

EXAMINATIONS COUNCIL OF ZAMBIA



Examination for General Certificate of Education Ordinary Level

Commerce

7100/1

2021

Additional Material(s):

Answer Booklet

Time: 2 hours 30 minutes

Marks: 100

Instructions to Candidates

1. Write the **centre number** and your **examination number** in the spaces provided on every page of the inserted **Answer Booklet** and the separate **Answer Booklet** provided.
2. There are **three Sections** in this paper, **Sections A, B and C**.
3. All answers for this examination must be written in two separate **Answer Booklets**. Answer **Section A and B** in the inserted **Answer Booklet** and **Section C** in the separate **Answer Booklet** provided.
4. **Section A: Four** suggested answers are given **A, B, C and D**. Choose the best one and mark it with a cross (X) on the Answer Grid in the Answer Booklet.
5. **Section B** has **ten** questions. Write all your answers in the inserted **Answer Booklet** provided.
6. **Section C** has **five** questions. Answer any **two** questions on a separate **Answer Booklet** provided.
7. Attach the **Answer Booklets** for **Sections A, B and C**.

Information for Candidates

1. Non-programmable Calculators may be used.
2. The number of marks is given at the end of each question or part of the question in Section B.
3. Cell phones are **not allowed** in the examination room.

Section A: [20 Marks]

Answer all the questions in this section in the inserted Answer Booklet by putting a cross (X) on the letter you have chosen as your answer.

- 1 Commerce is ...
 - A an aid to trade.
 - B industry and production.
 - C trade.
 - D trade and aids to trade.
- 2 What are aids to trade?
 - A A reward for trading.
 - B The buying and selling of goods.
 - C The services that help to make trade possible.
 - D The buying and selling of goods and services with a view of making profit.
- 3 ... is an expression of willingness to contract on certain terms with an intention that it becomes binding.
 - A Acceptance
 - B Consent
 - C Consideration
 - D Offer
- 4 Which of the following contracts would **not** be legally binding? www.eczpastpapers.com
 - A Contract to build a bridge
 - B Contract to paint a house
 - C Contract to sell a car
 - D Contract with a minor
- 5 Which of the following is **not** provided by a wholesaler?
 - A Buying in bulk
 - B Breaking bulk
 - C Extending credit facility
 - D Offer personal service to consumers
- 6 In a partnership, a partner may ...
 - A be dormant.
 - B buy debentures.
 - C earn a dividend.
 - D purchase preference shares.
- 7 Which **one** of the following is **not** an advantage to a sole trader?
 - A Easy to form
 - B Lacks continuity
 - C Less documentation involved
 - D Make quick and spot decision

- 8 The following are traded at the Stock Exchange **except** ...
- A Bonds.
 - B Shares.
 - C Stocks.
 - D Treasury Bills.
- 9 Which mode of transport does **not** depend on transshipment?
- A Air
 - B Rail
 - C Road
 - D Sea
- 10 The cheapest form of transporting oil from a port to an inland country is by ...
- A container ship.
 - B pipeline.
 - C railway coaches.
 - D road tankers.
- 11 A wholesalers' warehouse is ...
- A situated where there is concentration of people.
 - B situated where there is a lot of parking space.
 - C located in the outskirts of town.
 - D centrally situated in city centres.
- 12 ... is used as a means of sending money safely by post.
- A A Crossed cheque
 - B A Bearer cheque
 - C An Open cheque
 - D A Stale cheque
- 13 Which among the following is the odd one out?
- A Absa Bank
 - B Bank ABC
 - C Bank of Zambia
 - D Zambia National Commercial Bank
- 14 Which one is **not** an advantage of sending a message by telex?
- A It is the quickest way of sending hand written information.
 - B It is the quickest way of sending printed information.
 - C It saves time and money.
 - D The service operates 24 hours.
- 15 When a firm wants to send an exact copy of a document to another person, it will use a ...
- A fax.
 - B radio phone.
 - C switch board.
 - D telex.

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- 16 Which **one** among the services at the post office is a faster method of sending mail?
A Surface mail
B Registered mail
C Express mail
D Air mail
- 17 The principle that requires the insured to disclose all known material facts on items one wishes to insure is known as ...
A Contribution.
B Insurable Interest.
C Subrogation.
D Utmost Good Faith.
- 18 Point of sale advertising may help a trader increase sales by ...
A reducing competition.
B reducing prices.
C influencing impulse buying.
D discouraging customers from buying in bulk.
- 19 Advertising is effective when sound and vision are used. This effect is best shown by using ...
A magazines.
B newspapers.
C radio.
D television.
- 20 The following are types of advertising except for ... advertising.
A company
B competitive
C informative
D persuasive

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SECTION B: [40 Marks]

Answer all questions in this section on the spaces provided in the inserted Answer Booklet.

- 1 Identify **three** career prospects available after studying commerce. [3]
- 2 (a) Mention **three** elements of a valid contract. [3]
(b) Kansma Investments supplied the following goods to Chingola Trust School:
100 test tubes @ K50.00 each
200 lab reagents K100.00 each
All subject to 5% trade discount
Calculate how much Chingola Trust School is owing. [3]

Accountants

- 3 Using the **terms** and **word list** below, complete the sentences that follow:
Balance of Trade, goods, an Import Duty, services, an exchange rate, raw materials, favourable.
- (a) Visible trade is trade in (i) but invisible trade is the trade in (ii)
(b) If the value of exports is more than the value of imports, the balance of trade is said to be
(c) Another name for a tariff is
(d) International trade is important to Zambia because some do not naturally exist in Zambia. [5]
- 4 Write **true** or **false** against each of the following sentences.
(a) One of the risks a person who runs his own business faces is unlimited liability.
(b) A sole trader is an example of a private enterprise.
(c) All partners have limited liability. [3]
- 5 Outline the characteristics of ordinary shares. [3]
- 6 Give examples of goods that can be carried by rail transport. [3]
- 7 Give **five** reasons for dishonouring cheques. [5]
- 8 Explain the method of communication you would use in each of the following cases:
(i) Sending a cheque to a distant place.
(ii) Cancelling an appointment with a customer for this afternoon.
(iii) Sending an urgently needed mail.
(iv) Making an exact copy of the original document. [4]
- 9 Identify **three** insurable risks which a trader can insure against. [3]
- 10 What are the benefits of advertising? [5]

[Total: 40 marks]

SECTION C: [40 Marks]

There are five questions in this section. Answer only two questions. Write your answers in the separate Answer Booklet provided.

- 1 Banda is a trader in commercial farming. How will he benefit from commercial activities? [Total: 20 marks]
- 2 (a) Explain the factors to consider when choosing a site for a retail business. [10]
(b) Outline reasons countries trade with each other. [10]
[Total: 20 marks]
- 3 (a) Discuss the disadvantages of a Public Limited Company. [10]
(b) Why is the Stock Exchange necessary in commerce? [10]
[Total: 20 marks]

- 4 (a) Outline the advantages of containerisation. [10]
(b) Explain the benefits of advertising to a manufacturer. [10]

[Total: 20 marks]

- 5 (a) Explain **five** main functions of the Central Bank. [10]
(b) Outline the factors to be considered when fixing a premium for a motor vehicle. [10]

[Total: 20 marks]

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