GENERAL CERTIFICATE OF EDUCATION (GCE) BOARD

General Certificate of Education Examination

Commerce 2
0520

JUNE 2021   **ORDINARY LEVEL**

Subject Title	Commerce
Paper No.	Two
Subject Code No.	0520

Two and a half hours

Answer FOUR questions. All questions carry equal marks.

INSTRUCTIONS

1.   *You are reminded of the necessity for good English and orderly presentation in your answers.*

2.   *The use of SIMPLE electronic calculator is allowed.*

3.   *Show clear working in your answer booklet where necessary.*

http://www.gcerevision.com

June 2021/0520/2/A/Q   **Turn Over**
© 2021GCEB

1. (a) Distinguish between direct and indirect production. **(5 marks)**

   (b) Name and explain the branches of production **(9 marks)**

   (c) Briefly explain any **THREE** reasons for the continuous existence of small retail units. **(6 marks)**

2. (a) State and explain any **FOUR** factors used in determining the choice of a mode of transport. **(8 marks)**

   (b) Briefly explain any **FOUR** advantages of advertising to a company. **(8 marks)**

   (c) Distinguish between tramps ships and cargo liners. **(4 marks)**

3. (a) State **FOUR** differences between a current account and a deposit account. **(8 marks)**

   (b) With the use of any **TWO** examples, differentiate between general crossing and special crossing on cheques. **(8 marks)**

   (c) Briefly explain any **TWO** of the following in insurance:
      i) Burglary,
      ii) Consequential loss,
      iii) Fidelity guarantee and
      iv) Jettison. **(4 marks)**

4. (a) Explain any **FOUR** reasons why firms are encouraged to sell goods abroad. **(8 marks)**

   (b) Why do most government still impose barriers on trade despite its benefits? **(8 marks)**

   (c) State any **FOUR** ways through which consumers are protected. **(4 marks)**

5. (a) Give any **FOUR** factors that are considered when setting up a retail business. **(8 marks)**

   (b) Outline any **FOUR** features of a co-operative society. **(8 marks)**

   (c) State any **FOUR** importance of warehousing to wholesalers. **(4 marks)**

6. (a) Given that the opening stock of a business is 6,000,000 Frs. Purchases were 2,000,000 Frs. closing stock are 3,000,000 Frs. and net sales are 8,000,000 Frs. Calculate:
      i) Cost of goods sold.
      ii) Gross profits **(8 marks)**

   (b) Explain **FOUR** reasons why profits are important to a business. **(8 marks)**

   (c) With the use of **TWO** examples explain the following;
      i) Current assets
      ii) Current liabilities. **(4 marks)**

June 2021/0520/2/A/Q