

GENERAL CERTIFICATE OF EDUCATION (GCE) BOARD

General Certificate of Education Examination

0520 COMMERCE 1

JUNE 2021

ORDINARY LEVEL

Centre Number	http://www.gcerevision.com
Centre Name	
Candidate Identification Number	
Candidate Name	gcerevision.com

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.

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

Before the examination begins:

- Check that this question booklet is headed "Ordinary Level – 0520 Commerce 1"
- Fill in the information required in the spaces above.
- Fill in the information required in the spaces provided on the answer sheet using your HB pencil:

Candidate Name, Examination Session, Subject Code and Candidate Identification 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

- Answer ALL the 50 questions in this Examination.
- Calculators are allowed.
- Each question has FOUR suggested answers: A, B, C and D. Decide on which answer is correct. 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]

- 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.
- 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.
- Do all rough work in this booklet using the blank spaces in the question booklet.
- 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.**

1. The branch of production concerned with changing the location of goods is:
- Commerce.
 - Construction.
 - Manufacture.
 - Extractive.
-
2. A trader bought goods worth 15,000,000 Frs. VAT is 19.25%. What is the amount payable?
- 2,887,500 Frs.
 - 17,887,500 Frs.
 - 12,112,500 Frs.
 - 15,000,925 Frs.
-
3. Which insurance principle must an insured follow when filling the proposal form?
- Contribution.
 - Utmost Good faith.
 - Insurable interest.
 - Proximate cause.
-
4. Shop lifting is common to all of the following EXCEPT:
- Mobile shops
 - Mail Order Business.
 - Department stores.
 - Hyper markets.
-
5. The following services are performed by wholesalers to retailers EXCEPT:
- Steady flow of goods.
 - Warehousing.
 - Information.
 - Variety of goods.
-
6. A commercial bank will NOT need the information below before granting a loan:
- Name of bank.
 - Method of repayments.
 - Duration of loan.
 - Collateral security.
-
7. The mode of transport that is a feeder to other transport systems is:
- Canal.
 - Road.
 - Rail.
 - Sea.
-
8. The following are agents in the London Freight market EXCEPT:
- Chartering agents.
 - Independent Brokers.
 - Del credere agents.
 - Shipbrokers.
-
9. Duties which are imposed on imports based on the unit of measurement are known as:
- Custom duties.
 - Value Added tax.
 - Excise duties.
 - Specific taxes.
-
10. The formula : $\times \frac{\text{Index of Export Prices}}{\text{Index of Import Prices}} \times \frac{100}{1}$ means:
- Exchange rate.
 - Weighted Export prices.
 - Terms of Trade.
 - Weighted Import Prices.
-
11. Which of the following documents is issued to confirm payments of goods?
- Invoice.
 - Pro forma invoice.
 - Consignment note.
 - Cash receipt.
-
12. The day to day running of a joint stock company is in the hands of:
- Chief Executive officer.
 - General Assembly of shareholders.
 - The General Manager.
 - The Board of Directors.
-
13. The following investors enjoy limited liabilities EXCEPT:
- Active partner.
 - Limited partners.
 - Equity holders.
 - Shareholders.
-
14. Quality control is the main role of which of the following departments?
- Marketing.
 - Production.
 - Sales.
 - Control.
-
15. The category of wants satisfied by services is:
- Material want.
 - Durable wants.
 - Immaterial wants.
 - Productive wants.
-
16. The difference between visible exports and visible imports during a trading period is:
- Balancing item.
 - Balance of payments.
 - Terms of trade.
 - Balance of trade.
-
17. Enterprises would NOT be classified using:
- Longevity.
 - Number of employees.
 - Capital.
 - Size.
-
18. Public Limited company starts operating when a:
- Certificate of trading is issued.
 - Certificate of incorporation is issued.

- C Prospectus is issued.
D Articles of association is issued.
-
19. A document used to correct errors of undercharge in an invoice is:
A Debit note.
B Credit note.
C Advice note.
D Consignment note.
-
20. The term '30 days net' means:
A Payments of goods is due in 30 days time.
B Discount is offered up to the 30th day.
C After 30 days no cash discount is allowed.
D Cash discount is allowed on the 30th day.
-
21. Which of these modes of transport is best suited for the transportation of perishable goods over long distances?
A Rail.
B Road.
C Air.
D Water.
-
22. The number of days set aside for loading and offloading of ships is called?
A Demurrage.
B Dead freight.
C Freight rate.
D Lay day charge.
-
23. Direct debit is suitable for:
A Regular payments at regular intervals.
B Regular payments at irregular intervals.
C Irregular payments at irregular intervals.
D Irregular payments at regular intervals.
-
24. The payee in a bill of exchange transaction is:
A Drawer.
B Drawee.
C Domicile.
D Acceptor.
-
25. Which of these forms of advertising does not target a particular audience?
A Direct advertising.
B Indirect advertising.
C Persuasive advertising.
D Informative advertising.
-
26. The main aim of personal selling is that:
A It is less costly.
B There is speedy market coverage.
C There is immediate feedback.
D There is immediate increase in sales.
-
27. The following are the roles of advertising EXCEPT:
A Introduce new products.
B Persuade customers to buy.
C Create additional demand.
D Build image of the firm.
-
28. The term 'legal entity' implies:
A A natural person.
B Can sue and be sued.
C Can sue and cannot be sued.
D Is legally binding.
-
29. The document used to inform buyers of goods on transit is:
A Transit note.
B Advice note.
C Consignment note.
D Delivery note.
-
30. Which of the following is NOT a function of the warehouse?
A Storage.
B Risks reduction.
C Stabilizing prices.
D Ensure profits generation.
-
31. Which of these ocean vessels has a flexible schedule?
A Bulk carriers.
B Cargo liners.
C Tramp ships.
D Passenger liners.
-
32. Commercial banks perform the following functions EXCEPT:
A Accepting deposits.
B Lending money.
C Regulate supply of money to the public.
D Safeguarding of valuables.
-
33. The following are government departments that protect consumers EXCEPT:
A Department of commerce
B Department of public health
C Consumers' Association.
D Department of housing and town planning.
-
34. The document that serves as a temporal evidence of an insurance contract is:
A A policy.
B Cover note.
C Agreement note.
D Insurance note.

Turn Over

35. An example of an uninsurable risk is:
 A Fire.
 B Natural disaster.
 C Gambling.
 D Burglary..
36. A balance of payments deficit implies that:
 A Exports are more than imports.
 B Imports are more than exports.
 C Payments abroad are more than receipts.
 D Receipts are more than payments abroad.
37. Given that visible exports are 2,500,000 Frs. and visible imports are 4,000,000 Frs. the balance of trade is:
 A 1,000,000 Frs.
 B 6,500,000 Frs.
 C 1,500,000 Frs.
 D 150,000 Frs..
38. Business losses in a limited liability company are borne by:
 A Tax payers.
 B Debenture holders.
 C Shareholders.
 D Board of directors.
39. Visible imports means:
 A Goods sold abroad.
 B Goods and services sold abroad.
 C Buying goods from abroad.
 D Goods bought from abroad.
40. The purchase of goods using coins in the absence of the retailer is:
 A Impulse buying.
 B Self-service.
 C Branding.
 D Auto vending.
41. A document used to instruct banks to make regular payments at regular intervals is:
 A Cheques' Booklet.
 B Bank statement .
 C Standing order form.
 D Pay -in/Withdrawal slip.
42. A joint effort by firms to advertise a particular product is:
 A Informative advertising.
 B Competitive advertising.
 C Mass advertising.
 D Generic advertising.
43. The difference between turnover and cost of goods sold is:
 A Net profits.
 B Gross profits.
 C Margin.
 D Mark-up.
44. A payment method used by bank customers to settle several bills with a single cheque is:
 A Bank draft.
 B Standing order.
 C Credit transfer.
 D Direct debiting.
45. The transfer of money into and out of an enterprise is termed:
 A External flow.
 B Financial flow.
 C Outflow of funds.
 D Inflow of funds.
46. Commerce developed as a result of:
 A Speculation.
 B Competition.
 C Specialization.
 D International trade.
47. A mail service in which minimal compensation is made for missing items is:
 A Recorded delivery.
 B Registered post.
 C Free post.
 D Express delivery.
48. The full meaning of ATM is:
 A Automated Teller Machine.
 B Automatic Trading Machine.
 C Automatic Teller Money.
 D Automative Teller Machine.
49. A cheque drawn today with a future date of payments is known as;
 A Counter cheque.
 B Bearer's cheque.
 C Stale cheque.
 D Post-dated cheque.
50. A department that provides information used by management to make decisions is;
 A Production department.
 B Accounting department.
 C Human resource department.
 D Research and development department.

STOP

GO BACK AND CHECK YOUR WORK