



BOTSWANA EXAMINATIONS COUNCIL  
Botswana General Certificate of Secondary Education

CANDIDATE  
NAME

CENTRE  
NUMBER

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CANDIDATE  
NUMBER

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**COMMERCE**

**0598/03**

SPECIMEN PAPER 3

**October/November 20XX**

**1 hours 45 mins**

Candidates answer on the Question Paper.  
No Additional Materials are required.

**READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name in the spaces provided at the top of this page.  
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **all** questions.  
Write your answers in the spaces provided on the question paper.  
The number of marks is given in brackets [ ] at the end of each question or part question.  
Calculators may be used.

For Examiner's Use	
1	
2	
3	
4	

This document consists of **10** printed pages and **2** blank pages.

**CASE STUDY**

Gaone has worked in a fast food business since leaving college a year ago. He studied food technology at college. Gaone is particularly keen to develop his own ideas for a business. He has inherited P150 000 from his grandparents.

Gaone had very little knowledge of the various types of business organisations and which one would give the business a number of advantages. Finally, Gaone decided to register a limited liability business, a restaurant in his community called Diababa (Pty) Ltd. He approached a consultant who assisted him to prepare all the documents required by the Registrar of Companies in order to incorporate the business.

After the incorporation, Gaone was advised to undertake market research. He realised that his initial capital from inheritance would not be enough and so had to find other sources of finance to pay for premises and inventory. He decided to discuss the business with his bank manager for additional funding. The bank manager advised him to update his proposed financial statements and prepare a business plan.

In the first year of operation, the business did not make any profit but it was able to survive and gained customers. In the second year the revenue started growing and it continued for five years. Gaone sought advice from Local Enterprise Authority (LEA) on how to increase sales and he was advised to do intensive advertising on local radio or on a leaflet using an advertising agency. In addition he was advised to buy insurance for the business, keep proper records and conduct an environmental impact analysis to ascertain the effect of the business on the community since the community has been complaining about the business' responsibility to the community.

1 (a) State **two** methods that Gaone might have used to generate the business idea.

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..... [2]

(b) Explain the term limited liability and state **two** benefits of limited liability to prospective investors.

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..... [3]

**3**

(c) Gaone had the option to establish a sole proprietorship business but decided to incorporate the business as a private limited company. Discuss **one** advantage and **one** disadvantage to Gaone of incorporating the business.

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(d) Analyse **two** opportunities and **two** weaknesses of Diababa (Pty) Ltd.

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..... [8]

[Total: 19]

2 (a) Identify **two** research methods that Gaone might have used to collect data.

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..... [2]

(b) State **two** pieces of information that Gaone collected from the research.

1 .....

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2 .....

..... [2]

(c) Design **two** research questions on each of the following topics:

Price

1.....

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2..... [2]

Competitors

1.....

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2..... [2]



3 (a) What is meant by insurance?

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..... [2]

(b) State **two** reasons why a business should have insurance.

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..... [2]

(c) Gaone wishes to advertise to increase sales and raise the business image as advised by Local Enterprise Authority (LEA). Assess whether it would be better for Gaone to advertise using local radio or leaflets. Explain the reasons for your recommendation.

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(d) Gaone could either arrange the advertising himself, or he could use the services of an advertising agency.

Discuss both options. Which would you recommend for Gaone? Give **three** reasons for your recommendation.

Discussion

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Recommendation

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Reasons 1

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Reasons 2

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Reasons 3

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[9]

[Total: 22]

- 4 Fig.1 is an extract from Diababa (Pty) Ltd's Income Statement for the year ended 31 August 2017

	<b>P</b>	<b>p</b>	<b>P</b>
Revenue			160 000
Less returns inward			<u>15 000</u>
			<b>V</b>
Opening inventory		50 000	
Add Purchases		<u>40 000</u>	
		<u>90 000</u>	
Less closing inventory		<u>60 000</u>	
Cost of sales			<b>W</b>
Gross profit			115 000
Commission earned			<u>2 000</u>
			<b>X</b>
Wages	30 000		
Rent/Rates	30 000		
Insurance	15 000		
Other operating expenses	<u>5 000</u>		
Total expenses			<b>Y</b>
Profit for the year			<b>Z</b>

**Fig.1**

Use the extract given in Fig.1 to help you to answer questions (a) (i) - (vii)

- (a) Complete the above Income Statement by calculating the values of the following.

- (i) V..... [1]
- (ii) W..... [1]
- (iii) X..... [1]
- (iv) Y..... [1]
- (v) Z..... [1]



(b) Explain **one** way in which Diababa (Pty) Ltd business activities might affect the community.

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..... [2]

(c) Diababa (Pty) Ltd has been violating the environmental regulations set by the Local Council. The Local Council could make Diababa (Pty) Ltd obey the environmental regulations in the community by adopting one of the following programmes.

- education
- administrative actions
- judicial actions

Discuss each programme. Which programme would you recommend the local council to use? Give **three** reasons for your recommendation.

Discuss     ion

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Recommendation

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Reason 1

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Reason 2

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Reason 3

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..... [9]

[Total: 16]

11  
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