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COMMERCE

PAPER 1 2221/1

Wednesday **30 MAY 2018** 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	
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. Which of the following forms of sea transport have no set timetables or set routes?

A. cargo liners
B. container ships
C. passenger liners
D. tramp ships. [1]

2. Which department is responsible for ensuring that the correct goods are delivered to customers?

A. accounts
B. commodity
C. packing and dispatch
D. sales. [1]

3. What is **not** an example of a source of revenue for The Bahamas government?

A. custom duty
B. income tax
C. petroleum tax
D. value added tax. [1]

4. Jim Smith writes a cheque drawn on Commonwealth City Bank to pay Superstore Co. Ltd. who in turn deposits that cheque in its account with First Home Caribbean. What type of clearing is taking place?

A. credit clearing
B. external clearing
C. general clearing
D. town clearing. [1]

5. Which document would be needed to accompany imports of furniture?

A. bill of lading
B. credit note
C. enquiry
D. statement of account. [1]



6. What is the name of the temporary document that provides evidence of an insurance contract?
- A. certificate of insurance
 - B. claim form
 - C. cover note
 - D. renewal notice.
- [1]
7. In the chain of production, where would a landscaping company be found?
- A. agricultural service
 - B. commercial service
 - C. constructive service
 - D. direct service.
- [1]
8. Which document includes details of how profits are allocated?
- A. Articles of Association
 - B. Certificate of Incorporation
 - C. Memorandum of Association
 - D. Trading Certificate.
- [1]
9. What is an advantage of a Hire Purchase agreement to consumers?
- A. impulse buying takes place
 - B. interest is added
 - C. outdated products may be bought
 - D. payment is made by instalments.
- [1]
10. Which mode is used to send a message to all employees in an organisation?
- A. face-to-face
 - B. internet
 - C. intranet
 - D. telephone.
- [1]
11. Davey Jones is a manufacturer of stained glass windows. Which distribution method would be **most** suitable for him?
- A. manufacturer → consumer
 - B. manufacturer → retailer → consumer
 - C. manufacturer → wholesaler → retailer → consumer
 - D. manufacturer → wholesaler → retailer.
- [1]

12. A retailer bought 30 dresses costing \$45 each. The dresses were marked up at 40%. What was each dress sold for?
- A. \$18.90
 - B. \$26.10
 - C. \$63.00
 - D. \$63.90.
- [1]
13. Which type of security is used by the Bahamian government to finance expenditure?
- A. bonds
 - B. debentures
 - C. shares
 - D. stocks.
- [1]
14. Which financial institution is **not** a part of the money market?
- A. commercial bank
 - B. credit union
 - C. development bank
 - D. hire purchase company.
- [1]
15. What is the largest trade union in The Bahamas?
- A. Bahamas Hotel Catering & Allied Workers Union
 - B. Bahamas Musicians & Entertainers Union
 - C. Bahamas Nurses Union
 - D. Bahamas Public Services Union.
- [1]
16. Which term is used to describe the difference between the value of goods a country imports and the value of goods the country exports?
- A. Balance of Payments
 - B. Balance of Trade
 - C. Free Trade Balance
 - D. Invisible Balance.
- [1]



17. Which postal service provides written proof that a document was delivered?
- A. business reply service
 - B. certificate of posting
 - C. freepost
 - D. recorded delivery.
- [1]
18. What gives an entrepreneur the right to be the sole distributor of a completely new product?
- A. copyright
 - B. patent
 - C. registered design
 - D. trademark.
- [1]
19. While working for Coleby C. Construction, several cinder blocks fell on Stan, injuring his left leg. Which National Insurance Benefit would be applicable to Stan?
- A. industrial benefit
 - B. invalidity benefit
 - C. sickness benefit
 - D. unemployment benefit.
- [1]
20. What is **not** a function of The Bahamas Postal Service?
- A. assigning and receiving mail
 - B. charging customs duties on packages
 - C. enabling the payment of utility bills
 - D. providing savings accounts.
- [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 space provided write the **LETTER** of the definition which best defines each term in **Column A**.

ANSWER	COLUMN A	COLUMN B	
	Breaking bulk	(a)	Operates from large warehouses; allows retailers credit, and delivers to retailers' shops.
	Taking of risk	(b)	A deposit, instalment and interest system where the buyer becomes the owner of the goods immediately.
	General wholesaler	(c)	Given by retailers to allow customers to pay at a later date.
	Cash and Carry wholesaler	(d)	When the wholesaler buys in large quantities and sells in smaller lots to retailers.
	Trade credit	(e)	Large, self-service store that deals in pre-packed, priced goods.
	Market traders	(f)	When the wholesaler predicts market trends and buys ahead of demand.
	Credit Sale Agreement	(g)	A deposit, instalment and interest system where the buyer does not become the owner until payment is complete.
	Charge cards	(h)	Retailers come to their warehouse, select goods, pay for them, and provide their own transport.
	Supermarket	(i)	Given by a financial institution and used to purchase goods up to a set amount without paying cash.
	Hypermarket	(j)	When the wholesaler supplies goods and allows retailers to pay at a later date.
		(k)	Offers a wide variety of goods in many specialist departments. Parts of the store may be rented out.
		(l)	Operates from stalls in open areas and avoids overheads.



TOTAL MARKS [10]

SECTION C
STRUCTURED QUESTIONS – 70 marks

Answer the following questions in the spaces provided.

22. Explain the following terms:

(a) Poste Restante

[2]

(b) Bonded Warehouse

[2]

(c) Privatization

[2]

(d) Factoring

[2]

(e) Branding

[2]



23. The Smith family lost all of their furniture and large household appliances during a hurricane. They decided to purchase appliances and furniture at Bargain Furniture, a retail store in Miami, Florida.

- (a) (i) What form of transport would best suit the transshipment of their furniture and appliances?

_____ [1]

- (ii) List **four** factors that they should consider in choosing this form of transport.

_____ [4]

- (b) Explain **two** ways that Bargain Furniture may have been able to obtain business from the Smith family.

_____ [4]

- (c) Sales promotions are short-term incentives to encourage the purchase of a product or service. Suggest **one** method of sales promotion that Bargain Furniture could use to attract Bahamian customers.

_____ [1]

TOTAL MARKS [10]



24. After receiving an inheritance of \$50 000 upon the death of her grandfather, Mavis Sands must choose one of two options. The first option is to put her money into a Certificate of Deposit account at the Bank of The Bahamas. The term of the certificate of deposit is 5% interest for 3 years. The second option is to open a certificate of deposit account at the Credit Union. The term of this certificate of deposit is 4% for 4 years.

- (a) Using calculations, state which option Ms. Sands should consider. Give **one** reason for your answer.

Calculations:

[4]

Reason:

[3]

- (b) Name **two** other Bahamian financial institutions that also offer Certificate of Deposit accounts in The Bahamas?

[2]

- (c) (i) State the names of **two** Credit Unions found in The Bahamas.

[2]



- (ii) Discuss **two** reasons for the growth of Credit Unions in The Bahamas.

[4]

TOTAL MARKS [15]



25. Farming and fishing are very important industries in The Bahamas.

- (a) In which category of production are farming and fishing found?

_____ [1]

- (b) Suggest **two** reasons why specialisation is important to all categories of production.

Reason 1 _____

Reason 2 _____

_____ [4]

- (c) *Arbitration* and *conciliation* are some of the ways workers represented by trade unions are able to gain more benefits.

- (i) Discuss the difference between *arbitration* and *conciliation*.

_____ [4]

- (ii) State **one** example of restrictive practices.

_____ [1]

TOTAL MARKS [10]



26. Hurricane Matthew made landfall in New Providence on October 5th, 2016. It left many residents in the eastern and southern parts of the island with severe damages to their homes. Immediately after the storm The Bahamas Government decided to waive all tariffs.

(a) What is the purpose of a tariff?

_____ [2]

(b) What is the name of the tariff used by the government of The Bahamas?

_____ [1]

(c) State and describe **two** documents needed when importing goods into this country.

Document 1 _____

Document 2 _____

_____ [4]

(d) Name and describe the type of insurance residents should have in order to recover items lost during a hurricane.

_____ [3]

TOTAL MARKS [10]



27. Buy for Less Wholesale Company Plc has prepared an invoice for DAPS Grocers.

<u>INVOICE</u> Buy for Less Wholesale Company Plc. P.O. Box N-9999 Nassau, Bahamas				No: I12345
DAPS Grocers P.O. Box GT-2222 Nassau Bahamas		Date: 15th May, 2018 Terms: 5% 10 days Otherwise Net		
QUANTITY	DESCRIPTION	AMOUNT	PRICE	
4	Cases Cream	\$17.50	\$	
7	Cases Tuna	\$52.00	\$	
2	Cases Sugar	\$26.75	\$	
Gross Invoice \$ _____ Less 25% Trade Discount \$ _____ Net Invoice \$ _____				
E&OE				

- (a) Calculate the Gross Invoice, Trade Discount and Net Invoice and place in the table above. Show your working.

(i) Gross Invoice [4]

(ii) Trade Discount [2]



(iii) Net Invoice [2]

(iv) Explain the notation on the invoice, 'Terms: 5% 10 days otherwise net'.

 [3]

(b) Explain **two** reasons Buy for Less is a Public Limited Company.

Reason 1 _____

Reason 2 _____

 [4]

TOTAL MARKS [15]



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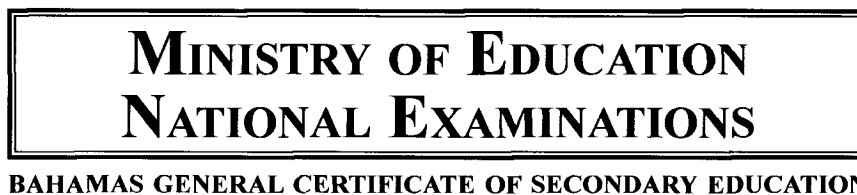
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COMMERCE

PAPER 2 2221/2

Wednesday **6 JUNE 2018** 12:30 P.M.–3:00 P.M.

Additional materials:
None



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Answer **ALL** questions in the booklet.

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FOR EXAMINER'S USE	
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 11 printed pages and 1 blank page.

1. Table 1 shows the number of productive workers and where they are employed in a country.

OCCUPATIONS	NUMBER OF WORKERS
Forestry	30 000
Mining	10 000
Food processing	65 000
Car manufacturing	80 000
Construction	100 000
Commercial services	300 000
Direct services	175 000
TOTAL EMPLOYED	760 000

Table 1

Use the table to answer the questions below.

- (a) (i) Based on the table, give a local example of a **primary** industry.
- _____ [1]
- (ii) Calculate how many people are employed in the **secondary sector** of production. Show your working.
- [3]
- (iii) Calculate the percentage of the **total workforce employed** in Commercial Services. Show your working.

[2]



(b) Sandy Dollar Enterprises manufactures linen and pottery tableware to sell at home and abroad.

(i) Discuss **two** difficulties Sandy Dollar Enterprises might have when selling products abroad.

[4]

(ii) Mrs. Pauline Roker, the owner of Sandy Dollar Enterprises, has decided to open both a deposit and a current account for business purposes. Distinguish between a deposit account and a current account.

[4]

(iii) Mrs. Roker banks with Commonwealth Bank and has set up a standing order to ensure her bills are paid on time. Why would Mrs. Roker use a standing order as a method of payment through her bank?

[2]

- (iv) Mrs. Roker decides to expand her business by opening a new store. Suggest two reasons why a credit card and a night safe would benefit Mrs. Roker's business operations.

Credit card:

 [2]

Night safe:

 [2]

TOTAL MARKS [20]

2. A headline in the Nassau Guardian stated, '*Today the Junkanoo Splash Company will register as a private limited company*'.

- (a) (i) Explain the meaning of the word '*limited*' as used in this headline.

 [2]

- (ii) State **two** disadvantages of a *private limited company*.

 [2]

- (iii) *Junkanoo Splash* needs to prepare **two** documents in order to register as a private limited company. State and explain the purpose of each of these documents.

[6]

- (b) The owners of *Junkanoo Splash* wish to insure their business and have been advised to take out employer's liability insurance and public liability insurance.

- (i) Distinguish between these two types of insurance.

[4]

- (ii) State **two** other risks against which *Junkanoo Splash* should be insured.

[2]



- (c) *Junkanoo Splash* specialises in the production of souvenir products. Discuss **two** advantages of specialising in these products.

[4]

TOTAL MARKS [20]



3. The government of The Bahamas has a right to intervene in private sector affairs if it believes that 'private sector actions have disadvantaged its citizens'.

(a) Discuss this statement. Do you **agree** or **disagree**? Give **one** reason why you agree or disagree.

[3]

(b) Distinguish between the **private** and **public** sectors of the economy.

[4]

(c) The Bahamas Public Service Union decided by a majority vote to strike due to the working conditions at a particular government agency.

(i) Explain **two** reasons The Bahamas Public Service Union would decide on a strike vote.

[4]



- (ii) Discuss whether trade unions are necessary in modern society? Give reasons for your opinion.

[6]

- (d) The Bahamas Government needs financing to pay for unexpected infrastructure damage due to a recent hurricane.

Give and discuss **one** way it can obtain financing.

[3]

TOTAL MARKS [20]



4. Rayven's Wholesale is a general wholesaler that sells grocery items to local independent retailers.

(a) State **two** characteristics of a general wholesaler.

[2]

(b) In which branch of production is Rayven's Wholesale?

[1]

(c) Discuss **two** reasons Rayven's Wholesale should take out insurance for the business.

[4]

(d) One of the most frequent trade documents that Rayven's Wholesale uses is the invoice.

(i) Explain **two** reasons for the frequent use of the invoice.

[4]

(ii) Discuss **two** ways in which Rayven's Wholesale can communicate efficiently with its suppliers abroad.

[4]



- (iii) Explain **one** reason why warehousing is important to the smooth operation of Rayven's Wholesale.

_____ [2]

- (iv) Which type of warehouse would not send salespersons out to collect orders or deliver stock to their customers?

_____ [1]

- (v) Outline **two** features of an independent retailer.

_____ [2]

TOTAL MARKS [20]

5. Mario Tinker recently inherited \$100 000 from his grandfather and is now thinking of opening his own business. Mario can either go to a commercial bank to obtain a loan or use his own private funds he inherited to finance his business.

- (a) Recommend the method of finance that Mr. Tinker should use. Give reasons for your answer.

_____ [5]

- (b) List **two** 'Bahamian-owned' commercial banks that Mr. Tinker may consider.

_____ [2]



- (c) Once Mr. Tinker opens his business, he will have to make payments to suppliers abroad. The overseas suppliers offer Mr. Tinker a trade discount of 20% and a cash discount of 5% if he pays within seven days.

- (i) Discuss the **two** best ways by which Mr. Tinker can make these payments.

[4]

- (ii) Differentiate between **trade** discount and **cash** discount.

[4]

- (iii) If Mr. Tinker bought goods valued at \$12 000, how much would he pay if his payment is made within seven days? Show all working.

[5]

TOTAL MARKS [20]



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