EXAMINATIONS COUNCIL OF ZAMBIA

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

COMMERCE

Tuesday 20 NOVEMBER 2001

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 on the answer sheet in the spaces provided unless this has already been done for you.

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.
1  (a)  (i) Explain the term specialisation.  
       (ii) What are the advantages and disadvantages of specialisation?  [10]  
(b)  Give examples of how specialisation is dependent on trade.  [5]  

2  For a long time self-service has been associated with supermarkets, but in recent years it has spread to other retail outlets.  
(a)  What are features of self-service?  [8]  
(b)  What are the advantages of pre-packing and branding to the:  
       (i)  Retailer?  [7]  

3  (a)  Describe the steps to be taken in effecting an insurance cover.  [10]  
(b)  In connection with marine insurance, write brief notes on the following:  
       (i)  Hull Insurance  [5]  
       (ii)  Freight Insurance  [3]  
       (iii) Cargo Insurance  [2]  

4  Write brief notes on five of the following:  
(a)  Facsimile  [4]  
(b)  Poste Restante  [4]  
(c)  Electronic mail (e-mail)  [4]  
(d)  Data post  [4]  
(e)  Telex  [4]  
(f)  Express Mail Service (EMS)  [4 x 5]  

5  (a)  A sole trader is the most common form of business in most countries. Why is this form of business common?  [6]  
(b)  Phiri and Muyunda are deciding to form a partnership after trading as competitors for many years. Explain to them the disadvantages of going into partnership as compared to private limited company.  [6]  
(c)  Outline the features of the Co-operative Retail Society.  [8]
Study the advertisement below and answer the questions that follow.

**GRAND SALE OF THE YEAR!**
**HURRY TO SHOPRITE SHOPS**
**PRICES REDUCED BY 50%**

(a) State two suitable media for this advertisement and give three reasons for each choice. [8]

(b) What are the benefits of advertising to the consumer? [8]

(c) What are the dangers of competitive advertising to the consumer? [4]

7 (a) What are the functions of the Customs and Excise Department of the Zambia Revenue Authority? [8]

(b) Why do countries impose tariffs and restrictions? [6]

(c) Distinguish between Customs and Excise Duties. [6]

8 (a) In what circumstances is road haulage of goods a more desirable method of transport than rail transport? [8]

(b) State, giving your reasons, what method of transport would be most suitable for ....

(i) a human kidney from Paris to Lusaka [3]

(ii) 250 tonnes of coal from Hwange, Zimbabwe to Kitwe, Zambia [3]

(iii) 25 tonnes electric generator from Lubumbashi, DR Congo to Kafue Gorge, Kafue, to replace one which was gutted by fire. [3]

(iv) a consignment of diamonds from South Africa to Brussels, Belgium. [3]

9 Describe and explain the purpose of four of the following:-

(a) Traveller's Cheques

(b) Entrepôt Trade

(c) Customs Drawback

(d) Indent

(e) Airway Bill [4 x 5]
Mwansa and Moonga have a business with a capital of K10 million. The following figures were extracted from their books.

<table>
<thead>
<tr>
<th></th>
<th>Year ending 31/12/98</th>
<th>Year ending 31/12/99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>2 400 000</td>
<td>3 168 000</td>
</tr>
<tr>
<td>Purchases</td>
<td>1 360 000</td>
<td>1 420 000</td>
</tr>
<tr>
<td>Stock in hand (at cost)</td>
<td>420 000</td>
<td>540 000</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>200 000</td>
<td>220 000</td>
</tr>
<tr>
<td>Debtors</td>
<td>60 000</td>
<td>56 000</td>
</tr>
<tr>
<td>Creditors</td>
<td>120 000</td>
<td>140 000</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>100 000</td>
<td>170 000</td>
</tr>
<tr>
<td>Advertising</td>
<td>125 000</td>
<td>130 000</td>
</tr>
<tr>
<td>Other expenses –</td>
<td>340 000</td>
<td>390 000</td>
</tr>
</tbody>
</table>

Stock in hand 1/1/98 was K380 000

(a) Calculate for each year:

(i) Net profit
(ii) Return on capital
(iii) Rate of stock turn
(iv) Working capital as at 31/12/98 and 31/12/99

(b) Give two factors which might have contributed to the increased profitability of the firm.