

CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD
General Certificate of Education Examination

7020 Commerce and Finance 1

JUNE 2016

ADVANCED LEVEL

Centre Number	
Centre Name	
Candidate Identification No.	
Candidate Name	

Mobile phones are **NOT** allowed in the examination room.

MULTIPLE CHOICE QUESTION PAPER

One and a half hours

INSTRUCTIONS TO CANDIDATES

Read the following instructions carefully before you start answering the questions in this paper. Make sure you have a soft HB pencil and an eraser for this examination.

1. USE A SOFT HB PENCIL THROUGHOUT THE EXAMINATION.
2. DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO.

Before the examination begins:

3. Check that this question booklet is headed **Advanced Level – 7020 Commerce and Finance 1**.
4. Fill in the information required in the spaces above.
5. Fill in the information required in the spaces provided on the answer sheet using your HB pencil:
Candidate Name, Exam Session, Subject Code, Centre Number and Candidate Number. Take care that you do not crease or fold the answer sheet or make any marks on it other than those asked for in these instructions.

How to answer the questions in this examination

6. Answer ALL questions.
7. Calculators are allowed.
8. Each question has FOUR suggested answers: A, B, C and D. Decide which answer is appropriate. Find the number of the question on the Answer Sheet and draw a horizontal line across the letter to join the square brackets for the answer you have chosen.
For example, if C is your correct answer, mark C as shown below:
[A] [B] [C] [D]
9. Mark only one answer for each question. If you mark more than one answer, you will score a zero for that question. If you change your mind about an answer, erase the first mark carefully, then mark your new answer.
10. Avoid spending too much time on any one question. If you find a question difficult, move on to the next question. You can come back to this question later.
11. Do all rough work in this booklet using the blank spaces in the question booklet.
12. **At the end of the examination, the invigilator shall collect the answer sheet first and then the question Booklet. DO NOT ATTEMPT TO LEAVE THE EXAMINATION HALL WITH IT.**

Turn Over

1. Trade can be defined as:
- A The exchange of goods and services
 - B The buying of goods and services
 - C The selling of goods and services
 - D The importation of goods and services

2. People involved in the exploitation of the free gifts of nature are said to be engaged in the:
- A Tertiary sector
 - B Commercial sector
 - C Primary sector
 - D Secondary sector

Questions 3 to 5 are based on an extract of a firm's Partnership deed between A & B.

- Capital contributions: A = CFAF 20 million; B = CFAF 10 million
- Interest on capital 5% per annum
- Balance of profits to be shared equally
- At the end of the year profit realized was 20% of capital

3. How much profit was realized at the end of the year?
- A CFAF 6,000,000
 - B CFAF 30,000,000
 - C CFAF 4,000,000
 - D CFAF 2,000,000
4. How much interest did B receive at the end of the year?
- A CFAF 50,000
 - B CFAF 500,000
 - C CFAF 1,000,000
 - D CFAF 1,500,000

5. What percentage of the year's profit did B receive?
- A 50.0%
 - B 33.3%
 - C 45.8%
 - D 54.2%

6. What best describes the activity of a corporation that enters into a contract beyond the scope of its corporate powers?
- A Caveat emptor
 - B Ultra vires
 - C Uberrima fides
 - D Proxy

7. The closing down of a company voluntarily or by court action is best described as:
- A Bankruptcy
 - B Insolvency
 - C Liquidation
 - D Indebtedness

8. Which of the following trade agent guarantees payment to his/her principal?
- A Factor
 - B Broker
 - C Commission agent
 - D Del-credere agent

9. A customer purchased goods from a supplier worth CFAF 500,000 and was allowed a cash discount of CFAF 40,000 for prompt payment. What percentage of discount was granted to him?
- A 8.0%
 - B 0.8%
 - C 8.7%
 - D 4.0%

10. A shop that sells below the manufacturer's recommended retail price is called:
- A Discount houses
 - B Discount stores
 - C Clearing houses
 - D Finance houses

11. Quality control measures enable the consumers to:
- A Enjoy variety of products
 - B Obtain standard quality products
 - C Develop quality products
 - D Reduce faulty products

12. A document used to identify the value and country of origin of a product is called:
- A Pro forma invoice
 - B Consular invoice
 - C Purchase invoice
 - D Sales invoice

13. In what sequence should the following home trade documents be used?
- A Invoice, statement, order, quotation
 - B Order, quotation, invoice, statement
 - C Quotation, order, invoice, statement
 - D Statement, invoice, enquiry, order

14. A document requesting the buyer to make payment prior to or on delivery of goods ordered is:
 A Purchase invoice
 B Pro forma invoice
 C Consular invoice
 D Sales invoice
-
15. A refund of duties paid when products imported are subsequently re-exported is referred to as:
 A Custom duties
 B Excise duties
 C Custom drawbacks
 D Excise drawbacks
-
16. Which price quotation best describes goods transported at the seller's risk.
 A F.O.B
 B C.I.F
 C F.A.S
 D C & F

Questions 17 and 18 relates to the data below:

Imports: -visible CFA F 2,840,000,000
 -invisible CFA F 760,000,000
 Exports: - visible CFA F 3,500,000,000
 -invisible CFA F 1,700,000,000

17. Determine the balance of trade?
 A CFA F 940,000,000
 B CFA F 660,000,000
 C CFA F 660,000,000
 D CFA F 940,000,000
-
18. Calculate the balance of payment
 A CFA F 1,600,000,000
 B CFA F (1,600,000,000)
 C CFA F 2,360,000,000
 D CFA F (2,360,000,000)
-
19. Wind damage occurs to your car costing CFA F 800,000 to repair. If you have a CFA F 100,000 deductible policy for collision and a policy for full coverage. How much compensation will the insurance company pay?
 A CFA F 800,000
 B CFA F 700,000
 C CFA F 100,000
 D CFA F 900,000
-
20. The transfer of insurance benefits from one person to another is known as:
 A Endorsement
 B Assignment
 C Subrogation
 D Contribution

21. A material fact in insurance is one that:
 A Describes the risk
 B Influences the acceptance of the risk
 C Must be disclosed by law
 D Must be accepted by the insurer
-
22. A business man insured against fire with company W and X worth CFA F 6,000,000 and CFA F 4,000,000 respectively for the same property. If the property is damaged by fire to the value of CFA F 3,000,000
 What amount of compensation will insurance Company W be liable to?
 A CFA F 3,000,000
 B CFA F 2,000,000
 C CFA F 1,800,000
 D CFA F 1,000,000
-
23. Which form of transport has the advantage of low maintenance cost?
 A Road
 B Rail
 C Pipeline
 D Sea
-
24. A distinguishing feature between tramps and liners is:
 A Freight depends on competition
 B Members of a shipping conference
 C Carries cargo and passengers
 D Operate on no definite route
-
25. A willful act by a ship captain to cause damage to the ship or its cargo, including theft by the crew is best described as:
 A Jettison
 B Pilferage
 C Barratry
 D Negligence
-
26. In transport, speed is an important consideration, when the goods are:
 A Bulky
 B Fragile
 C Perishable
 D Durable
-
27. Which of the following is not a key financial function?
 A Investment decisions
 B Dividend decisions
 C Financing decisions
 D Co-coordinating decisions

28. The part of currencies issued that is not backed by gold is known as:
 A Fiat money
 B Fiduciary money
 C Token money
 D Convertible money
-
29. How long must a cheque be in circulation after it is drawn to become stale?
 A After 6 weeks
 B After 6 months
 C Before 6 months
 D Before 6 quarters
-
30. The most profitable and less liquid assets of a commercial bank is:
 A Advances
 B Cash
 C Deposits
 D Money at call
-
31. Commercial banks settle their inter-bank indebtedness through:
 A Acceptance houses
 B Clearance houses
 C Discount houses
 D Issuing houses
-
32. In a single banking system, with a liquidity ratio of 10%, a commercial bank receives an initial deposit of CFA F 2,000,000. How much additional credit will the banking system be expected to add to total money supply?
 A CFA F 2,200,000
 B CFA F 20,000,000
 C CFA F 18,000,000
 D CFA F 1,800,000
-
33. A monetary policy method used by the State to buy and sell Treasury Bills is known as:
 A Cash Reserve Ratio
 B Directives
 C Open Market Operations
 D Special Deposits
-
34. The most likely market for an investment less than a year is called.
 A Primary market
 B Capital market
 C Money market
 D Over the counter market
-
35. Generally, money market securities are:
 A Widely traded, so tend to be more liquid
 B Widely traded, so tend to be less liquid
 C Less widely traded, so tend to be more liquid
 D Less widely traded, so tend to be less liquid
-
36. A short-term government security which matures in less than three months is:
 A Government bonds
 B Government treasury certificates
 C Government treasury bills
 D Local government bonds
-
37. The Latin expression commonly used in the Stock Exchange Market 'Dietum Meum Pactum' signifies
 A Transactions effected are respected by members
 B Transactions effected respect changes in the market
 C Transactions effected respect secondary security regulations
 D Transactions effected are respected no matter market changes
-
- Questions 38 and 39 relates to the data below:
- | | | |
|--------------------|-------|-----------|
| Turnover | CFA F | 5,250,000 |
| Cost of sales | CFA F | 2,025,000 |
| Operating expenses | CFA F | 293,250 |
-
38. Determine the gross profit
 A CFA F 322,500
 B CFA F 3,225,000
 C CFA F 4,956,750
 D CFA F 2,931,750
-
39. Calculate the net profit margin?
 A 55.8%
 B 61.4%
 C 05.6%
 D 38.6%
-

Questions 40 and 41 relates to the data below:

A retailer bought an item for CFA F 285,000 and paid for transportation CFA F 15,000. The sales of the item was CFA F 375,000 and other expenses were valued at CFA F 8,000.

40. Calculate the percentage mark-up.
 A 31.580%
 B 28.77%
 C 24.00%
 D 21.87%

41. Calculate the Net Profit.
 A 82,000
 B 90,000
 C 367,000
 D 98,000

Questions 42 to 45 relates to the data below:

Total fixed assets CFA F 100,000
 Stocks CFA F 20,000
 Debtors CFA F 5,000
 Cash & Bank CFA F 15,000
 Profit after tax CFA F 15,000
 Capital CFA F 65,000
 Debentures CFA F 40,000
 Creditors CFA F 20,000

42. Determine the working capital.
 A CFA F 20,000
 B CFA F 60,000
 C CFA F 40,000
 D CFA F 15,000

43. Calculate the capital employed.
 A CFA F 80,000
 B CFA F 60,000
 C CFA F 140,000
 D CFA F 120,000

44. Calculate the quick ratio of the firm.
 A 2:1
 B 1:1
 C 0.75:1
 D 0.67:1

45. What is the capital owned of the firm?
 A CFA F 140,000
 B CFA F 80,000
 C CFA F 100,000
 D CFA F 60,000

Questions 46 and 47 relates to the data below:

A retailer expects to sell based on the conditions that; 60% of sales on cash basis and the balance a month later. Sales for July and August were:

	July	August
Sales	CFAF 450,000	CFAF 600,000

46. Determine the credit sales in the month of July.
 A CFAF 240,000
 B CFAF 270,000
 C CFAF 180,000
 D CFAF 360,000

47. How much cash would he received in the month of August?
 A CFAF 600,000
 B CFAF 360,000
 C CFAF 240,000
 D CFAF 540,000

48. An amount of CFA F 22,500,000 is receivable in three years from today at the rate of 10%. How much was invested?
 A CFA F 16,904,583
 B CFA F 29,947,500
 C CFA F 2,250,000
 D CFA F 6,750,000

49. An investment of CFA F 9,000,000 today is expected to yield CFA F 13,176,900 four years later. What is the interest rate of the investment?
 A 05%
 B 10%
 C 07%
 D 15%

50. A bill valued at CFA F 13,500,000 for 90 days was discounted within 30 days at the rate of 10%. Determine the value of the discount.
 A CFA F 11,250
 B CFA F 135,000
 C CFA F 337,500
 D CFA F 225,000

STOP

GO BACK AND CHECK YOUR WORK