Marking Guide for Commerce Paper Two
Section A
Part I (10 Marks)
Q1. X
Q2. X
Q3. X
Q4. X
Q5. √
Q6. X
Q7. X
Q8. X
Q9. X
Q10. X

Part II (10 Marks)
1. a
2. b
3. c
4. a
5. a
6. a
7. a
8. a
9. a
10. b

Section B (80 Marks)
Part I (40 Marks)

Question 1.

(a). Memorandum of Association is a document that lays down and shows the power and limitations of the company and government, the company relationship with the public. (2 marks)

(b). Contents of memorandum of Association (4 marks)

- Name clause, this states the name of the company with the word limited at the end
- Objective clause, this spells out the reasons or aims
- Location clause, it shows the physical address

- Liabilities clause, states the share capital the company wishes to raise.
- Declaration clause, it shows acceptance of the founders to form themselves into the company

(c). Measures that government may take to control imports (4 marks)
- imposing or increasing import duty
- import quotas (quantity restriction)
- Import licensing procedures
- import substitution
- subsidizing local industries

Question 2.
(a). Differences between written communication and audio visual communication (4 marks)

- Information passed by written while information passed by sounds and signals
- Can be used for future reference while can not be used for future reference
- Suitable for confidential while audio visual is not suitable for confidential
- Not prone to distortion while other one it takes long to prepare the message

(b). Roles played by communication in business world (4 marks)

- Provides employment opportunity to the public
- Instructions concerning delivery, packaging of goods
- It is possible to acquire information about goods and services
- It acts as a link between the supplier and the buyers
- Communication breaks ignorance of consumers
- It creates good relationship
- It helps the government pass information

(c). Steps taken when opening a bank account (2 marks)

- Filling of application form
- Showing of identity cards, passports, driving permits or voter cards
- Present two letters of reference
- The application is then given two signatures
- The application is issued with an account number

Question 3.
(a). Advantages and disadvantages of ATM (4 marks)

Advantages
- It operates 24 hours
- Reduces rate of over crowding
- Quick and saves time
- It can operate in many languages
- It reduces operation cost

Disadvantages

- It is expensive in terms of accounting
- It leads to serious unemployment
- It may not work without electric power

(b). Characteristics of private limited company (4 marks)

- The number ranges from 5 to 50
- Shares are not transferred
- Do not call upon the public
- Can not published
- Employee are not free
- Share are restricted to only 50 shares

Question 4.
(a). Difference between markup and margin

Markup $\dfrac{gross\ profit\ x\ 100}{cost\ of\ sales}$ (2 marks)

Margin $\dfrac{gross\ profit\ x\ 100}{sales}$ (2 marks)

(b). Current Assets and Current liabilities

Current Assets are assets acquired for the purpose of turning them into cash or to pay off creditors (2 marks)

Current Liabilities are obligations or debts which must be met by the business within a short period of time. (2 marks)

Question 5.
(a). Members enjoy limited liabilities
- Easy to mobilize enough capital
- Shares are freely transferrable
- High level of specialization
- Democratic management
-Large profits are earned   (4 marks)

(b). Chamber of commerce refers to an association of people that is for promoting trade in the country (2 marks)

(c). Functions of South Sudan Chamber of Commerce (4 marks)

- It creates and expand foreign market for the local producers
- It publishes business information
- It link local business people with foreign markets through branches and magazines
- It advise members on technical issues

Part II (6 marks)
(a). Problems faced by South Sudan Chamber of Commerce

- Increase production of counterfeit products
- Protection/trade restrictions on exports of developing countries
- Economic instabilities and fluctuation in exchange
- Ignorance of some South Sudanese traders

(b). Agents of stock exchange market includes (7 marks)

- Stoke broker:- is a middlemen stock exchange whose profession is to buy shares
- Jobbers:- is an agent of stock exchange who buy shares in large scale on his own
- Bears:- these are types of jobbers who sale shares in a stock exchange when prices are high
- Bulls:- these are jobbers who buy shares when cheap

Question 2
(a). Function of stock exchange (6 marks)

- Buying and selling shares and other securities
- In stock exchange investors are able to convert their shares into cash
- It assists companies in need of funds

(b). Problems faced by banking industries in South Sudanese (7 marks)

- The problems of savings mobilization
- There is little credit worthy customers
- Most of the South Sudanese traders are illiterate and primitive and do not keep money in the bank
- Production of inflation which discourages the lending capacity
- Commercial banks are only concentrating in urban area
- Political instabilities
- Government interference

Question 3
(a). Factors considered when choosing a means of communication (6 marks)

- Speed and urgency
- Cost involved
- Distance involved
- Details required
- Immediate feedback
- Nature of message
- Reference required
- Confidentiality of the message

(b). Demerits of public limited companies (7 marks)

- Delay in decision
- Inadequate control
- A lot of legal formation
- Produced profit
- Conflicts of interest
- Diseconomies of scale
- Lack of secrecy

Question 4

(a). Cost of goods sold

= (opening stock – Net purchase – closing stock)
= 3,000,000 + 2,000,000 – 1,000,000 = 4,000,000 (3 marks)

(b). Gross profit = (sales – cost of sales)
  5,000,000 – 4,000,000 = 1,000,000 (3 marks)

(c). Average stock
= opening stock – closing stock
3,000,000 – 1,000,000 = $\frac{2,000,000}{2}$ = 1,000,000 SSP (3 marks)

(d). Rate of stock turn up

= Cost of Sales ÷ average stock

= $\frac{4,000,000}{1,000,000}$
= 4 times (4 marks)