

0520 P1: Mark Guide

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

Mark Guide Paper 2

1a) Name and explain the difference between a private and a public enterprise (8mks)

A Private Enterprise	A Public Enterprise
<ul style="list-style-type: none"> -Owned by private individuals or shareholders -It is out to make profit -It is managed or controlled by BOD appointed shareholders -It is created by Registrar of company or company Act. -Profits are shared to shareholders as dividend -Capital is from sell of shares -Risk is borne by shareholders 	<ul style="list-style-type: none"> -Owned by the state/government -It is not profit making but provide essential goods and services. -It is managed or controlled by BOD appointed by the state. -It is created by an Act of Parliament or presidential decree. -Surpluses are use for the benefits of all citizens. -Capital is provided by the state (taxes). -Risk is borne by tax payers.

(Any 4pts correct on either sides 1mk x 2 x4 = 8mks)

b) Explain any THREE internal sources of finance to a public company (6mks).

- Contributions from shareholders
- Plough back of profit
- From provisions for depreciation
- Provisions for bad debts etc.

(Any 3pts explained 2mks x 3 = 6mks)

c) Outline any six reasons for the continual existence of small business in Cameroon (6mks)

- Small capital requirement
- Provision of door to door services.
- Low overhead cost
- Attractive low prices.
- Hard work and pride for ownership of business
- The rule, regulation and flexible manage policies.
- Quick decision making
- Flexible opening hours etc.

(Any six pts 1 mk each x 6 = 6mks)

2a) Define the following terms

i) Land

- It is a natural gift of nature
- It is geographically immobile
- Its reward is rent etc.

ii) Capital

- It is worth set aside for the production of further worth.
- It is a man made factor of production.
- It's reward is interest.

iii) Entrepreneur

- It is a managerial factor production
- It coordinates the other factors to produce a good.
- Its reward is profit, dividend, royalty etc.

Any 2 pts each 2mks x 3 = 6mks).

b) Explain any THREE criteria of classifying an enterprise in Cameroon (6mks).

By Activity

- Industrial : Primary, Secondary, Tertiary
- Commercial
- Service Enterprise.

By Location

- Local enterprise
- International enterprise

By ownership

- Private enterprise
- Public enterprise
- Para-statal enterprise

Type of product produced

- Extractive
 - Manufacturing /secondary
 - Tertiary production
- Size
- Small enterprise
 - Medium enterprise
 - Large enterprise.

Any 3 pts explained 2mks x 3 = 6mks)

c) Name and explain any Four types of warehouses

- Bonded warehouse
- Cash and carry warehouse
- Wholesaler's warehouse
- Retailer's warehouse
- Manufacturer's warehouse
- Public warehouse
- Cold stores
- Regional Distribution centres etc.

Any 4pts explained 2 x 4 = 8mks

3a) Explain the following business documents

i) Credit Note

- Correction documents for errors of overcharge
- Made in red
- Can be used by the buyer or the seller.

ii) Advice note

- Issued by the seller to the buyer
- Inform buyer that the goods are on the way
- Help give advanced information on the quantity of goods expected.

-Assist the buyer to prepare warehouse and unloading equipment.

iii) Statement of account

- Gives a summary of transactions between the buyer and seller with a given period.
- Shows goods bought on cash or credit.
- Gives the balance due payment.
- Contain the abbreviation E & OE.

(Any 2pts each 2mks , 2 x 3 = 6mks).

b) Briefly explain any FOUR services of the wholesaler to the manufacturer

- Bulk buying
- Provide warehouse facilities
- Advertises goods
- Pay goods promptly
- Give information about the market.
- Carries out market research.
- Prevent price fluctuation (warehousing) etc.

(Any explained pt 2mks x 4 = 8mks)

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(Any 2pts each 2mks, 2 x 3 = 6mks)

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- (Any explained pt 2mks x 4 = 8ms).

c) Outline any THREE reasons for direct dealing (6mks)

- When perishables are sold
- Where large orders are made.
- When the producer has a retail depot.
- When branded goods are sold.
- Where expensive goods are sold e.g. ship, planes etc.
- When goods with low rate turnover are sold
- Where technical or specialized goods are sold e.g. computers, photocopiers.

(Any 3pts, 2 mks each x 3 = 6mks).

4a) i) Cost goods sold = 6,000,000 + 2,000,000 – 3 000 000 = 5,000 000frs (2mks).

ii) Gross profit = 8,000,000 – 5,000,000 = 3,000, 000frs (2mks).

iii) Rate of turnover = $\frac{5000\ 000}{\frac{6000\ 000 + 3000\ 000}{2}} = 1.1\text{times}$

iv) Gross profit margin = $\frac{3,000,000}{8,000,000} \times 100 = 37.5\%$ (2mks)

b) Name and explain FOUR advantages of advertising (8mks)

- Increase sales
- Create awareness on existence of product.
- Widen the consumers choice
- Give information on usage and prices of goods.
- Creates brand loyalty

- Leads to quality improvement on goods
 - Used to launch a new product.
 - Raises state revenue
 - Create job opportunity
 - Raises standard of living.
- (Any 4pts explained, 2 mks x 4 = 8mks)

c) Outline FOUR government departments that protect consumers

- Department of transport
 - Department of forestry
 - Department of veterinary
 - Department of price control weight and measure
 - Department of preventive medicine and Rural Hygiene.
 - Department of Town Planning and Housing etc.
- (Any 4pts, 1 mk x 4 = 4mks).

5a) i) Deposits

- Savings A/C
- Current A/C
- Deposit A/C

ii) Payments

- Through use of cheques
- Standing orders
- Credit transfers
- Direct debit
- Credit cards etc.

iii) Lending through

- Bank loan
- Bank overdraft

(Any single pt well explained 2mks x 3 = 6mks)

b) Outline FOUR advantages of using cheques as means of payment. (6mks)

- Convenient
- Safe means of payment
- Indicate proof of payment
- Save time and energy
- It is used for record purposes
- Payment can be stopped
- Economizes the use of cash etc.

c) Briefly explain:

i) Fidelity guarantee

- Covers dishonest employees e.g. cashiers

ii) Comprehensive insurance

- Cover car driver, the car insured, and the third party
- Premium is expensive
- Insured must be above 25 years.

iii) Employer' liability

- It covers injuries sustained by workers or visitors during working hours.

- It is compulsory in Cameroon.

iv) Working capital

- It is capital used for the day to day running of the business.
- It indicates how solvent a business is.
- Working capital = current assets – current liabilities

(Any 2pts each 2mks x 4 = 8mks).

6a) State and explain any FOUR benefits of international trade to the economy of Cameroon.

- It enables us to consume what we cannot produce
- The variety of goods it provides widens consumers choice.
- It raises state revenue through taxes.
- It create jobs opportunity
- It increases living standards
- It fosters closer international relationship
- It leads to international specialization
- It promotes economic development (stating ½ mk; explaining 1 ½ mks i.e. 2mks x 4 = 8mks)

b) Explain FOUR factors a business considers when choosing a means of transport.

- Nature of goods
- Cost of the means of transport
- Speed and urgency
- Flexibility of the mode of transport
- Customer choice of the mode of transport
- Value of goods
- Safety requirement
- Location of the buyer and seller etc.

(Any 4pts explained 2mks x 4 = 8mks)

c) Outline any FOUR advantages of pipeline transport over other modes of transport

- Quick to deliver goods
 - Safe means to deliver goods
 - Not affected by weather condition
 - Cheap to operate
 - Does not hinder other activities
 - Reduces over crowding on roads etc.
- Any 1pt stated 1mk each x 4 = 4mks)