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# EXAMINATIONS COUNCIL OF ZAMBIA



Examination for School Certificate Ordinary Level

**Commerce**

**7100/1**

**Monday**

**7 NOVEMBER 2022**

**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**. Answer all the 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 together **all the Answer Booklets** you have used.

## Information for Candidates

- 1 Non-programmable Calculators may be used.
- 2 The number of marks is given in brackets [ ] 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 Mention one main role of commerce in production.
  - A Controlling wholesalers
  - B Distributing goods from producers to consumers
  - C Producing goods
  - D To certify the quality of goods produced
- 2 Which of the following helps to reduce heaps of non-biodegradable garbage?
  - A Recycling
  - B Pollution
  - C Littering
  - D Dust bins
- 3 The following are characteristics of small scale retailers **except** ...
  - A dealing in fast moving consumer goods.
  - B flexible operating hours.
  - C having small capital.
  - D offering wide range of goods.
- 4 The ... is the body responsible for campaigning for consumer rights in trade and health.
  - A Zambia Bureau of Standards
  - B Zambia Consumer Association
  - C Zambia Environmental Management Agency
  - D Energy Regulation Board
- 5 One of the importance of bonded warehouse is the ...
  - A storage of goods awaiting for excise duty to be charged.
  - B storage of goods awaiting re-export.
  - C keeping of raw materials for the manufacturer.
  - D keeping of goods awaiting to be insured.
- 6 The advantages of bringing a partner into a business by a sole trader is that he will ...
  - A hand over the business to the partner.
  - B pay the partner a salary.
  - C receive more capital for the business for expansion.
  - D share only the losses with the partner.
- 7 One of the disadvantages of being a sole trader is that ...
  - A business affairs are kept private.
  - B it requires a small capital to start.
  - C owner uses his/her labour to run the business.
  - D owner's personal assets are at risk because of unlimited liability.

- 8 Shares that are paid first from profit set aside for shareholders are ...  
A debentures.  
B deferred shares.  
C ordinary shares.  
D preference shares.
- 9 Which one of the items listed below is **not** a factor that may influence the choice of transport?  
A Cost of transport.  
B Size or bulk.  
C Slower over long distances.  
D Value of the goods.
- 10 The following are functions of a warehouse **except** to ...  
A create a place for grading.  
B help in stock piling.  
C manufacture goods.  
D provide storage.
- 11 Vessels that do not operate regular routes to pick up cargo whenever it can be found are called ...  
A tramp ships.  
B passenger liners.  
C container ships.  
D cargo liners.
- 12 A ... is a summary of financial transactions which have occurred over a given period on a bank account held by a person with a financial institution.  
A statement of account  
B credit card  
C cheque  
D bank statement
- 13 The following are non-banking institutions **except** ...  
A micro finance companies.  
B insurance companies.  
C commercial banks.  
D bureau de change.
- 14 The advantage of free post service is that the ...  
A receiver pays for postage.  
B receiver does not pay for postage.  
C respondent pays for postage.  
D respondent pays for part of the postage.



- 15 Which postal service is used for sending valuable documents that need a high degree of care?
- A Courier services
  - B Express mail
  - C Parcel post
  - D Registered mail
- 16 Which of the following is **not** an advantage of the Internet?
- A Attractive and interesting adverts are shown in colour.
  - B It combines visual impact with sound.
  - C It has the widest coverage.
  - D It is expensive to maintain a website.
- 17 A third person mentioned in a third party insurance policy can be the ...
- A driver.
  - B insurer.
  - C motor vehicle itself.
  - D pedestrian.
- 18 A product which appeals to a very limited number of people is best sold through ... advertising.
- A television
  - B radio
  - C poster
  - D newspaper
- 19 One of the disadvantages of advertising to the manufacturer is that it ...
- A encourages impulse buying to customers.
  - B helps to find workers and fill job vacancies.
  - C is wasteful.
  - D projects a favourable image of the company.
- 20 Which media would you use to advertise a new washing powder?
- A Television
  - B Radio
  - C Newspapers
  - D Magazines



**SECTION B: [40 MARKS]**

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

- 1** Use the word list below to complete the statements that follow:

**Word List**

Land    Indirect production    Manufacturer    Enterprise    Production

- (a) ... is the production of goods and services for exchange.
- (b) ... has the ability to organise and combine factors of production.
- (c) ... is the process of creating goods and services to satisfy man's wants and needs. [3]
- 2** (a) Explain **three** reasons for protecting consumers. [3]
- (b) Chuulu Brothers owe K6 000.00 to Nondo Suppliers Limited. They were given 10% trade discount. They were further given 5% cash discount for paying within the agreed period.
- (i) What was the amount for Trade Discount?
- (ii) What was the amount for Cash Discount?
- (iii) How much did they finally pay? [3]

- 3** Match the terms in column A with those in column B

	Column A		Column B
(a)	Visible Trade	(i)	Ensures that goods are delivered to the consignee by instructing their representatives overseas for final delivery of goods.
(b)	Embargo	(ii)	Makes the exporter avoid the cost of transporting the goods back into his country should the importer fail to pay for them.
(c)	Forwarding agents	(iii)	Gives details of goods on ship and is forwarded to the customs and excise authority at least one week before the shipment of goods.
(d)	Letter of hypothecation	(iv)	Trade in goods only e.g. tobacco, clothes, cars.
(e)	Shipping note	(v)	A complete ban forbidding trade with other countries either for political or health reasons.

- [5]
- 4** What does it mean when a company is said to be a 'separate legal entity'? [3]
- 5** Kangwa is having doubts about being a shareholder in MKM Investments Company. Explain the risks that Kangwa may encounter as a shareholder. [3]
- 6** Kabange is a dealer in coal at Maamba Coal Mine. Explain briefly why he should use rail transport to deliver his product. [3]



- 7 For each of the following statements below state whether they are **TRUE** or **FALSE**.
- (i) A paying-in-slip refers to a slip issued by the bank to the payee who deposits money in the bank as proof or record of the deposit.
  - (ii) An ATM card is a plastic card which is magnetically coded, used to only withdraw money from ATM machines.
  - (iii) A cheque is a document used for withdrawing money from a current account.
  - (iv) A credit card enables one to purchase goods and services on cash from any store that accepts credit cards.
  - (v) Save As You Earn is a savings plan which allows a person to save a fixed amount of money each pay period from their net pay for a period of time. [5]
- 8 Outline the advantages of using fax to send documents. [4]
- 9 Briefly describe Utmost Good Faith. [3]
- 10 Give **five** modes of media that may be used by ZED Investments to advertise its products. [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 Describe **two** methods of production. [Total: 20 marks]
- 2 (a) Discuss the features of deferred payment. [10]  
(b) Clearly outline the functions of the Zambia Revenue Authority. [10]  
[Total: 20 marks]
- 3 (a) Outline the details contained in the Articles of Association. [10]  
(b) Explain the main characteristics of debentures. [10]  
[Total: 20 marks]
- 4 Give advantages of the following to consumers;  
(a) Advertising, [10]  
(b) Road transport. [10]  
[Total: 20 marks]
- 5 (a) Distinguish between bank loan and bank overdraft. [10]  
(b) Explain the functions of insurance brokers. [10]  
[Total: 20 marks]