MARKING GUIDE FOR COMMERCE 0520 PAPER 1

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



MARKING GUIDE. COMMERCE 0520 PAPER TWO

1A) factors to consider when choosing a mode of transport

- Speed and urgency Flexibility Cost of carriage Value of goods
- Owners specification Distance Type of transport available.(1mrk stating, 1mrk exp l)

B I) Enterprises are classified according to;

- Size
- Ownership
- Activity (2×3=6)

II) Types of postal services

- Ordinary post Registered post Free post Express delivery Poste restante
- P.o.box P.m.b (1mrk each)

2 a) Qualities of a good collateral;

- The value must be higher than the loan
- It must be free from liabilities
- Must be accessible or reachable
- Must not be in any dispute
- Must be stable in value
- Must be easily convertible (each point with brief exp 2mrks)

2b) 5 government departments protecting consumers

- Forestry and wildlife
- Transport
- Town planning and housing
- Cinematography
- Price control, weight and measures
- Veterinary

• Dept of preventive medicine and rural hygiene (stating 1mrk, expl 1mrk)

3a) Differences between chain stores and departmental stores

Chain store	Departmental stores		
Less expensive	More expensive		
Activities are spread all over the country	Centralized activities		
Variety is not possible	Variety of goods sold at different departments		
Branch managers don't have the power to order for goods	Department managers have powers to purchase goods		
Central warehouse meets expenses	Each department Meets its own expenses		
	Operates loss leader		
No such department exist			

3b) Define the following;

- * Direct production: This is the production of goods for personal use.
 - o It is produced in small quantity
 - o Family labor is used
- * Division of labor: This is the breaking down of the production process into simpler task
 - o it makes work goes faster and efficient
- * Home trade: it is the buying and selling of goods and services within the country.
 - o it is divided into wholesale trade and retail trade
- * Commerce: commerce refers to all activities involved in the distribution of goods and services.
 - o it has two branches; trade and aids to trade
- * Warehousing: The activity of storing goods until when needed in the market
 - It involves receiving, storage, inventory management and order fulfillment

(2mrks each.)

4a) Reasons for the survival of small-scale businesses

- population Nearness to customers low overhead cost
- Decision making is quick They offer personal services to customers
- They offer credit facilities They provide door to door services
- Management is easy because of the size. Most business starts small.

4b I) Documents used in buying and selling;

- Letter of inquiry Quotation An order Invoice Advice note
- Delivery note Consignment note Pro-forma invoice .Debit note
- Statement of account

4bii)

Insurance	Retail trade	Banking	Business unit
* Hull	*Peddlers	*ATM	* Partnership
* Risk	*Mobile shops	*Cheques	* Corperatives

5a) Functions of national social insurance fund

Register employees and employers

Pay out allowances

Provides health facilities

Provides educational facilities

Grants loans and subsidies

Provides capital to trade, industry and government (1mrk each)

5bii) Principles of insurance:

- Principle of utmost good faith Principle of insurable interest
- Principle of proximate cause Principle of indemnity. (1mrk for starting, 1mrk for exp)

5bii) Functions of trade agents:

• Market research Negotiations Financial services Customers support

- Advisory services Representation promotion
- 6) Channels of advertising
 - Television Radio The press Posters Digital advertising Loud speakers
 - Door to door Bill boards (1mrk each)
- Bi) Calculations;
- I) Cost of goods sold= opening stock + purchases closing stock 1mrk)
- = 150,000+400,000- 50000

COGS= 500,000frs. (1mrk)

- II) Gross profit= sales cost of goods sold (1mrk)
- = 700,000- 500, 000=200,000frs. (1mrk)
- III) Rate of turn over= cost of goods sold/av stock (1/2mrk)

Av. Stock= opening stock + closing stock/2 (1/2 mrks)

=150,000 + 50,000/2 = 100,000(1/2 mrks)

R.O.T=500,000/100,000=5 times (1/2mrk)

- IV) Net profit= gross profit expenses (1mrk)
- = 200,000- 82000
- =118 000frs(1mrk) total (8mrks)
- Bii) 7 reasons for the dissolution of partnership business;
 - Insanity of a partner
 - Joint decision to close
 - Court verdict
 - Bankruptcy of a prominent partner
 - Objective has been achieved
 - Expiration of the partnership agreement
 - Death of a prominent partner

Insolvency of the business.