

COMMERCE (2013)

FORM TWO NATIONAL ASSESSMENT ANSWERS

Solutions from: [Maktaba by TETEa](https://maktaba.tetea.org)

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SECTION A:

1.

i	ii	iii	iv	v	vi	vii	viii	ix	x
A	C	D	D	D	B	C	D	C	D

2.

LIST A	i	ii	iii	iv	v	vi	vii	viii	ix	x
LIST B	Q	C	H	E	B	J	L	K	J	G

3.

- (i) Departmental Store
- (ii) Trade Discount
- (iii) Quantity Supplied
- (iv) Capital
- (v) Invoice
- (vi) Transportation
- (vii) Division of Labour
- (viii) Wage or Salary
- (ix) Export Trade
- (x) Road-side traders

SECTION B:

4.

- (a) **Direct Production:** is a type of production which involves the creation of goods for family or personal consumption and not for exchange purposes.
- (b) **Communication:** is a process of transferring or conveying information from one person to another. Example from manufacturers to customers.
- (c) **Catalogue:** is a document that shows a list of goods or services offered for sale with their respective prices.
- (d) **Fixed Cost:** is a cost which does not change with the level of output. Or is a cost that remains fixed at different level of output.
- (e) **Mobile Shop:** this is a retail outlet that sells goods by moving from one selling point to another through carriage equipment like Vans. .

5.

- (a) **Wholesaler:** is a person who buys goods from producers and sale them to retailers.
- (b) **Five functions of Wholesaler:**
 - i. Buying goods – wholesaler purchase goods from producers
 - ii. Warehousing – wholesaler stores goods until they are demanded by other traders
 - iii. Selling goods – wholesaler sales goods to retailers
 - iv. Transportation – wholesaler transfer goods from producers and to retailers
 - v. Market research – wholesaler collects information about the goods in the market

SECTION C:

6. (a)

Formula:

$$\text{Price Elasticity of Demand} = \frac{Q_2 - Q_1}{P_2 - P_1} \times \frac{P_1}{Q_1}$$

Data:

$$P_1 = 400 \quad Q_1 = 800$$

$$P_2 = 600 \quad Q_2 = 600$$

$$\text{Price Elasticity of Demand} = \frac{600 - 800}{600 - 400} \times \frac{400}{800}$$

$$\underline{\text{Therefore Price Elasticity of Demand} = 0.5}$$

(b) The price elasticity of demand is *inelastic* because the answer is less than one. This means a high change in price cause a small change in quantity demanded.

7. **Importance/Significance of studying commerce:**

- a. Commerce helps to fill the gap between producers and consumers
- b. Commerce enable production to be continuous
- c. Commerce enables goods to reach the point of consumption
- d. Commerce provides employments
- e. Commerce facilitates exchange and distribution of goods