

S711/1 June
S. S. C. E. 1995
COMMERCE 1
Objective Test
1½ hours

THE WEST AFRICAN EXAMINATIONS COUNCIL
NIGERIA
Senior School Certificate Examination

June 1995

COMMERCE 1

1½ hours

OBJECTIVE TEST

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

- 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 'S.S.C.E.', '1995 June', 'COMMERCE' and '1', respectively.
 - In the box marked *Index Number*, write down 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.
 - In the box marked *Subject Code*, write down the digits 711017 in the spaces on the left-hand side. Shade the corresponding numbered spaces in the same way as for your index number.
 - In the box marked *Sex*, shade the space marked *M* if you are male, of *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 *Index Number, Subject Code and Sex*, reshave each of the shaded spaces.
- An example is given below. This is for a male candidate, whose name is Kayode Olusola AKINDELE, whose index number is 41230068 and who is offering *Commerce 1*.

THE WEST AFRICAN EXAMINATIONS COUNCIL

PRINT IN BLOCK LETTERS	
Name: <u>AKINDELE KAYODE OLUSOLA</u>	Examination: <u>SSCE</u> Year: <u>1995 June</u>
Subject: <u>COMMERCE</u>	Paper: <u>1</u>

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<p>INSTRUCTIONS TO CANDIDATES</p> <ol style="list-style-type: none"> Use grade HB pencil throughout. Answer each question by choosing one letter and shading it like this: <input checked="" type="radio"/> A <input type="radio"/> B <input type="radio"/> C <input type="radio"/> D <input type="radio"/> E 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. 																																																																																																																																																																																													
<p>For Supervisors only If candidate is absent shade this space: <input type="checkbox"/></p>																																																																																																																																																																																													

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Answer all the questions.

Each question is followed by five options lettered A to E. 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. Parcel
- E. Registered

The correct answer is registered, which is lettered E, and therefore answer space E would be shaded

[A]

[B]

[C]

[D]

[E]

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 not a branch of Commerce?

- A. Insurance
- B. Warehousing
- C. Trade
- D. Transport
- E. Computerisation

2. Which of the following is not a negotiable instrument ?

- A. Share certificate
- B. Cheque
- C. Bill of Exchange
- D. Dividend warrant
- E. Debenture

3. Those involved in obtaining the gifts of nature from land and sea are engaged in

- A. Extractive occupations.
- B. Manufacturing occupations.
- C. Constructive occupations.
- D. Commercial occupations.
- E. Direct services.

4. When a company sells shares to existing shareholders at preferential rate, this is called
 - A. Rights issue.
 - B. Bonus issue.
 - C. Private placing.
 - D. Sale by auction.
 - E. Issue by prospectus.
5. Which of the following must be included in the Articles of Association ?
 - A. Voting rights of the shareholders
 - B. The objects of the business
 - C. The address of the registered office
 - D. Statement that liability is limited
 - E. List of types of shares
6. Which of the following enables production to take place ahead of demand ?
 - A. Transporting
 - B. Advertising
 - C. Importing
 - D. Warehousing
 - E. Exporting
7. Called-up capital is the amount
 - A. paid on allotment.
 - B. paid on first call.
 - C. paid on application.
 - D. demanded on shares issued.
 - E. paid-up on all shares.
8. Which of the following is **true** about cumulative preference shares ?
 - A. Any unpaid dividend is carried forward
 - B. The shareholders can obtain a capital refund
 - C. They are entitled to further share in profit
 - D. Any unpaid dividend is forfeited
 - E. The dividend declared is accumulated in a reserve account
9. A public limited company has the rights and duties of an individual because it
 - A. has a board of directors.
 - B. has a trading certificate.
 - C. has corporate status.
 - D. has a memorandum of association.
 - E. is so stated in the articles of association.

10. When firms producing similar commodities join together, this is
 - A. vertical merger.
 - B. holding company.
 - C. horizontal merger.
 - D. cartel.
 - E. lateral merger.
11. The total indebttness of a business is the same as its
 - A. liabilities.
 - B. liquid capital.
 - C. solvency.
 - D. capital employed.
 - E. working capital.
12. All activities involved in the distribution and exchange of goods and services are referred to as
 - A. Trade.
 - B. Market survey.
 - C. Advertising.
 - D. Commerce.
 - E. Sales promotion.
13. Land as a factor of production comprises
 - A. all resources provided by nature.
 - B. the earth surface only.
 - C. land surface and vegetation.
 - D. efforts to exploit the earth.
 - E. the oceans and rivers only.
14. Goods are usually classified into
 - A. saleable and non saleable goods.
 - B. inferior and superior goods.
 - C. luxurious and essential goods.
 - D. producer and consumer goods.
 - E. home made and foreign made goods.
15. Del-credere commission is an
 - A. allowance paid to a supplier.
 - B. extra allowance paid for guaranteeing recovery of debts.
 - C. allowance paid to all commission agents.
 - D. allowance paid by the agent.
 - E. allowance to ensure delivery of goods by commission agent.

16. Which of the following is classified as invisible item in the balance of payments ?
- Export of goods
 - Import of machinery
 - Gifts
 - Sale of assets
 - Salaries of expatriates
17. Which of the following is quoted when the buyer is responsible for the cost of loading the goods from the sellers warehouse up to his own warehouse ?
- LOCO
 - F.O.R.
 - F.A.S.
 - C.I.F.
 - C.F.
18. A trade in which many countries exchange goods and services is called
- bilateral trade.
 - entrepot trade.
 - economic union.
 - multilateral trade.
 - counter trade.
19. Which of the following is used to ascertain the correct value of imports for purposes of assessing customs duty ?
- Certificate of origin
 - Open-indent
 - Bill of lading
 - Ships manifest
 - Bill of entry
20. The best method of making payment to an overseas supplier is by
- bank draft.
 - bill of exchange.
 - travellers cheque.
 - letter of credit.
 - certified cheque.
21. A refund usually granted for goods imported and later re-exported is called
- commission.
 - discount.
 - customs drawback.
 - dock due.
 - demurrage.

22. Which of the following is a declaration by the captain of a ship as to the cargo on board ?
- Bill of lading
 - Mate's receipt
 - Ships Manifest
 - Bill of sight
 - Dock warrant
23. When the balance of trade is unfavourable which of the following conditions prevails ?
- Exports exceed imports
 - Imports exceed exports
 - Customs duty is high
 - Invisible exports exceed visible imports
 - The value of money falls
24. When a seller decides to sell his goods at a specific price for a specific period, he is making
- a sales promotion.
 - a bid.
 - an auction sale.
 - a firm offer.
 - an implied guarantee.
25. A retailer who receives a trade discount of $33\frac{1}{3}\%$ and a cash discount of 10% on goods worth ₦3000 would pay
- ₦240.
 - ₦226.
 - ₦216.
 - ₦204.
 - ₦120.
26. Which of the following documents is used when goods are sent on approval ?
- Catalogue
 - Delivery note
 - Receipt
 - Advice note
 - Pro forma invoice.
27. Terms of trade refers to
- agreement between two trading countries.
 - conditions attached to specific trade transactions.
 - the relationship between export and import prices.
 - the difference between the value of imports and exports.
 - all payments made to other countries and receipts from them.

28. Another name for shares, stocks and debentures traded in the stock exchange is
- collaterals.
 - securities.
 - wares.
 - participating preference shares.
 - cumulative preference shares.
29. Which of the following belongs to the capital market ?
- Commercial bank
 - Savings bank
 - Stock exchange
 - Bureau de exchange
 - Clearing house
30. Which of the following is **not** true of insurance ?
- A large number of people face the same risk
 - Possibility of making a profit out of an event.
 - Only a small number will actually suffer the loss in any one year
 - A large number makes a small contribution to a common pool
 - Possibility of assessing the frequency of occurrence of the event.
31. Which of the following policies qualifies the holder to income tax relief ?
- Accident insurance
 - Public liability insurance
 - Comprehensive insurance
 - Endowment assurance
 - Fidelity guarantee insurance
32. Which of the following is **not** a feature of good banking security ? The
- asset must be easily converted into cash
 - value of the asset must be easily ascertained
 - ownership of the asset must not be in doubt
 - value of the asset should be stable
 - value of the asset must be less than the amount loaned
33. Selling a bill at less than the face value for immediate cash before the due date is to
- retire the bill.
 - honour the bill.
 - discount the bill.
 - protest the bill.
 - withdraw the bill.

34. Which of the following is a non indemnity insurance ?
- Marine
 - Life
 - Fire
 - Bad debts
 - Burglary
35. Which of the following regulates and controls the activities of the Nigerian Stock Exchange? The
- Central Bank
 - Association of Commercial Banks
 - Securities and Exchange Commission (SEC)
 - Nigerian Association of Chambers of Commerce
 - Brokers and Jobbers
36. A cheque drawn by a bank on itself is a
- credit transfer.
 - direct debt.
 - certified cheque.
 - bank draft.
 - standing order.
37. Which of the following is formed primarily to promote savings and loans among the members ?
- Consumer cooperative society
 - Producer cooperative society
 - Cooperative wholesale society
 - Retail cooperative society
 - Cooperative thrift and credit society
38. Mr. Ojo borrowed N 54,000 from a Commercial Bank and deposited his Life Assurance certificate with the bank. The certificate deposited serves as
- a Loan repayment.
 - a Current asset.
 - an Interest charged
 - a Collateral security
 - a Part payment
39. When an insurance policy is declared void because of a false declaration, the principle involved is
- indemnity.
 - insurable interest
 - proximate cause.
 - utmost good faith.
 - subrogation.

40. A mortgage bank is primarily concerned with financing the acquisition of
- A. motor vehicles.
 - B. research equipment.
 - C. computer machines.
 - D. dwelling houses.
 - E. factory sites.
41. An insurance policy which gives cover against claims made by employees who suffer injury at work is
- A. comprehensive insurance.
 - B. employers' liability insurance.
 - C. personal accident insurance.
 - D. consequential loss insurance.
 - E. fidelity guarantee insurance.
42. What is the working capital of KO Ltd. which has N 3,500 in fixed assets, cash balance of N 4,170, trade debtors N 1,150 and sundry creditors of N 1800 ?
- A. N 7,020.00
 - B. N 5,320.00
 - C. N 4,720.00
 - D. N 3,620.00
 - E. N 3,520.00
43. The nominal value of share of a public limited company is 50k and the market value is 65k. The company's share is selling
- A. above par value.
 - B. at par value.
 - C. below par value.
 - D. ex dividend.
 - E. cum dividend.
44. Turnover of a business is the same as the
- A. profit of the business.
 - B. liabilities of the business.
 - C. assets of the business.
 - D. purchases of the business.
 - E. sales of the business.

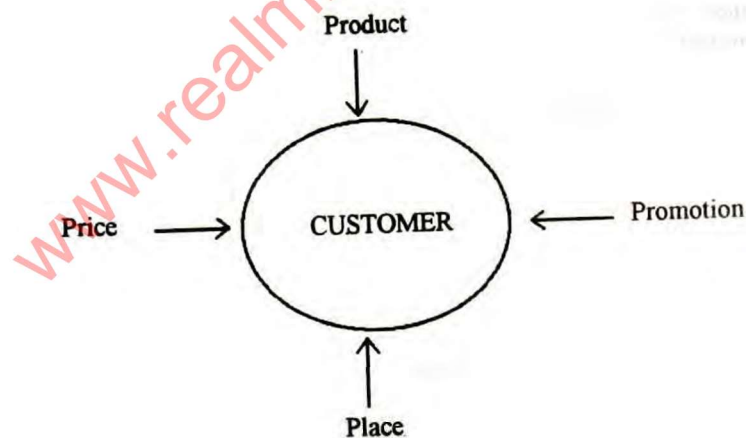
45. Opening stock plus purchases less closing stock gives
- the rate of turnover.
 - cost of goods sold.
 - working capital.
 - net profit.
 - gross profit.
46. That part of the assets of a business that is available as cash or near cash is called
- liquid capital.
 - working capital.
 - capital employed.
 - reserved capital.
 - equity.
47. Which of the following is **not** a source of capital to a public limited company ?
- Equipment leasing
 - Debt factoring
 - Debentures
 - Trade credits
 - Dividends
48. Which of the following enables goods to be available where they are needed ?
- Advertising
 - Communication
 - Warehousing
 - Sales promotion
 - Transporting
49. The provision and administration of air traffic controls at Benin airport is the function of
- Okada Airline.
 - Nigerian Airways.
 - Concord Airline.
 - Nigerian Airports Authority.
 - Nigerian Air Force.
50. Which of the following ensures regular transportation of gas and liquid products in all weather ?
- Train
 - Aeroplane
 - Tanker
 - Trailer
 - Pipeline

51. Which of the following is a feature of ocean liners ?
- A. They do not follow any definite route
 - B. The rate charged depends on competition
 - C. They are usually small ships that carry only cargo
 - D. They belong to a particular shipping conference
 - E. They stick to the coastal lines of a country
52. Which of the following is a contract of carriage ?
- A. Advice Note
 - B. Charter party
 - C. Delivery note
 - D. Consignment note
 - E. Ships manifest
53. Which of the following is used to inform the addressee that he has a registered parcel for collection ?
- A. Counterfoil
 - B. Express label
 - C. Slip
 - D. Telephone
 - E. Telegram
54. Telephone, telegram and telex services in Nigeria are provided by
- A. NIPOST
 - B. NRC
 - C. DHL
 - D. NAA
 - E. NITEL
55. The cost of sending a message by telephone is determined by the
- A. number of words contained in the message.
 - B. time of the day the message was sent.
 - C. type of person or organisation sending the message.
 - D. time taken to send the message.
 - E. urgency of the message delivered.
56. A receipt for goods deposited in a public warehouse is called a
- A. warranty.
 - B. dock warrant.
 - C. bond.
 - D. bill of sight.
 - E. letter of hypothecation.

57. A firm that emphasizes the satisfaction of the consumers, is applying the principle of

- A. consumerism
- B. selling concept.
- C. marketing mix.
- D. marketing concept.
- E. salesmanship.

Use the diagram below to answer questions 58 & 59.



58. The diagram above illustrates the marketing concept of

- A. pricing policy.
- B. competitive promotion.
- C. consumer sovereignty.
- D. distribution channel
- E. product policy.

59. The diagram contains the four elements of

- A. product mix.
- B. promotion mix.
- C. market segmentation.
- D. marketing mix.
- E. pricing policy.

60. Which of the following is **not** a method employed by a firm to promote public relations ?
- A. Bill boards
 - B. Features articles
 - C. Public campaigns
 - D. Free gifts and samples
 - E. Donations and scholarship awards
61. The use of name, symbol, letter or any combination of these by a company to distinguish its product is called
- A. product mix.
 - B. marketing mix.
 - C. slogan.
 - D. trade mark.
 - E. product differentiation.
62. The collection of information on the taste of consumers and the extent of demand for a product is called
- A. consumer orientation.
 - B. advertising.
 - C. market research.
 - D. marketing mix.
 - E. market segmentation.
63. Mr. Orji contracted to sell 10 colour TV sets to Mr. Ede. Unknown to both of them the TV sets were stolen in transit. The contract may be terminated on the grounds of
- A. breach of contract.
 - B. performance.
 - C. bankruptcy.
 - D. frustration.
 - E. capacity.
64. In a hire purchase contract the customer becomes the legal owner of the goods by
- A. taking possession of goods.
 - B. paying the first instalment.
 - C. paying the last instalment.
 - D. paying monthly hire charges.
 - E. paying half the purchase price.

65. Which of the following makes it an offence for a dealer to give misleading information about goods to consumers ?
- A. Food and Drugs Act
 - B. Restrictive Trade Practices Act
 - C. Consumer Credit Act
 - D. Trade Description Act
 - E. Hire Purchase Act
66. Which of the following gives an exclusive right to an inventor?
- A. Brand name
 - B. Trade Mark
 - C. Patent
 - D. Copy Right
 - E. Label
67. A modern trend in retailing which enables customers to purchase all the items needed in a shop is called
- A. automatic vending.
 - B. impulse buying.
 - C. one-stop shopping.
 - D. self service.
 - E. cash and carry.
68. Who bears the greatest risk in a business ? The
- A. employees
 - B. preference shareholders
 - C. entrepreneurs
 - D. debenture holders
 - E. trade creditors.
69. Dividend paid by public limited companies
- A. is based on patronage.
 - B. depends on the price of the shares.
 - C. is based on stock exchange rating.
 - D. depends on profit declared.
 - E. depends on rate of turnover.
70. Commercial banks meet to exchange cheques drawn on one another and settle the differences between them at the
- A. money market.
 - B. stock exchange market,
 - C. discount house.
 - D. clearing house.
 - E. banking hall.

71. Which of the following is likely to record a high rate of turnover ?
- Furniture
 - Gold and trinkets
 - Motor vehicles
 - Newspapers
 - Carvings
72. Restricting the quantity of goods which may be imported into a country is achieved through
- dumping.
 - tariffs.
 - terms of payment.
 - terms of trade.
 - quotas.
73. A cheque is cleared
- when it has been accepted by the drawer.
 - when the amount specified has been credited to the payee.
 - when it is deposited.
 - if the alterations are signed.
 - when it has been taken away for safe keeping.
74. A group of retailing shops with standard shop fronts and centralised buying is known as
- department stores.
 - unit shops.
 - mobile shops.
 - supermarket.
 - multiple stores.
75. Master Ojo is 14 years old. He entered into contract with Ade for the supply of 20 T shirts. Ojo received the T shirts but has refused to pay. Ade's lawyer said that the contract is void because it lacked one of the basic elements of a valid contract which is
- offer and acceptance.
 - consideration.
 - intention to create legal relations
 - capacity.
 - legality.
76. Goods sold under a distinctive trade mark are known as
- industrial goods.
 - commercial goods.
 - consumer goods.
 - branded goods.
 - speciality goods.

77. Actions by organized body of consumers to express dissatisfaction with the quality, price and quantity of goods available to them is called
- A. consumer behaviour.
 - B. consumer sovereignty.
 - C. consumerism.
 - D. consumer orientation.
 - E. consumer education.
78. Any act that is aimed at making manufacturers meet some required standards is to
- A. prevent competition.
 - B. control price.
 - C. protect the consumer.
 - D. discourage dumping.
 - E. facilitate advertisement.
79. Which of the following makes for a valid contract ?
- A. Discharge and performance
 - B. Offer and acceptance
 - C. Age and maturity
 - D. Promise and capacity
 - E. Consideration and frustration
80. A voluntary association which consists of people who represent a cross section of business interests in a town is the
- A. chamber of commerce.
 - B. voluntary agency.
 - C. trade association.
 - D. business association.
 - E. trade union.
81. Which of the following is specifically formed to finance projects that are too large for a single firm to undertake ?
- A. Trusts
 - B. Merger
 - C. Holding company
 - D. Cartels
 - E. Consortium

- 82.** A voluntary body formed by people in the same line of business for the purpose of protecting their interest is
- A. business association.
 - B. trade association.
 - C. trade union.
 - D. chamber of commerce.
 - E. trading partners.
- 83.** A holding company exercises control over its subsidiaries by
- A. changing the administration completely.
 - B. becoming the principal customer.
 - C. increasing the number of workers.
 - D. owning majority of the shares.
 - E. paying off the debts.
- 84.** An organisation that aims at restricting supply in order to keep up price is known as
- A. cartel.
 - B. price ring.
 - C. GATT.
 - D. ECOWAS.
 - E. Customs Union.
- 85.** A document of title to goods which also serves as a contract between the seller and the shipping company is known as
- A. bill of lading.
 - B. bill of exchange.
 - C. ship's manifest
 - D. bill of entry.
 - E. letter of hypothecation.
- 86.** A diagram showing the formal lines of authority in any establishment is known as
- A. a map of the organisation.
 - B. span of control.
 - C. an organisation chart.
 - D. channel of distribution.
 - E. unity of command.
- 87.** Which of the following is responsible for preparing the balance sheet of a public limited company ?
- A. Public Relations Department
 - B. Personnel Department
 - C. Administration Department
 - D. Research Department
 - E. Finance Department

88. A structure of direct vertical relationships connecting the positions at each level in an organization is called
- A. staff organisation.
 - B. lateral organisation.
 - C. line organisation.
 - D. functional organisation.
 - E. line and staff organisation.
89. The process of transferring decision making to lower levels of the organisation hierarchy is called
- A. span of control.
 - B. delegation of authority.
 - C. management by objectives.
 - D. centralisation of authority.
 - E. unity of command.
90. The process by which the structure and allocation of jobs are determined is a management function of
- A. staffing.
 - B. motivating.
 - C. controlling.
 - D. organising.
 - E. directing.
91. The process of establishing objectives for the organisation and determining the best ways to achieve them is a management function of
- A. Communicating.
 - B. Organising.
 - C. Planning.
 - D. Controlling.
 - E. Motivating.
92. The number of subordinates that one person can supervise effectively in an organisation is referred to as
- A. unity of command.
 - B. chain of command.
 - C. organisation hierarchy.
 - D. delegation of authority.
 - E. span of control.

93. Measuring performance against the set objectives in an organisation is a management function that relates to
- A. staffing.
 - B. planning.
 - C. organising.
 - D. departmentalization.
 - E. controlling.
94. When a company contributes to the welfare of the immediate community, it is performing a
- A. political responsibility.
 - B. economic responsibility.
 - C. social responsibility.
 - D. legal responsibility.
 - E. technological responsibility.
95. Which of the following is not related to imports ?
- A. Customs duties
 - B. Excise duties
 - C. Certificate of origin
 - D. Bill of lading
 - E. Ship's manifest
96. Which of the following is not true of the stock exchange ?
- A. It is a commodity market
 - B. It is a market for stock and shares
 - C. It draws up rules to guide share dealing
 - D. Government and companies raise funds through it
 - E. Prices for shares are determined by it
97. In nationalised industries, losses are borne by
- A. ministers.
 - B. directors.
 - C. tax payers.
 - D. shareholders.
 - E. debenture holders.
98. Life assurance premium is determined by the
- A. educational standard of the assured.
 - B. reputation of the assured.
 - C. number of the assured's children
 - D. age of the assured.
 - E. sex of the assured.

99. Which of the following accurately describes the basis for international trade?
- A. Terms of trade
 - B. Absolute cost advantage
 - C. Comparative cost advantage
 - D. Division of labour
 - E. Specialization
100. Which of the following countries is not a member of the Lake Chad Basin Commission ?
- A. Nigeria
 - B. Chad
 - C. Niger
 - D. Gabon
 - E. Cameroon