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# COMMERCE

**PAPER 1 2221/1**

**Wednesday 27 MAY 2020 9:00 A.M. – 11:00 A.M.**

**Additional materials:**
**None**

**MINISTRY OF EDUCATION**
**NATIONAL EXAMINATIONS**

**BAHAMAS GENERAL CERTIFICATE OF SECONDARY EDUCATION**

## INSTRUCTIONS TO CANDIDATES

**Do not open this booklet until you are told to do so.**

Write your School Number, Candidate Number, Surname, and Initials at the top of this booklet.

Answer **ALL** questions.

## INFORMATION FOR CANDIDATES

Calculators are allowed.

The number of marks available is shown in brackets [ ] at the end of each question or part question.

| FOR EXAMINER'S USE ONLY | |
|---|---|
| Section A – M/C Questions 1–20 | |
| Section B – Matching Questions 21 | |
| Section C – Structured Questions 22–27 | |
| Total Marks 100 | |

**This question paper consists of 14 printed pages and 2 blank pages.**

## SECTION A

## MULTIPLE CHOICE
**(20 marks)**

**Directions:** Read each question carefully. Choose the **one** answer you know is correct. Circle the letter in the booklet. There is **ONLY ONE** correct answer. Answer **ALL** questions.

1. At which stage is production said to be complete? When goods are

   A. in the possession of the consumer
   B. in the possession of the retailer
   C. packaged for shipping
   D. used by the consumer [1]

2. What is an advantage of specialisation?

   A. greater and fuller use of equipment
   B. increased costs of production
   C. workers becoming self-sufficient
   D. workers finding their jobs more interesting [1]

3. Which function is **not** performed by the retailer?

   A. displaying goods
   B. grading goods
   C. manufacturing goods
   D. providing a local supply of goods [1]

4. Which statement is **true** of vending machines?

   A. found everywhere
   B. offer personal service
   C. operate 24-hours a day
   D. provide a wide choice [1]

5. What is the function of a broker in international trade?

   A. bringing buyers and sellers together
   B. buying and selling shares for his clients
   C. guaranteeing payment for goods
   D. warehousing the principal's goods awaiting sale [1]

6. Item #2758 was quoted at $608 with a promotional discount of 25%. What is the **quotation** price of that item?

   A. $152
   B. $456
   C. $608
   D. $760 [1]

7. What is a feature of a current account?

   A. Any amount keeps the account open.
   B. It is used as a means of long-term savings.
   C. The account holder is allowed to make withdrawals by cheque.
   D. There is no interest earned by the account holder. [1]

8. A customer has an agreed overdraft facility of $200. She has received a bank statement showing the balance of the account to be $120 overdrawn. The account was later credited $50. What is the new balance of her account?

   A. $170 credit
   B. $250 credit
   C. $70 debit
   D. $170 debit [1]

9. Which service can be used to hold a face-to-face meeting between two people, one in Melbourne, Australia and the other in New Providence, The Bahamas?

   A. land-line telephone
   B. radio paging
   C. scanning machine
   D. video conferencing [1]

10. Tina's Tacos plans to introduce a new breakfast taco. Which method of communication would be **most** effective to reach the greatest number of potential customers?

   A. creating a website on the internet
   B. sending a circular letter to existing customers
   C. talking to interested people at a trade exhibition
   D. telephoning retailers and wholesalers [1]

11. What is **not** an aim of advertising?

A. creating an awareness of new products
B. increasing prices
C. increasing sales
D. maintaining advertiser's reputation [1]

12. What is an advantage of warehousing?

A. allows changes in price when fashions change
B. enables standardisation of goods to take place
C. ensures goods are available when required
D. provides after-sales service to customers [1]

13. An insured vehicle is damaged beyond repair in an accident. According to the principle of indemnity, if it is agreed that the insurer keeps the damaged vehicle, what does the insurer pay in addition to compensation?

A. a new vehicle for the policy-holder
B. portion of annual profits to the policy-holder
C. possession of the damaged vehicle
D. the scrap value of the vehicle to the policy-holder [1]

14. National Insurance in The Bahamas is intended to assist employed, unemployed as well as self-employed persons. Who among these are considered ***self-employed***?

A. Executive Chef in a restaurant
B. Member of Parliament for South Andros
C. Tour Guide for D & T Tours
D. Vice Principal of a private school [1]

15. What makes a port into a '***free***' port?

A. allowing goods to be imported without payment of duties
B. loading and unloading of goods is free of charge
C. offering free travel for exporters and importers
D. permitting goods to be imported without any freight charges [1]

16. What is **most** likely to be a difficulty faced by an exporter?

A. bringing goods into the country
B. delays in payment
C. obtaining raw materials
D. payment of customs duties [1]

17. Which type of business is likely to have the highest rate of turnover?

A. appliances shop
B. bakery
C. jewellery store
D. used car dealer [1]

18. Major increases in commercial activities have led to the need for consumer protection. Which change would directly affect consumer protection?

A. advances in technology
B. development of courier services
C. improvement in product techniques
D. misleading advertisements [1]

19. What has led to the rapid increase of internet banking in recent years?

A. Customers are not concerned about the security of their accounts.
B. Customers can make use of bank services from their home.
C. Internet banking companies provide free gifts.
D. The use of ATMs outside banks is decreasing. [1]

20. In what way has the transport of goods been made easier in recent times?

A. building of express road routes in many countries
B. increased check points manned by customs officials
C. recognising potential risks for waterway networks
D. reduction of facilities at many airports [1]

**TOTAL MARKS [20]**

## SECTION B

## MATCHING QUESTIONS
**(10 marks)**

21. In **Column A** there is a list of terms. In **Column B** there is a list of definitions. In the blank spaces provided write the **LETTER** of the definition which best defines each term in **Column A**.

| ANSWER | COLUMN A | COLUMN B | |
|---|---|---|---|
| ________ | 1. Retained Earnings | A. | A company that buys the debts of other companies. |
| ________ | 2. Shares | B. | A loan raised by a company and divided into units of stock that can be bought and sold on the stock exchange. |
| ________ | 3. Debentures | C. | Type of credit where the buyer owns the good immediately after the agreement is made. |
| ________ | 4. Leasing | D. | A fixed amount that is to be paid from a bank account on a regular basis to a person or organisation. |
| ________ | 5. Standing Order | E. | Occurs with persons in the same trade where the seller allows the buyer to have goods and pay for them after an agreed period of time. |
| ________ | 6. Factor | F. | A long term loan that is made in order to buy property. |
| ________ | 7. Mortgage | G. | A percentage of gross profit that is put back into the business. |
| ________ | 8. Trade Credit | H. | A type of credit where the buyer does not own the goods until he/she is finished paying for those goods. |
| ________ | 9. Hire Purchase Agreement | I. | Where a company is charged for the use of an item over an agreed period of time. |
| ________ | 10. Credit Sale Agreement | J. | When large sums of money are held to invest in shares and other securities. |
| | | K. | Issued by incorporated companies in order to raise large amounts of capital. |

**TOTAL MARKS [10]**

## SECTION C

## STRUCTURED QUESTIONS
**(70 marks)**

**INSTRUCTIONS:** Answer the following questions in the spaces provided.

22. Explain each of the following terms:

(a) *Tramp Ships*

[2]

(b) *Charge Cards*

[2]

(c) *Agency Shop*

[2]

(d) *Certificate of Insurance*

[2]

(e) *Bill of Exchange*

[2]

**TOTAL MARKS [10]**

**[Turn over**

23. Mrs. Sara Brown received a cheque for \$100 000 from her insurance company. She is the only surviving parent of two young children and would like to put some funds aside for their education.

(a) Suggest the **two** ***best*** investment methods that Mrs. Brown can use to ensure that her children are able to afford to attend university. Justify your suggestions.

____________________________________________________ [4]

(b) What method of savings might Sara Brown use for *her* future retirement aims? Give **one** reason for your answer.

____________________________________________________ [3]

(c) Sara Brown decides to invest 10% of the \$100 000 insurance money for ***each*** child's education fund and 5% for her own education. How much does she set aside for the education fund? Show your working.

[3]

**TOTAL MARKS [10]**

24. Figure 1 describes some of the activities involved in the production of fruit juice.

| |
|---|
| *Jonny and Ashley own a fruit farm. They are involved in the* **(i)** ________ *sector of production. They sell oranges and grapefruits to Marigold Juicers, a* **(ii)** ________ *business in the secondary sector of production. Marigold Juicers adds value to the products it sells to local wholesalers who buy in bulk and distribute to a number of small-scale retailers. All of these people are engaged in* **(iii)** ________ *because they either buy or sell goods.* |

**Figure 1**

Use the information given in Figure 1 to answer the following questions.

(a) Identify the missing words from the items labelled **(i)**, **(ii)** and **(iii)** in Figure 1.

(i) ______________________________ [1]

(ii) ______________________________ [1]

(iii) ______________________________ [1]

(b) Describe **two** factors of production that are being used at Marigold Juicers.

______________________________

______________________________

______________________________

______________________________

______________________________ [4]

(c) State **two** ways in which Marigold Juicers might add value to the oranges and grapefruits.

______________________________

______________________________

______________________________

______________________________

______________________________ [2]

(d) Which method of transport would Marigold Juicers find **most** useful to distribute its products to wholesalers? Explain **one** reason why Marigold Juicers might choose this method of transport?

[3]

(e) (i) **One** unit of the product costs \$2.00 to make. Marigold Juicers wants a 20% profit margin. Calculate the selling price of the product. Show your working.

[1]

(ii) Marigold Juicers believes that it can sell at least 3 000 units of the juice in a fancy container for \$3.00 per bottle. Calculate the profit that will be earned if production costs remain at \$2.00 per unit. Show your working.

[2]

**TOTAL MARKS [15]**

25. Distribution is the movement of goods from one company to another until those goods reach the final consumer. The most common type of distribution is producer to wholesaler to retailer to the final consumer. Marketing plays an important role in the distribution of products.

(a) Distinguish between the wholesaler and the retailer.

______________________________________________________________

______________________________________________________________

______________________________________________________________

______________________________________________________________

______________________________________________________________ [4]

(b) Give **two** reasons why marketing is said to '*play an important role*' in the distribution of products.

______________________________________________________________

______________________________________________________________

______________________________________________________________

______________________________________________________________ [2]

(c) Describe **two** scenarios in which the wholesaler might be left out of the chain of distribution.

______________________________________________________________

______________________________________________________________

______________________________________________________________

______________________________________________________________

______________________________________________________________

______________________________________________________________ [4]

**TOTAL MARKS [10]**

26. Figure 2 shows four business cards.

*Marvin Collie*

**PAINTER & DECORATOR**

#15 East Street South
Tel: 242 – 324 6515

**A**

***Law Firm of***

**OLIVER AND COLLINS**

Suite 101, Southwest Plaza
Carmichael Road
Tel: 242 – 341 1200

**B**

**BB plc**

***Paper Manufacturers***

**Soldier Road Industrial Park**
**Nassau, The Bahamas**
**Tel: 242 – 393 7777**

**C**

***UTS (Sportswear) LTD.***

#25 Parkgate Road

**Tel: 242 – 325 7001**
**Fax: 242 – 362 0072**

**D**

**Figure 2**

Use the information given on the business cards in Figure 2 to answer the following questions.

(a) Identify the two types of ***business organisations*** labelled **A** and **C**.

**A** ______________________________ [1]

**C** ______________________________ [1]

(b) Who are the owners of **B** and **D**?

**B** ______________________________ [1]

**D** ______________________________ [1]

(c) State **two** ways in which each of the following businesses is financed.

(i) Marvin Collie

______________________________

______________________________ [2]

(ii) BB plc

______________________________

______________________________ [2]

(d) The Government of The Bahamas has a duty to provide essential services for the benefit of all of its citizens, residents and commercial activities. Identify **two** of these services.

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________ [2]

**TOTAL MARKS [10]**

27. Ron Knowles owns an import/export company in New Providence. He assists his customers in getting their orders purchased from other countries into The Bahamas. His shipments of goods come into port three times per week. Recently, customs officials withheld his weekly shipments and placed them in a bonded warehouse.

(a) Explain **one** reason why customs officials would withhold Mr. Knowles' shipments and place them in a bonded warehouse.

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________ [2]

(b) Warehousing is particularly important to seasonal producers. Give **two** reasons for this.

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________ [4]

(c) Describe **one** difference between *imports* and *exports*.

______________________________________________

______________________________________________

______________________________________________

______________________________________________ [2]

(d) One of Mr. Knowles' customers needs €250 (Euros) to buy his products. The exchange rate is €1 euro = $1.14 Bahamian dollars. How many Bahamian dollars are needed to purchase these products from Europe? Show your working.

[3]

(e) Exchange control measures exist and the customer has reached his currency limit. Explain **one** reason that could cause the Central Bank to prevent that customer from exchanging Bahamian currency into Euro dollars.

______________________________________________

______________________________________________

______________________________________________

______________________________________________

______________________________________________

______________________________________________ [4]

**TOTAL MARKS [15]**

**End]**

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