Preamble for Commerce (7100)

The Examinations Council of Zambia has made adjustments to the assessment of Commerce at Grade 12 level so as to be in line with the revised Commerce Senior Secondary School Syllabus of 2013 developed by Curriculum Development Centre (CDC) of the Ministry of General Education.

Purpose

The purpose of Commerce assessment is to measure candidates’ entrepreneurship skills and knowledge in home trade, international activities, stock exchange and the procedures and documents used in the day to day conduct of business in commercial institutions. It is also used for certification and placement.

Assessment Objectives

Knowledge with Understanding
1. Appreciate commerce and production in home and international trade.
2. Identify aids to trade and services offered and used by the aids to trade.
3. Recognise the different features of retail and wholesale trade.
4. Appreciate the need for customer protection.
5. Appreciate the importance of foreign trade and harbour requirements.
7. Describe the functions of revenue authorities.
8. Describe the operations, functions and players of the Lusaka Stock Exchange (LuSe).
9. Identify the types of shares found on the Lusaka Stock Exchange (LuSe).
10. Identify and explain the effects and solutions of production on the environment.

Application of business documents and commercial concepts
1. Prepare a balance of trade and payment.
2. Draw up a commercial contract.
3. Show how business documents are used in home and foreign trade.
4. Demonstrate the correct use of business documents on the various aids to trade.

Analysis and evaluation of business units formation
1. Distinguish the features of various business units.
2. Determine the documents needed for the formation of different business units.
3. Establish the advantages and disadvantages of different business units.
Passage Three

4. Use information on the different types of shares to grow various business units.

5. Draw an environmental impact assessment on production processes.

Test Design:

The Grade 12 Commerce (700/1) examination will consist of one paper.

The commerce paper will consist of ten (10) questions. The candidates are expected to answer any five questions. Each question carries a total of 20 marks.

The total marks for this paper will be 100.

The duration for this paper will be 2 hours 30 minutes.

<table>
<thead>
<tr>
<th>Paper name</th>
<th>No. of questions</th>
<th>Marks</th>
<th>Duration</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commerce</td>
<td></td>
<td>100</td>
<td>2 hours 30 minutes</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>
EXAMINATIONS COUNCIL OF ZAMBIA

Examination for School Certificate Ordinary Level

Commerce 7100/1

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) List any four effects of production on the environment. [4]
   (b) (i) Show how specialization depends on trade. [3]
      (ii) Zambeef Company is usually referred to as a primary producer. What does the term primary producer mean? [3]
   (c) Explain why Aids to Trade are essential to a private Medical Doctor running a hospital. [10]
   [Total: 20]

2 (a) (i) Define fully what a “Contract” is. [3]
      (ii) List at least three elements of a valid contract. [3]
   (b) Retailers can be classified as either small scale or large scale.
      (i) Describe four features that determine which group a retailer belongs to. [4]
      (ii) Explain at least four factors that must be considered before putting up a retail business. [4]
   (c) Below is a document sent by a seller to a buyer on a particular date.

<table>
<thead>
<tr>
<th>DATE</th>
<th>DETAILS</th>
<th>DEBIT (K)</th>
<th>CREDIT (K)</th>
<th>BALANCE (K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/7/2015</td>
<td>Balance b/f</td>
<td></td>
<td></td>
<td>350 000</td>
</tr>
<tr>
<td>5/7/2015</td>
<td>Cheque No. B/461</td>
<td></td>
<td>?</td>
<td>11 000</td>
</tr>
<tr>
<td>5/7/2015</td>
<td>Discount</td>
<td></td>
<td>11 000</td>
<td>Nil</td>
</tr>
<tr>
<td>17/7/2015</td>
<td>Invoice No. AB/601</td>
<td>480 000</td>
<td></td>
<td>480 000</td>
</tr>
<tr>
<td>22/7/2015</td>
<td>Credit Note No. CZ/24</td>
<td>80 000</td>
<td></td>
<td>400 000</td>
</tr>
<tr>
<td>25/7/2015</td>
<td>Invoice No. AC/700</td>
<td>350 000</td>
<td></td>
<td>750 000</td>
</tr>
<tr>
<td>28/7/2015</td>
<td>Cheque no. C/667</td>
<td></td>
<td>230 000</td>
<td>?</td>
</tr>
</tbody>
</table>

   (i) (a) What is the name of this document? [1]
      (i) State its importance in home trade. [1]
      (ii) Calculate the amount paid by cheque by the buyer on 5th July 2015 and show how much Masuku stores will owe A.M Wholesalers on 28th July 2015. [4]
   [Total: 20]
3  (a) What is a Bill of Lading as used in foreign trade?  
(b)  (i) Explain the corrective actions the government must take to improve an unfavourable balance of payments.  
      (ii) Forwarding Agents are middlemen in foreign trade. Explain the work they perform in their capacity as agents.  
      (iii) Explain the reasons why the government may impose quotas.  
  (c) Outline reasons for the collection of Excise Duty.  

[Total: 20]

4  (a) State the main sources of finance to the sole proprietor.  
(b)  (i) Explain the characteristics of a Public Limited Company.  
      (ii) Describe the procedure of forming a Limited Company.  
  (c) A limited company is said to be a “separate legal entity.” What does this mean?  

[Total: 20]

5  (a) What is the difference between shares and bonds.  
(b)  (i) Describe the functions of the Stock Exchange.  
      (ii) Explain briefly on the following Stock Exchange terms.  
            - Securities  
            - Shares  
            - Stocks  
            - Debentures  
            - Bonds  
  (c) Outline the process of buying shares on the stock exchange by an investor.  

[Total: 20]

6  (a)  
   (i) Rail Transport has lost its position as a leader of land transport systems. List five reasons that have led to its decline.  
   (ii) Pipelines are usually used for transporting liquids and gas over a long distance. Give at least five features commonly associated with pipelines.  
  (b)  
   (i) The large scale storage of goods has always been the work of the wholesaler. Explain the main uses of the wholesale warehouses.  
   (ii) Describe the main features of a cold storage warehouse.  

[Total: 20]
7 (a) State the main services of Building Societies. [2]
(b) In connection with the services offered by commercial banks, briefly answer the following questions;
(i) How does the charge of interest on a bank overdraft differ from that on a bank loan? [6]
(ii) Banks sometimes act as executors and trustees. Explain the terms “Executor” and “Trustee”. [6]
(iii) The rules and regulations under which banks operate provide certain rights to customers. Explain at least six rights commercial banks must provide to their customers. [6]

[Total: 20]

8 (a) Define communication. [4]
(b) Briefly describe the following services offered by ZAMPOST and ZAMTEL:
(i) Data post [4]
(ii) Telex [4]
(iii) Freefone (Toll Free Service) [4]
(iv) Business Reply Service [4]

[Total: 20]

9 (a) Identify reasons why the principle of indemnity does not apply to Life Assurance. [4]
(b) (i) Explain what is meant by “Life Assurance.” [5]
(ii) With a suitable example explain the insurance principle of “Proximate Cause.” [5]
(c) Distinguish between Employers’ Liability Insurance and Public Liability Insurance. [6]

[Total: 20]

10 (a) List the five commonly used advertising media. [5]
(b) (i) California Beverages is a producer of a popular drink called “Apple Max”. Give reasons why the company should continue advertising its product which is already on the market. [5]
(ii) What benefits would the company expect to get from its advertising campaign? [5]
(iii) What are the disadvantages of advertising to a consumer? [5]

[Total: 20]
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