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# COMMERCE

PAPER 2 2221/2

Wednesday **3 JUNE 2020** 12:30 P.M. – 3:00 P.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 in your School Number, Candidate Number, Surname and Initials at the top of this booklet.

Answer **ALL** questions in the booklet.

### 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 |  |
|-------------------------|--|
| Question 1 – 20 marks   |  |
| Question 2 – 20 marks   |  |
| Question 3 – 20 marks   |  |
| Question 4 – 20 marks   |  |
| Question 5 – 20 marks   |  |
| <b>Total Marks 100</b>  |  |



This question paper consists of 12 printed pages.

1. Figure 1 shows an advertisement for a cash and carry warehouse.

**MILLER'S WHOLESALERS**

The largest cash and carry warehouse in the area

**End of season sale**

Dishwashing liquid, laundry detergent, shampoos & conditioners,  
soap and other cleaning products to be cleared at reduced prices.

*The lowest prices for electrical goods anywhere*

**Hurry while supplies last!**

*PAYMENT: Cash or Debit Cards **only***

Figure 1

Use the advertisement in Figure 1 to answer the following questions.

- (a) Define the term *warehouse* as it applies to this advertisement.

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[1]

- (b) (i) Explain **one** benefit of owning a cash and carry warehouse to the owner, Josh Miller.

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[2]

- (ii) State **two** benefits of a cash and carry warehouse to retailers?

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[2]



- (c) Mr. Miller completed a proposal form and later was issued with a cover note by the insurance company. Explain the purpose of each of these documents.

***Proposal Form***

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[2]

***Cover Note***

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[2]

- (d) (i) All electrical goods were on sale at 50% off the original price. Televisions were originally sold for \$550 each. If Miller's Wholesalers sold 300 televisions during the sale period, calculate the total revenue received from this item. Show your working.

[3]

- (ii) Each television cost Miller's Wholesalers \$250. What was the amount of profit made on each television? Show your working.

[2]

[Turn over



- (e) "Many wholesale businesses are surviving despite the competition from large-scale retailers." Is this true? Give **two** reasons for your opinion.

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[6]

**TOTAL MARKS [20]**

2. (a) Borrowing from a bank is one source of finance for companies wishing to raise capital. Explain **two** reasons why a private limited company would consider borrowing from a bank a good option to raise capital.

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[4]

- (b) The sale of shares to the public is another option for companies wishing to raise capital. Explain **two** reasons why the owners of a private limited company may **NOT** choose this option.

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[4]



- (c) The Triple A company earns a profit of \$500 000 at the end of its fiscal year. Their records show that it has debentures of \$2 000 000, at a fixed interest rate of 8%. The company issued \$1 000 000 preference shares at a 6% fixed rate of dividend and 1 500 000 ordinary shares which have a face value of \$1.50 per share.

- (i) Calculate the amount due to debenture holders at year's end. Show your working.

[2]

- (ii) Calculate the total amount of payment due to preference shareholders. Show your working.

[2]

- (iii) Calculate the total amount due to ordinary shareholders.

[3]

- (iv) Calculate the dividend per share for ordinary shares.

[3]

- (v) Describe what is called the *yield*.

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[2]

**TOTAL MARKS [20]**

**[Turn over**



3. The chart in Figure 2 below shows the total value of freight moved by different methods of transport in The Bahamas for one year.

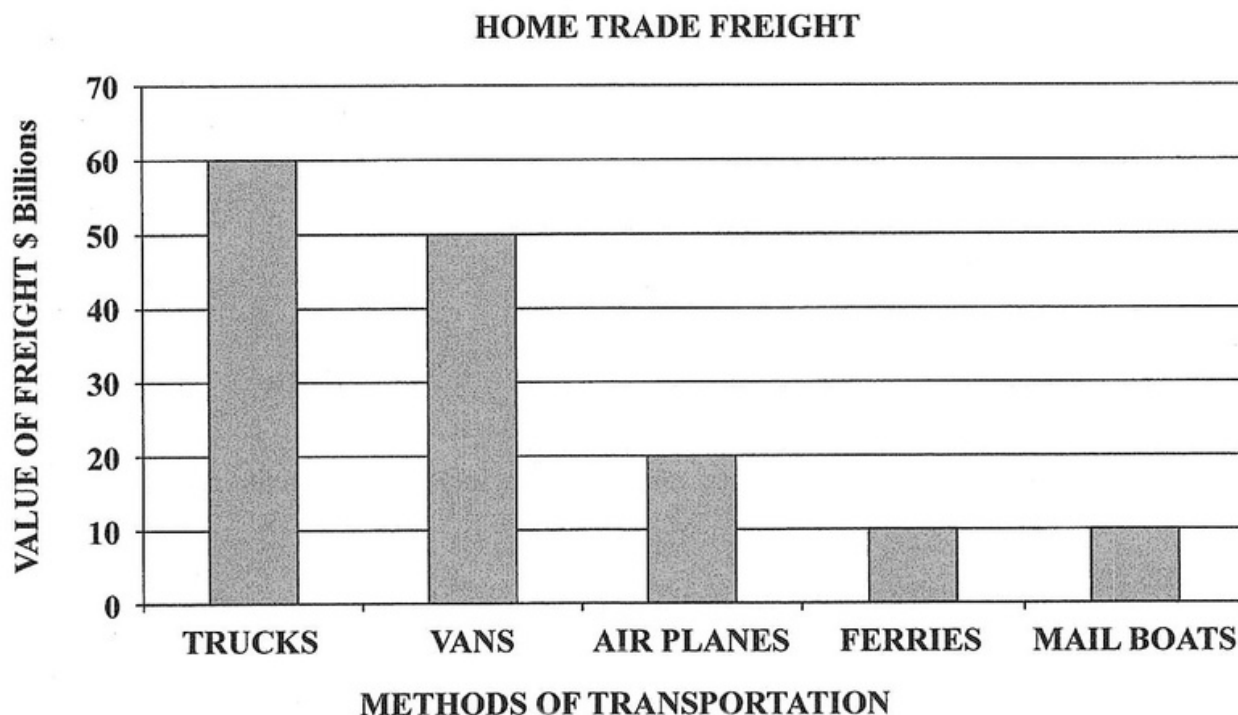


Figure 2

Use Figure 2 to answer the following questions.

- (a) State the **most** suitable method of transport for a business to move each of the following.

Give **one** reason for each of your answers.

- (i) An order of building materials to be delivered to Staniard Creek, Andros from Nassau, New Providence.

\_\_\_\_\_ [2]

- (ii) A large group of tourists travelling from Paradise Island to the Land and Sea Park in Staniel Cay, Exuma.

\_\_\_\_\_ [2]



- (b) What percentage of the **total value** of freight is carried by road transport? Show your working.

[4]

- (c) BT Ltd., located on Gladstone Road, New Providence, is a multiple store that sells toys throughout The Bahamas. BT Ltd. must consider several factors when deciding on the method of transport for the distribution of their toys.

State the **two** most important factors that BT Ltd. should consider when deciding on the method of transport for the distribution of its toys. Give **one** reason for each of your answers.

**FACTOR 1:**

\_\_\_\_\_  
\_\_\_\_\_ [1]

**REASON:**

\_\_\_\_\_  
\_\_\_\_\_ [1]

**FACTOR 2:**

\_\_\_\_\_  
\_\_\_\_\_ [1]

**REASON:**

\_\_\_\_\_  
\_\_\_\_\_ [1]

[Turn over



- (d) State **two** benefits to BT Ltd. of being a multiple store.

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[2]

- (e) Below are four sales promotions used by BT Ltd.

|                                                           |                                                           |                                                                                    |                                                            |
|-----------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------|
| FREE gift<br>with every<br><b>Teddy Bear</b><br>purchased | 10% discount<br>for all<br>purchases<br>over <b>\$100</b> | Spend \$10<br>and enter<br>drawing for a<br><b>FAMILY<br/>VACATION<br/>PACKAGE</b> | Spend \$5<br>and earn<br><b>500<br/>LOYALTY<br/>POINTS</b> |
|-----------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------|

Figure 3

Use the above information to answer the following question.

Choose the **two** sales promotions that you would recommend BT Ltd to use when opening a new store. Give **two** reasons for **each** of your choices.

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[6]

**TOTAL MARKS [20]**



4. On 1st August 2018 bread basket items were exempted and will incur a Value Added Tax (VAT) zero rating. (Value Added Tax Amendment Bill 2018). The owner of XL Mart predicted that the supermarket chain's VAT intake will be reduced by two thirds once the bread basket food exemptions have taken effect.

- (a) Name the type of economic system in which you would expect a business such as XL Mart Co. Ltd to exist.

\_\_\_\_\_ [1]

- (b) Give the VAT **rate** that the government of The Bahamas now charges on goods and services.

\_\_\_\_\_ [1]

- (c) Explain **two** reasons given by the government for the implementation of VAT in The Bahamas.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ [4]

- (d) XL Mart wrote a cheque for \$17 500 to the Department of Internal Revenue (DIR) drawn on Bank A. The DIR deposited the cheque into Bank B. The BACH will now be responsible for ensuring that the DIR receives its funds.

- (i) Say what BACH stands for.

\_\_\_\_\_ [1]

- (ii) State **four** functions of the Central Bank in this process.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ [4]

[Turn over



- (iii) List **three** members of BACH.

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[3]

- (e) Bahamian businesses import the majority of the goods they sell.

- (i) Explain this process.

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[2]

- (ii) Describe **two** ways that this process benefits Bahamian consumers.

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[4]

**TOTAL MARKS [20]**



5. The Bahamas Agricultural and Industrial Corporation (BAIC) and The Bahamas Development Bank (BDB) are two quasi-government agencies that assist Bahamian businesses.

(a) (i) Explain the term *quasi-government*.

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[2]

(ii) Describe **two** services provided by BAIC to Bahamian businesses.

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[4]

(iii) Explain **two** benefits of BDB for Bahamian businesses.

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[4]



- (b) Explain **two** reasons why the government may find it necessary to increase the amount of goods *exported* to other countries.

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[4]

- (c) *Invisible Exports = \$484 600*  
*Invisible Imports = \$390 400*  
*Visible Imports = \$110 000*  
*Visible Exports = \$300 400*

- (i) Calculate the Balance of Payments on the current account.

[5]

- (ii) State whether the balance is a **deficit** or a **surplus**.

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[1]

**TOTAL MARKS [20]**



**End]**