EXAMINATIONS COUNCIL OF ZAMBIA

Joint Examination for the School Certificate
and General Certificate of Education Ordinary Level

COMMERCe 7100/1

Wednesday 23 OCTOBER 2013

Additional materials: Answer Booklet

TIME: 2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, centre number and candidate number in the spaces provided on the Answer Booklet.

There are ten (10) questions in this paper. Answer any five (5) questions.

Write your answers in the separate Answer Booklet provided.

If you use more than one Answer Booklet, fasten the Booklets together.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [ ] at the end of each question or part question.
Non programmable calculators may be used.

Cell phones are not allowed in the examination room.

This question paper consists of 4 printed pages.
Answer any **five (5)** questions.

1. (a) Industry is one of the branches of production. Identify the **three** classes of industry and give examples for any one of them. [4]
   (b) (i) The many activities of industry have affected the environment greatly. Explain how the government is trying to solve problems arising from these industrial activities. [3]
   (ii) Explain briefly the term, ‘Direct Services’. [3]
   (c) The provision of goods and services to satisfy human wants and needs is done in so many ways. Differentiate between primary and secondary production. [10]
   **[20 marks]**

2. (a) In line with retail trade, define;
   (i) Loss Leaders, [3]
   (ii) Cash Discount. [3]
   (b) (i) Describe the reasons the wholesaler is not keen to undertake retailing. [4]
   (ii) Explain in detail, the factors promoting the survival of the wholesaler. [4]
   (c) Mr Bandawa, a sole trader, purchased goods from Trade Kings at KR200 000 less 20% trade discount.
   (i) Calculate the amount of the trade discount that Mr Bandawa was offered. [2]
   (ii) Calculate the amount of cheque, Mr Bandawa will cut for Trade Kings assuming that he was entitled to 2½% cash discount. [4]
   **[20 marks]**

3. (a) What is an open indent? [2]
   (b) Explain the following in relation to foreign trade:
   (i) Consular Invoice; [5]
   (ii) Customs Specification; [5]
   (III) Brokers. [5]
   (c) Distinguish between ad valorem duty and specific duty. [3]
   **[20 marks]**

4. (a) List any five types of securities traded on the Stock Exchange Market. [5]
   (b) Explain the following:
   (i) the benefits of being a shareholder. [5]
   (ii) a prospectus. [5]
   (c) Distinguish between a Sole Trader and Partnership business. [5]
   **[20 marks]**
5  (a) List the **five** factors to be considered when choosing the type of transport to use. [5]
(b) What are the disadvantages of rail transport to a person delivering goods to his customers. [5]
(c) Describe the importance of:
  (i) warehousing to a wholesaler [5]
  (ii) bonded warehouses [5]

[20 marks]

6  (a) State the effects of the following crossings on a cheque.

   (i) A/C PAYEE ONLY
   (ii) EDUBANK LTD
       KABWE BRANCH

(b) (i) Describe the main services offered by the Central Bank. [2]
(ii) Explain in details why the bank can refuse to cash a cheque. [6]
(iii) Describe the differences between a current account and a deposit account. [6]

[20 marks]

7  Communication is one of the aids to trade that has greatly improved efficiency in business.

(a) State the importance of communication to people engaged in business. [4]
(b) Describe the circumstances under which a business person would opt to use the following:
   (i) Business Reply Service [4]
   (ii) Telex [4]
   (iii) Poste Restante [4]
   (iv) Recorded Delivery [4]

[20 marks]
8 Parmalat Zambia Ltd is the producer of various fruit juices and owns a fleet of vehicles used for delivery.

(a) State four risks that this company can insure against. [4]

(b) (i) Explain the factors that the insurance company considers when fixing premium for motor vehicles. [5]

(ii) Describe the procedure in making an insurance claim. [5]

(c) Distinguish between insurable risks and non-insurable risks. [6]

[20 marks]

9 (a) List five factors to be considered when choosing the media of advertising. [5]

(b) Explain the main aims of the following types of advertising:

(i) Persuasive Advertising [5]

(ii) Informative Advertising [5]

(iii) Competitive Advertising [5]

[20 marks]

10 Business organisations are required to have a sound financial standing in order to meet the day to day running of the business as well as for expansion of the business.

(a) Explain the following terms and give their importance in the operations of the business.

(i) Working capital [4]

(ii) Net profit [4]

(b) The following information was extracted from the Business books of accounts of Camland Construction Ltd.

- Net profit KR83 700
- Stock KR44 000
- Equipment KR220 000
- Debtors KR20 000
- Cash at hand KR400
- Capital KR200 000
- Creditors KR26 000
- Fixtures and fittings KR16 000
- Drawings KR10 000
- Bank overdraft KR700

Using the above information, calculate the following:

(i) Working capital [4]

(ii) Net assets [2]

(iii) Capital at close [2]

(c) Give two examples of:

(i) Fixed assets [2]

(ii) Current assets [2]

[20 marks]