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COMMERCE

PAPER 2 2221/2

Tuesday **6 JUNE 2023** 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	
Total Marks 100	



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

1. On Wednesday, 27th October 2021 in a Supplementary Budget statement, the Minister of Finance of The Bahamas announced the government's *Blueprint for Change* which will boost economic growth and support the most vulnerable in society.

(a) Define the term *Budget* as applies in the context of this question.

[2]

(b) (i) Identify and explain **one** way in which the government can 'boost economic growth' so that the most vulnerable in society may become more self-reliant.

[2]

(ii) All *breadbasket* items were subjected to value added tax (VAT) in 2022. Rice and evaporated milk are breadbasket items. List **two** other breadbasket items.

[2]

(iii) In January 2018 VAT (12%) was removed from breadbasket items. January 2022 saw VAT (10%) returned across the board.

Calculate the difference that this change in VAT would make to a consumer who is purchasing the following items. Show working:

whole chicken, \$5.97
bag of oranges, \$3.99
3 whole yellow corns, \$2.37
2 cantaloupes, \$5.00
5lbs Rice \$3.89

1lb tomatoes, \$1.59
broccoli, \$3.99
biscuits, \$1.09
lettuce, \$1.99
evaporated milk 3/\$3.09

[3]



- (c) The Bahamas Government in its aim to boost economic development sets aside monies to assist those who have a strong desire to become entrepreneurs.

Describe **two** roles carried out by the Bahamas Development Bank (BDB) as it relates to entrepreneurs and economic development.

ROLE 1

[2]

ROLE 2

[2]

- (d) (i) Trade Unions have existed in The Bahamas from the 1950s and have become an integral part of today's workforce. Who is considered the 'father of trade unionism' in The Bahamas?

[1]

- (ii) Identify **two** areas of concern on which trade unions focus when they negotiate with employers.

CONCERN 1

[1]

CONCERN 2

[1]

- (iii) Give **one** way in which trade unions have *helped* to support economic development in this country and **one** way in which trade unions may have *hindered* the efforts of economic development.

HELP

[2]

HINDERED

[2]

TOTAL MARKS [20]

2. The capital of Abel Electronics Company as of 30th April 2023 is shown below. The company has \$600 000 available for distribution to Debenture holders and Shareholders.

Share Capital

250 000 6% Preference Shares of \$1 each
1 000 000 Ordinary Shareholders of \$1 each

Company Capital

\$250 000
\$1 000 000

Loan Capital

1 500 000 8% debentures of \$1 each

\$1 500 000

- (a) Use the data given above to calculate the following showing all working:

- (i) Total payments to Debenture Holders

[1]

- (ii) Total payments to Preference Shares

[1]



(iii) Total payments to Ordinary Shareholders

[1]

(iv) Dividends paid to each Ordinary Shareholder.

[1]

(v) Yield for each Ordinary Share.

[2]

(b) Abel Electronics Company Ltd. has decided to upgrade its existing machinery to improve production efficiency.

Recommend **two** ways the company can finance the new piece of machinery other than obtaining loans or selling shares and debentures.

RECOMMENDATION 1

[1]

RECOMMENDATION 2

[1]

(c) (i) Susan Parker, an employee of Abel Electronics, has been a member of Nation Workers Co-operative Credit Union for ten years. Each month \$150 is deducted from her salary and deposited to her savings account at the Credit Union.

Explain **one** reason why Susan Parker may decide to save at a credit union instead of a commercial bank.

[2]

[Turn over



- (ii) Suggest **two benefits** for the local economy when Susan Parker and others save with a credit union instead of a commercial bank.

BENEFIT 1

[2]

BENEFIT 2

[2]

- (d) The Central Bank of The Bahamas on 12th August 2021 announced that the \$100 bank note bill will now bear the face of the Honorable Arthur D. Hanna.

- (i) Explain the Central Bank function that is described above.

[2]

- (ii) Describe the primary purpose of the Central Bank of The Bahamas.

[2]

- (iii) Outline **one difference** between a Central Bank and a Commercial Bank.

[2]



TOTAL MARKS [20]

3. Read the newspaper article and answer the questions that follow.

FIRE AT TOMMY TOYS LTD.

Fire has wiped out the main store of Tommy Toys Ltd., located in the Rainbow Plaza just weeks before the Christmas rush. The Chief Fire Officer said that the fire was caused by an electrical fault in the storeroom and quickly spread throughout the store and on to neighboring stores.

A spokesperson for Tommy Toys said that extensive damage to the building, machinery and stock means that business will be suspended for at least two months. No one was hurt in the fire.

- (a) Tommy Toys Ltd. had its store and all of the contents insured.

Explain the importance of insurance to businesses like Tommy Toys Ltd.

[2]

- (b) (i) Explain the *Principal of Insurance* that insurance companies are legally obligated to honour once an insurance contract is signed and issued.

[3]

- (ii) Name the *Principal of Insurance* that would be applied when the fire spread to neighbouring buildings.

[1]

- (c) Explain the effect on Tommy Toys Ltd.'s insurance benefit if the building was *over insured*.

[2]

- (d) The location occupied by Tommy Toys Ltd. was covered by both Fire Insurance and Business Interruption Insurance.

Give **two** specific *risks* that Tommy Toys Ltd. would claim for against the Business Interruption coverage.

RISK 1

[1]

RISK 2

[1]

- (e) Upon assessment of the damage by the insurance company it was determined that the store was underinsured. The value of the building was \$200 000, but Tommy Toys Ltd. was only insured for \$120 000. The damages to the store totalled \$80 000.

Calculate the *Compensation Claim* for Tommy Toys Ltd. Show your working.

[4]



- (f) Tommy Toys Ltd. has decided that despite the unfortunate fire, they will conduct a promotional campaign for their customers on selected items.

Suggest **one promotional technique** that Tommy Toys Ltd. can use on its way to recovering revenue. Justify your suggestion.

PROMOTIONAL TECHNIQUE

[1]

JUSTIFICATION

[2]

- (g) As a result of the fire, Tommy Toys Ltd. has decided to significantly decrease its advertizing budget for their upcoming Christmas advertizement campaign.

Recommend, with a reason, **one method** of advertizing they can use given their current circumstances.

ADVERTIZING METHOD

[1]

REASON

[2]

TOTAL MARKS [20]

4. All countries export *visible* and *invisible* items.

(a) Distinguish between *visible* and *invisible* items giving **one** specific example in each case.

VISIBLE ITEMS

[2]

EXAMPLE

[1]

INVISIBLE ITEMS

[2]

EXAMPLE

[1]

(b) N. E. Company has purchased machinery costing BAH\$300 000 from a dealer in Japan.

(i) State the effect of this purchase, if any, on the Balance of Payments of The Bahamas.

[1]

(ii) Recommend, with a reason, an efficient means of payment that N. E. Company may use to pay for the machinery.

METHOD OF PAYMENT

[1]

REASON

[2]



- (iii) The exchange rate for Bahamian and Japanese currency is BAH\$1 = JPY¥115.93.

Calculate the cost of the machinery purchased in Japanese Yen. Show your working.

[2]

- (c) Explain **two** measures that The Bahamas government can use to restrict imports which compete with home-produced goods.

MEASURE 1

[2]

MEASURE 2

[2]

- (d) Tropicana Courier Services is a freight-forwarder business that regularly facilitates trade transactions between local and foreign businesses. The most common trade documents used in their day-to-day operations are the *Certificate of Origin* and the *Bill of Lading*.

Distinguish between these two documents.

CERTIFICATE OF ORIGIN

[2]

BILL OF LADING

[2]

TOTAL MARKS [20]

[Turn over



5. Goods move from one stage of production to another and at each stage value is added to the goods.

(a) (i) Explain what is meant by *added value*.

[2]

(ii) Illustrate and explain the stages of production that a *Cracked Conch* Snack passes through for you to enjoy. Explain how added value is applied at each stage.

STAGE 1 – Primary or Extractive Stage

[2]

STAGE 2 – Secondary or Manufacturing Stage

[2]

STAGE 3 – Tertiary or Commercial Stage

[2]

(iii) Identify **two Aides to Trade** that are used to get a Cracked Conch Snack to move through the stages of production.

AID TO TRADE 1

[1]

AID TO TRADE 2

[1]



- (b) Large-scale retailing has become a popular trend in recent times.

Suggest, with explanation, **two reasons** why this shift has taken place.

SUGGESTION 1

[1]

REASON

[2]

SUGGESTION 2

[1]

REASON

[2]

- (c) Many individuals are choosing to shop from the comfort of their own homes. Retailers are eager to ensure that they meet the demands of the consumer and now offer online shopping.

Suggest **one advantage** and **one disadvantage** for retailers who are offering internet shopping.

ADVANTAGE

[2]



DISADVANTAGE

[2]

TOTAL MARKS [20]



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