}{2}$ hours

Do not open this booklet until you are told to do so. While you are waiting, read the following instructions carefully.

Write your Name and Identification Number in the spaces provided at the top right-hand corner of this booklet.

This booklet consists of two papers. Answer Paper 2 which comes first, in your answer booklet and Paper 1 in your Objective Test answer sheet. Paper 2 will last for 2 $\frac{1}{2}$ hours after which the answer booklets will be collected. Do not start Paper 1 until you are told to do so. Paper 1 will last for 1 hour.

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PAPER 2

2½ hours

ESSAY

Answer five questions only.

1. (a) With the aid of a diagram, illustrate the scope of commerce. [8 marks]
- (b) Explain **four** commercial activities that facilitate buying and selling. [12 marks]
2. (a) Differentiate between *Hire Purchase* and *Credit Sale*. [4 marks]
- (b) Give **four** advantages of hire purchase to **each** of the following:
- (i) a seller
- (ii) a buyer [16 marks]
3. Write short notes on the following:
- (a) Persuasive advertising [4 marks]
- (b) Informative advertising [4 marks]
- (c) Competitive advertising [4 marks]
- (d) Mass advertising [4 marks]
- (e) Direct advertising [4 marks]
4. (a) State **six** distinguishing features of a mail order business. [12 marks]
- (b) Give **four** disadvantages of a mail order business. [8 marks]
5. (a) Explain **six** reasons for government participation in business enterprises. [12 marks]
- (b) State **four** demerits of government participation in business enterprises. [8 marks]

6. (a) What is a bill of lading? [4 marks]
- (b) State **six** contents of a bill of lading. [12 marks]
- (c) Distinguish between a clean bill of lading and a foul bill of lading. [4 marks]
7. (a) State any **four** rights of an unpaid seller of goods. [8 marks]
- (b) Give **six** duties of an agent to the principal. [12 marks]

8. Fred Asamah had the following state of affairs as at 31st December, 1999.

	₦
Vehicles	82,000
Furniture	15,000
Stocks	38,000
Debtors	25,000
Creditors	30,000
Cash in hand	10,000
Bank overdraft	5,000
Capital	135,000

- (a) Calculate:
- (i) the current assets of the business. [4 marks]
- (ii) its current liabilities [3 marks]
- (iii) its working capital [8 marks]
- (b) What is a current asset? [2 marks]
- (c) State **one** significance of calculating the working capital. [3 marks]

Turn over

9. (a) Explain uninsurable risks and list **two** types of such risks. [4 marks]
- (b) Write short notes on the following:
- (i) Hull insurance [4 marks]
 - (ii) Fidelity guarantee insurance [4 marks]
 - (iii) Underwriter [4 marks]
 - (iv) Insurance Premium [4 marks]
10. (a) State **four** factors that would determine the choice of transport by a businessman. [8 marks]
- (b) State **four** advantages of road transport over rail transport. [12 marks]

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DO NOT TURN OVER THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

**YOU WILL BE PENALIZED SEVERELY IF YOU ARE
FOUND LOOKING AT THE NEXT PAGE BEFORE
YOU ARE TOLD TO DO SO.**

**WHILE YOU ARE WAITING, READ THE FOLLOWING
INSTRUCTIONS CAREFULLY.**

PAPER 1

OBJECTIVE TEST

1 hour

1. Use **HB** pencil throughout.
2. If you have got a blank answer sheet, complete the top section of it as follows:
 - (a) In the space marked *Name*, write in capital letters your **surname** followed by your **other names**.
 - (b) In the spaces marked *Examination, Year, Subject and Paper*, write 'W.A.S.S.C.E.', '2001 JUNE', 'COMMERCE' and '1', respectively.
 - (c) In the box marked *Identification Number*, write down your **identification number** vertically in the spaces on the left-hand side. There are numbered spaces in line with each digit. Shade carefully the space with the same number as each digit.
 - (d) In the box marked *Subject Code*, write down the digits **103112** in the spaces on the left-hand side. Shade the corresponding numbered spaces in the same way as for your identification number.
 - (e) In the box marked *Sex*, shade the space marked **M** if you are **male**, or **F** if you are **female**.
3. If you have got a pre-printed answer sheet, check that the details are correctly printed, as described in 2 above. In the boxes marked *Identification Number, Subject Code* and *Sex*, **reshade** each of the shaded spaces.
4. An example is given below. This is for a **male** candidate, whose **name** is **Chukwuma Adekunle CIROMA**, whose **identification number** is **4251102068**, and who is offering **Commerce 1**.

THE WEST AFRICAN EXAMINATIONS COUNCIL

PRINT IN BLOCK LETTERS

Name: CIROMA CHUKWUMA ADEKUNLE Examination: W.A.S.S.C.E. Year: 2001 JUNE
Surname Other Names

Subject: COMMERCE Paper: 1

IDENTIFICATION NUMBER	
4	0 1 2 3 4 5 6 7 8 9
2	0 1 2 3 4 5 6 7 8 9
5	0 1 2 3 4 5 6 7 8 9
7	0 1 2 3 4 5 6 7 8 9
1	0 1 2 3 4 5 6 7 8 9
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SUBJECT CODE	
1	0 1 2 3 4 5 6 7 8 9
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3	0 1 2 3 4 5 6 7 8 9
1	0 1 2 3 4 5 6 7 8 9
1	0 1 2 3 4 5 6 7 8 9
2	0 1 2 3 4 5 6 7 8 9

SEX	
M	F

Indicate your sex by shading the space marked M (for Male) or F (for Female) in this box:

INSTRUCTIONS TO CANDIDATES

1. Use grade HB pencil throughout.
2. Answer each question by choosing one letter and shading it like this: [A] [B] [C] [D]
3. Erase completely any answers you wish to change.
4. Leave extra spaces blank if the answer spaces provided are more than you need.
5. Do not make any markings across the heavy black marks at the right hand edge of your answer sheet.

For Supervisors only.
If candidate is absent shade this space:

Answer **all** the questions.

Each question is followed by **four** options lettered A to D. Find out the correct option for each question and shade **in pencil** on your answer sheet the answer space which bears the same letter as the option you have chosen. Give only **one** answer to each question. An example is given below.

What is the name given to the type of post in which the Post Office promises extra security?

- A. Express
- B. Surface
- C. Air Mail
- D. Registered

The correct answer is Registered which is lettered D and therefore answer space D would be shaded.

[A]

[B]

[C]

[D]

Think carefully before you shade the answer spaces; erase completely any answers you wish to change.

Do all rough work on this question paper.

Now answer the following questions.

1. Which of the following **best** describes commerce?
 - A. Buying and selling of goods and services
 - B. Buying, selling and distribution of goods and services
 - C. Preserving goods until they are needed
 - D. Making goods and services known to people

2. Those who are engaged in exploiting natural resources are in
 - A. extractive occupation.
 - B. constructive occupation.
 - C. commercial occupation.
 - D. manufacturing occupation.

3. Which of the following is classified under primary production?
- A. Cloth making
 - B. Shoe making
 - C. Coal mining
 - D. Road construction
4. The mark-up of a retailer represents the
- A. gross profit.
 - B. opening stock.
 - C. closing stock.
 - D. net profit.
5. The number of times the average stock of a business is sold within a given period is
- A. turnover.
 - B. rate of turnover.
 - C. sales return.
 - D. current ratio.
6. Branding is an aspect of marketing mix associated with
- A. price.
 - B. product.
 - C. place.
 - D. distribution.
7. Which of the following is **most** appropriate for a "Cash with Order" terms of sale?
- A. Proforma invoice
 - B. Credit note
 - C. Debit note
 - D. Consignment note

8. Which of the following businesses must have at least one member with unlimited liability?
- A. Limited liability company
 - B. Limited partnership
 - C. Nominal partnership
 - D. Public enterprise
9. Which of the following is a feature of sole proprietorship?
- A. Issue of shares
 - B. Limited liability
 - C. Limited capital
 - D. Legal entity
10. Which of the following is used to advertise the activities of a company?
- A. Memorandum of association
 - B. Articles of association
 - C. Certificate of incorporation
 - D. Prospectus
11. Which of the following requires a certificate of trading to start business?
- A. Partnership
 - B. Private Limited Company
 - C. Cooperative Society
 - D. Public Limited Company
12. A business firm which controls more than half of another firm's equity is a
- A. holding company.
 - B. consortium.
 - C. cartel.
 - D. syndicate.

13. Which of the following is an example of itinerant trading?
- A. Mobile shops
 - B. Mail order business
 - C. Stall holding
 - D. Selling from kiosk
14. Which of the following is **not** an objective of ECOWAS?
- A. Expansion of trade
 - B. Encouraging free movement of persons within member states
 - C. Improvement of infrastructural facilities
 - D. Promoting a common language
15. The expert who calculates premium for an insurance policy is
- A. an underwriter.
 - B. an actuary.
 - C. a broker.
 - D. an assessor.
16. Which of the following means restoring the insured to the position he was just before the loss occurred?
- A. Indemnity
 - B. Subrogation
 - C. Proximate cause
 - D. Utmost good faith
17. Which of the following is **not** a means of payment in foreign trade?
- A. Telegraphic transfer
 - B. Cheque
 - C. Letter of credit
 - D. Bill of exchange

18. The act of keeping products in good condition until they are needed is
- A. insurance.
 - B. warehousing.
 - C. communication.
 - D. advertising.
19. A person who decides what to produce and combines the other factors of production is the
- A. entrepreneur.
 - B. distributor.
 - C. engineer.
 - D. retailer.
20. The authority given to a bank to make regular payments on behalf of a customer for a specific purpose is known as
- A. bank draft.
 - B. credit transfer.
 - C. standing order.
 - D. certified cheque.
21. A bundle of shares is called
- A. stock.
 - B. bonus issue.
 - C. debenture.
 - D. rights issue.
22. Agricultural cooperative banks are best classified under
- A. commercial banks.
 - B. savings banks.
 - C. merchant banks.
 - D. specialized banks.

23. Which of the following is a creditor legally bound to accept for settlement of a debt?
- A. Bank draft
 - B. Bank note
 - C. Money order
 - D. Cheque
24. All human effort geared towards the production of goods and services is
- A. entrepreneurship.
 - B. labour.
 - C. capital.
 - D. occupation.
25. Which of the following abbreviations indicates that the seller reserves the right to correct errors on the invoice?
- A. E. & O.E.
 - B. C.I.F.
 - C. C.O.D.
 - D. C.W.O.
26. A document from a seller which corrects an under-charge on a buyer's account is known as
- A. proforma invoice.
 - B. credit note.
 - C. debit note.
 - D. statement of account.
27. A price quotation that covers the cost of goods and all other expenses incurred in delivering the goods to the buyer is called
- A. CIF.
 - B. FAS.
 - C. Franco.
 - D. Loco.

28. An agent who takes possession of goods and sells in his own name is known as
- a broker.
 - a del credere agent.
 - an auctioneer.
 - a factor.
29. Which of the following is **not** a service rendered by the wholesaler to the manufacturer?
- Warehousing
 - Quality Control
 - Financing
 - Bulk-breaking
30. The extra commission for pledging full settlement of the purchase price of goods is given to a
- del credere agent.
 - factor.
 - broker.
 - jobber.
31. Which of the following is **not** used to correct an adverse balance of payment?
- Increasing imports
 - Increasing exports
 - Decreasing imports
 - Devaluation
32. When a bill is paid before its due date at a lesser value, it is
- accepted.
 - discounted.
 - dishonoured.
 - retired.
33. Which of the following is **not** a function of the Ports Authority?
- Ensuring safe movement of ships
 - Collecting import and export duties
 - Providing warehousing services
 - Ensuring law and order in the harbours

34. The portion of authorized capital made available to the public for subscription is
- A. called-up capital.
 - B. paid-up capital.
 - C. call in arrears.
 - D. issued capital.

Use the following information to answer Questions 35 to 37.

XY Ltd's stock as at 1st February, 1998 was ₦2,000 and as at 31st December was ₦4,000. It purchased goods worth ₦6,000 during the year and paid ₦1,000 for rent.

35. The average stock is
- A. ₦2,000.
 - B. ₦3,000.
 - C. ₦4,000.
 - D. ₦6,000.
36. The cost of goods sold is
- A. ₦2,000.
 - B. ₦4,000.
 - C. ₦6,000.
 - D. ₦8,000.
37. The rate of stock turnover is
- A. 1.3 times.
 - B. 1.5 times.
 - C. 2.0 times.
 - D. 3.0 times.
38. A specially designed container to convey crude oil or liquid from one location to another is a
- A. launch.
 - B. tanker.
 - C. ferry.
 - D. coaster.

39. Which of the following is **not** a marketing function?
- A. Advertising
 - B. Insurance
 - C. Packaging
 - D. Transportation
40. Which of the following is **not** a feature of a department store?
- A. Located at the centre of a city
 - B. Bulk buying
 - C. Attractive layout
 - D. Selling one line of goods
41. Which of the following is a function of a warehouse?
- A. Stabilizing prices
 - B. Increasing competition
 - C. Stimulating demand
 - D. Controlling quality
42. The term “ $2\frac{1}{2}\%$ 30 days” refers to
- A. mark-up.
 - B. trade discount.
 - C. cash discount.
 - D. value added tax.
43. The turnover of a company will improve if the company increases
- A. advertising.
 - B. prices of goods.
 - C. production.
 - D. warehousing facilities.
44. An association of businessmen including manufacturers, traders, bankers and people engaged in business in an area is known as
- A. trade association.
 - B. chamber of commerce.
 - C. trade union.
 - D. cooperative society.

45. Product, pricing distribution and promotion are elements of
- marketing mix.
 - marketing research.
 - sales promotion.
 - product orientation.
46. The greatest advantage of air transport over all other means of transport is its
- comfort.
 - safety.
 - speed.
 - flexibility.
47. The exchange of goods for goods in foreign trade is known as
- visible trade.
 - smuggling.
 - counter trade.
 - entrepôt trade.
48. A speculator on the stock exchange market who sells securities for fear of a fall in their prices is called
- a bull.
 - a bear.
 - a stag.
 - an underwriter.
49. The law by which the seller transfers the property in goods to the buyer at an agreed price is the
- Hire Purchase Act.
 - Trade Description Act.
 - Foods and Drugs Act.
 - Sale of Goods Act.
50. Which of the following is a means of payment to persons abroad through the post office?
- Postal order
 - Cheque
 - Bank draft
 - Telegraphic money order