EXAMINATIONS COUNCIL OF ZAMBIA

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

COMMERCe

Wednesday

22 October 2014

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.

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

1. Industry is divided into three classes; extractive, manufacturing and construction.
   
   (a) List any four examples of natural resources.
   
   (b) (i) Give a brief description of the three branches of production.
   
   (ii) Explain what is meant by Direct Production.
   
   (c) Zamflower is a Company engaged in the export of fresh flowers. Outline how any five commercial activities would help Zamflower carry out its business.

2. (a) (i) Describe four modern trends that have taken place in retailing.
   
   (ii) Under what circumstances would a manufacturer find it suitable to sell directly to the retailer?
   
   (b) (i) Explain the role played by the wholesalers in the distribution of goods.
   
   (ii) Describe the features of deferred payment.
   
   (c) (i) What is Trade Discount?
   
   (ii) Calculate how much a merchant in domestic trade would pay if she bought 600m of chitenge materials from Kamise Wholesalers at K11.00 per metre. She was allowed a 12% trade discount and 2½% cash discount as she pays promptly.

3. Zambika Limited has been trading locally for more than 10 years. The company has now decided to open up an outlet in a foreign country.
   
   (a) State two ways of preparing a charter party.
   
   (b) (i) Explain the work of the Customs and Excise Authorities.
   
   (ii) Describe briefly the importance of the Bill of Lading in foreign trade.
   
   (iii) Explain the reasons the Customs and Excise Authorities collect statistics on imports and exports.
   
   (c) Show what remedial measures government can put in place to improve the unfavourable balance of payment prevailing in a country.
4 In connection with Public Corporation;

(a) State the main features of a Public Corporation.

(b) (i) Explain the advantages of a Public Corporation.

(ii) Describe the main contents of the Articles of Association.

(c) Outline the main functions of the Lusaka Stock Exchange.

5 Many firms find it convenient to buy and operate their own fleet for delivering goods and collecting raw materials.

(a) (i) State the advantages of operating own fleet of vehicles.

(ii) When transporting goods over long distances, what factors will be taken into account to determine transport rates?

(b) In connection with the types of warehousing, explain the importance of the following to a trader:-

(i) manufacturer’s warehouse

(ii) bonded warehouses

6 (a) Define a cheque.

(b) (i) Describe the main functions of the Central Bank.

(ii) Explain the rights of a customer in banking.

(c) Describe the main purposes of banker’s clearing house.

7 A clothing merchant has just set up his business in Solwezi.

(a) Advise him how important communication can be to his business.

(b) Briefly describe the following modes of communication:-

(i) Courier services.

(ii) Datel.

(iii) Subscriber Trunk Dialling (S.T.D).

(iv) Express mail.

[20 marks]
8 Lwiindi has just opened a new retail shop in Chipata, but has not yet insured her business premises:

(a) State why Lwiindi must insure her business premises. [4]

(b) (i) Illustrate the differences between whole life policy and endowment policy. [6]

(ii) Explain clearly what factors need to be considered when fixing premiums for motor insurance. [4]

(c) Outline with examples the main types of marine policy. [6]

9 In order to increase sales in the business, organisations have increased the amounts spent on advertising products to the public.

(a) List any five methods of appeal used to persuade people to buy products or services. [5]

(b) Your school, which is a boarding school, wishes to inform the parents on the forthcoming Annual General Meeting (AGM). The school authority decides to engage the services of the advertising agency.

(i) With reasons, explain the type of medium that will be used to advertise. [5]

(ii) Describe the reasons for engaging the services of an Advertising Agency [5]

(iii) Explain the need to control advertising. [5]

10 Financing a business is done using various methods.

(a) State any eight methods of financing business.

(b) The following is part of the balance sheet of ABC Limited.

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>10,000</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>5,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Premises</td>
<td>100,000</td>
</tr>
<tr>
<td>Furniture</td>
<td>30,000</td>
</tr>
<tr>
<td>Vehicles</td>
<td>25,000</td>
</tr>
<tr>
<td>Stock</td>
<td>15,000</td>
</tr>
<tr>
<td>Trade Debtors</td>
<td>10,000</td>
</tr>
<tr>
<td>Cash</td>
<td>6,000</td>
</tr>
</tbody>
</table>

From the extract of the Balance Sheet above, calculate:

(i) Fixed capital. [3]

(ii) Working capital. [3]

(iii) Employed capital. [3]

(iv) Capital owned. [3]

[20 marks]