

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**.*

PAPER 2

2 $\frac{1}{2}$ 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

- 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.', '2001 JUNE', '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 **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
1	0	1	2	3	4	5	6	7	8	9
1	0	1	2	3	4	5	6	7	8	9
0	0	1	2	3	4	5	6	7	8	9
2	0	1	2	3	4	5	6	7	8	9
0	0	1	2	3	4	5	6	7	8	9
6	0	1	2	3	4	5	6	7	8	9
8	0	1	2	3	4	5	6	7	8	9

For Supervisors only.

If candidate is absent shade this space: ☐

SUBJECT CODE

1	0	1	2	3	4	5	6	7	8	9
0	0	1	2	3	4	5	6	7	8	9
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 ☐

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.

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

Turn over

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. a broker.
 - B. a del credere agent.
 - C. an auctioneer.
 - D. a factor.
29. Which of the following is **not** a service rendered by the wholesaler to the manufacturer?
- A. Warehousing
 - B. Quality Control
 - C. Financing
 - D. Bulk-breaking
30. The extra commission for pledging full settlement of the purchase price of goods is given to a
- A. del credere agent.
 - B. factor.
 - C. broker.
 - D. jobber.
31. Which of the following is **not** used to correct an adverse balance of payment?
- A. Increasing imports
 - B. Increasing exports
 - C. Decreasing imports
 - D. Devaluation
32. When a bill is paid before its due date at a lesser value, it is
- A. accepted.
 - B. discounted.
 - C. dishonoured.
 - D. retired.
33. Which of the following is **not** a function of the Ports Authority?
- A. Ensuring safe movement of ships
 - B. Collecting import and export duties
 - C. Providing warehousing services
 - D. 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
- A. marketing mix.
 - B. marketing research.
 - C. sales promotion.
 - D. product orientation.
- 46.** The greatest advantage of air transport over all other means of transport is its
- A. comfort.
 - B. safety.
 - C. speed.
 - D. flexibility.
- 47.** The exchange of goods for goods in foreign trade is known as
- A. visible trade.
 - B. smuggling.
 - C. counter trade.
 - D. entrepôt trade.
- 48.** A speculator on the stock exchange market who sells securities for fear of a fall in their prices is called
- A. a bull.
 - B. a bear.
 - C. a stag.
 - D. an underwriter.
- 49.** The law by which the seller transfers the property in goods to the buyer at an agreed price is the
- A. Hire Purchase Act.
 - B. Trade Description Act.
 - C. Foods and Drugs Act.
 - D. Sale of Goods Act.
- 50.** Which of the following is a means of payment to persons abroad through the post office?
- A. Postal order
 - B. Cheque
 - C. Bank draft
 - D. Telegraphic money order