

**S1032 & 1 June**  
**WASSCE 2008**  
**COMMERCE 2 & 1**  
**Essay & Objective**  
**3  $\frac{1}{2}$  hours**

**2 & 1**

**Name:** .....

**Index Number:** .....

**THE WEST AFRICAN EXAMINATIONS COUNCIL**  
**West African Senior School Certificate Examination**

June 2008

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 index 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 booklet 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

ESSAY

2½ hours

*Answer five questions only.*

1. (a) List and explain **each** of the factors of production. [ 8 marks ]  
(b) State **three** features of **each** of the factors of production. [ 12 marks ]
2. State **five** features of **each** of the following:  
(a) multiple shops. [ 10 marks ]  
(b) department stores [ 10 marks ]
3. (a) Itemize and explain **four** functions of money. [ 12 marks ]  
(b) State **two** features of **each** of the following types of Accounts:  
(i) Current Accounts;  
(ii) Fixed Deposit Accounts. [ 8 marks ]
4. (a) What is a contract? [ 4 marks ]  
(b) List and explain **four** ways by which a contract can be terminated [ 16 marks ]
5. Describe the following documents used in international trade:  
(a) consular invoice; [ 4 marks ]  
(b) indent; [ 4 marks ]  
(c) bill of lading; [ 4 marks ]  
(d) certificate of origin; [ 4 marks ]  
(e) certificate of insurance. [ 4 marks ]
6. Distinguish between sole proprietorship and partnership form of business under the following:  
(a) formation;  
(b) ownership;  
(c) liability;  
(d) capital;  
(e) management. [ 20 marks ]

7. You are given the following figures as extracted from Precious Saloon Services:

	₦
Sales	120,000
Purchases	65,000
Opening stock	15,000
Closing stock	20,000
Wages and salaries	15,000
Debtors	20,000

From the above information; calculate the following (show all workings):

- (a) gross profit; [ 5 marks ]
- (b) net profit; [ 3 marks ]
- (c) rate of turnover; [ 6 marks ]
- (d) gross profit percentage (%); [ 3 marks ]
- (e) net profit percentage (%). [ 3 marks ]
8. (a) Explain **four** steps taken to obtain an insurance policy. [ 12 marks ]
- (b) What is an uninsurable risk? [ 3 marks ]
- (c) List **five** examples of insurable risks. [ 5 marks ]
9. Explain **each** of the following:
- (a) ordinary shares; [ 4 marks ]
- (b) preference shares; [ 4 marks ]
- (c) the activities of stags; [ 4 marks ]
- (d) the activities of bulls; [ 4 marks ]
- (e) the activities of stockbrokers. [ 4 marks ]
10. (a) Distinguish between sales promotion and public relations. [ 4 marks ]
- (b) Explain **four** means of promoting public relations. [ 16 marks ]

# 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 its top section 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 '**WASSCE**', '**2008 JUNE**', '**COMMERCE**' and '**1**' respectively.
  - (c) In the box marked *Index Number*, write your **index 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 *Paper Code*, write the digits **103112** in the spaces on the left-hand side. Shade the corresponding numbered spaces in the same way as for your index 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 *Index Number*, *Paper 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 **index number** is **4251102068** and who is offering **Commerce 1**.

## THE WEST AFRICAN EXAMINATIONS COUNCIL

PRINT IN BLOCK LETTERS			
Name:	<b>CIROMA CHUKWUMA ADEKUNLE</b>	Examination: <b>WASSCE</b>	Year: <b>2008 JUNE</b>
	Surname                      Other Names		
Subject:	<b>C O M M E R C E</b>		Paper: <b>1</b>

INDEX NUMBER	
4	◻0◻1◻2◻3◻4◻5◻6◻7◻8◻9◻
2	◻0◻1◻2◻3◻4◻5◻6◻7◻8◻9◻
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SEX
Indicate your sex by shading the space marked <b>M</b> (for Male) or <b>F</b> (for Female) in this box: <b>M</b> <input type="checkbox"/> <b>F</b> <input type="checkbox"/>

INSTRUCTIONS TO CANDIDATES
1. Use grade <b>HB pencil</b> throughout. 2. Answer each question by choosing one letter and shading it like this: [A] [B] [C] <input checked="" type="checkbox"/> 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.

<b>For Supervisors only.</b> If candidate is absent shade this space: <input type="checkbox"/>
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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 answer you wish to change

Do all rough work on this question paper.

Now, answer the following questions.

1. All activities involved in buying, selling and movement of goods and services is a definition of
  - A. commerce.
  - B. trade.
  - C. communication.
  - D. distribution.
2. Which of the following groups belong to the extractive industry?
  - A. Building, moulding and hunting
  - B. Quarrying, fishing and farming
  - C. Banking, trading and mining
  - D. Farming, hunting and baking
3. Which of the following is a commercial activity?
  - A. Shipping
  - B. Bag making
  - C. Baking
  - D. Weaving

4. A cooperative society maintains the democratic principle where members
- A. share profit equally.
  - B. of the management committee are elected.
  - C. hold equal shares.
  - D. have only one vote each.
5. An advantage of a sole proprietorship is that it
- A. is easy to form.
  - B. requires special documents to operate.
  - C. can easily raise capital.
  - D. has continuity.
6. Which of the following is **not** a feature of a private company?
- A. Restriction of members right to transfer shares
  - B. Invitation to the public to subscribe for shares
  - C. It must hold annual general meetings
  - D. Limitation of liability of members
7. PTK PLC lost one of its shareholders and the company continued to exist, PTK PLC is a
- A. sole proprietorship.
  - B. partnership.
  - C. cooperative society.
  - D. public limited company.

*Use the following information to answer questions 8 and 9.*

A firm's turnover is ₦15,000, the cost of goods sold is ₦10,000 and ₦3,000 was spent on rent and electricity.

8. From the above, the percentage of gross profit on sales is
- A. 13.3%
  - B. 20.0%
  - C. 33.3%
  - D. 50%

9. From the data provided, the net profit is
- A. ₦2,000
  - B. ₦5,000
  - C. ₦7,000
  - D. ₦12,000
10. The registered capital of a company is also known as the
- A. issued capital.
  - B. paid-up capital.
  - C. circulating capital.
  - D. nominal capital.
11. Which of the following discount must first be deducted from the gross sales value of a product before calculating cash discount?
- A. Rebate
  - B. Quantity discount
  - C. Seasonal discount
  - D. Promotional discount
12. The quotation "5% 28 days" refers to
- A. quantity discount.
  - B. cash discount.
  - C. trade discount.
  - D. seasonal discount.
13. Total sales less total returns inwards is the
- A. net profit.
  - B. average stock.
  - C. net sales.
  - D. gross profit.

14. Which of the following is primarily responsible for protecting consumers against poor quality product?
- A. Standard Organization
  - B. Trade Association
  - C. Chambers of Commerce
  - D. Export Promotion Council
15. The distribution of goods and services among many countries is
- A. counter trade.
  - B. bi-lateral trade.
  - C. multi-lateral trade.
  - D. trade by barter.
16. The factors to be considered in starting a retail business does **not** include
- A. capital.
  - B. location.
  - C. nature of business.
  - D. branding of goods.
17. A bill of lading is best described as a/an
- A. evidence of payment for insurance.
  - B. document of title to goods.
  - C. certificate of origin of goods.
  - D. certificate of inspection of goods.
18. The practice of re-exporting of goods, which have previously been imported is known as
- A. counter trade.
  - B. free trade.
  - C. entrepôt trade.
  - D. bi-lateral trade.



19. Which of the following price quotations means that the seller is responsible for all expenses up to the time the goods arrive at the port?
- CIF
  - COD
  - CWO
  - FAS
20. A situation whereby exports exceed imports is considered as
- favourable balance of payment.
  - unfavourable balance of trade.
  - favourable balance of trade.
  - unfavourable balance of payment.
21. Which of the following is **not** a function of the customs authorities?
- Denying importers short-term credits
  - Collating statistics on imports and exports
  - Collecting information on imports and exports
  - Ensuring that goods placed on licence are not imported in excess
22. Which of the following channels is the best for selling computers?
- Producer → retailer → consumer
  - Producer → wholesaler → retailer → consumer
  - Producer → consumer
  - Producer → distributor → consumer
23. Which of the following countries is **not** a member of ECOWAS?
- The Gambia
  - Botswana
  - Liberia
  - Ghana

24. When the government takes over an existing private business, the business is said to be
- nationalized.
  - privatized.
  - capitalized.
  - commercialized.
25. An act that is aimed at preventing false claims on goods by the seller is the
- Price Control Act.
  - Sale of Goods Act.
  - Trade Description Act.
  - Food and Drug Act.
26. An arrangement where a firm buys an equipment for lending out is known as
- factoring.
  - leasing.
  - hedging.
  - mortgaging.
27. An organized movement of final users of goods aimed at protecting their rights and interests is
- unionism.
  - consumerism.
  - cooperative movement.
  - protectionism
28. An agreement between two parties which is enforceable in law is called a
- policy.
  - warrant.
  - contract.
  - clause.

Turn over

29. Terms of payment are quoted on the
- A. order.
  - B. credit note.
  - C. invoice.
  - D. advice note.
30. Which of the following documents is a reply to a letter of enquiry?
- A. Debit note
  - B. Order
  - C. Invoice
  - D. Quotation
31. Which of the following means, *let the buyer beware*?
- A. Caveat venditor
  - B. Del credere
  - C. Caveat emptor
  - D. Uberrimae fidei
32. An instruction given to a banker to make regular payment on behalf of a customer is known as
- A. debit transfer.
  - B. credit transfer.
  - C. money remittance.
  - D. standing order.
33. The only bank that is authorized to issue bank notes is the
- A. Commercial Bank.
  - B. Merchant Bank.
  - C. Central Bank.
  - D. Development Bank.
34. The regular amount paid by the insured to the insurer is known as
- A. interest.
  - B. credit payment.
  - C. instalment.
  - D. premium.

35. Some businessmen prefer to operate current account because
- A. withdrawals can be as often as possible.
  - B. bank charges are not high.
  - C. it is prestigious to operate.
  - D. owners of current account cannot be duped.
36. Failure to disclose a material fact in insurance makes such a contract voidable under the principle of
- A. insurable interest.
  - B. utmost good faith.
  - C. proximate cause.
  - D. indemnity.
37. When a number of insurers are liable under the same policy, the principle of insurance that applies is called
- A. re-insurance.
  - B. proximate cause.
  - C. insurable interest.
  - D. contribution.
38. Which of the following is **not** an insurable risk?
- A. Theft
  - B. Fire outbreak
  - C. Change in fashion
  - D. Accident
39. A member of the Stock Exchange who buys and sells securities on his own is a/an
- A. broker.
  - B. jobber.
  - C. authorized clerk.
  - D. stag.

40. Where consequential loss is included in a fire insurance, which of the following will **not** be covered by the policy?
- A. Loss of profit
  - B. Salaries of workers
  - C. Payment of fixed overhead expenses
  - D. Loss of life
41. Which of the following mode of transport is most suitable for petrol?
- A. Sea
  - B. Air
  - C. Pipeline
  - D. Road
42. Electronic advertising media consists of
- A. radio, television and cinema.
  - B. newspapers, magazines and journals.
  - C. outdoor poster media.
  - D. radio, television and newspapers.
43. Automatic vending is a form of
- A. indirect selling.
  - B. mass marketing.
  - C. market penetration.
  - D. direct selling.
44. Which of the following may **not** be used as a means of promoting sales?
- A. Free samples
  - B. Product variation
  - C. Branding
  - D. Blending
45. One of the benefits of personal selling is
- A. wide coverage.
  - B. self service.
  - C. low cost.
  - D. immediate feedback.

46. Dead freight in transportation refers to the amount paid for
- leasing.
  - chartering.
  - overloading.
  - unused space.
47. A high rate of turnover would most likely be recorded by the selling of
- luxurious buses.
  - GSM handsets.
  - newspapers.
  - custom-made shoes.
48. The objective of the River Niger Basin Commission is mainly to
- liberalize trade within the region.
  - harness the resources of the river for the region.
  - dredge the river and its tributaries.
  - eliminate pirates and bandits from the river.
49. Which of the following is entitled to further dividend after ordinary shares have received the approved dividend?
- Cumulative preference share
  - Founders share
  - Participating preference share
  - Debenture
50. A manifest is a document in transportation that shows the
- cargoes, passengers, crew and destination.
  - cargoes, and passengers only.
  - freight paid for shipping.
  - type of insurance for the ship.