

EXAMINATIONS COUNCIL OF ZAMBIA

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

COMMERCE

7100/1

Tuesday

19 NOVEMBER 2002

2 hours 30 minutes

**Additional material:
Answer paper**

TIME 2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES

Do not open this booklet until you are told to do so.

Write your name, centre number and candidate number on the answer sheet in the spaces provided unless this has already been done for you.

There are **ten (10)** questions in this paper. Answer any **five** questions. www.eczpastpapers.com

Write your answers on the separate answer paper provided.

If you use more than one sheet of paper, fasten the sheets together.

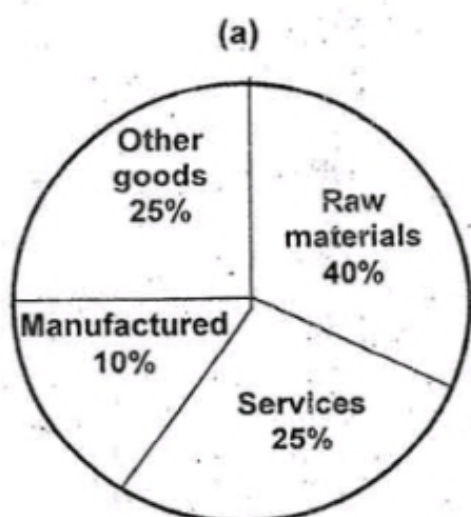
INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

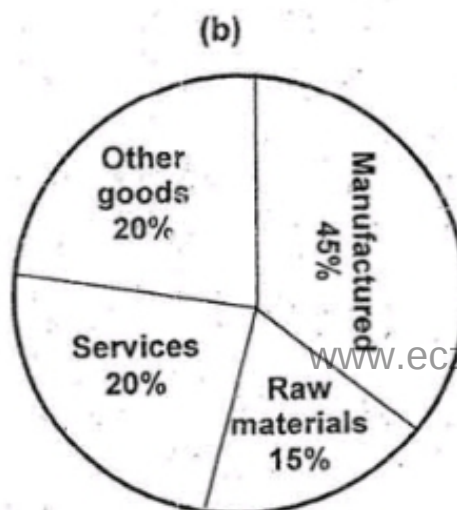
- 1 Explain how:
- (a) insurance helps transport [5]
 - (b) communication assists banking [5]
 - (c) advertising helps banking [5]
 - (d) warehousing assists secondary industry [5]
- 2 (a) Describe the main services that the Central Bank provides. [10]
- (b) Write brief notes on the following:-
- (i) Building Societies [5]
 - (ii) National Savings and Credit Bank [5]
- 3 (a) In most countries the modern trend is to build shopping complexes. What are the benefits to the consumer? [5]
- (b) Explain the main features of the following:-
- (i) Multiple Shops (chain stores) [5]
 - (ii) Voluntary Chains [5]
 - (iii) Discount Stores [5]
- 4 Differentiate between the following:-
- (a) The Credit Note and the Debit Note [5]
 - (b) Quotation and Consignment Note [5]
 - (c) The Bill of Lading and the Charter Party [5]
 - (d) The Order and the Statement of Account [5]
- 5 (a) Why would most manufacturers consider advertising to be essential? [8]
- (b) Why do consumers need protection from competitive advertising? [6]
- (c) Most small scale businesses need the services of an advertising agency. Briefly explain the functions of an advertising agency. [6]
- 6 Describe **four (4)** of the following and explain the importance of each:-
- (a) Balance of trade
 - (b) Bonded warehouse
 - (c) Loss leader
 - (d) Cash discount
 - (e) Invoice

[5 x 4]

- 7 Insurance is a system of protection against all kinds of insurance risks based on the principles of "pooling of risks."
- Explain the term "pooling of risks" [6]
 - Insurance requires "indemnity." Explain the term "indemnity" [4]
 - List six insurance business risks that Mulungushi Textile Company may insure. [6]
 - How might an insurance broker assist the Mulungushi Textile Company to obtain insurance? [4]
- 8 The Pie Charts below show how the total values of a country's exports and imports for an average month are divided.



Total Exports - \$72m



Total Imports - \$75m

Answer the following questions using the Pie Charts given above:-

- What is the value of raw materials exported in one month? [2]
- What is the value of manufactured goods imported in one month? [2]
- Name three (3) services the country might import [3]
- What would be the total value of exports and imports for other goods for one year? [4]
- Calculate the balance of payments for the year. [4]
- State and explain two reasons why it is important for a country to improve its total export figures each year. [2]
- State and explain three (3) difficulties an exporter might have in trying to increase sales to other countries. [3]

- 9 Chilanga Cement PLC raised much of its capital by the sale of shares when it was privatised.
- (a) Explain the difference between:
- (i) Ordinary share and preference share. [5]
 - (ii) Debenture holder and a share holder. [5]
- (b) What other sources of finance are available to a public company such as Chilanga Cement PLC? Give a brief description of each. [10]
- 10 (a) The main disadvantage of sending goods by air transport is that it is expensive. However, the air transportation of goods has still continued to increase in recent years because of a number of reasons. What are the reasons that have led to this increase? [10]
- (b) What are the factors to be considered in the choice of transportation of goods? [5]
- (c) How do you account for the considerable increase in the use of containers? [5]