

EXAMINATIONS COUNCIL OF ZAMBIA

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

COMMERCE

7100/1

Tuesday

21 NOVEMBER 2006

2 hours 30 minutes

Additional materials:
Answer paper

TIME 2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES

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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.

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.

Calculators may be used.

Cellphones are not allowed in the examination room.

This question paper consists of 4 printed pages.

Turn over

Answer any five(5) questions.

- (a) Explain clearly the inter-dependence of commerce and industry. [6]
- (b) Outline the commercial services and show the significance of each of these to a manufacturer. [14]
- [20]
- (a) Retailers provide essential services in areas they operate. State these services with examples where necessary. [10]
- (b) Briefly explain the main features of the following:
- (i) Large Retail Outlets [5]
- (ii) Co-operative Retail Societies [5]
- [20]

In connection with international trade:

- (a) State three similarities between home and foreign trade [6]
- (b) One of the SADC countries has been experiencing unfavourable balance of payments for the last two years. List eight(8) corrective measures that might be taken by this country to improve the situation. [8]
- (c) Explain why a country may restrict the entry of goods from other countries despite the benefits of international trade. [6]
- [20]

4 Lusaka Stock Exchange is essential to the capital market in Zambia.

- (a) For what purposes was the Lusaka Stock Exchange (LuSE) established? Give four purposes. [4]
- (b) How does the Lusaka Stock Exchange (LuSE) facilitate secondary trading. [6]
- (c) What is a listed company on the Lusaka Stock Exchange (LuSE)? [4]
- (d) Give six (6) advantages to a share holder in a listed company. [6]
- [20]
- (a) What is a prospectus? [4]
- (b) A Public Corporation is different from a Public Limited Liability Company. Explain the difference between these two companies in respect of:
- (i) Ownership and management [5]
- (ii) Disposal of profits [5]
- (c) A limited company has paid-up capital of 200 000 ordinary shares of K500 each, its net profit for the year is K20 000 000. It was resolved that three quarters of this sum shall be distributed as dividends.

- (i) How much will the owner of 10 000 ordinary shares receive?
(ignore taxation) [2]
- (ii) Calculate the return on capital Invested of K5 000 000. [2]
- (iii) Give two reasons, why the other quarter of net profit was put in reserve. [2]
- [20]
6. (a) Distinguish with examples, between insurance and assurance. [6]
- (b) Explain and give examples why some business risks are:
- (i) Insurable [4]
- (ii) Non-insurable [4]
- (c) Outline the work of an insurance broker and state how he/she is remunerated [5]
- [20]
7. (a) Giving examples of each, distinguish between competitive and collective advertising [8]
- (b) Bwalya PTY Ltd is a Book Publishing Co. involved in international trade. What are the advantages and disadvantages for Bwalya PTY Ltd of using the following advertising media?
- (i) Trade exhibitions [4]
- (ii) The internet [4]
- (iii) Magazines [4]
- [20]
8. (a) Explain why retailers will usually accept the following in payment of debts.
- (i) Cash [4]
- (ii) Cheques [4]
- (iii) Credit Cards [4]
- (b) Distinguish between a credit card and a cheque. [4]
- (c) Give reasons why Automatic Tellers Machines (ATMs) are increasingly gaining popularity in Zambia today. [4]
- [20]

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SAMARITAN CENTRE LIMITED

Box 409710
LUANSHYA
5TH November 2005

James Daka
Box 452100
MPIKA

BOUGHT OF SAMARITAN CENTRE LTD

ORDER NO. 21

LIST NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL
			K	K
15	White Collarless Shirt	50	45 000	? (a)
20	Navy Blue Neck Ties	50	9 000	450 000
22	Royal Blue Trousers	50	100 000	? (b)
				? (c)
	Less 20% Trade Discount			? (d)
				? (e)

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Terms: 2% one month, 1% two months, net three months, E and OE.

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- (i) What is the name of the document above? [1]
- (ii) What parties are Samaritan Centre Ltd and James Daka to the transaction above. [2]
- (iii) Calculate and show the amount in the places a, b, c, d and e. [10]
- (iv) When was the document prepared and who prepared it? [2]
- (v) Explain the terms 2%, 1% and net. [3]
- (iv) What do letters E and O.E stand for? [2]
- [20]
- 10 (a) State at least six factors that determine the form of transport to be used [6]
- (b) Your company is to transport a consignment of goods from Livingstone to Kitwe either by road or rail. Explain when:
- (i) road transport is likely to be cheaper [3]
- (ii) rail transport is likely to be cheaper [3]
- (c) Give four advantages and four disadvantages of the pipe line as a method of transport. [8]
- [20]