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 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.

Calculators may be used.

Cell phones are not allowed in the examination room.
Answer any five (5) questions.

1. (a) State the three (3) branches of production.
   (b) How are they linked to each other?
   (c) Explain the following methods of production:
       (i) Direct production;
       (ii) Indirect production.

2. (a) David Mwale, a small retailer wants to improve his business. Give him at least five (5) hints on how he can do that.
   (b) (i) What effects has retail trade on the environment?
        (ii) What are the possible solutions to these problems.
   (c) State five (5) characteristics of a hypermarket.

3. There are three kinds of warehouses:
   Bonded Warehouse, Traditional Warehouse, Cash and Carry Warehouse.
   (a) Describe three general functions of each of the above warehouses.
   (b) Explain why the increased use of containerized transport reduces the need for warehousing.
   (c) Explain the importance of the Bonded Warehouse to each of the following:
       (i) an importer of coffee who plans to sell it in the home market.
       (ii) an exporter of locally produced computer software.

4. Chuunka wholesalers of Lusaka sold 20 cases of sugar at K30 000 per case to Himooya General dealers of Ndola on 1 January, 2009. The retailer offered 10% trade discount and a cash discount of 2% if payment is made within 3 months. Himooya General dealers paid on 3 March, 2009. Chuunka wholesalers bank with Standard Chartered Bank, Cairo Road Branch, Lusaka, while Himooya general dealers bank with Barclays Bank, Buteko Avenue branch, in Ndola.
   (a) Show the workings leading to the amount on the cheque.
   (b) Draw a specially crossed issued to the payee.
   (c) (i) Explain the meaning of the phrase 'or order'.
       (ii) What is the significance of a special crossing on a cheque.
5. Mutenga is a shareholder in a reputable company. He wants to sell his shares through the Stock Exchange, which is controlled by the Stock Exchange Council.

(a) List five functions of the Stock Exchange Council. [5]

(b) State any five factors that determine the price of shares at the Stock Exchange. [5]

(c) Explain the role of:
   (i) Stock brokers [5]

6. (a) International trade provides a number of benefits to many countries.

   (i) Why, despite such benefits, do countries impose tariffs and trade restrictions? [5]

   (ii) Explain briefly the functions of the customs and excise authority. [5]

(b) Explain the importance of the following documents in relations to International trade:

   (i) Customs Specification (or Shipping Note) [5]

   (ii) Manifest [5]

7. "Transport is the movement of people, goods, raw materials and equipment from one place to another. It is a commercial service that is very essential to business."

(a) Why is an efficient transport system important to a businessman? [10]

(b) Outline the factors which will influence the choice of transport. [10]

8. (a) With respect to insurance, explain:

   (i) Insurance risks [6]

   (ii) Non-insurable risks [4]

(b) Write brief notes on the following:

   (i) Hull insurance [5]

   (ii) Freight insurance [3]

   (iii) Cargo insurance [2]
Advertising can be both informative and persuasive, but the whole essence is to pass on information to consumers.

(a) What are the advantages of advertising to:
   (i) Consumers [8]
   (ii) Manufacturers [7]

(b) Consider why advertising sometimes has disadvantages. [5]

10 Jere and Company's Balance Sheet as at 31 December 2008 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>K 000</th>
<th>K000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital at 1.1.2008</td>
<td>600 000</td>
<td>Vehicles 500 000</td>
</tr>
<tr>
<td>Add Profit</td>
<td>240 000</td>
<td>Less depreciation 90 000</td>
</tr>
<tr>
<td></td>
<td>840 000</td>
<td>410 000</td>
</tr>
<tr>
<td>Less drawings</td>
<td>100 000</td>
<td>Fitting &amp; fixtures 300 000</td>
</tr>
<tr>
<td>Capital at 31.12.2008</td>
<td>740 000</td>
<td>Stock 300 000</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>100 000</td>
<td>Debtors 315 000</td>
</tr>
<tr>
<td>Creditors</td>
<td>500 000</td>
<td>Cash in land 15 000</td>
</tr>
<tr>
<td></td>
<td>1,340 000</td>
<td>1,340 000</td>
</tr>
</tbody>
</table>

(a) From the above Balance sheet, calculate Jere's:

   (i) Fixed assets [2]
   (ii) Current assets [2]
   (iii) Current liabilities [2]
   (iv) Working capital [3]
   (v) Profit as a percentage of capital [2]

(b) If Jere paid off his bank overdraft out of K240 000 received from his debtors, what will his new working capital be? [5]

(c) Indicate the importance of working capital. [4] [20]