

P1032 & 1 Nov.  
WASSCE 2011  
COMMERCE 2 & 1

**2 & 1**

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

Name: .....

Index Number: .....

**THE WEST AFRICAN EXAMINATIONS COUNCIL**

**West African Senior School Certificate Examination**

November 2011

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

2½ hours

## ESSAY

*Answer five questions only.*

1. (a) What is an *occupation*? [ 2 marks ]  
(b) With the aid of a diagram show the branches of occupation giving **one** example of each. [ 18 marks ]
2. (a) List **five** types of warehouses. [ 5 marks ]  
(b) State **five** importance of warehousing to commerce. [ 15 marks ]
3. (a) State **five** features of a small scale business. [ 10 marks ]  
(b) Explain **five** features of self service stores. [ 10 marks ]
4. (a) List **four** sources of capital to a public limited company. [ 4 marks ]  
(b) State **four** advantages and **four** disadvantages of converting a privately owned business into a public limited company. [ 16 marks ]
5. List and explain **five** types of *Securities* traded in the Stock Exchange. [ 20 marks ]
6. (a) Write explanatory notes on the following:  
(i) *Stale cheque*; [ 2 marks ]  
(ii) *Post dated cheque*; [ 2 marks ]  
(iii) *Dishonoured cheque*; [ 2 marks ]  
(iv) *Crossed cheque*; [ 2 marks ]  
(v) *Bearer cheque*. [ 2 marks ]  
(b) Explain **five** means of payment in business. [ 10 marks ]
7. (a) State **five** factors a businessman would consider in making choice of transport. [ 10 marks ]  
(b) Explain **five** advantages of water transport over road transport. [ 10 marks ]

8. (a) List **four** advertising media. [ 4 marks ]
- (b) State **four** characteristics of *personal selling*. [ 8 marks ]
- (c) State **four** uses of *market segmentation*. [ 8 marks ]
9. (a) Distinguish between *credit sales* and *hire purchases*. [ 5 marks ]
- (b) List **five** types of Agents. [ 5 marks ]
- (c) State **two** duties performed by each of the agents mentioned in (9)(b) above. [ 10 marks ]
10. Madam Ajaratu is a retailer. On 1st March, 2010, she bought goods costing Le 510,000 and paid Le40,000 to bring the goods to her shop. She sold the goods on 3rd March, 2010 to Mr. Adamu at a catalogue price of Le 800,000 subject to 20% trade discount.
- To encourage Mr. Adamu to pay before the end of March, Madam Ajaratu gave him 5% cash discount. Mr. Adamu paid Madam Ajaratu on March 18, 2010.
- Required:
- (a) State **two** uses of *trade discount*. [ 4 marks ]
- (b) Calculate the selling price of the goods sold to Mr. Adamu. [ 4 marks ]
- (c) How much did Adamu pay to Madam Ajaratu on March 18, 2010? [ 4 marks ]
- (d) Calculate Madam Ajaratu's:
- (i) gross profit; [ 4 marks ]
- (ii) gross profit percentage. [ 4 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**', '**2011 NOV.**', '**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 **5251102068** 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>2011 NOV.</b>
	<small>Surname                      Other Names</small>				
Subject:	<b>COMMERCE</b>			Paper:	<b>1</b>

INDEX NUMBER	
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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:		
<table style="margin: auto;"> <tr> <td style="padding: 0 10px;"><input checked="" type="checkbox"/> <b>M</b></td> <td style="padding: 0 10px;"><input type="checkbox"/> <b>F</b></td> </tr> </table>	<input checked="" type="checkbox"/> <b>M</b>	<input type="checkbox"/> <b>F</b>
<input checked="" type="checkbox"/> <b>M</b>	<input type="checkbox"/> <b>F</b>	

- 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 answer you wish to change.

Do all rough work on this question paper.

Now, answer the following questions.

1. Manufacturers can produce goods ahead of demand because of the existence of
  - A. advertising.
  - B. exportation.
  - C. transportation.
  - D. warehousing.
  
2. A Public Limited Company is a separate legal entity that can sue and be sued because it has
  - A. certificate of trading.
  - B. corporate status.
  - C. memorandum of association.
  - D. a board of directors.
  
3. In cumulative preference shares, which of the following is true?
  - A. Unpaid dividend is forfeited
  - B. Unpaid dividend is carried forward
  - C. Dividend is in a reserve account
  - D. Capital could be refunded



4. The declaration by the captain of a ship stating the cargo and passengers on board is shown in the
- receipt.
  - manifest.
  - bill of sight.
  - bill of lading.
5. When goods are sent on approval, the company uses
- proforma invoice.
  - advice note.
  - delivery note.
  - catalogue.
6. A firm that undertakes to buy newly issued shares of a company in case the public could **not** buy all is known as
- a broker.
  - a dealer.
  - an underwriter.
  - a guarantor.
7. A specially crossed cheque has
- the name of the drawer printed on it.
  - two parallel lines across it.
  - the name of a bank written across it.
  - the words 'not negotiable' written on it.
8. A method of guaranteeing payment to an oversea supplier is by
- certified cheque.
  - bill of exchange.
  - letter of credit.
  - bank draft.
9. Which of the following specializes in selling **mainly** household goods?
- Department store
  - Supermarket
  - Chain store
  - Cooperative store

Answer questions 10 and 11 from the information below.

An importer insured his cargo whose actual value was ₦10 million with two marine insurance companies for ₦8million and ₦6million respectively. There was a complete loss of the entire cargo.

10. How much would the insured receive?
- A. ₦14 million
  - B. ₦10 million
  - C. ₦8 million
  - D. ₦6 million
11. Which principle of insurance was applied?
- A. Utmost good faith
  - B. Subrogation
  - C. Proximate cause
  - D. Contribution
12. A bank whose name is printed on top of a cheque leaf is the
- A. drawer.
  - B. endorsee.
  - C. drawee.
  - D. payee.
13. When the subject matter insured is destroyed by an occurrence **not** covered by the policy, the insurer will not pay any compensation because of the principle of
- A. insurable interest.
  - B. indemnity.
  - C. subrogation.
  - D. proximate cause.
14. The principal dealers in the stock exchange are
- A. bulls.
  - B. authorised clerks.
  - C. jobbers.
  - D. underwriters.

Answer questions 10 and 11 from the information below.

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15. Which of the following is a creditor legally bound to accept in settlement of debt?
- A. Letter of credit
  - B. Credit note
  - C. Bank note
  - D. Cheque
16. The use of symbol, letter or a combination of these by a company to distinguish its product is called
- A. product branding.
  - B. product mix.
  - C. marketing mix.
  - D. market segmentation.
17. A policy taken against risk of claims by employees who suffer injuries at work is
- A. personal accident insurance.
  - B. consequential loss insurance.
  - C. fidelity guarantee insurance.
  - D. employers' liability insurance.
18. A written agreement between the ship owner and the shipper for the hire of a ship is known as
- A. charter party.
  - B. leasing.
  - C. renting.
  - D. freight note.
19. Which of the following makes goods available where they are needed?
- A. Communication
  - B. Advertising
  - C. Insurance
  - D. Transportation
20. Service occupations are usually classified as
- A. secondary production.
  - B. tertiary occupation.
  - C. primary production.
  - D. commercial occupation.

21. The transfer of ownership and control of businesses formerly owned by foreigners to nationals is known as
- A. indigenization.
  - B. nationalization.
  - C. privatization.
  - D. commercialization.
22. Which of the following is associated to trading by post?
- A. C. I. F.
  - B. L. P. O.
  - C. C. O. D.
  - D. E. O. M.
23. A company in Accra wants to send a valuable document to its branch in Kumasi, which of the following ensures urgent delivery?
- A. Registered mail
  - B. Express mail
  - C. Poste restante
  - D. Ordinary mail
24. A receipt covering goods kept in the warehouse is known as
- A. bill of entry.
  - B. documentary credit.
  - C. dock warrant.
  - D. bill of sight.
25. Mr. Alu offered to sell a car to Mr. Jerry for D20,000 and Jerry accepted the offer. Unknown to Jerry, it was a stolen car. The contract may be terminated on grounds of
- A. performance.
  - B. frustration.
  - C. illegality.
  - D. bankruptcy.

26. Which of the following is quoted when the seller is responsible for the cost of loading the goods from warehouse to the buyers warehouse?
- A. Franco
  - B. F. A. S.
  - C. C. I. F.
  - D. C. W. O.
27. The credit sale in which the seller retains ownership of the goods until the last instalment is paid is known as
- A. conditional sale.
  - B. hire purchase.
  - C. deferred payment.
  - D. guaranteed sale.
28. The ratio between the prices of a country's export and her imports is the
- A. terms of trade.
  - B. balance of trade.
  - C. balance of payment.
  - D. exchange rate.
29. All activities involved in the distribution and exchange of goods and services are referred to as
- A. market survey.
  - B. advertising.
  - C. commerce.
  - D. sales promotion.
30. The collection of information on the taste of the consumers and the extent of demand for a product is called
- A. marketing concept.
  - B. market research.
  - C. marketing mix.
  - D. market segmentation.



31. The balance that remains after all business expenses have been deducted from sales is
- gross profit.
  - mark up.
  - net profit.
  - gross loss.
32. One of the reasons for government's participation in business is
- to provide large capital requirement.
  - for profit making.
  - to discourage private enterprise.
  - for monopoly.
33. Which of the following is an item in the *Articles of Association*?
- Voting rights of the shareholders
  - The address of the registered office
  - The statement that liability is limited
  - The object of the company
34. A firm that emphasizes the satisfaction of the consumer is adopting
- marketing concept.
  - selling concept.
  - product differentiation.
  - marketing mix.
35. The money spent in acquiring a factory building is classified as
- fixed capital.
  - working capital.
  - liquid capital.
  - capital employed.
36. The excess of current assets over current liabilities is the
- issued capital.
  - capital owned.
  - working capital.
  - capital employed.

37. A trade agreement in which many countries exchange goods and services is called
- A. bilateral trade.
  - B. entrepôt trade.
  - C. economic union.
  - D. multilateral trade.
38. Which of the following may **not** be used as a tool by a business in its public relation drive?
- A. Gifts to charity
  - B. Feature articles
  - C. Sponsorship of events
  - D. Advertising
39. In banking transaction, *standing order* means
- A. cashing cheques.
  - B. an instruction for regular payments on behalf of a customer.
  - C. overdrawing one's account.
  - D. contacting the drawer before paying in the cheque .
40. Which of the following are functions of marketing?
- A. Buying, promotion, selling and transporting
  - B. Risk bearing, storage, production and promotion
  - C. Production, promotion, distribution and pricing
  - D. Organising, risk-bearing, transporting and storage
41. A company's cost of advertising is usually borne by the
- A. wholesaler.
  - B. retailer.
  - C. manufacturer.
  - D. consumer.

42. The losses made by the nationalized firms are borne by the
- A. shareholders.
  - B. preference shareholders.
  - C. executive directors.
  - D. tax payers.
43. The amount payable as premium for life assurance policy is determined by the
- A. age of the assured.
  - B. gender of the assured.
  - C. reputation of the assured.
  - D. traditional title of the assured.
44. The term used for a person sent by a shareholder to represent him at an annual general meeting of a company is
- A. agent.
  - B. proxy.
  - C. representative.
  - D. appointee.
45. Trading of goods for cash or credit is known as
- A. barter.
  - B. counter trade.
  - C. exchange.
  - D. hedging.
46. Which of the following is **not** a negotiable instrument?
- A. Cheque
  - B. Debenture
  - C. Dividend warrant
  - D. Bill of exchange



47. If a bill is transferred by one person to another in such a way that the transferee becomes the owner of the bill, such a bill is said to be
- A. negotiated.
  - B. discounted.
  - C. dishonoured.
  - D. accepted.
48. Cost of goods sold divided by the average stock is the
- A. rate of turnover.
  - B. net profit.
  - C. working capital.
  - D. return on capital invested.
49. What is the working capital of Dada Ltd which has ₦3,500 in fixed assets, cash balance of ₦4,170, debtors ₦1,150 and overdraft of ₦1,800?
- A. ₦5,320.00
  - B. ₦5,300.00
  - C. ₦3,520.00
  - D. ₦3,020.00
50. Which of the following is an obstacle to international trade?
- A. Increased output
  - B. Exchange of goods
  - C. Difference in time zone
  - D. Regulatory measures