

## COMMERCE F2 NECTA 2019 (ANSWERS)

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### QUESTION 1

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

### QUESTION 2

(i)	(ii)	(iii)	(iv)	(v)
G	A	F	B	C

### QUESTION 3(A)

(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
TRUE	TRUE	TRUE	FALSE	TRUE	FALSE	FALSE	TRUE	TRUE	FALSE

### QUESTION 3(B)

- (i) Capital
- (ii) Financing
- (iii) Warehousing
- (iv) Entrepreneur
- (v) Joint demand/complementary demand

### QUESTION 4

- (a) Transportation is the movement of goods and passengers from one place to another. Example transportation of students from home to school.
- (b) The following are elements of transport
  - (i) The way, this is the path through which the unit of carriage passes. Example, cars passing on roads and trains passing on railway track.
  - (ii) The unit of carriage. This is the vessel like motor vehicle that is used to carry goods and passengers for the purpose of transporting them. Example, cars, bicycle, trains, aero plane and ships.
  - (iii) Method of propulsion. This is the power used to drive the unit of carriage. Example, fuel like petrol and diesel.
  - (iv) Terminal. This is a place where goods are loaded and offloaded. Example, bus terminal, airport.

### QUESTION 5

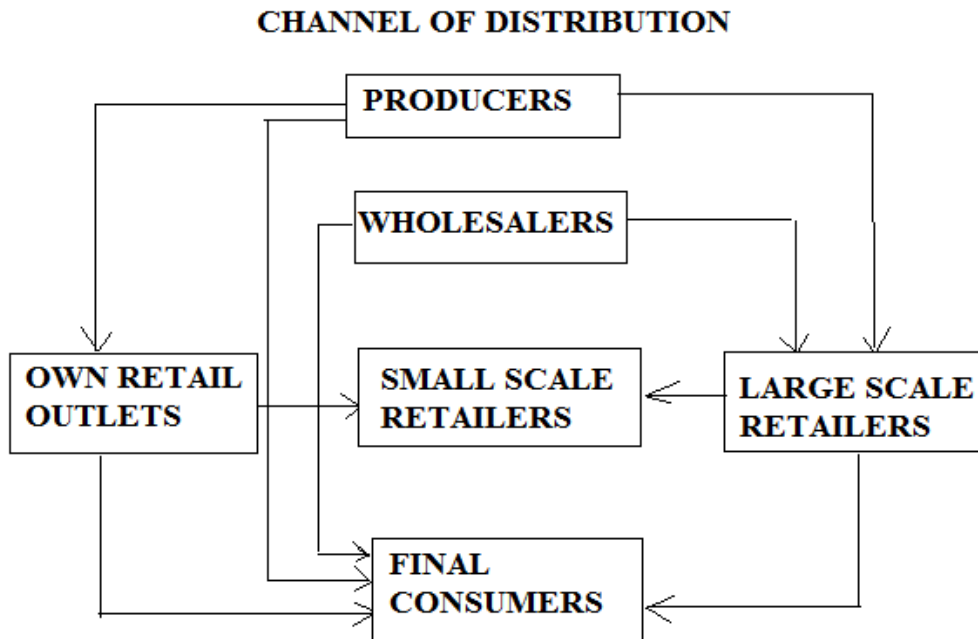
The following are functions of entrepreneurs

- (i) Risk takers. An entrepreneur does not fear risks when starting business.
- (ii) Organizing factors of production. Factors of production are land, labour, capital and entrepreneurship. An entrepreneur organises these factors of production by making them work in a good performance in order to promote production.
- (iii) Entrepreneur provides the business with capital and all the requirements for the business to go on. He/ she provide required resources to promote the business
- (iv) An entrepreneur is the decision maker. He/ she decides on business matters like how to run the business and what to do so in order to let the business progress.

- (v) An entrepreneur is a creative. He/ she create business ideas like what is good demand for the product to be produced in order to have good market.

### QUESTION 6(A)

Channel of distribution is the flow of goods or services from production place to the final consumer.



### QUESTION 6(B)

The following are four (4) forms of channel of distribution of manufactured goods

- (i) Producer → final consumer. This is also called direct distribution where it involves the flow of goods from the producers or manufacturers to the final consumer so that to reduce costs. The distribution of goods or services can be due to small scale production or sale of expensive goods.
- (ii) Producer → wholesaler → final consumer. This form involves the flow of goods from the producer or production place to the wholesalers and finally to the final consumers. When wholesaler buy goods from the producer he/ she has to sell it to the final consumer.
- (iii) Producer → wholesaler → large scale retailer → final consumer. This form involves the flow of goods from the producer or production place to the wholesalers, large scale retailers and finally to the final consumers. When wholesaler buy goods from the producer he/ she has to sell it to the large scale retailers and finally to the final consumers.
- (iv) Producer → Retailer → final consumer. This form involves the flow of goods from the producer or production place to the retailers and finally to the final consumers. When wholesaler buy goods from the producer he/ she has to sell it to the retailers and finally to the final consumers.

### QUESTION 7

Warehouse is a special building that has been purpose-built for storing goods until they are needed for sale or for consumption. Warehousing is a process of storing goods in a special building until they are needed for sale or for consumption. There are three types of warehouses which are public warehouse, private warehouse and bonded warehouse.

#### **The following are four (4) advantages of warehousing**

**Protection and Preservation of goods** - Warehouse provides necessary facilities to the businessmen for storing their goods when they are not required for sale. It provides protection to the stocks, ensures their safety and prevents wastage. It minimises losses from breakage, deterioration in quality, spoilage etc. Warehouses usually adopt latest technologies to avoid losses, as far as possible.

**Regular flow of goods** - Many commodities like rice, wheat etc. are produced during a particular season but are consumed throughout the year. Warehousing ensures regular supply of such seasonal commodities throughout the year.

**Convenient location** - Warehouses are generally located at convenient places near road, rail or waterways to facilitate movement of goods. Convenient location reduces the cost of transportation.

**Easy handling** - Modern warehouses are generally fitted with mechanical appliances to handle the goods. Heavy and bulky goods can be loaded and unloaded by using modern machines, which reduces cost of handling such goods. Mechanical handling also minimizes wastage during loading and unloading.

**Useful for small businessmen** - Construction of own warehouse requires heavy capital investment, which small businessmen cannot afford. In this situation, by paying a nominal amount as rent, they can preserve their raw materials as well as finished products in public warehouses. **Creation of employment** - Warehouses create employment opportunities both for skilled and unskilled workers in every part of the country. It is a source of income for the people, to improve their standards of living.

**Facilitates sale of goods** - Various steps necessary for sale of goods such as inspection of goods by the prospective buyers, grading, branding, packaging and labelling can be carried on by the warehouses. Ownership of goods can be easily transferred to the buyer by transferring the warehouse keeper's warrant.

**Reduces risk of loss** - Goods in warehouses are well guarded and preserved. The warehouses can economically employ security staff to avoid theft, use insecticides for preservation and provide cold storage facility for perishable items. They can install fire-fighting equipment to avoid fire. The goods stored can also be insured for compensation in case of loss.

#### **The following are two (2) disadvantages of warehousing**

The increase of charge when goods are stored for long time. This is because the goods stored in a warehouse is charged day after day.

There is limited space of a building. The place to store goods is limited and collects goods from various customers where some of them have got large quantities.