EXAMINATIONS COUNCIL OF ZAMBIA

Examination for School Certificate Ordinary Level

Commerce 7100/1

Thursday 10 NOVEMBER 2016

Additional Material(s):
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.
1  (a) Industries and other businesses operating in the country may cause serious environmental pollution through their production process. Identify any **four** solutions that may mitigate these environmental problems. [4]

(b) Commerce deals with the distribution of goods and services in order to satisfy human needs and wants. Explain the terms:
   (i) Needs, [3]
   (ii) Wants. [3]

(c) Banking and Insurance are two branches of commerce. Outline the difficulties that would arise for manufacturers and traders if these two services did not exist. [10]

[Total: 20]

2  (a) (i) State at least **three** reasons why contracts are important in business. [3]
   (ii) Identify the parties to a valid contract. [3]

(b) (i) Explain the concept of consumer protection. [4]
   (ii) Explain any **one** way of obtaining information from the seller before placing an order for goods. [3]

(c) (i) Kachepa a trader bought 25 dresses at K60 each. He was given 20% trade discount and 2% cash discount if he paid within 21 days. How much will he pay if he settles the bill in 14 days? Show your working. [4]
   (ii) Kachepa decided to postpone the payment of the dresses to next month. Explain why he could do this. [3]

[Total: 20]

3  (a) Foreign trade may expose a country to dumping. Define dumping as it relates to foreign trade. [2]

(b) Explain the importance of the following documents used in international trade.
   (i) Consular invoice [5]
   (ii) Indent [5]
   (iii) Letter of hypothecation [5]

(c) Distinguish between balance of trade and balance of payments in foreign trade. [3]

[Total: 20]
4 (a) List the five forms of enterprise found in the private sector. [5]
(b) (i) Explain the advantages of a partnership. [5]
(ii) The Articles of Association is a document that puts down the rules and regulations for the internal affairs of the company. Describe the details contained in this document. [5]
(c) Outline the advantages of Multinational Companies. [5]
[Total: 20]

5 (a) State the functions of the Stock Exchange Council. [5]
(b) (i) Explain how prices of shares are determined on the Stock Exchange. [5]
(ii) Give examples of the main types of shares and securities traded on the stock exchange. [5]
(c) What is meant by a quoted company on Lusaka Stock Exchange (LUSE). [5]
[Total: 20]

6 (a) Giving examples in each case, indicate why you would use;
(i) Air transport instead of Cargo liner. [5]
(ii) Tramp ships instead of Oil, Bulk and Ore (O.B.O) ships. [5]
(b) (i) Warehousing as an Aid to Trade is very vital to the manufacturer. Explain the services which a manufacturer’s warehouse provides. [7]
(ii) Describe the facilities that National Airport Authority would require for a good airport. [3]
[Total: 20]

7 (a) Define ‘Standing Order’ in banking. [2]
(b) (i) Explain the procedures of opening a Current Account. [6]
(ii) Give the main services offered by the Commercial Banks. [6]
(iii) Explain the main services provided by National Savings and Credit Bank. [6]
[Total: 20]

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8  (a)  List **four** various ways of sending letters. [4]
(b)  Briefly explain each of the following:
   (i)  Registered mail [4]
   (ii) Video Conferencing [4]
   (iii) Telephone [4]
   (iv) Cash On Delivery (C.O.D) [4]

   **[Total: 20]**

9  (a)  Name **four** principles of insurance. [4]
(b)  Mr Totola rents a workshop building from Mama Auditor
(i)  Explain why Mr Totola will be allowed to insure only his equipment and not the workshop building. [5]
(ii) Why is Mr Totola required to give full and accurate information when filling the proposal form? [5]
(c)  Outline the procedures involved in making insurance claims. [6]

   **[Total: 20]**

10 (a)  State **five** disadvantages of television advertising. [5]
(b)  (i)  Explain the advantages of advertising on the radio. [5]
(ii) Explain what ‘Sales Promotion’ is all about. [4]
(iii) Outline the factors considered when designing an advertisement. [6]

   **[Total: 20]**
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