2015 PAPER 2 ESSAY (Commerce)

1. (a) What is occupation?

(b) With the aid of a diagram, show the different classes of occupation.

(c) Explain with one example each, three classes of occupation shown in 1(b) above.

2. (a) What is vending machine?

(b) State six reasons why supermarkets are popular with shoppers.

3. (a) Outline five functions of commercial banks.

(b) List and explain five ways the central banks control the commercial banks.

4. (a) State five reasons for the presence of the customs and excise authority at seaports.

(b) Explain five functions of airport authority.

5. (a) Explain five reasons for which manufacturers advertise their products.

(b) State five reasons for the continued criticism of advertising.

6. (a) What is contract?

(b) List and explain four ways by which a contract can be discharged.

7. (a) State five reasons for governments' participation in business.

(b) Explain five problems encountered by government businesses.

8. (a) Write in full the following abbreviations as used in commerce:

(i) COD; (ii) CIF; (iii) FOB; (iv) E. and O.E.

(b) The sale of consumer goods costing ₦100,000 attracts a cash discount of 7½% and a quantity discount of 5%. Calculate the:

(i) value of the quantity discount;

(ii) value of the cash discount;

(iii) net amount of money payable by the buyer.

2016 PAPER 2 ESSAY (Commerce)

1. Explain five ways in which commerce is important in the life of a nation.

2. (a) List four features of a self-service shop.

(b) State four disadvantages of a self-service shop.

(c) State four importance of working capital to a business.

3. (a) State four functions of a wholesaler to a retailer.

(b) Explain five advantages of small-scale retail business over a large-scale business.

4. Explain each of the following classes of insurance:

(a) Marine insurance;

(b) Accident insurance;

(c) Group insurance;

(d) Fidelity Guarantee insurance;

(e) Consequential Loss insurance.

5. (a) Explain four functions rendered by a courier firm.

(b) Explain six functions rendered by a Telecommunication firm.

6. (a) List five media of public relation.

(b) Enumerate five types of after sales service.

(c) State five benefits of after sale service.

7. (a) Distinguish between a broker and factor.

(b) State three duties of an employer to an employees.

(c) State four duties of an employee to an employer.

8. (a) What is turnover in commerce?

(b) List and explain six factors that determine the turnover of a product.

2017 PAPER 2 ESSAY (Commerce)

1. (a) What is E-Commerce?

(b) State four advantages and four disadvantages of privatisation.

2. (a) Define Communication.

(b) List six means of communication in business.

(c) In what four ways is Communication important to a business?

3. Explain the following retail outlets:

(i) Department store; (ii) mobile shop; (iii) chain store; (iv) mail order business; (v) supermarket.

4. (a) State five merits of co-operative societies.

(b) Explain five procedures to be followed in the formation of a Private Limited Company.

5. (a) State four features of a warehouse.

(b) Explain six reasons why warehousing is important to a business.

6. (a) Define advertising.

(b) Explain four elements of advertising.

(c) Explain five different ways producers can create awareness for their goods and services.

7. Explain the following business terms:

(a) Trading order; (b) bank draft; (c) legal tender; (d) money order; (e) I.O.U.

8. (a) Write the following commercial abbreviations in full:

(i) C.O.D.; (ii) C.I.F.; (iii) F.O.B.; (iv) E.& O.E.

(b) The sale of a good costing ₦100,000 attracts a trade discount of 5% and a cash discount of 5%. You are required to calculate the:

(i) trade discount value;

(ii) cash discount value;

(iii) net amount payable by the buyer.

2018 THEORY

1. (a) Explain four factors that limit the application of division of labour.
(b) Outline three disadvantages of division of labour.
(c) Explain five advantages of division of labour.

2. (a) Explain five factors to be considered by Mr. Toumy in locating a shop.
(b) In what five ways can a wholesaler aid in Mr. Toumy's business?

3. Differentiate public enterprises from public companies using the following headings:
i. formation
ii. ownership
iii. purpose
iv. management
v. source of fund

4. (a) Draw an organisational chart for Adam's Pure Water Production Company Limited.
(b) State two functions each of any four of the departments.

5. (a) Explain four ways in which marketing is important to a business.
(b) State and explain four promotional tools that Jones Ltd can use to promote its business.

6. (a) Define a second-tier security market.
(b) Explain four advantages of the second-tier security market.
(c) Outline five requirements for trading in the second-tier security market.

7. (a) What is a contract?
(b) Explain four reasons for consumer protection, stating one relevant law aimed at enforcement for each.

8. The following are assets and liabilities of Jason's Enterprises Ltd:

Item	Value ($)
Cash	6,750
Plant and Machinery	72,000

Motor Van	31,000
Trade Creditors	43,000
Loan	50,000
Debtors	30,000
Stock of raw materials	12,000

Calculate the values of:

(i) Liquid capital

(ii) Fixed assets

(iii) Capital owned

(iv) Working capital

2019 THEORY QUESTIONS

1. (a) List four career opportunities available to a student of commerce.

(b) State two functions of an entrepreneur.

(c) Explain the following activities, giving two examples of each:

(i) extractive industry;

(ii) construction industry;

(iii) manufacturing industry;

(iv) tertiary industry.

2. The staff of Kanda Manufacturing Company Limited formed a cooperative society to enable them have access to funds.

(a) Name the type of cooperative society they formed.

(b) State four features of the cooperative society.

(c) State three advantages and two disadvantages of the cooperative society.

3. (a) State five reasons that would make a bank dishonour a customer's cheque.

(b) State five reasons countries introduce restrictions to foreign trade.

4. (a) State three merits of a commodity exchange.

(b) Explain two methods of trading in a commodity exchange.

(c) State four requirements for trading in a commodity exchange.

5. (a) List six advertising media used in business.

(b) What is personal selling?

(c) State four advantages and two disadvantages of personal selling.

6. Country X is facing a situation where its total payments to other countries are greater than its total earnings from abroad.

(a) State the term that relates to the above situation.

(b) Explain six measures the country could take to correct the situation.

7. (a) State four services rendered by insurance companies.

(b) State three advantages and three disadvantages of rail transport.

8. The following information was extracted from the books of Seka Enterprises as at 31st August 2015:

15 cartons of sweets at N2,600 per carton

25 cartons of milk at N4,600 per carton

15 cartons of sugar at N3,300 per carton

17 cartons of soap at N5,000 per carton

The following payments were made:

Item	Amount (N)
Rent and rates	2,500
Salaries and wages	8,000
Fuel	2,000
Electricity	1,500

A cash discount of 6% and a trade discount of 10% was allowed if payment was made within 7 days.

(i) Calculate how much cash was paid for the goods bought if payment was made within 7 days.

(ii) If all the goods were sold at a mark-up of 20%, determine the selling price.

(iii) Calculate the value of the net profit made.

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WEST AFRICAN SENIOR SCHOOL CERTIFICATE EXAMINATION (WASSCE)

COMMERCE — PAPER 2 2020 (ESSAY)

Answer five questions only.

1. A sole proprietor has been advised to advertise her business to increase sales.

(a) (i) List **four** advertising media she could use.

[4 marks]

(ii) State **four** factors she would consider in the choice of a medium.

[8 marks]

(b) State **four** advantages of advertising to her business.

[8 marks]

2.(a) State **four** functions of a cartel.

[8 marks]

(b) Explain **three** advantages and **three** disadvantages of public enterprises.

[12 marks]

3.(a) List **six** credit instruments used in business transactions.

[6 marks]

(b) Mr. Sylva is considering hire purchase as a source of finance for his business operations. State **four** advantages and **three** disadvantages of this source of finance.

[14 marks]

4.(a) Explain **four** factors to be considered in setting up a retail business.

[8 marks]

(b) State how the government uses the following to regulate business:

(i) registration of business name;

[3 marks]

(ii) patent;

[3 marks]

(iii) trade mark;

[3 marks]

(iv) copyright.

[3 marks]

5.(a) State **four** functions of a Stock Exchange.

[8 marks]

(b) Explain the following types of securities traded on the Stock Exchange:

(i) debentures;

(ii) bonds;

(iii) shares;

(iv) stock.

[12 marks]

6.(a) State **five** functions of an Export Promotion Council.

[10 marks]

(b) Outline **five** roles performed by the Customs and Excise Authority towards the growth of commerce.

[10 marks]

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7. Emeka has been a sales representative for three years but has never met his target.

(a) State **five** reasons that could have accounted for his inability to meet his target.

[10 marks]

(b) Explain **five** promotional tools he could use to stimulate sales of his company's products.

[10 marks]

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8. The following information relates to Raisa's grocery store as of 31st December 2018.

Item	Le
Stock – 1st January 2018	20,000
Purchases	150,000
Sales	230,000
Carriage inwards	4,000
Rent received	80,000
Salaries	29,000
Stock – 31st December 2018	35,000

You are required to calculate:

(a) cost of goods sold;

(b) gross profit;

(c) net profit;

(d) percentage of gross profit.

[20 marks]

COMMERCE THEORY

PAPER 2 (SC) 2021 — ESSAY

Answer five questions only.

1.

(a) Differentiate between a **merger** and an **acquisition**.

[5 marks]

(b) Explain **five** ways commerce is important in the life of a nation.

[15 marks]

---

2. Differentiate between the following pairs of terms:

(i) Interest and profit;

(ii) Share and debenture;

(iii) Ordinary share and preference share;

(iv) Cumulative preference share and participating preference share;

(v) Cum div and ex div.

[20 marks]

3.

(a) State **four** functions of Money.

[8 marks]

(b) Explain how the following operators function on a stock exchange:

(i) Bull;

(ii) Jobber;

(iii) Broker;

(iv) Stag.

[12 marks]

4.

(a) List **five** means of payment in home trade.

[5 marks]

(b) Explain to a seller of motor vehicles, **five** ways computers could be useful in his business.

[15 marks]

5.

(a) What is **entrepot trade**?

[2 marks]

(b) (i) Differentiate between a **bill of lading** and a **consignment note**.

[4 marks]

(ii) Explain the use of **bill of sight** in foreign trade.

[4 marks]

(c) State **five** reasons for the criticism against advertising.

[10 marks]

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6. Madam Fana, the human resources manager of Baku limited, is due to start her annual leave. She assigns one of her assistants to perform her duties in her absence.

(i) Identify and explain the organizational principle on which Madam Fana has based her decision.

[4 marks]

(ii) State **four** duties of Madam Fana in Baku limited.

[8 marks]

(iii) Explain the following management functions:

(a) Planning;

(b) Organizing;

(c) Directing;

(d) Controlling.

[8 marks]

7.

(a) What is an **economic grouping**?

[2 marks]

(b) State **three** objectives of each of the following organisations:

(i) Lake Chad Basin Commission;

(ii) ECOWAS;

(iii) Niger Basin Commission.

[18 marks]

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8. Explain the following types of capital:

(i) Authorised capital;

(ii) Liquid capital.

[4 marks]

9. The following records were extracted from the books of Bandin and Bachur Partnership as at March 31st, 2020.

Item	D
Equipment	150,000
Cash at bank	25,000
Creditors	120,000
Debtors	150,000
Stock as at 1/03/20	30,000
Motor van	300,000
Fixtures and fittings	40,000
Overdraft	45,000
Stock as at 31/03/20	25,000

Calculate:

(i) Fixed assets;

(ii) Current liabilities;

(iii) Current assets;

(iv) Working capital;

(v) Average stock.

COMMERCE WAEC

PAPER 2 (SC) 2022 — ESSAY

Answer five questions only.

1. In a carpentry workshop of three employees, one is responsible for cutting the wood, another for fixing it and a third for polishing and spraying the furniture.

(a) Identify the term that describes the production process the workshop uses.
[2 marks]

(b) (i) State five advantages of the production process identified in 1(a) to the workshop.
[10 marks]

(ii) State four disadvantages of the production process identified in 1(a) to the workshop.
[8 marks]

2. ABC Limited, a textile company and XYZ Limited, a cotton processing company agreed to merge.

(a) Identify and explain the type of merger to be formed by the companies.
[3 marks]

(b) State four reasons that would have necessitated the formation of the merger.
[8 marks]

(c) List and explain three sources of finance available to the company formed.
[9 marks]

3.

(a) Differentiate between a trade association and a chamber of commerce.

[4 marks]

(b) State four functions of a chamber of commerce.

[8 marks]

(c) State four functions of an employers' association.

[8 marks]

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4. The diagrams below are computer devices.



a) Name any eight of the computer devices labelled A – I.

[8 marks]

(b) State one use of any six input devices named in 4(a).

[12 marks]

5.

(a) List four sources of credit available to a sole trader.

[marks not visible in source image]

(b) Explain the following credit instruments:

(i) acceptance credit;

(ii) luncheon voucher;

(iii) bill of exchange.

(c) State two advantages and three disadvantages of hire purchase to the seller.

6.

(a) Explain three means of payment in international trade and two means of payment in home trade.

[marks not visible in source image]

(b) Explain five reasons countries engage in international trade.

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7. The marketing manager of a shoe factory was in a senior management meeting to convince the board to accept his proposal using television to advertise the company's products.

(a) State four benefits the company would derive from using television to advertise its products.

(b) List and explain four other promotional means the company could adopt.

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8. The data below relates to J.K. Limited as at December 31, 2021.

Item	D
Inventory – 1st January 2021	80,000.00
Inventory – 21st December 2021	60,000.00
Purchases	180,000.00
Opening expenses	40,000.00
Discount received	20,000.00
Other current assets	150,000.00
Current liabilities	100,000.00

Calculate:

(i) Gross profit;

(ii) Net profit;

(iii) Gross profit margin;

(iv) Net profit margin;

(v) Working capital;

(vi) Rate of inventory turnover.

COMMERCE WAEC

PAPER 2 (SC) 2023 — ESSAY

Answer five questions only.

1.

(a) Explain **five** factors that delayed the growth of commerce in West Africa.

[10 marks]

(b) Using appropriate headings, classify the following workers:

(i) oil driller;

(ii) potter;

(iii) policemen;

(iv) brewer;

(v) stock broker;

(vi) mason;

(vii) farmer.

[10 marks]

---

2. Victor and Samba have been partners for two years. They have had disagreements throughout the period and Samba requested for a dissolution of the partnership so that he could start a sole proprietorship.

(a) State **five** problems Samba could face as a sole trader.

[10 marks]

(b) State **five** benefits Samba could enjoy if he remained in the partnership.

[10 marks]

3.

(a) State **four** functions of warehousing.

[8 marks]

(b) State **two** features of each of the following retail outlets:

(i) chain stores;

(ii) mobile shop;

(iii) mail order business.

[12 marks]

4.

(a) As an employee of the stock exchange market, explain to a group of investors **five** securities they could trade in.

[10 marks]

(b) State **five** duties of an agent to his principal.

[10 marks]

5.

(a) Differentiate between **indent** and **quotation**.

[4 marks]

(b) State **four** functions of each of the following organizations:

(i) export promotion council;

(ii) customs and excise authority.

[16 marks]

6.

(a) What is **tourism**?

[2 marks]

(b) State **one** negative effect of tourism on each of the following:

(i) economy;

(ii) society;

(iii) environment.

[6 marks]

(c) State **two** positive effects of tourism on each of the following:

(i) economy;

(ii) society;

(iii) environment.

[12 marks]

[12 marks]

(ii) working capital;

(iii) rate of stock turnover.

[20 marks]

---

8. The following information was extracted from the books of Lompat Ventures as at December 31, 2022.

Item	**₦**
Stock as at 01/01/22	37,500
Stock as at 31/12/22	15,000
Goods bought	30,000
Sales	70,000
Wages and salaries	2,500
Rent and rates	3,500
Transportation	2,600
Debtors	100,000
Creditors	50,000
Bank overdraft	60,000
Cash at bank	25,000

Calculate:

(i) net profit;

WAEC 2024

THEORY QUESTIONS ESSAY

ABC Breweries Limited started operations with production, finance, marketing and administration departments. The following personnel were in its employment:
General Manager; Finance Manager;
Personal Secretary; Accounts Officer
Marketing Manager; Production Manager
Production Supervisors; Factory Workers
Sales Agents; Administrative Officers.
Administrative Officers.
(a) Draw an organizational chart for ABC Breweries Limited.
(b) State two functions of each of the departments in the company.

(a) List five contents of a Memorandum of Association and five contents of an Articles of Association.
(b) Explain five problems faced by public corporations.

(a) State five factors a bank manager would consider before granting a loan to a young school leaver.
(b) State five conditions that will make a bank to dishonour a customer's cheque.

(a) State five features of the stock exchange.
(b) State five features of the supermarket.

(a) Differentiate between the following:
(i) A factor and A broker;
(ii) A stock exchange and A commodity exchange.
(b) Explain the following terms as used in the commodity market:
(i) Open outcry; (ii) Futures contract;
(iii) Clearing system; (iv) Pit dealers.

Digital Trading Limited agreed to supply 200 computers to Mr Konteh at the cost of D10,000 per computer. The company promised to deliver the machines within 30 days of the agreement.
(a) State four factors that may lead to the cancellation of the

agreement.

(b) List and explain four essential elements of the agreement between Mr Konteh and Digital Trading Limited.

(a) Differentiate between deregulation and commercialization.

(b) The government of country Z wishes to sell its transport company.

(i) Name the policy that the government wishes to adopt.

(ii) Explain five reasons which could have necessitated the government's course of action.

The following information was extracted from the books of XYZ Ventures as at 31st June 2021:

Opening stock — 200,000

Closing stock — 100,000

Salaries and wages — 120,000

Purchases — 900,000

Shop rent — 150,000

30% profit was made on cost of goods sold.

You are required to calculate:

(a) Cost of goods sold; (c) Total sales; (e) Rate of turnover.

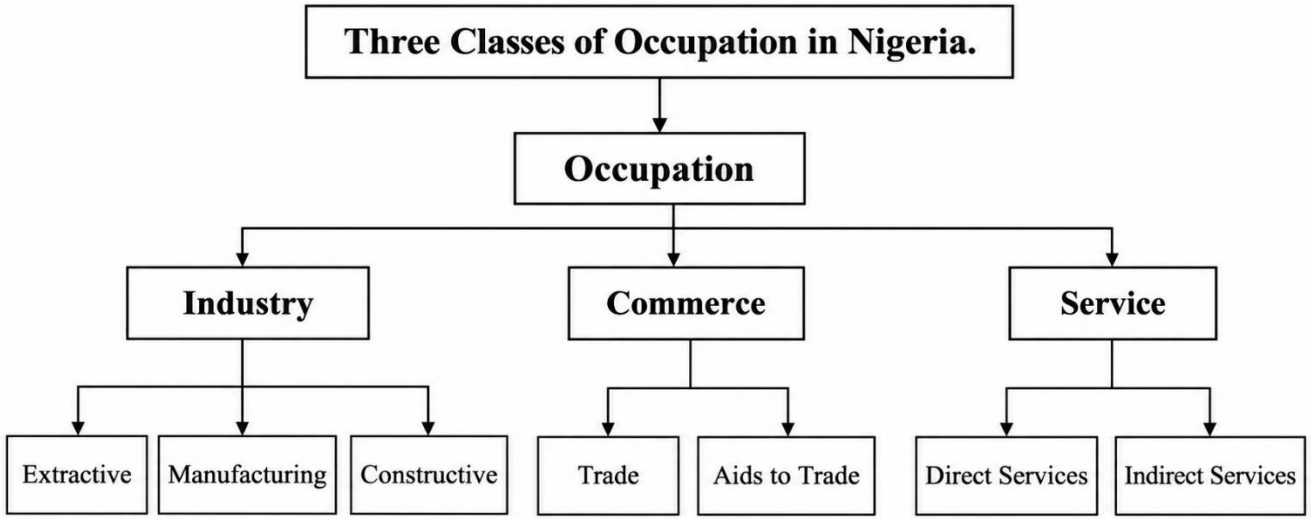
(b) Gross profit; (d) Net profit.

ANSWERS TO WASSCE JUNE 2015 COMMERCE 2 ESSAY

1(a) Definition of Occupation:

Occupation is the productive activity an individual engages in to earn a living. In other words, it is the economic activity which occupies a person's productive time.

1(b) Three classes of occupation, in diagram:



1(c) Explanation of classes of occupation:

I. Industry — Industrial occupation deals with obtaining raw materials and converting them to finished goods (products). Industrial occupation is subdivided into three, namely Extractive occupation, Manufacturing occupation and Constructive occupation. A typical example of industrial occupation is mining.

II. Commerce — Commercial occupation is concerned with activities that relate to the distribution of goods. In other words, it involves the buying and selling of goods and services which facilitate trade. Buying and selling/retailing business (sole proprietorship) is an example of commercial occupation.

III. Service — Services refer to those activities rendered to people either directly or indirectly. In service occupation, people directly benefit from the activities. The activities of a barber are classified under this occupation.

2(a) Vending Machine:

A vending machine refers to a retail outlet which dispenses pre-packed items such as bottled water, canned drinks, etc. This device sells automatically once the appropriate amount has been inserted in the slot made available for the purpose.

2(b) Reasons for the popularity of supermarkets:

(i) Supermarkets provide varieties of goods for shoppers to choose from.

(ii) They are located within the vicinities of shoppers.

(iii) Goods are arranged in such a way that attracts the shoppers and stimulates impulse buying.

(iv) Shoppers may not encounter traffic jams before getting to the supermarket.

(v) All consumers enjoy preferential treatment because the prices of goods are uniform for every customer.

(vi) Prices of goods sold are highly competitive and consumer-based.

(vii) Shoppers enjoy self-service, making use of baskets and trolleys provided to pick their items.

3(a) Functions of Commercial Banks:

(i) They keep money and other valuables of customers.

(ii) They grant loans and overdraft to persons.

(iii) Commercial banks discount bills of exchange.

(iv) They give advice to their customers on investments.

(v) They act as agents for their customers in making payment.

(vi) They can also act as agents for customers on issues relating to collection of dividends.

(vii) They give interest to customers on savings account and fixed deposits.

3(b) How the Central Bank controls Commercial Banks:

(i) Through Bank Rate — The Central Bank can either increase or decrease its lending rate to commercial banks; this is aimed at discouraging or encouraging the borrowing frequency by members of the public.

(ii) Through Special Directives — This is a practice whereby the Central Bank gives special instructions to the commercial banks in respect of their deposits, lending policies, etc.

(iii) Through Moral Suasion — This is a policy whereby the Central Bank persuades the commercial banks to keep interest rates to either reduce or increase money in circulation.

(iv) Through Special Deposit — By this measure, the Central Bank may demand a mandatory deposit from the

commercial banks as a percentage of the deposit with the commercial banks, in order to control credit.

(v) Through Open Market Operation — This involves the sale and purchase of securities between the Central Bank and the commercial banks. Hence, the Central Bank sells securities to the commercial banks to reduce money in circulation, and buys securities from commercial banks to increase money in circulation.

4(a) Reasons for the presence of Customs and Excise Authority at seaports:

(i) To discourage smuggling of goods.

(ii) To compile reports in respect of import and export in the nation.

(iii) For the collection of taxes.

(iv) To provide information to importers and exporters about government policies regarding their operations.

(v) To gather reports in respect of imports and exports.

(vi) To properly monitor or supervise the bonded warehouse where goods are kept until duties are paid.

(vii) To educate the importers and exporters on government directives.

4(b) Functions of Airport Authority:

Control of Traffic — Airport Authority controls air traffic for aircraft on taxiing, landing, weather control, among other functions.

Maintenance — It ensures effective functionality of facilities at the ports through proper maintenance.

Security — The Airport Authority ensures security of passengers and aircrafts.

Provision of Warehouse — Airport authority provides warehouse facilities for safekeeping of goods.

Collection of Taxes and Levies — The Airport Authority collects airport levies from airline operators and taxes, as well as other rates for use of its facilities.

5(a) Reasons for advertising products by manufacturers:

For Awareness Creation — Advertisement creates awareness of a product, especially a new product, to the public.

To Strengthen Relationship — Advertisement builds a healthy relationship between the consumer and the manufacturer.

For Enlightenment — It educates the buyers on the functions and relevance of goods being produced.

For Goodwill Purpose — Advertisement improves or promotes the goodwill and reputation of the manufacturer.

Acting as a Stimulant — Advertisement can create demand for goods and stimulate patronage.

Price, Sales and Revenue — It boosts purchase or stimulates demand for goods/products.

5(b) Reasons for the presence of Customs and Excise Authority at seaports (continuation, repeated with slight variation):

(i) To discourage smuggling of goods.

(ii) To compile reports in respect of import and export in the nation.

(iii) For the collection of taxes.

(iv) To provide information to importers and exporters about government policies regarding their operations.

(v) To gather reports in respect of imports and exports.

(vi) To properly monitor or supervise the bonded warehouse where goods are kept until duties are paid.

(vii) To educate the importers and exporters on government directives.

(Note: 5(b) here appears to duplicate 4(a)'s content in the original notebook — this is what's on the page as written; it's likely a numbering slip in the original script rather than a transcription error.)

6(a) Reasons for advertising products by manufacturers (as also covered under 5(a) above — see that entry).

6(b) Ways of discharging a contract:

By Agreement — When the parties involved intentionally decide to discharge the contract even earlier than the due date.

By Lapse of Time — This happens when the time stated in the contract has expired. This may happen before the initial date stated in the terms previously spelt out.

By Performance — This is experienced when the content of the contract has been fully performed and the details carried out.

By Breach — This occurs when one of the parties fails in his/her part of the agreement.

As a Result of Death — The death of one party, in the case of individuals.

7(a) Launch New Products:

Advertisement creates excitement for new products and supports growth.

7(b) Criticism of Advertising:

Advertising interferes with the free choice of the people.

It brings about wastage of resources.

It increases the cost of goods, which also increases the prices of goods as well.

It may lead to unhealthy competition among manufacturers.

It can mislead people to patronise what they would regret later after purchasing.

8(a) Meaning of Contract:

Contract is an agreement between two or more parties to perform a specific task, work or job order, on a temporary or fixed duration, which is governed by a written agreement. Every contract involves an agreement between two parties, which may be individuals or organisations, or groups of individuals or organisations, recognised by law (has legal backing).

8(b) Reasons for government's participation in business:

To provide essential services at affordable prices.

To ensure even distribution of resources.

To reduce or prevent monopoly of goods and services by individuals or organisations.

To protect consumers over private organisations' exploitations.

To fund huge or large capital projects.

To control certain sensitive goods and services that may be too dangerous to leave to private businesses.

To prevent foreign dominance of controlling the national economy.

To stimulate economic growth and build public infrastructure like roads.

To earn revenue for the government — collects money through business licences, permits and taxes.

8(c) Problems encountered by government in businesses:

Attitude of workers with respect to lateness, absence without notice, can cripple government businesses.

Government interference in the affairs too frequently can bring about poor performance of businesses.

Misappropriation of funds meant for projects and embezzlement can cripple businesses' growth.

4. Favouritism in hiring workers often leads to placing square pegs in round holes. This implies that incompetent and unqualified personnel are hired (employed) into offices, and this will affect the effectiveness of the business.

5. Political instability, due to frequent changes in government bringing about inconsistencies in the administration of such businesses, and this may lead to poor growth and waste of resources.

8(d) Meanings of the abbreviations:

COD = Cash on Delivery

CIF = Cost, Insurance and Freight

FOB = Free On Board

E and OE = Errors and Omissions Excepted

8(e) Cash Discount = 7½%

Cost of Goods = ₦100,000

Quantity Discount = 5%

(i) Quantity Discount = 5/100 × ₦100,000 = ₦5,000

(ii) Value of Cash Discount:

7½/100 × ₦100,000

= 15/2 ÷ 100 × ₦100,000

= 15/200 × ₦100,000

= 15 × 500

= ₦7,500

(iii) Net amount of money payable by the buyer:

Total Cost = Cost − (Quantity Discount + Cash Discount)

= ₦100,000 − (₦5,000 + ₦7,500)

= ₦100,000 − ₦12,500

= ₦87,500

= 15 × 500

= ₦7,500

(iii) Net amount of money payable by the buyer:

Total Cost = Cost − (Quantity Discount + Cash Discount)

= ₦100,000 − (₦5,000 + ₦7,500)

= ₦100,000 − ₦12,500

= ₦87,500

eSecondarySchool

ANSWERS TO WASSCE JUNE 2016 COMMERCE 2 ESSAY

Question 1

Importance of Commerce:

Employment opportunities — Various commercial activities provide job opportunities for the citizenry.

International/mutual cooperation — Commerce has provided the platform for a country to engage in trade with other countries. This extensively promotes international cooperation or relationship between the nations.

Increase in the standard of living — Commercial activities help in boosting the economy through trade with other countries, which in turn leads to a higher standard of living of the people.

Promotion of production — Commerce helps in promoting the production process by ensuring efficient distribution of goods and services.

Efficient communication — The world has become a global village because of effective communication, especially through trade relations and various efforts to reach potential buyers/consumers of various products.

Question 2(a) Features of a Self-Service Shop:

Goods are prepackaged in self-service shops.

Goods are displayed at various sections.

There are price tags for each item.

Baskets and trolleys are made available for convenient shopping.

Self-service shops have large spaces.

Customers move around the shop to select goods of choice.

2(b) Demerits of Self-Service Shops:

It is prone to pilfering due to large space if there are no CCTV cameras.

Buyers do not have the opportunity to inspect goods which have already been pre-packaged.

It does not create room for an informal relationship between the seller and buyer.

Running cost and maintenance are very high.

The cost of products may be very high because of the addition of hidden charges like Value Added Tax, security tax on various goods.

2(c) Importance of Working Capital for a business:

It acts as an indicator for profitable returns on investment.

It aids in checking irrelevant investments that are not viable.

Working capital finances the daily administration of a business.

It helps in determining whether an organisation can pay off its debts or not.

Question 3(a) Functions of a Wholesaler to the retailer:

The wholesaler breaks the bulk for the retailer by selling in small quantities.

He acts as the middle man between the manufacturer and the retailer.

He provides a variety of goods to the retailer.

He finances the retailer by granting credit facilities.

He arranges the logistics and transport of goods directly to the retailer's shop.

He stores large stockpiles of goods in their warehouses.

Wholesalers sort, grade and repackage goods into smaller, consumer-ready portions suited for retail sale.

3(b) Merits of Small-Scale retail business over large-scale business:

Fewer legal formalities — Government regulations are required, but there are no complex compliance rules/licences required like large retail corporations.

Capital requirement — Small-scale retail trade requires little capital to set up than large-scale retail trade.

Credit facilities — Customers of small-scale retail trade enjoy credit facilities unlike those of large retail trade.

Personal relationship — Small-scale retailers enjoy informal and personal relationships with their buyers, and this promotes continuous patronage from the buyer, unlike large-scale retailers.

Accessibility — Small-scale retailers are easily accessible because they are located closer to their consumers, unlike large-scale retailers.

Pricing — The consumers enjoy bargaining in order to arrive at a fair price for goods purchased from small-scale retailers, unlike large-scale retailers.

Flexibility in operations — Small stores adapt quickly to sudden changes in market trends, local tastes, or customer feedback, unlike large-scale retailers.

Question 4(a) Explanation of the following:

Marine Insurance — This is a form of insurance which covers any loss that may arise from dangers at sea, on ships, cargoes and crew. In international trade, Marine Insurance is mandatory to reduce the risk that may occur from moving goods from one country to another. Types of Marine Insurance are: Hull Insurance and Cargo Insurance. The policies in Marine Insurance are: Voyage policy, Fleet policy, Time policy, etc.

(b) Accident Insurance — Accident Insurance is a form of insurance that covers any loss that may arise from any accident considered. Such loss may include death, permanent injury, or disability.

(c) Group Insurance — This branch of insurance is taken on a collective number of people, especially by an employer, to cater for his/her employees in case of an accident. Group Insurance helps to reassure members of a group or team of their protection against any form of risk.

(d) Fidelity Guarantee Insurance — This branch of insurance policy is taken to provide cover against any loss that may occur from the dishonesty or misappropriation of funds by employees holding positions of trust.

(e) Consequential Loss Insurance — This form of insurance covers any loss that may arise from interruption or stoppage of production in a company. This relates to fire insurance, which is taken to cover any loss from a fire incident that has affected or abruptly stopped the production process of a company.

Question 5(a) Functions of a Courier Firm:

A courier firm renders door-to-door services to customers, to any location.

Courier firms provide the most effective means of sending documents over short and long distances.

Courier firms render longer hours of service more than the public firms.

Courier firms ensure the safety of items handled; hence they ensure that items handled are delivered safely without loss of any kind in transit.

5(b) Functions of Telecommunication Firms:

Telecommunication firms promote commercial activities (services) such as online retailing, online shopping and electronic advertising.

They enable individuals to engage in conversation with other individuals over several thousand kilometres apart.

They promote banking through services like online funds transfer, electronic banking, etc.

They aid transmission of electronic messages in the form of Short Message Service (SMS).

Written messages can also be transmitted electronically over long distances through fax.

They provide web services to subscribers to enable them to communicate with other people in other parts of the world.

Question 6(a) Media of Public Relations:

(i) Television

(ii) Radio

(iii) Exhibitions

(iv) Trade fairs

(v) Cinemas

(vi) Feature articles

6(b) Types of After Sales Services:

Free professional advice of product purchased.

Provision of spare parts.

Free installation services.

Replacement of damaged or faulty parts.

Free delivery.

6(c) Benefits of After Sales Service:

After sales service increases the turnover in businesses.

It increases the profit margin of the seller.

It promotes the services provided by the seller.

It makes the customers enjoy better cordial relationship with the seller.

It makes the seller enjoy continuous loyalty from customers.

Question 7(a) Differences between a Broker and a Factor:

A broker has no title to goods, while a factor has title to goods.

A broker is not liable for any default, but a factor is held liable for default.

A broker has no lien on the goods, but a factor has.

7(b) Duties of the Employer to the Employee:

The employer must compensate the employee for any loss suffered in the course of performing his/her duties.

He must provide the employee with necessary equipment with which to work.

The employer must remunerate the employee based on the terms of their agreement.

7(c) Duties of Employee to Employer:

An employee should be accountable to his/her employer.

He/she must keep the secrets of his/her employer.

The employee must act in good faith when discharging his/her duties.

He/she must perform the assigned duties according to the terms of employment.

Question 8(a) Meaning of Turnover in Commerce:

Turnover, in this context, refers to the net sales of a business over a particular period of time. In other words, it is the excess of sales over cost of sales.

8(b) Factors that determine the turnover of a product:

Product nature — The type of product being sold determines the turnover of the product.

Pricing — This is a major determinant of the turnover of a product, because the higher the price, the more likely the turnover is affected negatively.

Goodwill of the seller — This considers the reputation of the seller, which determines how the turnover will be for such product being considered.

Advertisement — The effectiveness of advertisement and other sales promotion strategies combine to determine how consumers respond to such product, which affects the turnover as well.

Location of the selling point — The place where the product is sold plays a significant role in determining the state of the turnover.

ANSWERS TO WASSCE JUNE 2017
COMMERCE 2 ESSAY

Question 1(a) Meaning of E-Commerce:

E-Commerce refers to the buying and selling of goods and services or the transmitting of funds or data over an electronic network, usually the internet.

(b)(I) Merits of Privatisation:

It promotes the development of private sector businesses because individuals are encouraged to participate in business.

It reduces government monopoly in business.

It saves government the funds usually budgeted.

It promotes efficiency in the privatized industries because firms aspire to make profit.

It encourages foreign investment because some buyers of privatized firms are foreigners.

It aids the development and training of entrepreneurs and acquisition of skills and technical know-how.

It enables the government to get a lump sum of revenue from the sale of privatized firms for other vital services.

(b)(II) Demerits of Privatization:

It reduces the popularity of the government in power.

It leads to arbitrary increase in market prices.

It leads to unemployment which affects the economy adversely.

It breeds corruption and uneven distribution of wealth.

It makes some sectors of the economy be controlled by a few privileged persons.

Question 2(a) Definition of Communication:

Communication simply refers to the act of transferring information from one person or from one place to another.

(b) Means of Communication in business:

Oral Communication

Radio and Television

Letters and Memos

Journals and Newspapers

Internet Services

Telegrams

Telephones

Posters

Whistle blowing etc.

(c) Importance of Communication in business:

It encourages relationships between customers and business firms.

It promotes effectiveness in advertisement.

It enhances effective management in an organisation.

It promotes innovation in payment for goods and services.

It maintains relationships between individuals and organisations.

Question 3 Explanation of retail outlets:

1. Department Store:

This is a large-scale retail outlet which houses different stores under one roof. Customers can do all their shopping in a place. The features of department store include:

(a) Arrangement of goods on shelves to promote impulse buying.

(b) Price tagging of products.

(c) Selling of varieties of products.

Mobile shop:

This refers to a large vehicle that conveys goods and moves from one place to another. A mobile shop has a tendency of reaching more customers within a short period of time.

However, mobile shops constitute noise pollution in the society.

Chain Store:

A chain store is a retail outlet that sells a brand of products which is controlled by a central management. Chain stores can also be called multiple shops which have standardized and uniform business methods and practices.

Mail order business:

This is a form of large-scale retailing which involves selling of goods or services by mail. It is a system in which orders and deliveries are made by mail through internet (electronic) or by the orthodox method (manual).

Super Market:

This is a large-scale retail outlet that sells food and other household goods. It is usually operated on a self-service basis.

Question 4(a) Merits of Co-operative Societies:

Co-operative Societies educate their members on the policies of the government.

They encourage saving habits among their members.

They settle disputes among their members.

The death of a member does not bring an end to the business.

Members have equal rights in the administration of the business.

They assist members by providing financial aids in form of interest-free loan.

They liaise with government for the benefit of their members.

(b) Procedure for the formation of a limited liability Company:

Application for name search and reservation.

Preparation of Article of Association.

Preparation of Memorandum of Association.

Filing of documents with the Registrar of Companies.

Assessment of documents filed for payment of fees.

Issuance and collection of Certificate of Incorporation.

Question 5(a) Features of Warehousing:

It provides adequate facilities for effective storage of goods.

Its location must be easily accessible.

It must have adequate and effective security.

Its premises must be spacious for free movement of vehicles for loading and offloading.

It should have office space for administrative work.

(b) Importance of Warehousing in business:

Warehousing helps in branding, grading and labelling of goods.

It is used to generate revenue for the government.

It facilitates the production of goods ahead of demand.

It encourages price stability of goods.

It enhances regular flow of goods into the market.

It promotes continuous availability of products throughout the year.

It creates jobs for managers, forklift drivers and clerks.

Question 6(a) Definition of advertising:
Advertising is a means of communication which creates awareness of products and services. The purpose of advertising is to influence potential customers about products and services.

(b) Demerits of Advertising:

It encourages the sale of inferior goods or products.

It influences potential customers to buy the products.

It increases the cost of products.

It confuses the buyers.

It exaggerates the function or effectiveness of a product or service.

It creates awareness on the existence of a product or service.

(c) Ways by which producers can create awareness for their goods and services:

By giving out free samples to the public.

By window display of the products.

Through the print media like newspapers and magazines.

Through the electronic media like television, radio etc.

Through the social media like Facebook and YouTube.

Through referral programmes which attract financial benefits.

Question 7 Explanation of the terms:

(a) Standing Order:

This is an instruction given to a bank by a current account holder to make regular fixed payments to a particular individual or organisation on one's behalf.

(b) Bank Draft:

A bank draft is a secure, guaranteed paper payment method issued by a financial institution, like banks, where the funds are drawn directly from the bank's own reserve account rather than one's personal checking balance.

(c) Legal tender:

This is a medium of payment recognized by law as a means of payment or settling debts.

(d) Money order:

Money order is a form of payment through the post office, where the payer fills a form to include the payee's name, amount payable and point of collection.

(e) I.O.U (I owe you):

This refers to an informal document that acknowledges a debt owed by one party to another. An IOU is not a negotiable instrument and does not specify repayment timeline, interest rate or payment terms.

Question 8(a) Full meanings of the following:

i. C.O.D = Cash on Delivery

ii. C.I.F = Cost, Insurance and Freight

iii. F.O.B = Free on Board

iv. E and O.E = Errors and Omissions Excepted

(b) Given:

Cost of goods = Le100,000

Trade discount = 5%

Cash discount = 5%

(i) Trade discount value at 5%:

5/100 × 100,000 = Le5,000

⇒ New cost of goods = 100,000 − 5,000 = Le95,000

(ii) Cash discount Value of 5%:

5/100 × 95,000 = Le4,750

(iii) Net amount payable:

Total cost of goods = Le100,000

Less: Trade discount = Le5,000

Cash discount = Le4,750

Amount Payable = 100 − (5,000 + 4,750)

= Le(100 − 9,750)

= Le90,250

⇒ Amount payable by the buyer = Le90,250

ANSWERS TO WASSCE JUNE 2018
COMMERCE 2 ESSAY

Question 1(a) Factors that limit the application of division of labour:

Cost of production.

The processes involved.

The level of craftsmanship of the workers.

Simplicity of the tasks involved.

Interdependence of workers.

(b) Demerits of Division of labour:

It increases cost of production.

It does not encourage craftsmanship.

It promotes capital intensive production which may lead to unemployment.

It hinders effective mobility of labour.

It leads to interdependence of workers.

It leads to monotony of work.

(c) Merits of division of labour:

Division of labour aids in production of standard goods.

It helps in development of skills.

It promotes specialization.

It saves time.

It promotes large scale production.

It leads to greater output and faster processes to reduce cost per unit.

Question 2(a) Factors to Consider before setting up a small scale retail business:

Capital available.

Experience of Mr. Touray on the business.

Proximity to customers.

Type of goods to be sold.

The pricing policy.

Sources of supply.

(b) Functions of the Wholesaler to the Retailer:

The wholesaler can sell on credit to the retailer.

He can prepackage the goods for the retailer in small quantities.

He can give technical or expertise advice to the retailer about some goods.

He helps to convey (transport) the goods to the location of the retailer.

He provides a variety of goods to the retailer.

He serves as the middleman between Mr. Touray and the manufacturers.

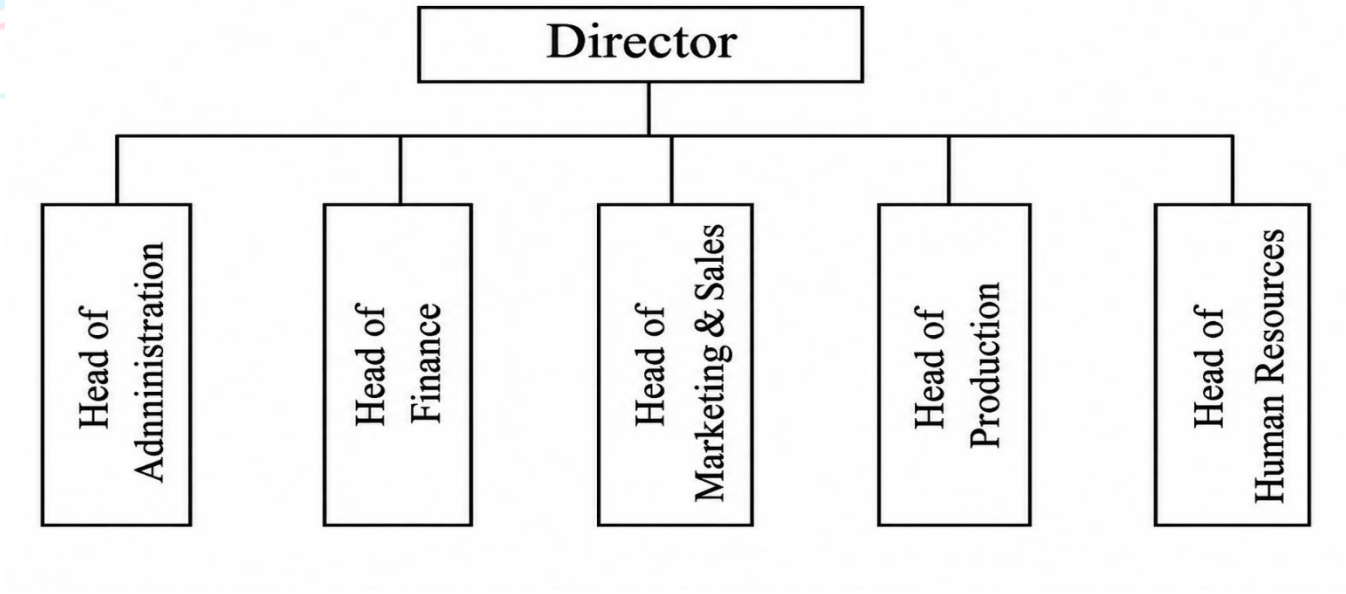
He stocks large volume of goods in his warehouse.

Question 3 Differences between Public Enterprise and Public Company:

Criteria	Public Enterprise	Public Company
i. Formation	By decree or Act of Parliament.	By a General Law on Corporate Matters.
ii. Ownership	Owned by the Government.	Owned by private individuals.
iii. Purpose	To provide essential services at little or no cost.	To make profit from its services.
iv. Management	It is controlled by the Board of Directors appointed by the government.	It is managed by Board of Directors appointed by the shareholders.

v. Sources of funds	It is funded by the government via allocations.	It is funded via sale of shares, loans from banks, re-invested profits.

Question 4(a) Organisational Chart:



(Director at the top, branching down to: Production Department, Marketing Department, Accounts Department, Personnel Department, Purchasing Department)

Functions of the Departments:

I. Production Department:

To ensure that the quality of the pure water is achieved.

To maintain the design of the water according to the standard.

II. Marketing Department:

To take record of sales.

To conduct research to ascertain how new product design should be introduced into the market.

To get feedback on the satisfaction of customers on the product.

III. Personnel Department:

To ensure that safety protocols are observed.

To recruit workers.

To train newly employed workers.

IV. Accounts Department:

To keep records of income and expenditure.

To prepare remuneration and entitlements of members of staff.

To prepare periodic audit of company accounts.

V. Purchasing Department:

To procure/acquire raw materials for production.

To ensure regular stock taking/store keeping.

Question 5(a) Importance of Marketing:

Marketing provides vital information on the needs of the consumer.

It enhances the movement of goods from the producer to the consumer.

It ensures customers' satisfaction.

It discourages wastage through market research.

It provides information on the needs of the consumer and on the goods and services available.

(b) Promotional tools for businesses:

Publicity

Branding

Personal Selling

Public relation

Advertising

I. Publicity:
This tool involves drawing the attention of people through various means to create awareness for a product. Some organisations can use loud music with dancers in highly density areas to attract attention to a product or service.

II. Branding:
Branding involves giving a distinct name to a product which can be done in such a way that the product will be singled out among its competitors.

III. Advertising:
This tool requires creating awareness through the media.

IV. Public Relation:
This is a promotional tool which involves taking part in community development projects in the vicinity or environment.

V. Personal Selling:
In this promotional tool, sales representatives are engaged to take the products to consumers directly in order to get feedback from such consumers.

Question 6(a) Definition of Second tier Security Market:
This is a market in which buying and selling of existing securities of companies takes place. The purpose of second tier security market is to complement the efforts of the stock exchange market towards funds mobilisation for investments.

6(b) Merits of Second tier Security Market:

It provides opportunity for buying and selling of shares.

It promotes survival and development of companies.

It encourages procurement of loans.

It saves advertising costs when shares are being floated.

It provides financial advice to companies in areas to invest their funds.

It complements the efforts of the stock exchange market.

It enables investors and companies to raise more capital.

(c) Requirements for trading in a second tier security market:

The company must be incorporated as a public limited liability company.

The company must sign a general undertaking with the stock exchange market.

The financial statements of the company for three years must be submitted to the stock exchange.

The shareholders must not be less than one hundred.

The company must make available at least 10% of its equity share to the investing public.

The shareholder will not be allowed to either directly or indirectly acquire more than 75% of the issued capital.

Question 7(a) Meaning of a Contract:

A contract simply refers to an agreement enforceable by law. It is an agreement between parties that is enforceable by law or intended to have a legal status.

(b) Reasons for Consumer Protection:

The consumer must be protected from unreasonable high prices charged by sellers according to Price Control Decree 1970.

Consumers must be protected from the sale of poor quality goods in line with Standard Organisation Decree 1971.

The consumer must be properly informed and protected from misleading advertisement and deception (Trade Description Act 1968).

To guard against false weight and measures which consumers face (Weights and Measures Act 1963).

Consumers should be protected from the sale of expired goods like drugs (Food and Drugs Act 1955).

Question 8(a) Liquid Capital = Cash + Stock

= Le6,750 + Le12,000

= Le18,750

(b) Fixed Asset = Plant and Machinery + Motor Van

= Le72,000 + Le31,000

= Le103,000

(c) Capital Owned = Assets − Liabilities

Assets	**Le**	**Liabilities**	**Le**
Fixed:		Long Term:	
Plant & Machinery	72,000	Loan	50,000
Motor Van	31,000		
Current:		Current:	
Cash	6,750	Creditors	43,000
Stock	12,000		
Debtors	30,000		
Total	151,750	Total	93,000

⇒ Capital Owned = Le151,750 − Le93,000

= Le58,750

(d) Working Capital = Current Asset − Current Liabilities

= 58,750 − 43,000

= Le15,750

ANSWERS TO WASSCE JUNE 2019
COMMERCE 2 ESSAY

QUESTION 1(a) Career Opportunities available to a Student of Commerce:

(1) Banking.

(2) Insurance.

(3) Accountancy.

(4) Transportation.

(5) Agency.

(6) Marketing/Salesmanship.

(7) Trading/Wholesaling and Retailing.

(b) Functions of an Entrepreneur:

An entrepreneur provides capital for business.

He bears all the risks of the business.

He organises all the other factors of production.

He takes the final decisions on all matters concerning the business.

He ensures efficient management of the business by combining the other factors of production to maximise production and profits.

He determines the pricing of the product(s) of the business.

(c) Explanations of the terms:

i. Extractive Industry:
This type of industry deals with obtaining materials from nature or earth. Examples: mining, fishing, farming, lumbering are extractive industries.

ii. Constructive Industry:
This industry is engaged in assembling manufactured products into usable forms. Examples include companies involved in construction of roads, bridges, rails etc as well as furniture making.

iii. Manufacturing Industry:

Industries in this category are involved in changing raw materials into finished and semi-finished goods. Occupations in this sector include textile, brewing, vehicle distilling/refining etc.

iv. Tertiary Industry:

Tertiary industries are concerned with the provision of commercial services including direct and indirect services. This industry involves the distribution and exchange of goods and services. Examples are Insurance, Banking, Teaching, Trading, Medical, legal and even banking services among others.

Question 2(a)

The type of Cooperative Society the Company staff formed is a Thrift and Credit Society.

(b) Features of Thrift and Credit Society:

Capital is raised from members' contribution.

The management of the cooperative society is by a committee of elected members.

There is continuity which implies that the death of a member cannot terminate the existence of the society.

Profit is shared among members based on patronage.

The liability is limited to the shares held by members.

The aim of the society is to generate funds which would be given as loans to its members.

Members are entitled to one vote each irrespective of the number of shares owned.

(c)(i) Merits of Thrift and Credit Society:

It easily grants loans to members.

There is continuity in the society as the death of a member cannot terminate the society.

It encourages saving habits among members.

All members have equal rights and powers as they are entitled to one vote during decision making.

Members can easily have access to funds unlike from other financial institutions like banks.

Members have the opportunity of participating in training and seminars organised by the society.

(c)(ii) Demerits of Thrift and Credit Society:

It relies mostly on contributions of members and repayment of loans as source of income.

Some of its committee members lack management and technical skills to run the society.

There could be severe challenges in recovering loans from members which may adversely affect the operation of the society.

There could be cases of mismanagement of funds by the elected members of the committee which may lead to the collapse of the society.

Question 3(a) Reasons for dishonouring a cheque by a bank:

When there are irregularities in the drawer's signature.

When the amount written in figures does not correspond in words.

When there is insufficient account balance in the drawer's account.

When the owner orders the bank to stop the payment of the cheque.

When a court of competent jurisdiction freezes the account.

If the bank has been informed about the demise or insanity of the account owner.

If the cheque is not presented within a period of six months.

3(b) Reasons Countries introduce restrictions in foreign trade:

To prevent importation of harmful goods.

To enable local industries to expand and employ the citizens.

To protect infant industries from competing with more advanced industries abroad.

To improve the balance of payment of the countries.

To preserve the country's foreign reserves.

For government to generate revenues through tariffs and levies.

Question 4(a) Benefits of a Commodity exchange:

It promotes foreign exchange earning.

It encourages standardization of products.

It provides the opportunity for industrial buyers and sellers to meet and manage their risks better.

It promotes continuous production and increased agricultural production.

It enables both exporters and importers to know the market trend and requirements.

It enables farmers sell their products close to the market price by publishing future price daily.

4(b) Methods of trading in a Commodity exchange:

E-trading: This is a method where buyers and sellers of commodities are brought together through electronic platform. The bargain in this method may not involve much negotiation.

Open Outcry: In this method, items for sale are stated on the commodity market, with hand raised by the buyers to indicate intention to buy.

Pit trading: This is a method of trading where buyers and sellers meet in a specified area of the trading floor to reach a bargain through open outcry system.

(c) Requirements for trading in a Commodity exchange:

The commodity must not be perishable or subject to easy deterioration.

The items must be suitable, and can be sold by description.

The traders must be bonafide members of the exchange and must not engage in inside trading.

The commodity must be susceptible to standardization or grading.

Demand must be large and supply must flow naturally to the market.

Question 5(a) Advertising Media used in business:

Billboards

Newspapers and Magazines

Journals

Radio

Television

Internet

Catalogues

(b) Meaning of Personal selling:
This refers to the face to face interaction of a salesman with potential customers for the purpose of presenting products, answering questions or explaining features of products and procuring orders.

(c)(i) Merits of personal selling:

It creates room for immediate feedback.

It projects and sustains the good image of a company/organisation.

It promotes the sale of expensive, fragile and complex goods.

It helps to increase sales both during and off-peak periods.

It gives the sellers the opportunity to demonstrate the mechanism or use of a product.

(c)(ii) Demerits of personal selling:

It poses a great challenge for the management to control the activities of salesmen in the field.

It is difficult to select honest and reliable personnel to go to the field.

This approach is limited to the sale of technical and industrial goods.

Question 6(a)

The term used in relating to the situation is deficit/unfavourable balance of payment.

(b) Measures to correct deficit balance of payment:

By restricting importation: If import is greater than export, the country can restrict imports to reduce its citizens' demand for imported goods and services. This measure may involve total or partial ban of products and increase in import duties and tariffs.

By increasing exportation: In this measure, a country may encourage its citizens to produce for exports, whereby its earnings from exports would be used to offset its import bills.

Sale of Gold reserves/Foreign Investment: In order to finance the balance of payment, a country may sell part of its gold reserves as well as other securities.

By borrowing: A country may borrow to solve its balance of payment problems. Such loans could be used to finance home production for exports.

By exchange Control: The government of a country can introduce measures that would regulate the amount of foreign exchange available for imports.

By devaluation of the country's Currency: In this measure, a country may reduce the official rate of exchange of her currency with other countries. This measure is aimed at making exports cheaper and imports more expensive which would lead to increasing the demand for exports.

Question 7(a) Services rendered by Courier Companies:

i. Courier Companies render door-to-door services to customers to any location.

ii. They provide the most effective means of sending documents over short and long distances.

4. It is not flexible and not available everywhere.

5. It is very expensive to maintain the train and its rail track.

Question 8

(i) Cash price if payment is made within 7 days:

Quantity	Description	Amount	Total
25	Cartons of milk at A4,000/carton	100,000	
17	Cartons of soap at A5,000/carton	85,000	
15	Cartons of sugar at A3,000/carton	45,000	
15	Cartons of rice at A2,000/carton	30,000	

Total = 260,000

Less 10% Trade Discount = 26,000

= 234,000

Less Cash discount of 6% = 14,040

⇒ Cost Price = A219,960

(ii) Selling Price of the goods if sold at a mark up of 20%:

Selling Price = Cost + Trade Discount

Selling Price at profit of 20% = 20/100 × 260,000 = A52,000

⇒ Selling Price = A260,000 + A52,000

= A312,000

(ii) [continued] Cost Price after discounts = 219,960

Other Payments made:

Rent & Rates = A3,500

Salaries & Wages = A8,000

Fuel = A2,000

Electricity = A1,500

Total Payments = A15,000

Recall:

Cost Price = A219,960

Payments = 15,000

Total Expenditure = A234,960

Net Profit = A312,000 − 234,960

= A77,040

WAEC COMMERCE 2020 — PAPER 2 (ESSAY / THEORY)

MARKING SCHEME / MODEL ANSWERS

Rubric: candidates are to answer five questions only. ***Maximum mark obtainable: 100***

(Each question carries 20 marks)

QUESTION 1

(1 mark each × 4 = 4 marks)

(a)(i) Advertising media she could use:

i. Television

ii. Radio

iii. Cinema

iv. Hoardings / Billboards / Neon Signs

v. Window display

vi. Handbills / Fliers / Stickers

vii. Posters

viii. Newspaper / Magazine

ix. Party selling

x. Internet

xi. Catalogues

(a)(ii) Factors that would affect Choice of Media:

i. Coverage of the extent of circulation of the media.

ii. Frequency / number of times viewers may be exposed to the advertisement.

iii. The type of target audience.

iv. The cost involved in using the medium.

v. Flexibility of the medium.

vi. The nature of goods to be advertised.

vii. The medium used by competitors.

viii. Medium of advertising available in her area of operation.

(2 marks each × 4 = 8 marks)

(b) Advantages of Advertising to her Business:

i. It educates consumers about products made available by her.

ii. It creates awareness about the products.

iii. It increases her sales of products.

iv. It helps in expanding the size of her business.

v. It reinforces consumers' demand for her products.

vi. It helps her to withstand local competition with similar firms.

(2 marks each × 4 = 8 marks)

(4 marks + 8 marks + 8 marks = 20 marks)

QUESTION 2

(a) Functions of a Cartel:

i. Cartel helps to fix prices of commodities.

ii. Cartel establishes levels of production and sales for the participating companies.

iii. Cartel allocates market territories to members.

iv. Cartel takes over the entire selling function.

v. Cartel fights competition from non-members.

(2 marks each × 4 = 8 marks)

(b) Advantages of Public Enterprises:

i. They provide infrastructural facilities such as roads, schools, electricity and water to the masses / essential services.

ii. As government establishments, they have sufficient capital for executing projects and programmes.

iii. They provide employment opportunities for the population.

iv. As legal entities, they can sue and be sued.

v. They charge lower fees for their services to the benefit of consumers.

vi. Public enterprises reduce exploitation of consumers as prices are uniform.

(2 marks each × 3 = 6 marks)

Disadvantages of Public Enterprises:

i. The cost of establishing them is high.
ii. They are monopolistic in nature and often abuse their privileges.
iii. They could engage party stalwarts who do not have enough experience.
iv. Red-tapism or bureaucratic tendencies are rampant and this affects their productivity.
v. They are prone to mismanagement leading to wastages and embezzlement.
vi. Lack of competition brings about inefficiency in their operation.

(2 marks each × 3 = 6 marks)

(8 marks + 12 marks = 20 marks)

QUESTION 3

(a) Credit Instruments Used in Business Transactions:

i. Cheque
ii. Promissory note
iii. Hire purchase
iv. Bill of Exchange
v. Credit card
vi. Letter of credit
vii. Trade credit
viii. Bank draft
ix. Acceptance credit

(1 mark each × 6 = 6 marks)

(b) Advantages of Hire Purchase (for Mr. Sylva):

i. Mr. Sylva will be able to raise more working capital.
ii. The need to borrow from other sources will be removed.
iii. There are less stringent conditions on hire purchase

payment than borrowing from the bank.

iv. Mr. Sylva's sales will increase because he will be able to offer credit to his customers.

v. There is no collateral security requirement in hire purchase.

vi. Mr. Sylva's financial records are kept confidential; as such he can also borrow from other sources.

(2 marks each × 4 = 8 marks)

Disadvantages of Hire Purchase (for Mr. Sylva):

i. There will be an increase in the price of the product as a result of the interest added.

ii. There is the additional cost of collecting debt from defaulters.

iii. His capital is tied up as a result of non-recoverable debts.

iv. Defaulters can sue Mr. Sylva as a result of publishing their names.

v. The goods recovered or repossessed by Mr. Sylva may not be fit for resale.

vi. The seller will have to resort to court action to recover the items if a certain percentage has been paid.

(2 marks each × 3 = 6 marks)

(6 marks + 8 marks + 6 marks = 20 marks)

QUESTION 4

(a) Factors to be considered in setting up a retail business:

i. Nature of product to be dealt in will determine all other factors.

ii. The capital available for investment will also determine the type of business that will be set up.

iii. The proposed location of the business will also be considered.

iv. The technology available in the line of business and its affordability will influence the choice of business.

v. The knowledge and experience of the retailer will influence his choice of business.

vi. The level of demand for the type of product to be dealt

in.

vii. Target market for the product to be dealt in would influence the choice of business.

viii. The sources of supply of goods to replenish stock will also determine the type of business to set up.

ix. The level of profit expected in the line of business should also be considered.

x. The law relating to the line of business as stipulated by the state will influence the type of business to set up.

(2 marks each × 4 = 8 marks)

(b) Uses of the following by government to regulate businesses:

(2 marks each × 4 = 8 marks)

i. Registration of Business Name

Government policy demands that businessmen who are going to trade in other names, other than their own name, should register such names so that their details can be recorded to avoid fraud where the owner cannot be traced.

ii. Patent

This is the right granted to an inventor to prevent other people from producing the same product for a period of time, so that the inventor could have exclusive right to his work.

iii. Trademark

This will allow companies to register a logo or name, or any form of symbol that other businesses will not be allowed to use. Whoever uses this can be sued for tort of passing off.

iv. Copyright

This is the right given to an author of a book, or audio recording, to prevent others from using the contents without recourse to the original.

(3 marks each × 4 = 12 marks)

(8 marks + 12 marks = 20 marks)

QUESTION 5

(a) Functions of the Stock Exchange:

i. It is a market for buying and selling securities.
ii. It assists governments, companies and individuals to raise capital by helping to change their securities to cash.
iii. The values of shares, stocks and other securities are determined by the stock exchange.
iv. It provides a financial market for those wishing to invest their money in companies' shares.
v. Being specialists in the stock market, members of the stock exchange are able to advise investors on which securities to buy.
vi. It affords investors the opportunity to resell old shares or second-hand securities through the stockbrokers who work directly in the stock exchange.
vii. It ensures maximum security for investment.

(2 marks each × 4 = 8 marks)

(b) Definitions of Securities:

i. Debentures

A debenture is a debt which is issued by private or public companies. It is a borrowed capital which is generally backed by assets of the issuer and is issued for specific purposes. It is a long-term security that has a fixed rate of interest at the date of issue.

ii. Bonds

Bonds are fixed income instruments that are issued by governments and private organisations to raise capital. They are secured and have maturity periods when both the principal amount and the interest would be paid back to the investor.

iii. Shares

Shares are units of capital which express part ownership of the company. Their owners are referred to as shareholders and they receive income called dividend.

iv. Stock

A stock refers to all of the shares into which ownership of

the corporation is divided. The stock could be divided into common and preferred shares. Stocks can be defined as a bundle of shares grouped together that attracts interest with ordinary shareholders.

(3 marks each × 4 = 12 marks)

(8 marks + 12 marks = 20 marks)

QUESTION 6

(a) Functions of an Export Promotion Council:

i. The council helps in the development and exportation of raw and semi-processed products.
ii. It assists businessmen to obtain export credit financing and insurance for their goods in transit.
iii. It supports and encourages private sector businesses to participate in overseas trade fairs and exhibitions.
iv. It gathers information and publishes them for the benefit of citizens seeking business opportunities to exploit and remain in business.
v. It acquires latest technologies to improve on the quality of products to meet international standards.
vi. It jointly organises local exhibitions for the country's products with the Chamber of Commerce.
vii. It explores different avenues to penetrate into new markets abroad.
viii. It organises training, workshops and seminars in export management and international marketing for the personnel and agencies engaged in foreign trade.

(2 marks each × 5 = 10 marks)

(b) Roles performed by the Customs and Excise Authority towards the growth of Commerce:

i. It supervises the bonded warehouses and ensures that duties on all imported goods are paid.
ii. It generates revenue for the government.
iii. It issues clearance certificates for goods whose duties are paid before leaving the ports to various destinations.
iv. It enforces bans put in place by the government and

ensures that banned items are not brought into the country. / Prevents dumping.

v. It deters the activities of smugglers at the nation's borders, seaports and airports.

vi. It provides quarantine facilities to ensure that unhealthy livestock are not brought into the country.

vii. It aids in the computation and compilation of import and export statistics.

(2 marks each × 5 = 10 marks)

(10 marks + 10 marks = 20 marks)

QUESTION 7

(a) Reasons that could have accounted for Emeka's inability to meet his sales target:

i. Emeka's relationship with the customers may not be good enough to retain customers.

ii. Emeka's company may not be offering after-sales services or may offer inadequate after-sales services.

iii. There may not be adequate promotional tools available to Emeka to perform his duties / poor advertising medium.

iv. Emeka's company may be charging a high price, more than what competitors are charging.

v. Emeka's company may not be offering product varieties.

vi. Emeka may lack adequate logistics to perform his duties.

vii. Consumers may have a wrong/negative perception about the company's products.

viii. Lack of motivation on the part of Emeka himself could affect his performance.

ix. Lack of concentration on the part of Emeka in performing his duties.

x. Inability of Emeka's company to offer credit to customers.

xi. The target set might be too high; as a result, it may not be achieved.

xii. Inadequate market knowledge on the part of Emeka could also prevent him from achieving the target.

xiii. Emeka's company product may be of lower quality compared to those of competitors.

(2 marks each × 5 = 10 marks)

(b) Promotional tools Emeka could use to stimulate sales of the company's products:

i. Emeka could offer free samples of the company's products to prospective customers.

ii. Coupons could be given to customers to be redeemed during their next purchase.

iii. Emeka could introduce trade-in where buyers are offered a fixed discount in the price of a new product in exchange for an older one.

iv. The company can introduce premium offers by increasing the quantity of products to be sold at current prices.

v. The company could introduce quantity discounts to encourage more sales.

vi. The company can allow Emeka to offer credit sales especially to those who cannot make spot payment.

vii. Buyers could be given the opportunity to buy two and get one free.

viii. The company could sponsor events where buyers are promised of winning something if they buy a particular quantity of products.

ix. The company could organise a road show to demonstrate the product with the intention of winning more buyers.

(2 marks each × 5 = 10 marks)

(10 marks + 10 marks = 20 marks)

QUESTION 8

(Note: Currency is Le — Sierra Leone Leone)

(a) RAISA'S GROCERY STORE

TRADING, PROFIT AND LOSS ACCOUNT FOR THE YEAR

ENDED 31/12/2018

Dr.	₦	Cr.	₦
Opening Stock	20,000	Sales	230,000
Purchases	150,000		
Carriage Inwards	4,000		
Cost of Goods Available for Sale	**174,000**		
Less: Closing Stock	(35,000)		
Cost of Goods Sold	**139,000**		
Gross Profit c/d	91,000		
Total	**230,000**	**Total**	**230,000**

Dr.	₦	Cr.	₦
Salaries	29,000	Gross Profit b/d	91,000
Net Profit c/d	142,000	Rent Received	80,000
Total	**171,000**	**Total**	**171,000**

eSecondarySchool

(17 ticks × 1 mark = 17 marks)

Note: Deduct 1 mark each from 8(a), 8(b) and 8(c) if there is no currency symbol (Le).

(b) Gross Profit:

Gross Profit = Sales − Cost of goods sold

= Le230,000 − Le139,000

= Le91,000

(5 ticks × 1 = 5 marks)

(c) Net Profit:

Net Profit = Gross Profit + Rent received − Salaries

= Le91,000 + Le80,000 − Le29,000

= Le142,000

(5 ticks × 1 = 5 marks)

(d) Percentage of Gross Profit on Sales:

Percentage of Gross Profit = (Gross Profit ÷ Sales) × 100

= (Le91,000 ÷ Le230,000) × 100

= 39.56% *(also accept 39.6% or 40%)*

(3 ticks × 1 = 3 marks)

Note: Deduct 1 mark if there is no percentage symbol (%).

(17 marks + 3 marks = 20 marks)

Alternative Calculation Method (Narrative) also accepted:

Cost of goods sold = Opening stock + Purchases + Carriage inwards − Closing stock

= Le20,000 + Le150,000 + Le4,000 − Le35,000

= Le139,000

Gross Profit = Le230,000 − Le139,000 = Le91,000

Net Profit = Le91,000 + Le80,000 − Le29,000 = Le142,000

Percentage of Gross Profit = Le91,000 ÷ Le230,000 × 100 = 39.56%

WAEC 2021 COMMERCE — PAPER 2 (ESSAY/THEORY)

MARKING SCHEME

RUBRIC: Candidates are to answer five questions only.

MAXIMUM MARK OBTAINABLE — 100

Question 1

(a)(i) — Advertising Media She Could Use

Model Answer:

i. Television

ii. Radio

iii. Cinema

iv. Hoardings/Billboards/Neon Signs

v. Window display

vi. Handbills/Fliers/Stickers

vii. Posters

viii. Newspaper/Magazine

ix. Party selling

x. Internet

xi. Catalogues

(1 mark each × 4 = 4 marks)

(a)(ii) — Factors that Would Affect Choice of Media

Model Answer:

i. Coverage or the extent of circulation of the media;

ii. Frequency/number of times viewers may be exposed to the advertisement;

iii. The type of target audience;

iv. The cost involved in using the medium;

v. Flexibility of the medium;

vi. The nature of goods to be advertised;

vii. The medium used by competitors;

viii. Medium of advertising available in her area of operation.

(2 marks each × 4 = 8 marks)

(b) — Advantages of Advertising to Her Business

Model Answer:

i. It creates awareness about products made available by her.

ii. It educates her consumers about the uses of the products.

iii. It increases her sales of products.

iv. It helps in expanding the size of her business.

v. It reinforces consumers' demand for her products.

vi. It helps her to withstand local competition with similar firms.

(2 marks each × 4 = 8 marks)

Total: 4 marks + 8 marks + 8 marks = 20 marks

Question 2

(a) — Functions of a Cartel

Model Answer:

i. Cartel helps to fix prices of commodities.

ii. Cartel establishes levels of production and sales for the participating companies.

iii. Cartel allocates market territories to members.

iv. Cartel takes over the entire selling function.

v. Cartel fights competition from non-members.

(2 marks each × 4 = 8 marks)

(b) — Advantages of Public Enterprises

Model Answer:

i. They provide infrastructural facilities such as roads, schools, electricity and water to the essential services.

ii. As government establishments, they have sufficient capital for executing projects and programmes.

iii. As government establishments, they provide employment opportunities for the population.

iv. They provide employment opportunities for the population.

v. They charge lower fees for their services to the benefit of consumers.

vi. Public enterprises reduce exploitation of consumers as prices are uniform.

Disadvantages of Public Enterprises

Model Answer:

i. The cost of establishing them is high.

ii. They are monopolistic in nature and often abuse their privileges.

iii. They could engage party stalwarts who do not have enough experience.

iv. Red-tapism or bureaucratic tendencies are rampant and this affects their productivity.

v. They are prone to mismanagement leading to wastages and embezzlement.

vi. Lack of competition brings about inefficiency in their operation.

(2 marks each × 3 = 6 marks)

Total: 8 marks + 12 marks = 20 marks

Question 3

(a) Credit Instruments Used in Business Transactions

Model Answer:

i. Hire purchase

ii. Cheque

iii. Promissory note

iv. Bill of Exchange

v. Credit card

vi. Letter of credit

vii. Trade credit

viii. Bank draft

ix. Acceptance credit

(1 mark each × 6 = 6 marks)

(b) Advantages of Hire Purchase

Model Answer:

i. Mr. Sylva will be able to raise more working capital.

ii. The need to borrow from other sources will be removed.

iii. There are less stringent conditions on hire purchase payment than borrowing from the bank.

iv. Mr. Sylva's sales will increase because he will be able to offer credit to his customers.

v. There is no collateral security requirement in hire purchase.

vi. Mr. Sylva's financial records are kept confidential and as such he can also borrow from other sources.

(2 marks each × 4 = 8 marks)

Disadvantages of Hire Purchase

Model Answer:

i. There will be an increase in the price of the product as a result of the interest added.

ii. His capital is tied up as a result of non-recoverable debts.

iii. There is the additional cost of collecting debt from defaulters.

iv. Defaulters can sue Mr. Sylva as a result of publicising their names.

v. The goods recovered or repossessed by Mr. Sylva may not be fit for resale.

vi. The seller will have to resort to court action to recover the items if a certain percentage has been paid.

(2 marks each × 3 = 6 marks)

(a) — Factors to Be Considered in Setting Up a Retail Business

Model Answer — Question 4(a):

i. Nature of product to be dealt in will determine all other factors.

ii. The capital available for investment will also determine the type of business that will be set up.

iii. The proposed location of the business and its affordability will influence the type of business.

iv. The technology available in the line of business and its affordability will influence the choice of business.

v. The knowledge and experience of the retailer will influence his choice of products to be dealt in.

vi. The level of demand for the type of product to be dealt in.

(6 marks + 8 marks + 6 marks = 20 marks)

(2 marks each × 3 = 6 marks)

Question 5

(b) — Uses of the Following as Regulated by Government to Regulate Businesses

Model Answer:

i. Registration of business name

Government policy demands that businessmen who are going to trade in other names, other than their name, should register such names so that their details can be recorded to avoid fraud where the owner cannot be traced.

ii. Patent

This is the right granted to an inventor to prevent other people from producing the same product for a period of time, so that the inventor could have exclusive right to his work.

iii. Trademark

This will allow companies to register a logo or name, or any form of symbol that other businesses will not be allowed to use. Whoever uses this can be sued for tort of passing off.

iv. Copyright

This is the right given to an author of a book or audio recording, to prevent others from using the contents without recourse to the original.

(3 marks each × 4 = 12 marks)

(a) — Functions of the Stock Exchange

Model Answer — Question 5(a):

i. It is a market for buying and selling securities.

ii. It assists governments, companies and individuals to raise capital by helping to change their securities to cash.

iii. The values of shares, stocks and other securities are determined by the stock exchange.

iv. It provides a financial market for those wishing to invest their money in companies' shares.

v. Being specialists in the stock market, members of the stock exchange are able to advise investors on which securities to buy.

vi. It affords investors opportunity to resell old shares or second hand securities through the stockbrokers who work directly in the stock exchange.

vii. It ensures maximum security for investment.

(8 marks + 12 marks = 20 marks)

(2 marks each × 4 = 8 marks)

Question 6

(a) — Functions of an Export Promotion Council

Model Answer:

i. The council helps in the development and exportation of raw and semi-processed products.

ii. It assists businessmen to obtain export credit financing and insurance for their goods in transit.

iii. It supports and encourages private sector businesses to participate in overseas trade fairs and exhibitions.

iv. It gathers information and publishes them for the benefit of citizens seeking business opportunities to exploit and remain in business.

v. It acquires latest technologies to improve on the quality of products to meet international standards.

vi. It jointly organises local exhibitions for the country's

products with the Chamber of Commerce.

vii. It explores different avenues to penetrate into new markets abroad.

viii. It organises training, workshops and seminars in export management and international marketing for the personnel and agencies engaged in foreign trade.

(8 marks + 12 marks = 20 marks)

(2 marks each × 5 = 10 marks)

(b) — Roles Performed by the Customs and Excise Authority Towards the Growth of Commerce

Model Answer:

i. It supervises the bonded warehouses and ensures that duties on all imported goods are paid.

ii. It generates revenue for the government.

iii. It issues clearance certificates for goods whose duties are paid before leaving the ports to various destinations.

iv. It enforces bans put in place by government and ensures that banned items are not brought into the country/Prevents dumping.

v. It deters the activities of smugglers at the nation's borders, seaports and airports.

vi. It provides quarantine facilities to ensure that unhealthy livestock are not brought into the country.

vii. It aids in the computation and compilation of import and export statistics.

(10 marks + 10 marks = 20 marks)

(2 marks each × 5 = 10 marks)

Question 7

(a) — Reasons that Could Have Accounted for Emeka's Inability to Meet His Sales Target

Model Answer:

i. Emeka's relationship with the customers may not be good enough to retain customers.

ii. Emeka's company may not be offering after sales services

or offer inadequate after sales services.

iii. There may not be adequate promotional tools available to Emeka to perform his duties/poor advertising medium.

iv. Emeka's company may be charging high price more than what competitors are charging.

v. Emeka's company may not be offering product varieties.

vi. Emeka may lack adequate logistics to perform his duties.

vii. Consumers may have wrong/negative perception about the company's products.

viii. Lack of motivation on the part of Emeka himself could affect his performance.

ix. Lack of concentration on the part of Emeka in performing his duties.

(10 marks + 10 marks = 20 marks)

(2 marks each × 5 = 10 marks)

(b) — Promotional Tools Emeka Could Use to Stimulate Sales of the Company's Products

Model Answer:

i. Emeka could offer free samples of the company's products to prospective customers.

ii. Coupons could be given to customers to be redeemed during their next purchase.

iii. Emeka could introduce trade-in where buyers are offered a fixed discount in the price of a new product in exchange for an older one.

iv. The company can introduce premium offers by increasing quantity of products to be sold at current prices.

v. The company could introduce quantity discount to encourage more sales.

vi. The company can allow Emeka to offer credit sales especially to those who cannot make spot payment.

vii. Buyers could be given the opportunity to buy two and get one free.

viii. The company could sponsor events where buyers are promised of winning something if they buy a particular quantity of products.

ix. The company could organise a road show to demonstrate the product with the intention of winning more buyers.

(2 marks each × 5 = 10 marks)

Question 8

Trading, Profit and Loss Account

Alternative A — Raisa's Grocery Store

Trading, Profit and Loss Account for the Year Ended 31/12/2018

	Le		Le
Opening stock	150,000 ✓	Sales	230,000 ✓
Add: Purchases	20,000 ✓		
Carriage inwards	4,000 ✓		
Less: Closing stock	35,000 ✓		
Cost of goods sold	139,000 ✓		
Gross Profit	91,000 ✓		
Salaries	29,000 ✓	Gross Profit	91,000 ✓
	230,000	Rent received	80,000 ✓
Net Profit	142,000 ✓		
	171,000		171,000

(2 marks each × 5 = 10 marks) (10 marks + 10 marks = 20 marks)

Alternative B — Raisa's Grocery Store

Trading, Profit and Loss Account for the Year Ended 31/12/2018

	Le		Le

Opening stock	150,000 ✓	Sales	230,000 ✓
Add: Purchases	20,000 ✓		
Carriage inwards	4,000 ✓		
Less: Closing stock	35,000 ✓		
Cost of goods sold	139,000 ✓		
Gross Profit	91,000 ✓		
Salaries	29,000 ✓	Gross Profit	91,000 ✓
	230,000	Rent received	80,000 ✓
Net Profit	142,000 ✓		
	171,000		171,000

(17 ticks × 1 = 17 marks)

(c) — Net Profit Calculation

Model Answer:

Net Profit = Gross Profit + Rent received − Salaries

Le 91,000 ✓ + Le 80,000 ✓ − Le 29,000 ✓

Net Profit = Le 142,000 ✓

(5 ticks × 1 = 5 marks)

Note: Deduct 1 mark if there is no currency symbol (Le)

(d) — Percentage of Gross Profit

Model Answer:

Percentage of Gross Profit = Gross Profit × 100 / Sales

= Le 142,000 × 100 / 1 / Le 230,000

= 39.56% ✓ or 39.6% or 40%

(3 ticks × 1 = 3 marks)

Note: Deduct 1 mark if there is no percentage symbol (Le)

Alternative C

Cost of goods sold = Opening stock + Purchases + Carriage inward − Closing stock

Le 150,000 ✓ + Le 20,000 ✓ + Le 4,000 ✓ − Le 35,000 ✓

Cost of goods sold = Le 139,000 ✓

Percentage of Gross Profit = Gross Profit × 100 / Sales

= Le 142,000 × 100 / Le 230,000

= 39.56% ✓ or 39.6%

(3 ticks × 1 = 3 marks)

Note: Deduct 1 mark if there is no currency symbol

(7 ticks × 1 = 7 marks)

Also from Q8(a) — Alternative A — Gross Profit

Gross Profit = Sales − Cost of goods sold

Le 230,000 ✓ + Le 139,000 ✓

Gross Profit = Le 91,000 ✓

(5 ticks × 1 = 5 marks)

Note: Deduct 1 mark if there is no currency symbol (Le)

Also noted:

Net profit:

- Salaries and wages
- Net profit

Percentage of net profit:

= 91,000 × 100 / 230,000

= 39.56% or 39.6%

(17 ticks × 1 = 17 marks)

Percentage of Gross Profit = Gross Profit × 100 / Sales

= Le 142,000 × 100 / Le 230,000 = 39.56% or 39.6% or 40%

(3 ticks × 1 = 3 marks)

Note: Deduct 1 mark if there is no percentage symbol (Le)

(17 + 3 = 20 marks)

WEST AFRICAN SENIOR SCHOOL CERTIFICATE EXAMINATION (WASSCE)

COMMERCE 2 (ESSAY) — 2022

THE GAMBIA AND NIGERIA

[100 marks]

Answer any FIVE questions. All questions carry equal marks (20 marks each).

Question 1

(a) The term used to describe the production process is division of labour. Define the term **division of labour**.

[2 marks]

(b) State and explain any **four** advantages of division of labour.

[8 marks]

(c) State and explain any **five** disadvantages of division of labour.

[10 marks]

[Total: 20 marks]

The following points are acceptable for Question 1:

(a) Definition of Division of Labour

Division of labour is a production process where specialised tools, machinery and equipment are used, with individual and collective responsibility in the production process.

[2 marks]

(b) Advantages of Division of Labour

Acceptable responses include any FOUR of the following, fully explained:

i. The workers would be highly productive as a result of specialised tools, machinery and equipment being used. / Increase in production.
ii. There would be greater efficiency as a result of individual and collective responsibility in the process. / Better Production Technology.
iii. There will be efficiency in terms of time spent in production.
iv. Large scale production would result due to specialisation. / Economies of large scale.
v. The process will lead to the development of sophisticated equipment which would reduce the need for staff.
vi. There would be economy in the use of tools as workers do not have to move from one process to another.
vii. The period of training workers would be reduced thereby making staff replacement easy.
viii. There would be an increase in skills and mobility of labour within the work place.
ix. There would be reduction in cost of production leading to lowering of the selling price to attract more customers.

(2 marks each x 4 = 8 marks)

(c) Disadvantages of Division of Labour

Acceptable responses include any FIVE of the following, fully explained:

i. Work becomes repetitive and workers will lose interest in the work being done. (Monotony).
ii. Absence of one worker could delay the work being done which reduces productivity.
iii. The start-up cost will be high as initial cost necessary to buy specialist machinery may lead to the break-even point.
iv. The workers may not feel responsible for the result of the process in which they contribute.
v. There is the danger of one unit over producing than the other unit if not well monitored.
vi. Inefficiency of one worker would affect the production process.

(2 marks each x 5 = 10 marks)

Award of Marks:

- 2 marks + 10 marks + 8 marks = 20 marks

Question 2

(a) Identify the **type of merger** described in the following scenario: Companies in the same line of business and at different levels of production come together to form a new company. This is when a company producing raw materials merges with the one using the raw materials.
[2 marks]

(b) State and explain any **four** reasons that would have necessitated the formation of the merger.
[8 marks]

(c) State and explain any **four** sources of finance available to the new company formed from the merger.
[8 marks]

(Ignore parts b, iii, iv & v)

[Total: 20 marks]

The following points are acceptable for Question 2:

(a) Type of Merger

The type of merger is a **vertical merger**. It is a merger where companies in the same line of business and at different levels of production come together to form a new company. This is when a company producing raw materials merges with the one using the raw materials.
[2 marks]

(b) Reasons that Would Have Necessitated the Formation of the Merger

Acceptable responses include any FOUR of the following, fully explained:

i. The decision to merge could have resulted from the need to achieve economies of scale.
ii. There could be the desire by the firms to maintain stable prices.
iii. The desire to have regular supply of raw materials could

have led to the merger.

iv. The firms could also merge because of the need to check competition and remove its undesirable consequences. / Achieve large share of the market.

v. Reduction of overhead cost as a result of removal of duplicated staff could have necessitated the merger.

vi. The merger could also arise due to the need to reduce the cost of production and increase profit.

vii. The merger could have resulted from the need to introduce additional capital to avoid liquidation.

(2 marks each x 4 = 8 marks)

(c) Sources of Finance Available to the Company

Acceptable responses include any FOUR of the following, fully explained:

i. Issue of new shares: This is where a newly formed company calls for subscriptions to shares.

ii. Issue of debentures: A debenture is a document conferring a long-term loan to a company. The holder becomes a creditor to the company and he is entitled to a fixed rate of interest whether or not the company makes profit.

iii. Bank loan: Banks advance loans to companies that satisfy the conditions for the loan. A loan is payable with interest at regular intervals.

iv. Leasing: An equipment or property could be rented for use by the new company for a specific number of years.

v. Hire purchase: This facility is extended to companies to enable them own properties by making a down payment and the balance settled through instalments.

vi. Debt factoring: This is a situation where a company sells off its debts to institutions specialised in collection of debts.

vii. Overdraft: The new company can arrange with the bank to withdraw more than what it has in the account.

Award of Marks:

- 1 mark each for mentioning + 2 marks each for explanation
- 3 marks each for explanation (3 marks x 3 = 9 marks)
- 3 marks + 8 marks + 9 marks = 20 marks

Question 3

(a) Distinguish between a **trade association** and a **chamber of commerce**.

[4 marks]

(b) State and explain any **four** functions of a chamber of commerce.

[8 marks]

(c) State and explain any **four** functions of an employer's association.

[8 marks]

[Total: 20 marks]

The following points are acceptable for Question 3:

(a) Differences between a Trade Association and a Chamber of Commerce

A trade association is an organisation formed by people who engage in the similar trade, vocation or profession to protect members' interest, while a chamber of commerce is an organisation formed by businesses engaged in commerce, manufacturing and agriculture in the same geographical area.

[4 marks]

(b) Functions of a Chamber of Commerce

Acceptable responses include any FOUR of the following, fully explained:

i. It regulates the entry into a trade, profession or vocation.

ii. It ensures that the quality of services rendered by members is of acceptable standards.

iii. It draws and imposes codes and ethics on members and sanctions defaulters.

iv. It provides advisory services to members.

v. It educates and informs members about latest developments in the trade, vocation or profession.

vi. It settles disputes among members.

vii. It serves as guarantors/referees to members.

viii. It organises trade fairs and exhibitions and encourages members to attend.

(2 marks x 4 = 8 marks)

(c) Functions of an Employer's Association

Acceptable responses include any FOUR of the following, fully explained:

i. It acts as a medium of communication between members and government as well as groups.

ii. It cooperates with other organisations for the regulation of relations among employers.

iii. It helps in harmonising relations between employers and employees at the request of members.

iv. It provides advisory services to members.

v. It obtains statistics and other data and provides such data to members when required.

vi. It protects members from unfavourable government policies and legislation. / Serves as pressure group.

vii. It takes active part in collective bargaining.

(2 marks x 4 = 8 marks)

Award of Marks:

- 4 marks + 8 marks + 8 marks = 20 marks

Question 4

(a) The diagram below shows computer devices labelled A to I. Identify each of the computer devices labelled A – I.

[8 marks]

(b) State and explain the **uses** of any **six** of the computer devices identified in (a) above.

[12 marks]

[Total: 20 marks]

The following points are acceptable for Question 4:

(a) Names of Computer Devices Labelled A – I

- A. Speaker
- B. Microphone
- C. Web camera / Webcam
- D. Flash drive
- E. Monitor
- F. Printer
- G. Keyboard
- H. Optical pen
- I. Joystick

(1 mark each x 8 = 8 marks)

(b) Uses of the Following Computer Devices

Acceptable responses include any SIX of the following, fully explained:

i. Microphone: It is a device used to capture voice into the system unit for voice recognition software.

ii. Web camera: It is a device that captures images for use in the system.

iii. Flash drive: It is an external storage device that could be used to copy files from one system for use in another system.

iv. Keyboard: It has a typewriter face with letters, numbers and symbols used to input characters and commands into the system unit.

v. Optical pen: It is a pen that has sensitive eyes that can read characters printed in special colours into the system unit.

vi. Joystick: It is a pad designed for playing computer games. Like the mouse, it allows the user to move the cursor from one end to another.

(2 marks each x 6 = 12 marks)

Award of Marks:

- 8 marks + 12 marks = 20 marks

Question 5

(a) State any **four** sources of credit available to a sole trader.

[4 marks]

(b) Explain the following **credit instruments**:

(i) Acceptance credit

(ii) Luncheon voucher

(iii) Bill of exchange

(iv) Travellers cheques

(v) Debit cards

(vi) International bank draft

[16 marks]

[Total: 20 marks]

The following points are acceptable for Question 5:

(a) Sources of Credit Available to a Sole Trader

Acceptable responses include any FOUR of the following:

i. Overdraft

ii. Loans

iii. Leasing of equipment

iv. Hire purchase

v. Credit card

vi. Revolving credit

vii. Trade credit

(1 mark each x 4 = 4 marks)

(b) Explanation of the Following Credit Instruments

i. **Acceptance credit:** This is a method of borrowing where the company draws a cheque for its banks to accept so that the company will discount the cheque on the money market.

ii. **Luncheon voucher:** These are vouchers purchased at a discount by companies to be given to their employees as motivation. They are an unconditional order in writing addressed by one person to another requiring the person or bearer at a fixed or determinable future time.

iii. **Bill of exchange:** It is an unconditional order in writing addressed by one person to another requiring the person or bearer at a fixed or determinable future time to pay a sum certain in money to the order of the specified person.

iv. **Travellers cheques:** These are special cheques issued by banks to its customers to enable them make payment while outside the country.

v. **Debit cards:** These are issued by banks to their customers to enable them pay for goods and services online, provided they have money in their accounts.

vi. **International bank draft:** It is a cheque issued by a local bank, payable overseas on its own and handed over to the buyer.

Additional means of payment in home trade and international trade include:

- **Credit transfer:** It is an arrangement by which funds are transferred from one local person's account to another in a foreign country by a bank. **(2 marks each x 3 = 6 marks)**
- **Cash:** Local currency can be handed over to the seller as a means of payment.
- **Point of sales (POS):** Payment can be made through point of sale terminals using credit or debit cards.
- **Bank app:** Payment could be made direct by the buyer from their phones using bank applications.
- **Local bank draft:** This is a cheque issued by a local bank payable within the country in the name of the seller.

(2 marks each x 2 = 4 marks)

Question 6

(a) State and explain any **five** reasons why countries engage in international trade.

[10 marks]

(b) State and explain any **five** means of payment in home trade.

[10 marks]

(See also: Disadvantages of hire purchase to the seller and advantages of hire purchase to the seller below)

[Total: 20 marks]

The following points are acceptable for Question 6:

(a) Reasons for Countries Engage in International Trade

Acceptable responses include any FIVE of the following, fully explained:

i. Uneven distribution of natural resources: Some countries have abundance of certain natural resources for example oil while others do not. There is therefore need for trade to occur in order to obtain those resources.

ii. Differences in technology: Differences in skills and technology necessitates trade as countries which do not have certain technology or skills in producing certain goods or services depend on others.

iii. Access to wider market: The need to access a wider market for goods and services leads to international trade as surplus goods and services need to be exported.

iv. Need to access wider varieties of goods: Countries engage in trade so as to obtain a variety of products so as to satisfy the different tastes of its consumers.

v. Seasonal products: Some products are seasonal in nature and countries would have to import them when they are no longer available.

vi. Comparative advantage: Countries will prefer to buy products that are cheaply produced by other countries and use their surplus resources for other purposes.

vii. To acquire capital asset that the country cannot produce.

viii. Countries in a bid to create employment encourage producers to produce for foreign market.

(2 marks each x 5 = 10 marks)

(b) Advantages of Hire Purchase to the Seller

Acceptable responses include any THREE of the following, fully explained:

i. The seller retains ownership of goods until full payment is made.
ii. Profit will increase as a result of increase in sales.
iii. It increases the rate of turnover.
iv. Goods could be repossessed if payment fails.
v. There would be increase in cash flow for the seller if the hire purchase is externally financed.

(2 marks each x 3 = 6 marks)

Disadvantages of Hire Purchase to the Seller

Acceptable responses include any FOUR of the following, fully explained:

i. It leads to tying down huge capital.
ii. It may lead to litigation.
iii. The buyer may abscond with the goods.
iv. If customers fail to pay their debts, it turns to be bad debts.
v. Goods repossessed may be difficult to be resold.
vi. There could be high cost of recovering of the debt.
vii. Continuous disagreement during recovery of debt could create a bad image for the company.

(2 marks + 6 marks + 4 marks + 6 marks + 6 marks = 20 marks)

Question 7

(a) State and explain any **four** benefits a company would derive from using **television advertising**.
[8 marks]

(b) State and explain any **four** other promotional means the company could adopt.
[12 marks]

[Total: 20 marks]

The following points are acceptable to Question 7:

(a) Benefits the Company Would Derive from Using Television in Advertising

Acceptable responses include any FOUR of the following, fully explained:

i. Television advertisements could be used to educate consumers on how to use the company's products.
ii. Television advertisements combine sight, sound and colour which could entice customers to buy more of the company's products.
iii. Television advertisements are effective for companies in capturing the attention of viewers of their favourite programmes.
iv. The company could choose to sponsor popular programmes and continue to flash its adverts instead of paying for slots at a higher cost.
v. The company could advertise effectively in indigenous languages on localised programmes.
vi. Television has a wider coverage thereby raising awareness faster.
vii. Viewers could be targeted at as adverts could be directed to different classes of viewers who watch TV at various times.
viii. The company could conveniently target different classes of viewers who watch TV at various times.

(2 marks x 4 = 8 marks)

(b) Other Promotional Means the Company Could Adopt

Acceptable responses include any FOUR of the following, fully explained:

i. **Personal selling:** This happens when a sales representative meets with a potential buyer for the purpose of making a sale. At their meeting, efforts are made to present the product to a would-be buyer in an effective way.
ii. **Direct marketing:** This promotion involves selling products direct to the public by mail order or telephone selling. This could be through promotional letters, phones, text messaging and coupons.
iii. **Public relations:** This involves the company managing a good relationship between it and its publics, sponsoring

programmes that will give the company image prominence.

iv. **Sales promotion:** This is the process of persuading a

	D		D
Current assets		Current liabilities	
	154,000		160,000
	210,000		100,000
	110,000		100,000

potential consumer to buy the company's products for short-term takes.

v. The internet could be used to send messages on pages opened online to attract customers.

(3 marks x 4 = 12 marks)

Award of Marks:

- 1 mark for mentioning + 2 marks for explanation
- 8 marks + 12 marks = 20 marks

Question 8

(a) The following is a **Balance Sheet** for a business. Using the information provided, calculate the **Working Capital**.

[8 marks]

(Ignore parts b, iii, iv & v)

(c)

(i) Calculate the **rate of inventory turnover** for the business using the information below:

Item	D
Cost of goods sold	
Opening inventory	180,000
Purchases	60,000
Closing inventory	D 60,000
Cost of goods sold	D 200,000
Average stock	

[12 marks]

[Total: 20 marks]

The following points are acceptable for Question 8:

(c)(i) Rate of Inventory Turnover

Working capital = Current assets − Current liabilities

- D 210,000 + D 100,000 + D 110,000 = D 150,000 → Working capital

Rate of Inventory Turnover:

Cost of goods sold = Opening inventory + Purchases − Closing inventory

= D 180,000 + D 60,000 − D 60,000 = **D 200,000**

Average inventory = (Opening inventory + Closing inventory) ÷ 2

= (D 80,000 + D 60,000) ÷ 2 = **D 70,000**

Rate of inventory turnover = Cost of goods sold ÷ Average inventory

= D 200,000 ÷ D 70,000 = **2.86 or 2.9 times**

(Deduct 1 mark if currency symbol is wrong or omitted)

(8 ticks x 1 mark each = 8 marks)

Award of Marks:

- 12 ticks x 1 mark each = 12 marks
- 8 + 12 = **20 marks**

WASSCE 2023 — COMMERCE 2 (ESSAY/THEORY)

THE GAMBIA AND NIGERIA

MARKING SCHEME / MODEL ANSWERS

Note: *These are the official model answers and marking guide. Each question is worth 20 marks. Mark's allocation is shown at the end of each section.*

QUESTION 1

(a) Factors that delayed the growth of commerce in West Africa

- Raising large amounts of capital needed to make commerce viable was a big challenge to the growth of commerce in West Africa.
- The absence of good transport systems such as high-speed trains and sea vessels hindered the movement of goods between countries. Poor road networks in many countries is still a major hindrance to the development of commerce.
- The absence of telecommunication systems in urban and rural areas reduced the accessibility to internet and telephone services needed to improve commerce in West Africa.
- Lack of insurance companies that could cover greater risks across West Africa caused delays in the growth of commerce.
- Poor development of the stock market in West Africa impeded raising large amounts of capital that would have improved the development of the commodity exchange market in many West African countries.

- Slow development of adequate warehousing facilities which could have avoided the loss of goods due to spoilage or bad handling greatly stalled the growth of commerce as commercial activities could not thrive in politically unstable environments.
- Political instability in West Africa affected the growth of commerce in politically unstable environments.
- Low savings in West Africa did not enhance the growth of commerce.
- The rate of demand for goods and services was low and this affected the growth of commerce.
- Inadequate investment in new production technology has greatly stalled the growth of commerce in West Africa.

(2 marks each for any 5 = 10 marks)

(b) Classification of the following workers

Primary	**Secondary**	**Tertiary/Services/ Commercial**
Oil driller	Brewer	Stockbroker
Farmer	Mason	Policeman
	Potter	

Alternative solution 1:

Primary	**Secondary/Industrial**	**Tertiary/Services**
Oil driller	Brewer	Stockbroker
Farmer	Mason	Policeman
	Potter	

Alternative solution 2:

Extractive	**Manufacturing**	**Construction**	**Tertiary/Services**
Oil driller	Brewer	Mason	Stockbroker
Farmer	Potter		Policeman

(10 ticks × 1 mark = 10 marks)

(10 marks + 10 marks = 20 marks)

QUESTION 2

(a) Problems Samba would face as a sole trader

i. Inadequate capital for continuous operation and expansion.

ii. His death or incapacitation might result to the end of the business.

iii. The presence of bigger businesses could lead to closure of the business because of bad debt.

iv. The risk of unlimited liability would no longer be available.

v. The ideas his partner was bringing to the business are no longer available.

vi. Sale of goods on credit to customers could lead to closure of the business because of bad debt.

vii. Inability to separate business funds from personal funds.

(2 marks each × 5 = 10 marks)

(b) Benefits Samba would enjoy if he remained in the business

i. There is the advantage of division of labour as both partners would concentrate on the part of the business they know better.

ii. More funds would be available to the business.

iii. The partners would bring their individual expertise into the business.

iv. Joint decision making makes partnership better.

v. Samba will continue to share business losses if the remains in the partnership.

vi. The goodwill already developed for the business would be enjoyed.

(2 marks each × 5 = 10 marks)

(10 marks + 10 marks = 20 marks)

QUESTION 3

(a) Functions of warehousing

i. Provision of facilities for storing goods to prevent damage or deterioration.
ii. Provision of facilities for blending, packaging, and branding of goods.
iii. Provision of facilities for storing goods so that production can continue.
iv. Provision of security for goods.
v. To keep durable goods until duty on them is paid.
vi. Enhancing stability of prices by making products available all year round.
vii. Provision of pest control services.
viii. Provision of documentation on goods being stored.
ix. It makes provision for stock taking at regular intervals.

(2 marks each × 4 = 8 marks)

(b) Features of the following retail outlets

i. Chain store

- These are stores with many branches.
- They sell the same line of products.
- They have one management.
- They operate similar shop fronts.
- Goods bought in one branch could be returned to another branch.
- Staff could be transferred from one branch to another with ease.

(2 marks each × 2 = 4 marks)

ii. Mobile shop

- The seller and the goods are mobile.
- The seller can reach many areas that are motorable.
- They sell variety of products.

- They provide convenience for buyers as it makes varieties available in rural settings.
- They attract customers by playing music, blowing horns and using public address systems.

iii. Mail order business

- They rely on the post office and courier service for orders and delivery of goods.
- Goods are either sold on cash on delivery or cash with order.
- Orders are placed by customers according to the terms of sale by filling forms.

(2 marks each × 2 = 4 marks)

(8 marks + 4 marks + 4 marks + 4 marks = 20 marks)

QUESTION 4

(a) Securities traded on the stock exchange market

i. **Shares:** They are units of ownership of capital of a company. Owners of these shares could decide to sell them on the stock exchange.

ii. **Bonds/Gilt-edged:** They are securities of governments or private firms issued to raise capital.

iii. **Debentures:** They are documents acknowledging loans given to companies. They bear the seal of the company issuing the debenture.

iv. **Stocks:** They are bundles of shares which could be transferred in smaller units.

v. **Convertible loans:** They are loans with fixed rate of interest with an option to convert it to an ordinary share later or collect cash at maturity.

vi. **Government securities:** These are securities issued by government and bear fixed rates of interest.

vii. **Option derivative:** It is an agreement that provides instruments at a specific price for future deliveries.

(4 marks + 4 marks = 12 marks)

(2 marks each × 2 = 4 marks for correct descriptions; 8 marks + 4 marks = 12 marks)

(b) Duties of an agent to his principal

i. He must obey lawful instructions by his principal.
ii. He should exercise reasonable care, skill and diligence in the performance of his duties.
iii. He must act in good faith and honesty for the benefit of the principal.
iv. He must not make any secret gain beyond his commission.
v. He must not delegate his duties to someone else.
vi. He must render account to the principal when required to do so.
vii. He is accountable to the principal for any gain made beyond his remuneration.
viii. He provides necessary business information to his principal.

(2 marks each × 5 = 10 marks)

(10 marks + 10 marks = 20 marks)

QUESTION 5

(a) Differences between indent and quotation

- An **indent** is the document used to place order for the purchase of goods in international trade by the buyer while **quotation** is a document which originates from the seller in local trade as a reply to inquiry, stating the terms under which the goods requested can be supplied.

OR

- An **indent** is an order for goods in international trade while **quotation** is a reply to a letter of inquiry.

OR

- **Indent** is used in international trade while **quotation** is used in domestic trade.

(2 marks each × 5 = 10 marks)

(10 marks + 10 marks = 20 marks)

(b) Functions of the following organisations

i. Export promotion council

- It assists exporters in obtaining export financing facilities, insurance and credit guarantee schemes for businessmen.
- It helps in the development and export of raw materials and semi-processed and mining industries in the country.
- It organises training workshops and seminars in export management and national marketing for personnel and agencies engaged in foreign trade.

(4 marks for correct differentiation)

ii. Customs and Excise Authority

- It collects import, export and excise duties.
- It generates statistics for the government for budgetary purposes.
- It ensures the arrest of smugglers.
- It ensures that contraband and harmful goods are not brought into the country.
- It manages bonded warehouses to ensure that correct duties are paid.
- It issues licences to importers for items under restriction.

(It explores ways of penetrating into new markets abroad by advising and supporting firms to participate in overseas trade fairs and exhibitions. It organises local workshops, seminars, and conferences for producers.)

(2 marks each × 4 = 8 marks)

(4 marks + 16 marks = 20 marks)

QUESTION 6

(a) Definition of Tourism

Tourism is the movement of individuals from one place to another to seek for pleasure.

(2 marks)

(b) Negative effects of tourism on each of the following:

i. Economy

- It leads to rise in prices due to extra demand at tourist sites.
- It leads to increase in the cost of buildings because of increase in the demand for estates.

(2 marks × 1 = 2 marks)

ii. Society

- Social vices are most prevalent at tourist sites.
- Tourist activities usually contaminate cultural values of the host countries.

(2 marks × 1 = 2 marks)

iii. Environment

- Tourism brings about destruction to the natural habitats at tourist sites.
- Continuous use of the lawns creates footpaths.
- Littering may also occur as tourists continuously frequent tourist sites.
- There is also congestion and environmental pollution from vehicles and cruise ships that travel to tourist destinations.
- There is too much pressure on local resources such as water and electricity which could lead to shortages in areas visited.

(2 marks × 1 = 2 marks)

Positive effects of tourism on each of the following:

i. Economy

- Tourism provides employment and therefore generates income for those engaged in it.

- Businesses engaged in tourism also pay taxes to government and this helps in the growth of the economy.
- Tourism provides foreign exchange for the economy.

(2 marks × 1 = 2 marks)

ii. Society

- Tourism creates pride for peoples' cultures and traditions by encouraging sharing of local customs and traditions.
- It creates cross cultural understanding between people of different origins.
- Peace and unity will exist among people of different cultures due to mutual understanding.
- It enhances the provision of social services at tourist sites.

(2 marks × 2 = 4 marks)

iii. Environment

- Many tourists are interested in watching beautiful scenery and wildlife and there is pressure on communities to conserve habitats and wildlife.
- Natural landscapes of tourist sites are protected.
- It leads to beautification of the environment.

(2 marks × 2 = 4 marks)

(2 marks + 4 marks + 4 marks + 6 marks + 12 marks = 20 marks)

QUESTION 7

(a) Differences between Marketing and Selling

	Marketing	Selling
i.	It refers to activities that are used by the companies to promote the exchange of goods and services.	It refers to a process where goods or services are exchanged for money.
ii.	It involves finding the wants of the customers and fulfilling them.	It involves creating products or services and selling them to customers.
iii.	It focuses on the needs and wants of the customers.	It focuses on the sellers' objectives.
iv.	It identifies the market first.	It identifies the significance of the product or the service first.
v.	It seeks to convert needs of customers into products.	It seeks to convert products into cash.
vi.	Marketing efforts aims at the satisfaction of customers.	It aims at maximizing revenue and profit.

(2 marks for each correct pair)(2 marks each × 2 = 4 marks)

(b) Main elements of the marketing mix

i. Product

ii. Price

iii. Promotion

iv. Place/distribution

(1 mark × 4 = 4 marks)

(c) Benefits the country would derive if it remained in ECOWAS

i. It would benefit from assistance in industrial development.

ii. It would benefit from free movement of goods and services once tariffs are phased out.

iii. It would benefit from advantages of using a common currency when it is instituted.

iv. It would benefit from infrastructural development such as roads, railways, electricity, and telecommunication

infrastructure.

	₦	₦
Opening stock	**37,500**	
Add: Purchases	**30,000**	
Goods available for sale	**67,500**	
Less: Closing stock	**(15,000)**	
Cost of goods sold		**52,500**
Sales		**70,000**
Less: Cost of sales		**(52,500)**
Gross profit b/d		**17,500**
Less: Expenses		
Wages and salaries	**2,500**	
Rents and rates	**3,500**	
Transportation	**2,600**	
Total expenses		**(8,600)**
Net profit c/d		**8,900**
		———————
Total		**17,500**

v. It would benefit from exchange of technology among member states.

vi. It would receive assistance in maintenance of stability in the event of crisis.

vii. It would enable the country to foster unity with member states.

(3 marks each × 4 = 12 marks)

(4 marks + 4 marks + 12 marks = 20 marks)

QUESTION 8

Lompat Ventures — Trading, Profit and Loss Account for the year ended 31st December 2022

DETAILED LAYOUT

	₦	₦
Sales		70,000
Opening stock (1/1/2022)	37,500	

Add purchases (Goods bought)	30,000	
Goods available for sale	67,500	
Less closing stock	(15,500)	
Cost of goods sold		(52,500)
Gross profit b/d		**17,500**
Less expenses:		
Wages and salaries	2,500	
Rents and rates	3,500	
Transportation	2,600	
Total expenses	**(8,600)**	
Net profit c/d	**8,900**	
	17,500	**17,500**

(14 ticks (✓) × ½ = 7 marks)

(ii) Working capital

Working capital = Current assets less current liabilities

Current assets	₦
Closing stock	15,000
Debtors	100,000
Cash at bank	25,000

Total current assets	140,000
Current liabilities	₦
Creditors	50,000
Bank overdraft	60,000
Total current liabilities	110,000

Working capital = ₦140,000 – ₦110,000 = ₦30,000

(14 ticks (✓) × ½ = 7 marks)

(iii) Rate of stock turnover

Average stock = (Opening stock + Closing stock) ÷ 2

= (₦37,500 + ₦15,000) ÷ 2

= ₦52,500 ÷ 2

= ₦26,250

Rate of stock turnover = Cost of goods sold ÷ Average stock

= ₦52,500 ÷ ₦26,250

= 2 times

(14 ticks (✓) × ½ = 7 marks)

NOTE:

- Deduct 1 mark each from 8(i) and 8(ii) if there is no currency symbol (₦).
- Deduct 1 mark from 8(iii) if there is no "times".

(7 marks + 6 marks + 7 marks = 20 marks)

ANSWERS TO WASSCE JUNE 2024
COMMERCE 2 ESSAY

Question 1(a)

Organisational Chart for ABC Breweries:

General Manager

Secretary

Finance Manager | Marketing Manager | Production Manager | Administrative Manager

Accounts Officer | Sales Agents | Production Supervisors | Administrative Officers

Factory Workers

1(b)

Functions of each of the departments:

(i) Finance Department:

To prepare financial budgets of the firm.

To plan and make forecasts to ensure the firm operates within its means to achieve the organisation's financial goals.

To manage the financial records and produce financial statements.

To ensure compliance with financial regulations and standards.

(ii) Marketing Department:

To conduct market research to understand customer needs and market trends.

To develop and implement sales strategies and promotional campaigns to drive sales and increase market share.

(iii) Production Department:

To plan and organise production schedules to ensure timely and efficient manufacturing of products.

To implement quality control measures to ensure high standards in the production process.

To ensure that the final products of the organisation meet quality specifications.

(iv) Administrative Department:

To recruit new employees of the organisation.

To organise training for the members of staff.

...interactions with their customers and the greater room for personalized services.

4(b)

Features of a Supermarket:

Supermarkets have centralized locations in convenient areas such as urban towns.

They occupy large spaces which can accommodate the extensive products of various types.

Supermarkets are equipped with modern infrastructure or facilities like refrigerators, lightings etc.

They offer competitive prices due to their economies of scale and bulk purchasing.

They offer a wide variety of food, household items among other products.

Supermarkets render self-service shopping as customers browse and select products from the shelves without assistance.

Question 2(a)

I. Contents of a Memorandum of Association:

Name of the Company.

Objective and purpose of the Company.

Registered office of the Company.

Liability of Members.

Capital clause of the Company.

Association clause of the Company.

Subscription clause of the Company.

II. Articles of Association:

Name of the Company.

Purpose/Aim of the Company.

Share Capital and Shares.

Voting rights.

Classes of Shares.

Transfer of Shares.

Accounts and Audits.

Meetings and resolutions.

(b) Problems faced by Public Corporations:

Political interference which influences operations and decision making processes. This government's interference often leads to inefficiency and mismanagement in the affairs of the organisation.

Bureaucracy which can slow down the administrative processes and decision making resulting in operational inefficiency.

Financial constraints: Public corporations often have challenges in planning and implementation of budgets.

Corruption and mismanagement: There are often cases of corruption and poor management practices in public corporations. This often leads to the misuse of resources and loss of public trust.

Lack of Accountability in public corporations lead to poor performance and lack of responsibility among the employees.

Inefficiency on the part of the employees may be caused due to lack of motivation or competition among the workers.

Poor Service Delivery: Sequel to the various operational challenges, public corporations may fail in providing high-quality services to the public and this can lead to job dissatisfaction and criticism.

Question 3(a)

Factors to consider in Granting Loans:

Collateral: Collaterals are assets which reduce the risk for the bank by providing a fall back option if the borrower defaults.

Purpose of the Loan: A bank manager will evaluate the purpose of the loan to ascertain if the loan is for productive purposes that have the potential to generate income or other benefits to ensure the ability to repay the loan.

Credit History: A bank manager will review the applicant's credit history to assess the financial behaviour and reliability. This includes checking any previous cards and repayment records.

Repayment plan: The applicant's proposed schedule for repayment of the loan will be scrutinized.

Income Stability: This considers if the applicant has sufficient income stream to cover the loan repayment.

Guarantors: Guarantors refer to the co-signers who can vouch for the applicant and take responsibility of the applicant's default.

Educational Background: The educational background of the applicant and any professional qualifications can indicate future earning potential of the applicant and aid in the evaluation.

(b)

Conditions that would make a bank dishonour a cheque:

Due to insufficient funds in the drawer's account to cover the amount stated on the cheque.

If there are irregularities in the signatures on the file and that on the cheque.

If there are alterations on the cheque which are not counter-signed.

If the cheque is presented before the due date (post-dated cheque).

If there is a standing order by the account holder instructing the bank to stop payment on the cheque.

If the account has been frozen due to legal or regulatory issues.

If the cheque is presented after six months of being drawn (stale cheque).

Question 4(a)

Features of Itinerant Trade:

The shops are located on temporary places.

Itinerant traders often sell a variety of products like food, clothing, tools and crafts.

They are merchants who travel from place to place, selling their goods and services.

They often have a limited inventory due to the challenges of logistics.

Itinerant trading is seasonal in nature as the traders engage in their activities during specific periods of the year or events.

Face-to-face interaction: Itinerant traders have direct face-to-face...

Question 5(a)

(i) Difference between a broker and factor:

A factor is an agent who takes possession of goods while a broker is a commercial agent who does not take possession of the goods.

A factor may receive additional services like credit checks on customers and financial advice while brokers provide market information, negotiate deals and ensure transactions are executed smoothly.

(ii) Stock Exchange and Commodity Exchange:

Stock exchange is a platform where securities such as stocks and bonds are sold and bought. A Commodity exchange is a market place where commodities such as agricultural

produce and other industrial raw materials are sold and bought.

(b) Explanation of the terms with respect to Commodity Market:

(i) Open outcry: This refers to a method of communication used in trading pits where traders shout and use hand signals to convey, buy and sell orders.

(ii) Futures contract: This is a standardized agreement to buy or sell a specified quantity of a commodity or financial instrument at a predetermined price at a specific time in the future.

(iii) Clearing system: A clearing system is an intermediary mechanism that facilitates the settlement of trade by ensuring the transfer of funds and commodities between buyers and sellers. Clearing system involves the confirmation, matching and netting of transactions to ensure efficient and secure trade settlements.

(iv) Pit Outcry: This is the vocal and physical trading conducted in a designated area known as the trading pit in a commodity exchange. In this approach, traders gather in the pit to shout orders and use hand signals, engaging in a competitive and fast-paced trading environment.

Question 6(a)

Factors that may lead to the Cancellation of Agreement:

Payment issues, especially if Mr Konteh fails to make the payment as agreed upon with Digital Trading Limited.

Through mutual agreement where both parties voluntarily agree to cancel the contract due to changes or factors which are inevitable and may adversely affect them.

Force Majeure which is due to unforeseen events like natural disaster, political instability or war that may prevent the actualisation of the terms contained in the contract.

Delay or Non-delivery: for instance if Digital Trading Limited fails to deliver the 200 computers within the stipulated 30 days, Mr Konteh may choose to cancel the agreement due to breach of delivery terms.

Quality Issues: The agreement can be cancelled by Mr Konteh if the computers delivered do not meet the specified quality standards or the agreed specifications.

(b)

Essential Elements of the Agreement:

Offer and Acceptance: Implying that the agreement must have a clear offer from Digital Trading Limited to supply 200 computers at D10,000 each, and an explicit acceptance of this offer by Mr Konteh.

Certainty and completeness: The terms of the agreement must be concise and not ambiguous to interpret.

Legal Purpose: The aim or purpose of the agreement must be legal, supplying and purchasing computers as lawful activities which fulfil the requirements.

Consideration: This considers something of great value that is exchanged between the parties.

Capacity: Both parties (Konteh and Digital Trading Limited) must have the legal capacity to enter into the contract. This implies that they must be sane and sound in mind.

Question 7(a)

Difference between Deregulation and Commercialisation:

Deregulation involves changes at the industry level, affecting all businesses that operate within a sector but Commercialisation focuses on individual products or services and their introduction to the market.

Deregulation is driven by government decisions to create more competitive and efficient markets while commercialisation is driven by businesses aiming to innovate and generate revenue from new products or services.

Deregulation aims to increase competition and reduce government interference in the market but Commercialisation aims to bring new products or services to consumers and make them profitable.

7(b)

(i) The policy that the government of Country Z wishes to adopt is Privatisation.

(ii) Reasons which could have necessitated the government's course of action:

Financial Pressure: The government faced budgetary constraints. Consequently, selling the state-owned transport company can inject much needed funds into the government coffers.

Reducing Burden: The government can transfer the responsibility of managing and operating the transport company to the private sector to relieve her of the burden and enable the government face other priorities.

Innovation: Private companies often have more flexibility and incentives to innovate compared to state-owned firms. Therefore, privatisation can attract private investment and expertise which would lead to technological development and improved infrastructure in the transport sector.

Efficiency: State-owned enterprises may suffer from inefficiencies due to red tapism and lack of competition and political interference. In this regard, privatisation brings about competition and market discipline which would make the transport company become more efficient.

Cost Reduction: Private establishments are driven by profit motives and efficiency gains because they often find ways to reduce cost through better management practices, optimization of resources and economies of scale. All these actions can result in lowering the operational expenses for the transport company.

Focusing on Core Functions: Government have limited resources and competing priorities. Hence, by divesting from non-core assets like transport, they can focus on essential functions like policy making, regulation and provision of public goods and services which cannot be efficiently provided by the private sector.

Question 8

(a) Cost of goods sold = Opening Stock + Purchases − Closing

Stock

Opening Stock = 200,000

Purchases = 900,000

Closing Stock = 100,000

⇒ Cost of goods sold = 200,000 + 900,000 − 100,000

= Le 1,000,000

(b) Gross Profit = Total Sales − Cost of goods sold

⇒ Gross Profit = 30% of 1,000,000

= 30/100 × 1,000,000

= Le 300,000

(c) Total Sales =

30% profit made on Cost of Goods sold

⇒ Total Sales = Cost of Goods sold + Gross Profit

= 1,000,000 + 300,000

= Le 1,300,000

(d) Net Profit = Gross Profit − Operating Expenses

Operating Expenses = Salaries + Shop rent

= 120,000 + 150,000 = 270,000

⇒ Net Profit = G.P − Operating Expenses

= 300,000 − 270,000

= Le 30,000

(e) Rate of Turnover =

Cost of Goods Sold / Average Stock

Where Average Stock = (Opening Stock + Closing Stock) / 2

= (200,000 + 100,000) / 2

= 300,000 / 2

= 150,000

Hence Rate of Turnover = 1,000,000 / 150,000

= 6 10/15 = 6 2/3

= 6.6667

≈ 6.7 times