

PAPER 1

1.	C	11.	B	21.	C	31.	B	41.	A
2.	A	12.	C	22.	B	32.	A	42.	D
3.	B	13.	A	23.	B	33.	B	43.	B
4.	C	14.	C	24.	B	34.	B	44.	A
5.	C	15.	A	25.	A	35.	C	45.	A
6.	B	16.	C	26.	C	36.	C	46.	D
7.	D	17.	D	27.	A	37.	C	47.	C
8.	D	18.	B	28.	B	38.	A	48.	D
9.	D	19.	C	29.	C	39.	B	49.	A
10.	B	20.	C	30.	A	40.	D	50.	C

PAPER 2

Question 1

(a) Advantages of partnership over sole proprietor:

- With partnership there is possibility to raise more capital as many people are involved unlike the sole proprietor
 - Partnership businesses have greater prospect of continuity as compared to sole proprietorship
 - With partnership, business risk is shared among the members whereas sole proprietors bear the whole risk.
 - With partnership, better decisions are taken since there are many heads involved
 - Partnership businesses have possibilities of greater expansion as compared to sole proprietorship
 - With partnership, there is limited liability for limited partners meaning in the event of business failure, limited partners do not lose their private properties
 - In partnership there is better management because management functions are shared among partners.
- (Up to 8 marks for any 4 pts well explained, Listing 4 marks)**

(b) Advantages of joint stock companies

- There is continuity of business. This is because the death or retirement of a shareholder does not affect the business (or put an end to the business)
- Possibility of raising more capital. Capital can easily be raised since there are many and various kind of shareholders
- Shareholders enjoy limited liability. This means in case of business failure, shareholders will lose only the amount contributed in the business and their personal properties will be saved
- Shares are easily transferred. In public limited companies, shareholders can sell their shares without the consent of other shareholders
- It is a legal entity. Joint stock companies have a legal existence, that is, the business is separate from the owners such in case of breach of contract it can sue and be sued in the court of law.
- Economies of scale. Joint stock companies enjoy a variety of economies of scale since they produce in large quantities
- Risk bearing is shared. Risks and worries of the business are shared among shareholders depending on their agreement during the formation of the business.

(Up to 8 marks for any 4 pts well explained, Listing 4 marks)

(c) Elements in an article of association

- The method of issue and transfer of shares.
- The procedure of and time of calling general meetings.
- The duties, qualification and powers of the directors.
- The voting rights of shareholders.
- The methods of sharing profits and dividends.
- How directors and other officers may be appointed.
- The method of settling disputes that may arise in the company.
- The method of auditing the accounts of the company.
- The methods of liquidation and settlement of debts.

(Up to 4 marks for any 4 pts well explained, Listing 4 marks)

Question 2

(a) Reasons for the survival of small shops

- Personal contact. Small retailers know their customers need and they offer personal services to them

- Limited capital. Small shops exist because the amount of capital required to start business is small.
- Management is easier. This is because the size of the business is small and family members can assist in running the business.
- Flexibility. Small shops can easily adjust to changes in market conditions.
- Most large businesses started as small business units. many large shops we have today started as small shops
- Government assistance. The government encourages the growth of small retail business units so as reduce unemployment.

(Up to 10 marks for any 4 pts well explained, Listing 4 marks)

(b) Advantages to:

i) Customers:

- transport cost for moving about to goods are eliminated
- Waste of time is reduced since the customer does not need to move about to by goods.
- The customer can buy goods without living his home.
- Goods are often bought at a cheaper price compared to other retail shops.
- It can serve customers all over the country as well as in other parts of the world.
- Customers have the possibility of buying on C.O.D or C.W.O.

(3 marks for any 3 points)

ii) Company:

- Cost of administration or operating the business is low.
- Very few workers are employed.
- It reduces the risk of bad debts.
- It does not need expensive street premises.
- There is high demand for their goods because of catalogue and newspaper advertisement.
- There is high profit margin due to increase in sales resulting from advertisement.

(3 marks for any 3 points)

(c) Advantages of automatic vending machines

- Rental cost is low as it occupies only a small space
- No sale staff is required (i.e. it operates without a shop attendant)
- It eliminates bargaining
- It is available all the time
- Buying is faster as it based on self service
- No risk of fraud and manipulation by the seller
- There is no preferential treatment

(4 marks for any 4 points)

Question 3

(a) (i) Measures used to correct road accidents:

- Road safety brigades and personnel
- Provision of road signs
- Testing technical state of vehicles
- Sensitization messages over the media
- Purchase of speed and alcohol checks
- Speed breaks on major highways
- Legal actions on defaulters

(4 marks for any 4 points)

(ii) Documents vehicle owners must have:

- National identity card
- Windscreen License
- Third party motor insurance policy
- Attestation of registration (Carte grise in French)
- Driver license or transporter license
- Patent

(4 marks for any 4 points)

(b) Advantages of air transport over sea transport:

- Comfort: Air transport is more comfortable over long distances sea transport
- Speed: It is a fast means of transport
- Urgency: It is suitable for emergency supply and transportation of perishable goods
- Pilferage: Risk of pilferage and damage of goods is reduced
- Documentation: Less documentation is involved with air transport
- Insurance cost: It is cheaper to insure goods sent by air as planes take shorter time

(Up to 8 marks for any 4 pts well explained, Listing 4 marks)

- (c) Reasons why a firm may own its fleet of vehicles
- The vehicles can be used for advertisement
 - Goods that need urgent delivery can be delivered on time
 - There is absolute control of the goods by the driver
 - It is available at all times
 - It is possible to readjust delivery schedule
 - It reduces dependency.

(4 marks for any 4 points)

Question 4

- (a) Reasons why countries impose barriers.

- To raise government revenue through the imposition of customs on goods imported
- To protect infant industries from the strong foreign competitive and well-established industries.
- To prevent dumping which is the practice of selling goods cheaper in foreign markets than in the home market.
- To check the importation of harmful and consumption of harmful goods such as cocaine and guns which can increase crime waves
- To foster political ties whereby members of custom unions such as CEMAC and EU could impose higher tariffs on non-members
- To avoid overdependency which could be disastrous in war times
- To maintain a high level of employment.

(Up to 6 marks for any 3 pts well explained, Listing 3 marks)

- (b) Methods of payment in international trade

- Foreign bill of exchange. This is an unconditional order in writing, addressed by an exporter to an importer requesting the importer to pay on demand at a given future date a certain amount of money to a specified person or to the bearer.
- Documentary credit (Letter of credit). It is an undertaking by the importer's bank promising to pay an oversea exporter the exporter's shipping documents such as the bill of lading
- Documentary bill for collection. This is a document issued mainly to secure payment of goods delivered to trust worthy buyers.
- Trust receipt facility. This is a method of payment whereby, the importer is allowed to take possession of goods and sell while technically, the goods still remain the property of the bank which granted the facility.
- Shipping guarantee facility. This is a facility used when the goods imported into a country arrive before the bill of lading.
- Traveler's cheque. These are cheques which enable customers to carry large amounts of foreign currencies when travelling abroad. They are used for the payment of goods purchased abroad.
- Direct payment. This is when the importer makes cash payment to the exporter in person for goods received.

(Up to 6 marks for any 3 pts well explained, Listing 3 marks)

- (c) Methods used by MTN for advertising

- By press or print media. It is a channel which involves the use of local and national newspapers, magazines and trade journals to convey information about a product to consumers
- Television. It is an electronic device which enables the public to be aware about the existence and use of a product. Images and informations of the product are shown on the television. Advertisement is usually done during sensitive moments to attract the attention of the public
- Radio. It is a form of advertising whereby information about a product is passed or transmitted in the form of announcement by means of a radio monitor.
- Bill boards or posters. It is a form of advertising whereby pictures of the products advertised are pasted on walls of bars, shops or boards erected at road junctions, street corners and open places to attract customers. The pictures are brightly coloured and the board carries a minimum number of informations about the product.
- Publicity vans. This is a vehicle decorated with pictures of the product and equipped with a microphone and loudspeaker. Information is transmitted to the public by a speaker inside the vehicle as it moves slowly through the town.

(Up to 8 marks for any 4 pts well explained, Listing 4 marks)

Question 5

- (a) Explanation to the following postal services

- i) Ordinary post:

This is a postal service which enables individuals to send official or personal letters in an enclosed envelope with the appropriate stamp on it. No compensation is paid if missing.

- ii) Registered post:

It is a postal service used in sending valuable items and for which the sender is charged an extra amount because greater care is taken. Full compensation is made in the event of loss.

- iii) Recorded post:

It is a post office service used in sending less valuable items and for which the sender is charged an amount as proof of posting and delivery of item. Limited or partial compensation is made in case of loss.

iv) Post restante:

It is a post office service which enables tourists or businessmen with no permanent address to have a temporal address for which they shall be called from time to time to check.

v) Business reply service:

It is a service offered by the post office to licensed businessmen which enables potential customers to send replies to their advertisement in special envelopes or to order for goods without paying for postage.

(2marks x 5 = 10 marks)

(b) Difference between letter money order and card money order

Card money order	Letter money order
• Prepared by the post office who is the sender	• Sender is the transmitter of the money
• Post office issues receipt to sender as evidence of transmission	• If it is missing there will be no compensation by the post
• Post office issues compensates money if item is missing	• Identification papers are needed at the post office of destination
• It can be used externally and internally	• It is used only internally
• Charges are higher than letter money order	• Charges are usually low

(6 marks for any 3 differences)

(c) Importance of an efficient means of communication

- It enables documents and parcels to be transferred safely and quickly
- It enables businessmen to keep in touch with other business partners
- It makes world a global village as latest events in other parts of the world are brought to individuals by means of television, radio, internet, etc
- It serves as an important means of advertisement since businessmen can create awareness of their products through communicative facilities.
- It widens the size of the market as business operators are linked to each other.
- It helps businesses to be competitive as they are kept abreast with prices in the home and foreign market
- It facilitates the settlement of home or foreign debts through the use of post office financial services such as the telegraphic money order.

(4 marks for any 4 points)

Question 6

(a) Reasons why a person may take a life assurance

- To provide a sum of money to the dependents of the policy holder at his death.
- To cover the funeral expenses of the policy holder.
- To provide money to the policy holder during the period of retirement that is pension.
- To provide a feeling of financial security while one is still living.
- To provide for children's school fees when the policy holder is dead.
- It is a means of saving to the policy holder.
- For one's property not to be seized when he is dead.

(6 marks for any 6 points)

(b) Risks covered by a standard fire policy

- Lightening caused by thunder storm
- Explosion of domestic boilers
- Gas used for lighting, heating and cooking
- Damage to neighbour's property caused fire used in extinguishing the fire
- Fire caused by high voltage.

(4 marks for any 4 points)

(c) Explanation of

- Consequential loss:
Loss of earnings (profits, rents, and wages) resulting from the destruction of a business premises by fire.
- Employer's liability:
It is taken by employers to cover their workers against injuries or accidents they suffer at their jobsite.
- Reinsurance:
This is a situation whereby an insurance company decides to share a risk insured with another insurance company especially when the risk is large.
- Cover note:
This is a document issued to the insured to give temporary cover against a risk as the policy is being prepared.
- Jettison:

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Jettisoning is the act of throwing goods into the sea so as to lighten the ship (which prevents the ship from sinking) and to save the lives of passengers and remaining cargo.

(2marks x 5 = 10 marks)



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