

P1032 & 1 Nov.
W.A.S.S.C.E. 2000
COMMERCE 2 & 1

2&1

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

Name:.....

Identification Number:.....

THE WEST AFRICAN EXAMINATIONS COUNCIL

West African Senior School Certificate Examination

November 2000

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

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

ESSAY

Answer five questions only.

1. (a) What is a discount ? Give **two** examples. [5 marks]
(b) Give **five** reasons why firms grant discounts. [15 marks]
2. Explain each of the following documents:
 - (i) Export invoice [4 marks]
 - (ii) Bill of lading [4 marks]
 - (iii) Certificate of Origin [4 marks]
 - (iv) Bill of exchange [4 marks]
 - (v) Consular invoice [4 marks]
3. State and explain **five** functions of commerce. [20 marks]
4. (a) What is a prospectus? [4 marks]
(b) Identify **six** items of information that are contained in a prospectus. [12 marks]
(c) Explain the purpose of a prospectus. [4 marks]
5. (a) Explain **five** functions of public relations in an organization. [10 marks]
(b) State **five** media of public relations [10 marks]

- (a) State **five** duties of a principal to an agent. [5 marks]
- (b) List and explain **any five** basic elements of a valid contract. [15 marks]
- (a) Classify means of payment under the following headings:
- (i) Legal tender [2 marks]
 - (ii) Banking system [5 marks]
 - (iii) Post Office [3 marks]
- (b) Explain **any five** of the means of payment identified in 7(a) above. [10 marks]
- (a) Outline **six** circumstances in which a company may adopt direct selling as a strategy. [12 marks]
- (b) State **four** reasons why a manufacturer may brand his products. [8 marks]

A large-scale retail concern had the following balances in its books as at 31st December, 1998

	₦
Stock 1st January, 1998	8,000
Purchases during the year	85,000
Sales for the year	120,000
Stock 31st December, 1998	7,000
Selling expenses	10,000

- (a) You are required to calculate:
- (i) Cost of goods sold; [5 marks]
 - (ii) Net profit; [7 marks]
 - (iii) Rate of stock turnover [3 marks]
- (b) State **five** factors that may lead to an increase in the rate of stock turnover of a business. [5 marks]

10. (a) What is *Nationalization* ? [2 marks]
- (b) State **four** reasons for nationalization [8 marks]
- (c) Explain **any five** disadvantages of nationalization. [10 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

- Use **HB** pencil throughout.
- If you have got a blank answer sheet, complete the top section of it as follows:
 - In the space marked *Name*, write in capital letters your **surname** followed by your **other names**.
 - In the spaces marked *Examination*, *Year*, *Subject* and *Paper*, write 'W.A.S.S.C.E.', '2000 NOVEMBER', 'COMMERCE' and '1', respectively.
 - 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.
 - 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.
 - In the box marked *Sex*, shade the space marked **M** if you are **male**, or **F** if you are **female**.
- 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.
- An example is given below. This is for a male candidate, whose name is Hamza Isa AUDU, whose **identification number** is 5251102068, and who is offering Commerce 1.

THE WEST AFRICAN EXAMINATIONS COUNCIL

PRINT IN BLOCK LETTERS	
Name: <u>AUDU HAMZA ISA</u>	Examination: <u>W.A.S.S.C.E.</u> Year: <u>2000 NOV.</u>
Surname: <u>AUDU</u>	Other Names: <u>HAMZA ISA</u>
Subject: <u>COMMERCE</u>	Paper: <u>1</u>

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

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	
Indicate your sex by shading the space marked M (for Male) or F (for Female) in this box: M F	
<input type="checkbox"/>	<input type="checkbox"/>

INSTRUCTIONS TO CANDIDATES

- Use grade HB pencil throughout.
- Answer each question by choosing one letter and shading it like this: [A] [B] [C] ☒
- Erase completely any answers you wish to change.
- Leave extra spaces blank if the answer spaces provided are more than you need.
- 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: ☐

Turn over

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 is a feature of Sole Proprietorship ?
 - A. Business name must be registered
 - B. Liability of the owner is limited
 - C. It is a legal entity
 - D. Decisions are promptly made
2. Which of the following grants loan to members without stringent collateral security ?
 - A. Commercial banks
 - B. Mortgage banks
 - C. Saving banks
 - D. Thrift societies

3. An existing partnership is dissolved if it
- A. is registered under a trade name.
 - B. has been registered for over ten years.
 - C. has no limited partner.
 - D. admits a new partner.
4. Profits made by a co-operative society are referred to as
- A. gross profit.
 - B. bonus.
 - C. surplus.
 - D. dividend.
5. Which of the following has the distinctive feature of transferring shares freely?
- A. Sole Proprietorship
 - B. Partnership
 - C. Private Limited Liability Companies
 - D. Public Limited Liability Companies
6. Which of the following is the amount of capital a limited liability company must **not** exceed by law?
- A. Working capital
 - B. Nominal capital
 - C. Loan capital
 - D. Fixed capital
7. Furniture and fittings used in a business are classified as
- A. fixed asset.
 - B. circulating capital.
 - C. current asset.
 - D. working capital.

8. Capital plus Profit minus Drawings is equal to
 - A. fixed capital.
 - B. liquid capital.
 - C. capital owned.
 - D. capital employed.
9. A voluntary organization of business executives, tradesmen and entrepreneurs in an area is called
 - A. Trade Association.
 - B. Trade Union.
 - C. Cartel.
 - D. Chamber of Commerce.
10. A voluntary association of independent firms formed for the purpose of executing a large capital project is a
 - A. merger.
 - B. consortium.
 - C. cartel.
 - D. trust.
11. The difference between a country's exports and imports is called
 - A. terms of trade.
 - B. foreign exchange.
 - C. balance of trade.
 - D. balance of payment.
12. Which of the following does **not** accompany goods in international trade ?
 - A. Consignment Note
 - B. Certificate of Origin
 - C. Insurance Certificate
 - D. Export Licence

13. Re-exporting goods which have been imported is known as
- A. visible trade.
 - B. counter trade.
 - C. invisible trade.
 - D. entrepôt trade.
14. A bonded warehouse is used to store goods which are
- A. manufactured in a country.
 - B. to be exported.
 - C. awaiting payment of duties.
 - D. seized as contrabands.
15. A retail outlet that has many stores under one roof is a
- A. department store.
 - B. mobile shop.
 - C. chain store.
 - D. mail order business.
16. Which of the following provides harbours, berths and navigational aids to ships ?
- A. Export Promotion Council
 - B. Shipping, Clearing and Forwarding Agents
 - C. Ports Authority
 - D. Customs and Excise Authority
17. When a buyer is to pay for the cost of transporting goods, the invoice is marked
- A. carriage forward.
 - B. carriage paid.
 - C. cost and freight
 - D. cost, insurance and freight.

Use the following information to answer Questions 18 to 20.

GPT PLC
GARU WARD
ENUGU

Messrs Dodo & Co.
Chukwudi Avenue,
Oyo.

No.: A/152

Date: As at today.

Your Order No.: L/2406

	Unit Price
	₦
Rulers	7.50
Pencils	3.20
40 leaves exercise books	9.50
60 leaves exercise books	14.30

Terms: 5% up to 100 units; $2\frac{1}{2}$ % of 30 days.

18. The above document is

- A. a receipt.
- B. an invoice.
- C. an order.
- D. a quotation.

19. GPT PLC is the

- A. banker.
- B. seller.
- C. buyer.
- D. carrier.

20. The term "5% up to 100 units" refers to

- A. percentage of profit.
- B. mark-up.
- C. cash discount.
- D. trade discount.

21. Which of the following institutions is a lender of last resort ?
- A. Commercial bank
 - B. Central bank
 - C. Merchant bank
 - D. Federal mortgage bank
22. A cheque is dishonoured if it bears
- A. current date.
 - B. altered figure without initials.
 - C. same amount in words and figures.
 - D. payee's name only.
23. A bank's guarantee to honour the exporter's invoice when presented for payment is called
- A. irrevocable letter of credit.
 - B. documentary credit.
 - C. unconfirmed credit.
 - D. letter of hypothecation.
24. Which of the following is **not** true of insurance?
- A. Insurance companies can invest money entrusted to them
 - B. A motorist must insure against third party risks
 - C. Changes in demand are insurable
 - D. Gambling is uninsurable
25. An insurance policy which provides for the beneficiary when the assured dies is
- A. pension scheme.
 - B. whole life assurance.
 - C. accident insurance.
 - D. endowment.
26. The insurance policy that covers a vessel for a specified journey is
- A. time policy.
 - B. voyage policy.
 - C. mixed policy.
 - D. term policy.

27. The market where existing securities are bought and sold is
- A. money market.
 - B. mini-market.
 - C. foreign exchange market.
 - D. stock exchange market.
28. Government raises funds usually through the sale of
- A. bill of exchange.
 - B. debentures.
 - C. premium certificates.
 - D. treasury bills.
29. Shares issued to existing shareholders in proportion to their shareholdings, without their paying for them are known as
- A. bonus issue.
 - B. rights issue.
 - C. preference shares.
 - D. deferred shares.
30. Which of the following is **not** a service rendered by the Post Office ?
- A. Poste restante
 - B. Telegrams
 - C. Air mail service
 - D. Recorded delivery service
31. The capacity to carry bulky goods and passengers is a distinctive advantage of transport by
- A. trains.
 - B. trailers.
 - C. luxury buses.
 - D. lorries.
32. A freight ship which travels wherever it can find cargoes to carry is a
- A. liner.
 - B. tramp.
 - C. tanker.
 - D. ferry.

33. The practice by which the Central Bank controls the money in circulation through the purchase and sale of government bonds is called
- A. open market operation.
 - B. moral suasion.
 - C. special directive.
 - D. bank rate.
34. The assignment of identifiable marks to goods is
- A. pre-packaging.
 - B. branding.
 - C. standardizing.
 - D. grading.
35. Which of the following will **not** influence the location of an industry?
- A. Transportation
 - B. Labour supply
 - C. Advertizing expenses
 - D. Large markets
36. Which of the following basic utilities is **not** created by marketing ?
- A. Ownership
 - B. Place
 - C. Possession
 - D. Product
37. The objective of good advertizing is to
- A. copy other competitors.
 - B. improve the quality of a product.
 - C. convince prospective buyers to buy.
 - D. increase competition among firms.
38. The distribution of free samples and gift items to consumers is termed
- A. sales promotion.
 - B. personal selling.
 - C. merchandizing.
 - D. consumer orientation.

39. Marketing activities start at the
- A. idea stage.
 - B. production stage.
 - C. commercialization stage.
 - D. point of sale stage.
40. The Federal Government of Nigeria increased the price of fuel per litre sometime ago. Who among the following bore the final burden of the increased price ?
- A. Fuel distributors
 - B. Fuel tanker drivers
 - C. Private car owners
 - D. Taxi drivers
41. A default after payment of one-third of the purchase price under the hire purchase agreement means that
- A. the seller can immediately repossess the goods.
 - B. the buyer has become the owner.
 - C. only the court can permit repossession.
 - D. the buyer has to return the goods.
42. Which of the following is **not** aimed at protecting the consumer ?
- A. Hire Purchase Act
 - B. Foods and Drugs Act
 - C. Company's Act
 - D. Sale of goods Act
43. Which of the following gives a music composer the exclusive control over the use of his artistic creation?
- A. Registration
 - B. Copyright
 - C. Trade mark
 - D. Patent right
44. Which of the following is **not** performed by the Airports Authority ?
- A. Providing loading facilities
 - B. Issuing travelling documents
 - C. Providing warehouses for cargo
 - D. Providing security for passengers

45. Which of the following is **not** a visible trade item?
- A. Petroleum
 - B. Iron-ore
 - C. Machinery
 - D. Tourism
46. The people who undertake the setting up of a public limited company are
- A. promoters.
 - B. arbitrators.
 - C. speculators.
 - D. trustees.
47. The sale of goods through coin-operated machine is known as
- A. branding.
 - B. automatic vending.
 - C. spot cash.
 - D. self-service.
48. Which of the following is **not** an after-sales service ?
- A. Warranty
 - B. Delivery
 - C. Trade discount
 - D. Installation
49. A document prepared by a shipmaster specifying the vessel, particulars of cargo and passengers on board is
- A. charter party.
 - B. bill of lading.
 - C. ship's manifest.
 - D. customs declaration.
50. Which of the following does **not** originate from the debtor as a means of payment ?
- A. Bank note
 - B. Cheque
 - C. Bill of exchange
 - D. Promissory note