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.

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 Melchamos Company Limited is engaged in copper mining industry.

(a) Give the meaning of the terms:
   (i) Industry
   (ii) Limited
   (iii) State four possible side effects of Melchamos Company Limited's activities to the environment.

(b) Justify the relevance of the following services to the mining company named above:
   (i) Communication
   (ii) Transport

2 (a) Explain the function of a wholesaler.

(b) Provide an account of the strategies employed by the wholesaler for his continued existence in the chain of distribution.

(c) How do the functions of a wholesaler affect the consumer?

3 Describe how the following communication services assist business.

(a) Voice mail
(b) Collect call
(c) Poste Restante
(d) Business Reply Service
4 Mutaba wishes to insure a car with an insurance company.

(a) What factors would the insurance company consider when fixing the premium for motor vehicle insurance? [7]

(b) Mutaba’s car is involved in an accident eight months after being insured. Explain the procedure involved in making a claim. [7]

(c) The van was valued at K30 million. It was insured for K20 million. After getting involved in an accident, the cost of repairs to the car was estimated at K18 million. How much did Mutaba receive in compensation? Give reasons. [6]

5 (a) What is cheque endorsing and what is its purpose? [4]

(b) A cheque may be dishonoured. Explain the reasons for dishonouring a cheque [6]

(c) State the rights of a customer in banking. [10]

6 (a) Multinational companies are found in every country.

(i) What is a multinational company? [2]

(ii) State the arguments for and against having multinational companies in a country. [10]

(b) Explain the following terms:

(i) Annual General Meeting [4]

(ii) Certificate of Incorporation [4]

7 Write notes on the following:

(a) Containerization [8]

(b) Ad Volorem duty and Specific Duty [6]

(c) Cargo liner and tramp vessel [6]

8 (a) State five reasons why countries trade with each other. [5]

(b) Explain what an Indent is in International Trade. State one similar document used in Home Trade. [5]

(c) Why are the following necessary in International trade?

(i) Customs Duty [5]

(ii) Bonded Warehousing. [5]
Advertising creates demand for goods and services by informing and persuading.

(a) State **four** methods/ways of appeal used in persuading consumers to buy goods and services.  

(b) What are the dangers of persuasive advertising?  

(c) State other purposes other than **increasing sales** for which advertising may be undertaken.  

10 On 21st October 2004, Mubanga, a stationery dealer, bought goods as follows:

72 units ink pads at K26 000 per unit

80 units ribbons at K20 860 per unit

100 units file fasteners at K4 300 per unit

140 box files at K3 600 each

All subject to 25% trade discount.

On 25th October, 2004, Mubanga returned 56 ink pads because they were damaged. The terms of payment were 2½% 21 days and 5% 14 days. Mubanga paid on 2nd November, 2004.

(a) Calculate the amount to be paid by Mubanga.

(b) Name the document issued to Mubanga on the following dates.

(i) 21st October, 2004

(ii) 25th October, 2004

(iii) 2nd November, 2004

State one reason in each case for using the document mentioned.

(c) Indicate the importance of:

(i) a Statement of Account

(ii) Trade Discount

(iii) Cash Discount