

EXAMINATIONS COUNCIL OF ZAMBIA

Examination for General Certificate of Education Ordinary Level

Commerce

7100/1

Monday

31 JULY 2017

Additional Material(s):
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.

- 1** (a) Identify **four** career prospects in Commerce. [4]
- (b) Explain the following terms:
- (i) Quality goods; [3]
- (ii) Substandard goods. [3]
- (c) Production is classified into Direct Production and Indirect Production. Differentiate the two methods of production. [10]
- [Total:20]**
- 2** (a) In connection with contracts;
- (i) What is the difference between acceptance and consideration? [3]
- (ii) Why should a business not breach a contract? [3]
- (b) (i) Explain the features of Home Trade. [4]
- (ii) Small scale retailers operate on a small scale and may or may not have fixed shops. Give reasons why such retailers face problems in Zambia. [4]
- (c) Matukuta trading, specialized in selling groceries, bought the following items from Mwandi wholesalers:
- 8 cases of butter at K135 each;
- 4 boxes of milo at K98 each;
- 25 cases of planet drinks at K26 each;
- 14 by 2.5 litres mama cooking oil at K39 each;
- and was allowed $33\frac{1}{3}\%$ trade discount.
- (i) Calculate the amount of trade discount. [4]
- (ii) Show how much Matukuta Trading pays Mwandi Wholesalers if Matukuta Trading was only allowed trade discount. [2]
- [Total:20]**
- 3** (a) State why deficit in balance of payments in Foreign Trade is undesirable. [2]
- (b) Explain the following terms in relation to Foreign Trade:
- (i) Ad Valorem duty [5]
- (ii) Customs draw back [5]
- (iii) Entrepot trade [5]
- (c) Describe the use of shipping note in Foreign Trade. [3]
- [Total:20]**

- 4 (a) List the features of a Sole Trader. [5]
- (b) (i) Explain **five** ways in which a Private Limited Company differs from a Public Limited Company. [5]
- (ii) In connection with Limited Companies, explain the term "Limited Liability". [5]
- (c) Business is an activity that involves more than just buying and selling. Explain the main activities that an individual or an organisation may be involved in. [5]

[Total:20]

- 5 (a) The government is one of the main players on Lusaka Stock Exchange (LuSE). State the duties of the government on LuSE. [5]
- (b) Explain the following:
- (i) Underwriters at the Stock Exchange [5]
- (ii) how the Lusaka Stock Exchange (LuSE) facilitates secondary trading. [5]
- (c) How is capital raised at the Stock Exchange? [5]

[Total:20]

- 6 (a) (i) Different methods of transport are used for the movement of raw materials, goods and people. List the most common methods used. [5]
- (ii) State the factors to consider when choosing the mode of transport for the movement of goods. [5]
- (b) Explain the following types of warehouses:
- (i) Cold Storage Warehouses; [5]
- (ii) Cash and Carry Warehouses. [5]

[Total:20]

- 7 (a) List **two** benefits of running a savings account. [2]
- (b) (i) Loan facilities are one of the services offered by banking institutions. Explain the characteristics of a bank loan. [6]
- (ii) Explain the advantages of credit transfer. [6]
- (iii) Explain the effects of any **two** of the following cheque crossings. [6]

& Co	Not negotiable	ZANACO Bank (Z) Ltd Chingola Branch	A/C Payee only	Finance Bank (z) Ltd	Under K100,000
(a)	(b)	(c)	(d)	(e)	(f)

[Total:20]

- 8 (a) Define communication. [4]
- (b) Briefly explain the following;
- (i) Fax, [4]
- (ii) Money orders, [4]
- (iii) SMS, [4]
- (iv) Telex. [4]

[Total:20]

- 9 (a) What is an insurance policy? [4]
- (b) In relation to Marine Insurance, explain the following terms;
- (i) Hull Insurance [5]
- (ii) Freight insurance [5]
- (c) Mrs Lungowe insured the television set costing K6 000 with two insurance companies. The television set is damaged in fire and the cost of repairs is valued at K2 500. Explain the principle that will apply in compensating Mrs Lungowe. [6]

[Total:20]

- 10 (a) Identify at least **five** modes of advertising used by companies. [5]
- (b) Give reasons as to why the products are best advertised on the media indicated;
- (i) A new brand of washing powder advertised on radio. [5]
- (ii) A new soft drink advertised on television. [5]
- (iii) Recruitment of police officers advertised in the newspaper. [5]

[Total:20]