EXAMINATIONS COUNCIL OF ZAMBIA

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

COMMERCE

Tuesday 20 NOVEMBER 2007 2 hours 30 minutes

TIME 2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES

Do not open this booklet until you are told to do so.

Write your name, centre number and candidate number in the spaces provided on the answer paper.

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.

Calculators may be used.

Cell phones are not allowed in the examination room.

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

1. (a) Explain fully what is meant by the term production. [7]
   (b) Explain the role of commerce in production [4]
   (c) State and explain three of the factors of production. [9] [20]

2. News has reached Baraza Company that Shoprite Checkers, one of the large-scale retailing unit, has opened a branch in town. This move has cheered up Launil Bolingo but not so with old man Tambanazo, who feels that the newly opened Shoprite Branch is of no significance to the residents of Baraza Compound (situated 4km away), since there is already a successful independent shop in the neighbourhood.

   (a) What are the advantages of Shoprite Checkers shop over the smaller shop? [10]
   (b) (i) From L. Bolingo's point of view, what are the benefits of buying from Shoprite Checkers shop? [5]
   (ii) Why do you think in old man Tambanazo's opinion the smaller local shop is better to the residents of Baraza Compound than Shoprite Checkers shop? [5] [20]

3. Study the diagram below

   ![Diagram]

   (a) From the diagram above.
      (i) Explain the meaning of the phrase or order [2]
      (ii) Name the type of crossing in the diagram and give its interpretation. [4]
      (iii) As a recipient of such a cheque with no banking account, give two steps you could take to receive value. [2]

   (b) (i) Mention the advantages of using credit transfer as a method of paying employees with banking accounts compared to paying each one of them by cheque. [2]
   (ii) State and explain the most economical banking service for making payment for monthly insurance premiums. [4]
   (iii) Under what circumstances might a business man obtain a bank draft? [6] [20]
4. (a) Outline the procedures followed when taking out insurance cover. [5]
(b) Explain the main features of a whole life assurance policy. [5]
(c) What circumstances would make an insurer refuse to provide insurance cover? [5]
(d) What is utmost good faith? [5]

5. Explain the work of each of the following and how they are remunerated.
   (i) Factors [8]
   (ii) Brokers [6]
   (iii) Merchants in home trade [6]

6. Transport facilities have expanded over the last thirty years.
   (a) Briefly describe modern developments in transport. [6]
   (b) What are the advantages of sending goods by:
       (i) air rather than by sea [7]
       (ii) road rather than by rail [7]

7. Write brief notes on each of the following:
   (a) Loss leaders [5]
   (b) Self service [5]
   (c) Trade Association [5]
   (d) Certificate of Incorporation [5]

8. (a) Discuss the importance of efficient communication to a business. [12]
(b) Explain why despite the abundant sophisticated telecommunications systems currently available such as internets, cellular phones etc., there is still continuing need for postal services. [4]
(c) What are the disadvantages of a telephone to people engaged in commerce? [4] [20]
9 Study the following information relating to a firm dealing in hardware and then answer the questions that follow:

Turnover \[ K450 \, 000 \, 000 \]
Mark up \[ 25\% \]
Stock 1 October, 2005 \[ 105 \, 000 \, 000 \]
Stock 30 September, 2006 \[ 75 \, 000 \, 000 \]
Expenses \[ 36 \, 000 \, 000 \]

**Calculate:**

(i) the gross profit \[ 7 \]
(ii) the net profit \[ 3 \]
(iii) the rate of stock-turn \[ 8 \]
(iv) how long it takes the firm to sell its average stock \[ 2 \]

10 Describe briefly any **four** (4) of the following.

(a) Public Limited Company \[ 5 \]
(b) Partnership \[ 5 \]
(c) Preference Shares \[ 5 \]
(d) Partnership Act \[ 5 \]
(e) Memorandum of Association \[ 5 \]

Max [20]