



ICM

SEPTEMBER 2015

THE STRUCTURE OF BUSINESS

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any FOUR questions
 - c) All questions carry equal marks. Marks for each question are shown in []
1. Explain the principal purposes of the following business documents:
- a) A delivery note
 - b) A credit note
 - c) A bank statement
 - d) A purchase order
 - e) An invoice [5 each]
2. a) Explain the following international commercial terms (incoterms):
- i FOB
 - ii EXW
 - iii DDP
 - iv CIF
 - v FAS [2 each]
- b) Explain the importance, when exporting, of ensuring that a suitable method of payment is negotiated. [10]
- c) Explain the advantages and disadvantages of distributing sales to your customers by road. [5]
3. a) Explain the importance of marketing. [15]
- b) Explain the following methods of production:
- i Contract
 - ii Process [5 each]
4. a) Distinguish between direct and indirect costs. [5]
- b) Explain the THREE principal types of advertising. [4 each]
- c) Outline the importance of innovation (R & D) to a multinational business. [8]
5. Write short notes on FIVE of the following:
- a) A bill of exchange
 - b) Break-even point
 - c) Batch production
 - d) JIT
 - e) Water transportation as a means of physical distribution
 - f) Repeat orders
 - g) A national census [5 each]