

SUCCESS IN COMMERCE

VOLUME ONE – 1ST EDITION – FEBRUARY - 2023

Instant Revision from E.C.Z Question Papers

GRADE 10 – 12

Specimen – 2022 G.C.E



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EXAMINATIONS COUNCIL OF ZAMBIA

Examination for School Certificate Ordinary Level

Commerce

7100/1

Specimen

Time: 2 hours 30 minutes

Marks: 100

Section A: [20 Marks]

Answer **all** the questions in this section in the Answer Booklet provided by putting a cross (X) on the letter you have chosen as your answer.

- 1 What is meant by Direct Production? It is the ...
 - A production of goods for one's own use.
 - B production of goods for sale.
 - C provision of land and capital.
 - D provision of services by Doctors, Teachers.

- 2 Which of the following is a benefit of taking entrepreneurship as a career?
 - A Higher social status
 - B A lot of skills and knowledge is acquired
 - C Raising capital
 - D Hard work

- 3 Which of the following are large scale retail outlets?
 - (i) Mobile shops
 - (ii) Hypermarkets
 - (ii) Multiple shops
 - (iv) Automatic vending machines
 - A (i) and (iii)
 - B (ii) and (iv)
 - C (iv) only
 - D (ii) and (iii)

- 4 ... is a disadvantage to a consumer of large scale retailing.
 - A Provision of self-service
 - B One-stop shopping
 - C Decline in personal service
 - D Convenient opening hours

- 5 Why would a country impose a TARIFF in foreign trade? To ...
- A encourage importation of beers and wines.
 - B collect excise duty.
 - C control bonded warehouses.
 - D protect local industries.
- 6 A ... is the type of business unit which starts operating only after a Certificate of Incorporation is issued.
- A partnership
 - B private limited company
 - C public corporation
 - D public limited company
- 7 are the two main types of business units.
- A Home trade and foreign trade
 - B Private and public enterprises
 - C Retailers and wholesalers
 - D Sole trader and partnerships
- 8 Which one of the following is a function of the Lusaka Stock Exchange (LUSE)? It
- A facilitates the privatisation of state owned companies.
 - B a market for goods and services.
 - C acts as a source of information to consumers.
 - D provides loans to the government.
- 9 ... is one of the factors that a trader should consider when choosing the type of transport.
- A Access to the bank
 - B Reputation of the trader
 - C Reliability of transport
 - D Quality of roads to be used
- 10 ... warehouses are used to store dutiable goods on which customs has not yet been paid.
- A Bonded
 - B Manufacturer's
 - C Retailer's
 - D Wholesaler's

- 11 Why is the bill of lading important in transportation? It is a document...
- A that shows goods have been insured before they are transported.
 - B used when hiring a ship for transportation of goods.
 - C which shows the origin or country where goods were made.
 - D of title of the goods.
- 12 A bank facility used when making regular payments of fixed amounts such as rentals is known as ...
- A credit transfer,
 - B standing order,
 - C bank loan
 - D bank overdraft,
- 13 The bank can refuse to cash a cheque for several reasons, which statement is not one of the reasons for refusing to cash a cheque
- A Lack of funds in the drawer's account.
 - B If a cheque is presented for payment a day after it is signed by the drawer
 - C a cheque has an amount in words different from amount in figures,
 - D Alterations not signed for by the drawer.
- 14 A postal service that enable letters or parcels to be addressed to a post office in order to be collected in person is known as ...
- A cash on delivery.
 - B data post.
 - C poste restante.
 - D business reply service.
- 15 is an example of a method one can use to send money through the Post Office.
- A Money order
 - B Courier services
 - C Reply coupon
 - D Telegram
- 16 Registered mail is a
- A service that enables a trader to send potential customers envelopes or post cards that allows them to reply without paying postage.
 - B facility that provides proof for both posting and delivery.
 - C service that allows a business to send exact copies of a document to distant places using telephone lines.
 - D service used for sending valuable documents or items that need a degree of care.

- 17 Which two risks can a trader insure against?
- A Life assurance and children insurance.
 - B Fire insurance and accident insurance.
 - C Office insurance and furniture insurance.
 - D Profit and loss insurance.
- 18 Which one of the following advertising media will be most suitable to advertise "a new washing powder?"
- A Television
 - B Radio
 - C Newspaper
 - D Magazine
- 19 In which way is advertising beneficial to the public?
- A Consumers may be tempted to buy goods they did not budget for.
 - B Advertising plays around with consumers emotions and they make irrational judgement.
 - C Project a favourable image of the product advertised.
 - D Brings new products to the attention of consumers.
- 20 Which of the reasons below is not an advantage of advertising on the radio?
- A It is cheaper than television.
 - B It gives wide coverage.
 - C The advertisement is in colour.
 - D Radios are cheap to buy.

SECTION B: [40 Marks]

Answer all questions in this section on the spaces provided in the inserted Answer Booklet. The number of marks is given at the end of each question or part of the question.

- 1 Three of the statements below are correct and two incorrect.
Write the correct statements in the spaces provided.

S/N	STATEMENT
A	Production improves people's standard of living.
B	Commerce is Trade and Aids to production.
C	An Invitation to Treat is a request for offers.
D	The Reward for Labour is interest
E	Climate Change is one of the effects of production on environment.

[3]

- 2 (a) Give three features of a cash and carry wholesaler. [3]
 (b) Bweupe bought 10 bags of white sugar at K1 500.00 per bag. She was given 5% trade discount and on paying promptly, received a cash discount of 2%. Calculate how much she paid. [3]

- 3 Match the items in column A with those in column B.

	Column A		Column B
(i)	Charter Party	(i)	Restriction in a number of goods entering the country.
(ii)	Bill of lading	(ii)	Differences between visible exports and visible imports
(iii)	Balance of Trade	(iii)	Document used when ship is hired.
(iv)	Trade Barriers	(iv)	Document used when goods are carried by sea
(v)	Quotas	(v)	One of the difficulty faced by trades in foreign trade.

- 4 Complete the sentences below by using the WORD LIST given: Partnership, Sole Trader, Private Sector, Public Limited Company, Public Corporations.
 (a) is the type of business unit that requires less documentation.
 (b) One example of a business unit in a public sector is
 (c) A ... is a company that raises its capital by the issue of shares.
- 5 Briefly describe the functions of a broker when he acts as a dealer on the Stock Exchange.
- 6 Dabwitso is a fruit and vegetable farmer in Chisamba. Explain briefly why he should use road transport for distribution of his produce.
- 7 From the following banking services, identify only the functions performed by the Central Bank and write them in the spaces provided.
 (i) Provides international traders with travellers cheques to enable them to transact abroad.
 (ii) Printing and minting of money.
 (iii) Supervising the banking system.
 (iv) Financing businesses in form of loans and overdrafts.
 (v) Lender of the last resort.
 (vi) Accept and discount bills of exchange.
 (vii) Issuing bank notes and coins.
 (viii) Servicing the national debt.
- 8 Write short notes on Cash on Delivery.

- 9 What are Non-Insurable Risks?
- 10 Give reasons why television would be the most suitable and effective medium of advertising cooking oil.

[Total: 40 marks]

SECTION C: [40 Marks]

There are five questions in this section. Answer only two questions.

- 1 Commerce is trade and aids to trade. Explain any four Aids to Trade that a person engaged in farming can use. [20]
- 2 Outline the;
- (a) main features of a large scale retailer, [10]
- (b) problems that a large scale retailer might face if it decided to sell its goods in foreign trade. [10]
- 3 (a) Outline the features of a Public Limited Company. [10]
- (b) Explain;
- (i) ordinary shares, [5]
- (ii) preference shares. [5]
- [Total: 20 marks]
- 4 Mwiinga is a trader who buys and sells goods mainly within the country.
- (a) Explain to him the importance of an efficient transport system. [10]
- (b) In order to contact his potential customers, he sends mail using FREEPOST. Explain how FREEPOST service operates. [10]
- [Total: 20 marks]
- 5 Gaulani has just established a retail business in Livingstone.
- (a) Explain to him the importance of taking out an insurance policy. [10]
- (b) He would also like to have a Bank Account, but does not know which account to open. Why would it benefit him to open a Current Account? [10]
- [Total: 20 marks]

EXAMINATIONS COUNCIL OF ZAMBIA

Examination for School Certificate Ordinary Level

Commerce

7100/1

2020

Time: 2 hours 30 minutes

Marks: 100

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 One of the main purposes of commerce is ...
 - A distribution of goods and services to satisfy human wants.
 - B extraction of raw materials from nature.
 - C supervising retailers and wholesalers in the distribution of goods.
 - D the production of goods in the home trade.

- 2 Goods that are produced and regarded as durable, expensive and attractive are called goods.
 - A counterfeit
 - B fake
 - C original
 - D standard

- 3 Not everyone has the.to enter completely into a Contract because of certain requirements.
 - A Consent
 - B chance
 - C knowledge
 - D legal capacity

- 4 A business document used in home trade which is also referred to as a bill is ...
 - A a cheque.
 - B a quotation.
 - C an enquiry.
 - D an invoice.

- 5 A trade restriction faced by an exporter is called ...
A balance of payment.
B Customs drawback.
C embargo.
D entrepot trade.
- 6 Which of the following are examples of public corporations?
A Konkola Copper Mine, Mopani Copper mine, Quantum minerals
B Pick n Pay, Hungry Lion, Shoprite Checkers
C Zambia Sugar PLC, ZANACO PLC, Chilanga Cement PLC
D ZESCO, National Housing Authority, Nitrogen Chemicals
- 7 Which document is required by the Registrar of Companies for a company to be registered?
A Certificate of Title
B Deed of Partnership
C Memorandum of Association
D Trading Licence
- 8 A number of shares that are bundled together for easy trading and handling is called ...
A debentures.
B bond.
C security
D stock.
- 9 are ships mainly for carrying large quantities of one product.
A Bulk carriers
B Container ships
C Roll-on-roll-off ferries
D Tankers
- 10 The mode of transport that is more economical over long distance is ...
A pipeline.
B railway.
C road.
D sea.
- 11 Which type of warehouse is found at railway stations?... warehouse.
A Large scale retailers
B Manufacturers
C Public
D Wholesale

- 12 The financial institution that acts as a lender of the last resort to all banks is ...
A Central Bank.
B National Building Society.
C National Savings and Credit Bank.
D Zambia National Commercial Bank.
- 13 Financial institutions that offer foreign currency to the public are known as ...
A cleaning house.
B bureau de change.
C insurance companies.
D micro-finance companies.
- 14 One of the reasons some postal services are still needed in today's trade is that they ...
A are cheap.
B are expensive but necessary.
C are very fast.
D require special equipment.
- 15 Which internet facility enables access to a wide range of information?
A Air mail
B E-mail
C Poste restante
D Surface mail
- 16 ... is a global network of computers which allows users access to worldwide information.
A Radio messaging
B Mobile phoning
C Internet
D Confravision
- 17 Which one of the following does not belong to household risks?
A Damage to furniture caused by rain
B Embezzlement
C Loss of furniture due to fire
D Theft of furniture
- 18 The type of advertising that seeks to merely inform the public about matters of national interest such as corona virus and cholera is called Advertising.
A Persuasive
B Informative
C Competitive
D Collective

- 19 When firms advertise heavily in order to protect themselves from new competition, it is called..
- A Collective Advertising.
 - B Defensive Advertising.
 - C High pressure promotion.
 - D Informative Advertising.
- 20 Firms that are independent and specialised in helping to advertise the product of the seller to potential buyers are ...
- A advertising agents.
 - B advertising campaigns.
 - C advertising media.
 - D brokers.

SECTION B: [40 Marks]

Answer all questions in this section on the spaces provided in the inserted Answer Booklet. The number of marks is given at the end of each question or part of the question.

- 1 Mention any three types of items that satisfy human needs.
- 2 (a) For each of the following statements below, state whether they are TRUE or FALSE.
- (i) Buying and selling of goods and services is called wholesaling.
 - (ii) A contract can either be expressed or implied.
 - (ii) Retail trade is divided into small scale and large scale.
- (b) Tubule Hardware bought the following goods from Ngwenya Quarry Company.
- 10 pockets cement @ K95.00 per pocket
 - 5 tonnes of river sand @ K120.00 per tonne
- Calculate the invoice price,
- 3 Using the phrases/words below, answer the questions that follow:
Export trade, import trade, customs duty, quota, excise duty, certificate of origin, bill of lading
- (i) The name given to the re-export of goods is.
 - (ii) The buying of goods and services from other countries is known as...
 - (iii) ... is levied by government on locally produced goods such as tobacco.
 - (iv) A limit placed on the quantity of goods imported in a year is known as.
 - (v) A document that is signed by a representative of the importing country residing in an exporter's country showing where the goods were produced is called ...

- 4 Explain the phrase Partnership.
- 5 Give any three roles of the Securities and Exchange Commission.
- 6 The following describes vessels that are used in sea transport. Name the vessel that fits the description.
 - (a) Follows a fixed route and fixed time table.
 - (b) Can go to any place any time as long as there is business.
 - (c) Carries vehicles from one place to another by allowing them to drive on and off the ship once it reaches its destination

- 7 Match the sentence in **A** with the phrase in **B**

	SENTENCE (A)		PHRASE (B)
(a)	An account which does not earn interest but is popular with business people.	(i)	Credit union
(b)	Which bank issues notes and coins?	(ii)	Current account
(c)	Name the account intended for a small saver with regular income	(iii)	Central Bank
(d)	Banks owned by financial cooperatives and controlled by the same members	(iv)	Banker's Draft
(e)	A document equivalent to a banker's cheque	(v)	Savings account

- 8 Fill in the blank spaces using appropriate word/phrase
 - (a) A fax is used to send or receive ...
 - (b) Express Mail Service is used because it is ...
 - (c) A can be used for Short Message Service (SMS)
 - (d) A service that allows people situated at different locations to hold face-to-face discussion is known as
- 9 Describe Whole Life Assurance.
- 10 Explain the term 'internet'.

[Total: 40 marks]

SECTION C: [40 Marks]

There are five questions in this section. Answer only two questions.

- 1 Outline the possible solutions to the effects of environmental degradation.
- 2
 - (a) Describe the characteristics of a small scale retailer.
 - (b) What are trade barriers?
- 3
 - (a) Give the features of public enterprise
 - (b) Explain the factors that may influence share prices on the Stock Exchange?
- 4
 - (a) Explain the importance of transport to a trader.
 - (b) What are the advantages of advertising to a consumer?
- 5
 - (a) Explain the process involved in the electronic cheque system
 - (b) Discuss the features of Utmost Good Faith in insurance.

EXAMINATIONS COUNCIL OF ZAMBIA

Examination for General Certificate of Education Ordinary Level

Commerce

7100/1

2021

Time: 2 hours 30 minutes

Marks: 100

Section A: [20 Marks]

Answer all the questions in this section in the inserted Answer Booklet by putting cross (X) on the letter you have chosen as your answer.

- 1 Commerce is ...
 - A an aid to trade.
 - B industry and production.
 - C trade.
 - D trade and aids to trade.

- 2 What are aids to trade?
 - A A reward for trading.
 - B The buying and selling of goods,
 - C The services that help to make trade possible,
 - D The buying and selling of goods and services with a view of making profit.

- 3 ... is an expression of willingness to contract on certain terms with an intention that it becomes binding.
 - A Acceptance
 - B Consent
 - C Consideration
 - D Offer

- 4 Which of the following contracts would not be legally binding?
 - A Contract to build a bridge
 - B Contract to paint a house
 - C Contract to sell a car
 - D Contract with a minor

- 5 Which of the following is not provided by a wholesaler?
- A Buying in bulk
 - B Breaking bulk
 - C Extending credit facility
 - D Offer personal service to consumers
- 6 In a partnership, a partner may .
- A be dormant.
 - B buy debentures.
 - C earn a dividend.
 - D purchase preference shares.
- 7 Which one of the following is not an advantage to a sole trader?
- A Easy to form
 - B Lacks continuity
 - C Less documentation involved
 - D Make quick and spot decision
- 8 The following are traded at the Stock Exchange except ...
- A Bonds.
 - B Shares.
 - C Stocks.
 - D Treasury Bills.
- 9 Which mode of transport does not depend on transshipment?
- A Air
 - B Rail
 - C Road
 - D Sea
- 10 The cheapest form of transporting oil from a port to an inland country is by ...
- A containership.
 - B pipeline.
 - C railway coaches
 - D road tankers.
- 11 A wholesalers' warehouse is ...
- A situated where there is concentration of people.
 - B situated where there is a lot of parking space.
 - C located in the outskirts of town.
 - D centrally situated in city centres.

- 12 ... is used as a means of sending money safely by post.
- A A Crossed cheque
 - B A Bearer cheque
 - C An Open cheque
 - D A Stale cheque
- 13 Which among the following is the odd one out?
- A Absa Bank
 - B Bank ABC
 - C Bank of Zambia
 - D Zambia National Commercial Bank
- 14 Which one is not an advantage of sending a message by telex?
- A It is the quickest way of sending hand written information.
 - B It is the quickest way of sending printed information.
 - C It saves time and money.
 - D The service operates 24 hours.
- 15 When a firm wants to send an exact copy of a document to another person, it will use a ...
- A fax.
 - B radio phone.
 - C switch board.
 - D telex.
- 16 Which one among the services at the post office is a faster method of sending mail?
- A Surface mail
 - B Registered mail
 - C Express mail
 - D Air mail
- 17 The principle that requires the insured to disclose all known material facts on items one wishes to insure is known as ...
- A Contribution.
 - B Insurable Interest.
 - C Subrogation.
 - D Utmost Good Faith.
- 18 Point of sale advertising may help a trader increase sales by ...
- A reducing competition.
 - B reducing prices.
 - C influencing impulse buying.
 - D discouraging customers from buying in bulk.

- 19 Advertising is effective when sound and vision are used. This effect is best shown by using ...
- A magazines.
 - B newspapers.
 - C radio.
 - D television.
- 20 The following are types of advertising except for... advertising.
- A company
 - B Competitive
 - C informative
 - D persuasive

SECTION B: [40 Marks]

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

- 1 Identify three career prospects available after studying commerce.
- 2 (a) Mention three elements of a valid contract.
 (b) Kansma Investments supplied the following goods to Chingola Trust School:
 100 test tubes@ K50.00 each
 200 lab reagents K100.00 each
 All subject to 5% trade discount
 Calculate how much Chingola Trust School is owing.
- 3 Using the **terms** and **word list** below, complete the sentences that follow:
 Balance of Trade, goods, an Import Duty, services, an exchange rate, raw materials, favourable.
- (a) Visible trade is trade in **(i)** but invisible trade is the trade in **(ii)**
 - (b) If the value of exports is more than the value of imports, the balance of trade is said to be
 - (c) Another name for a tariff is
 - (d) International trade is important to Zambia because some do not naturally exist in Zambia.
- 4 Write **true** or **false** against each of the following sentences.
- (a) One of the risks a person who runs his own business faces is unlimited liability.
 - (b) A sole trader is an example of a private enterprise.
 - (c) All partners have limited liability.
- 5 Outline the characteristics of ordinary shares.

- 6 Give examples of goods that can be carried by rail transport.
- 7 Give five reasons for dishonoring cheques.
- 8 Explain the method of communication you would use in each of the following cases:
 - (i) Sending a cheque to a distant place.
 - (ii) Cancelling an appointment with a customer for this afternoon.
 - (ii) Sending an urgently needed mail.
 - (iv) Making an exact copy of the original document.
- 9 Identify three insurable risks which a trader can insure against.
- 10 What are the benefits of advertising?

[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 Banda is a trader in commercial farming. How will he benefit from commercial activities?

[Total: 20 marks]
- 2
 - (a) Explain the factors to consider when choosing a site for a retail business.
 - (b) Outline reasons countries trade with each other.

[Total: 20 marks]
- 3
 - (a) Discuss the disadvantages of a Public Limited Company.
 - (b) Why is the Stock Exchange necessary in commerce?

[Total: 20 marks]
- 4
 - (a) Outline the advantages of containerisation.
 - (b) Explain the benefits of advertising to a manufacturer.

[Total: 20 marks]
- 5
 - (a) Explain five main functions of the Central Bank.
 - (b) Outline the factors to be considered when fixing a premium for a motor vehicle.

[Total: 20 marks]

EXAMINATIONS COUNCIL OF ZAMBIA

Examination for School Certificate Ordinary Level

Commerce

7100/1

Wednesday

10 NOVEMBER 2021

Time: 2 hours 30 minutes

Marks: 100

Section A: [20 Marks]

Answer all the questions in this section in the Answer Booklet provided by putting a cross (X) on the letter you have chosen as your answer.

- 1 What is the other name for Aids to Trade?
A Production
B Entrepreneurship
C Commercial services
D Business

- 2 Which one of the following is not an effect of air pollution?
A Acid rain
B Breathing difficulties
C Greenhouse effect
D Littering

- 3 A ... is a legally binding exchange of promises or agreement between parties.
A Statement
B Cheque
C Certificate
D Contract

- 4 A credit sales agreement is made when customers..
A pay cash for the goods.
B pay nothing for the goods.
C get the goods and pay later.
D ask for personal advice from the retailer.

- 5 In order to protect home industries from competition from abroad, countries usually impose.
- A balance of payment.
 - B exchange controls.
 - C excise duty.
 - D tariffs,
- 6 Unlimited liability is when ...
- A profits and losses are shared equally.
 - B profits and losses are shared in proportion to capital invested.
 - C traders know their customers personally.
 - D traders lose both their business and private property.
- 7 In a limited company, capital is raised by ...
- A trading and selling.
 - B selling of shares.
 - C selling of fixed assets.
 - D buying of fixed assets.
- 8 Debenture holders are creditors to a company who receive ...
- A dividends.
 - B interests.
 - C loans.
 - D profits
- 9 What mode of transport would be recommended for delivery of diamonds from South Africa to Morocco? transport.
- A Air
 - B Railway
 - C Road
 - D Sea
- 10 is evidence of the contract of carriage of goods.
- A An Airway bill
 - B A Bill of lading
 - C An indent
 - D A Shipping note

- 11 A warehouse where raw materials meant for further processing are kept is called
- A bonded warehouse.
 - B manufacturer's warehouse.
 - C retailer's warehouse.
 - D public warehouse.
- 12 Building societies' main area of concentration is ...
- A approving mortgages.
 - B being financial advisor to the government.
 - C discounting bills of exchange.
 - D providing cheque facilities
- 13 A bank service where the customer instructs the bank to make regular payments to a specific creditor on specific dates over a period of time is called ...
- A automated teller machine card.
 - B credit transfer.
 - C direct debit.
 - D standing order.
- 14 What postal service enables valuable items to be sent through the post office?
- A Electronic mail
 - B Express mail service
 - C Micro finance companies
 - D Registered letter
- 15 A postal service that provides overnight delivery of urgent and important packages is called
- A railex.
 - B letter post.
 - C data post.
 - D Contra vision.
- 16 Identify the communication service that is used for sending and receiving exact copies of documents in business organisations.
- A Data post
 - B Facsimile
 - C Free post
 - D Phonogram

- 17 What is the cost of insurance called?
- A Fire
 - B Insured
 - C Premium
 - D Risk
- 18 One of the dangers of advertising is ...
- A to educate the consumers on new goods.
 - B to find workers and fill up job vacancies.
 - C that it can go to extremes
 - D that it can lead to increased sales.
- 19 The advertising medium that provides both visual and audio is
- A magazine.
 - B poster.
 - C radio.
 - D television.
- 20 Which of the following is not used in promoting sales?
- A Billboards
 - B Coupons
 - C Information
 - D Trading stamps

SECTION B: [40 Marks]

Answer all questions in this section on the spaces provided in the inserted Answer Booklet. The number of marks is given at the end of each question or part of the question.

- 1 The following is a list of people involved in various activities. Name the stage of production each of them is involved in.

	List	Stage of Production
(i)	miner/farmer	(i)
(ii)	manufacturer	(ii)
(iii)	teacher/doctor	(iii)

- 2 (a) What is an inquiry?
- (b) Chanda owns a small business that sells the following items to Choongo:
- 45 bags of rice at K80.00 each
 - Less 15% Trade Discount
- How much will he receive from Choongo?

- 3 Match the following statements with the appropriate word or phrase.

Statement	Word/Phrase
a) The statutory body responsible for monitoring flow of goods among countries for purposes of computing tax.	(a) Dumping
b) Document is signed by consular general of the importing country resident in the exporting nation.	(b) Charter Party
c) Bringing of low quality goods from rich countries at a cheaper price.	(c) Customs and excise authority
d) It is the difference between a country's visible exports and its visible imports in a given year.	(d) Consular Invoice
e) Document signed as a contract of hiring a ship based on the journey or period of time.	(e) Balance of Payment

- 4 In relation to partnership explain Partnership Deed.

- 5 What is meant by the word 'stock' found on the Stock Exchange?

- 6 Give three disadvantages of sea transport.

- 7 Use the words/phrases below to fill in the blank spaces:

Commercial banks, Central Bank, Fixed Deposit Account, stale, depositing, withdrawing post dated

- (a) A bank account on which interest is earned is
- (b) Stanbic, Investrust, Indo-Zambia are all examples of
- (c) is the principal financial institute in any given country.
- (d) Automated teller machines can be used for both and cash.
- (e) When a cheque stays for more than six months, it becomes
- 8 Give brief explanation of data post as a communication service
- 9 Briefly explain endowment insurance policy.
- 10 List five factors which would influence the choice of media.

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 How do commercial services assist a doctor in running a small hospital?
- 2 (a) Describe the functions of a wholesaler.
(b) Discuss the functions of the Zambia Revenue Authority.
- 3 (a) Outline the differences between partnerships and limited companies.
(b) Explain the benefits of a shareholder.
- 4 (a) Explain the disadvantages of rail transport.
(b) Discuss the benefits of advertising to the manufacturer.
- 5 (a) Outline the importance of commercial banks to business.
(b) Express the principle of indemnity.

EXAMINATIONS COUNCIL OF ZAMBIA

Examination for General Certificate of Education Ordinary Level Commerce 7100/1

Friday

5 AUGUST 2022

Time: 2 hours 30 minutes

Marks: 100

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 Commerce is concern with
 - A distribution of goods and services.
 - B exchange of goods and services.
 - C provision of direct services.
 - D production of goods and services.

- 2 involves the destruction of the ecosystem and general environmental pollution.
 - A Deforestation
 - B Degradation
 - C Diseases
 - D Displacement

- 3 A contract that is based on an illegal purpose to the public policy affects its
 - A agreement.
 - B binding.
 - C consent
 - D enforceability.

- 4 Which of the following are factors to consider when putting up a retail business?
 - (i) Cost of site
 - (ii) Public image
 - (iii) Accessibility
 - (iv) Trade growth
 - (v) Busy area
 - (vi) Look at future trends

- A (i) and (vi)
 - B (v) and (vi)
 - C (i), (iii), (iv) and (v)
 - D (ii), (iii) and (v)
- 5 Strict control must be maintained over goods entering and leaving a country both to prevent the movement of prohibited goods and collect duty where necessary by ...
- A international monetary fund.
 - B excise control.
 - C entrepot trade.
 - D customs authority.
- 6 Business owned and controlled by the government on behalf of the citizens is known as ...
- A public sector.
 - B public limited company.
 - C public corporation.
 - D co-operatives.
- 7 The maximum number of shareholders allowed by law to be part owners of a public company is ...
- A any number more than two.
 - B fifty.
 - C seven.
 - D two.
- 8 A is a document prepared by a broker that concludes a deal in the buying and Selling or shares at the Stock Exchange.
- A bank note
 - B contract
 - C jobber
 - D quotation
- 9 The following are true about sea transport except ...
- A carries goods door to door.
 - B economical in the use of labour and fuel.
 - C faster over long distance.
 - D provides links to all continents of the world.

- 10 Warehouses which are used to store goods which have been brought into the country by an importer are known as ... warehouses.
- A wholesale
 - B retailers
 - C manufacturers
 - D bonded
- 11 A type of ship designed to carry liquids such as oil and chemicals are ...
- A tramps.
 - B tankers.
 - C liners.
 - D Coasters.
- 12 Building societies' main area of business is..
- A providing cheque facilities.
 - B clearing of cheques.
 - C being financial adviser to the government.
 - D approving mortgage bonds to house buyers.
- 13 To endorse a cheque is when a payee ...
- A signs at the back of the cheque.
 - B writes his name.
 - C writes the name of the drawee on the back of the cheque,
 - D writes his name on the front of the cheque.
- 14 A postal service that enables members of the public to send short replies to businesses Without having to pay for stamp is known as ...
- A business reply service.
 - B franking machine,
 - C poste restante.
 - D registered mail.
- 15 The following are means of communication except ...
- A buses.
 - B fax.
 - C newsletters.
 - D notice board.
- 16 is a service used for sending less urgent or perhaps heavier letters.
- A Airmail
 - B Electronic mail
 - C Free post
 - D Second class post

- 17 The document that is issued to the insured after paying premium for the first time is called...
- A proposal form.
 - B note issue.
 - C insurance policy.
 - D cover note.
- 18 Why would a manufacturer advertise using television?
- A It appeals to both literate and illiterate.
 - B It has low cost of exposure.
 - C It is not suitable for those in rural areas.
 - D The advertisement lasts long.
- 19 advertising aims at defeating its competitors by emphasising that customers buy their products.
- A Reminder
 - B Persuasive
 - C Informative
 - D Collective
- 20 Which one is not a danger of advertising?
- A Adverts may brainwash consumers
 - B Goods advertised may be harmful
 - C Sales and Profits are increased
 - D Selling prices may be increased

SECTION B: [40 Marks]

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

- 1 Explain commerce as a branch of production.
- 2 (a) Match the items in column A with those in column B.

	Column A		Column B
(i)	Offeror	(i)	Various laws enforced by the government to ensure that consumer's interests are protected and not cheated by businessmen
(ii)	Consumer protection	(ii)	Traders who move from place to place using vans or lorries on which merchandise is arranged.
(iii)	Mobile shops	(iii)	This is a party or a person who makes an offer to another.

- (b) Asante is charging K500,00 for a hand bag. She offers 15% trade discount, How much will she receive?
- 3 Why Is it important for customs authorities to keep statistical records on imports and exports?
- 4 Explain Memorandum of Association.
- 5 Which three of the following are TRUE about a LISTED COMPANY?
- (a) Shares of a company are accessible to the general public through an established stock exchange.
- (b) This is a company that has been listed as a best performing company in the country.
- (c) When companies are listed they undertake to comply with the listing rules of stock exchange
- (d) Listed company/companies must operate in a transparent manner and show good corporate governance.
- 6 Choose the correct word to complete the following from the word list:
- | | | | | |
|--------|-------------|---------|-----------------|-----------|
| Tramps | Wholesalers | Tankers | Passenger liner | Retailers |
|--------|-------------|---------|-----------------|-----------|
- (a) are ships which are specially built for carrying travellers.
- (b) The warehouse are vital for storage of goods from various manufacturers before selling them to retailers and consumers.
- (c) are ships that go wherever they can to collect cargo.
- 7 Why would a bank refuse to pay a cheque?
- 8 Explain the advantages of remitting money by ordinary money order.
- 9 Explain the meaning of insurance.
- 10 Explain clearly why a person would use posters to advertise as compared to other medias

[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 Discuss five ways in which the government may ensure that negative impact on the environment resulting from commerce and production is minimized.
[Total: 20 marks]

- 2 (a) Mr Mudaala wishes to buy a tractor but does not have sufficient cash to pay the full purchase price. He decides to finance the transaction by means of hire purchase. Explain to him the features of hire purchase agreement.

 (b) Outline the remedial action taken by a country to improve the unfavorable balance of payment.
[Total: 20 marks]

- 3 (a) Discuss why a sole proprietor is the most common form of business in Zambia.
 (b) What are the functions of the stock exchange?
[Total: 20 marks]

- 4 Explain:
 (a) the importance of the manufacturers warehouse,
 (b) persuasive advertising.
[Total: 20 marks]

- 5 (a) Explain the purpose of insurance
 (b) Outline at least four factors that a bank will consider before deciding to give a loan to a trader.
[Total: 20 marks]

ANSWERS FOR COMMERCE – 2020 SPECIMEN**SECTION A [20 Marks]**

1. A	5. D	9. C	13. B	17. B
2. B	6. B	10. A	14. C	18. A
3. D	7. B	11. D	15. A	19. D
4. C	8. A	12. B	16. D	20. C

SECTION B [40 Marks]

1.
 - (i) Production improves people's lives
 - (ii) An invitation to treat is a request to offer
 - (ii) Climate change is one of the effects of production on environment

2.
 - (a) *Features of Cash and Carry Wholesaler*
 - Deals mainly in groceries and other goods which do not require personal service
 - Stock a wide range of goods
 - Operates from large buildings
 - Customers use trolleys whilst shopping
 - Goods are displayed in shelves
 - Goods are sold to both retailers and consumers

 - (b)

10 Bags of white sugar at K1 500.00	= K 15 000.00
Less 10% Trade Discount	= K1 500.00
	= K13 500.00
Less 2% Cash Discount	= K270.00
	= <u>K13 230.00</u>

3

	Column A		Column B
(i)	Quotas	(i)	Restriction in a number of goods entering the country.
(ii)	Balance of Trade	(ii)	Differences between visible exports and visible imports
(iii)	Charter Party	(iii)	Document used when ship is hired.
(iv)	Bill of lading	(iv)	Document used when goods are carried by sea
(v)	Trade Barriers	(v)	One of the difficulties faced by traders in foreign trade.

4.
 - (a) Sole Trader
 - (b) Public Corporation
 - (c) Public Limited Company

- 5 *Functions of a Broker When he Acts as a Dealer on the stock Exchange*
 - Buying and selling shares for himself
 - He deals only with stock brokers and not with members of the public
 - He advises clients on market conditions
 - He prepares documentation (contract) when a deal to buy or sell shares is Concluded
 - He may specialize in certain types of shares. E.g. mining shares

- 6 *Advantages of Road Transport*
 - Roads reach almost everywhere
 - Road transport is faster and more convenient
 - Road transport offers door to door delivery
 - Road transport is flexible as to time.
 - Road transport is cheaper

- 7 *Functions of the Central Bank*
 - Printing and minting money
 - Supervising the banking system
 - Lender of the last resort
 - Issuing bank notes and coins
 - Servicing the national debt

- 8 *Cash on Delivery*
 - Customers pay the trade charge before the goods can be delivered
 - Mostly used by mail order companies that sell goods through the post office
 - The post office acts as an agent for the seller
 - The customer will only be given the goods on payment of trade charge specified by the sender.

- 9 *Non-Insurable Risks*
 - These are risks that cannot be insured against due to the following reasons:
 - They are impossible to assess
 - They have no past records making it difficult to determine a fair premium
 - If the risk is illegal and not in public interest
 - If the person seeking insurance cover has no insurable interest in the item to be insured.

- 10 *Advantages of Using Television as Media of Advertising*
 - Give lasting impression by means of sound and vision
 - Gives wide coverage because television is viewed in most households
 - It provides repeated advertisements

- The advert is colorful and has great impact
- Can be shown at the right time for the right audience

SECTION C [40 marks]

1 *Aids to Trade That a Person Engaged in Farming Can*

WAREHOUSING

- Storage of raw materials, farming input
- Storage of farm produce awaiting transport
- Storage of produce requiring refrigeration
- Storage of seasoned products
- Protect from weather elements such rain

ADVERTISING

- Inform customers of farm products
- Enable farmer to recruit workers
- Persuade potential customers
- Enable farm to increase sales through radio, newspaper, TV

BANKING

- Essential for making and receiving payments through cheques, standing order, direct debt, credit transfer, e.t.c
- Helps with financial assistance through loans and bank overdrafts
- Essential for depositing money
- Can obtain foreign exchange

TRANSPORT

- Enables the farmer to deliver farm produce to the market
- Moves workers to and from work
- Helps to deliver raw materials, equipment, farm inputs through rail, road, sea and air.

INSURANCE

- Insures the farmer against possible loss e.g. raw materials, low yield farm
- property through third party claims. For example public or employer's liability
- Helps farmer to continue trading without fear of risks occurring.

COMMUNICATION

Allows farmer to contact different types of suppliers

Allows farmer to get in touch with workers

Can settle queries, complaints

Quick and reliable means of communication through email, telephone, Internet

- 2
 - (a) *Main Features of Large Scale Retailer*
 - offer self service to customers with shopping baskets and trolleys
 - They sale a variety of goods
 - They have large trading spaces designed to make trading easier
 - They provide customers with additional facilities such as car parks,
 - They have check outs where cashiers collect payments from customers
 - Goods are attractively displayed in appropriate sections
 - Have branches across the country
 - Usually sell goods at cheaper prices
 - They sale packaged, branded and priced goods
 - Buy goods directly from producers at factory price
 - (b) *Problems a Large Retailer Might Face if it Decided to Sell Goods In Foreign Trade*
 - Language problems as different countries use different languages
 - Distance problems
 - Differences in units of measurement as different counties use different methods of measuring distance, volumes and weight.
 - Payment for goods and services as different countries use different currencies
 - Laws and customs differ from country to country.
 - Foreign trade requires a lot of documentations
 - Trade Barriers; too much restrictions in foreign trade
 - Pilfering and theft of goods at seaport or airports
 - Costly as it requires insurance
- 3
 - (a) *Features of a Public Limited Company*
 - Owned by shareholders
 - All shareholders have limited liability
 - There is continuity of the business even after the death of important shareholders
 - Have greatest access to capital as they have greatest borrowing capacity
 - Shares are offered for sale to the general public by means of a prospectus
 - Shares can transferred freely without the consent of other shareholder
 - The name of the Public Limited Company ends with PLC
 - Financial reports are advertised to members of the public
 - Shares are offered for sale on the Stock Exchange
 - Controlled by Board of Directors elected by shareholders
 - (b)
 - (i) *Ordinary Shares*
 - They have voting rights at Annual General Meetings (AGMs)
 - They have no fixed rate of dividends. Dividends is proposed by Board or Directors and approved by shareholders at the AGM

- They are the last to be paid dividends out profit of the company
- They are the last to be repaid capital if a company is liquidated. They run a greater risk of losing capital invested if the company is liquidated
- They are the most important type of shares

(ii) *Preference Shares*

- They have a fixed rate of dividend
- They have voting rights at the Annual General Meetings
- They have no say in the management of the company
- They have the first to receive dividends at the end of each successful financial year
- They are the first to receive payment in case of company liquidation
- The types of preference shares participating preference shares and Cumulative preference shareholders.

4 (a) *Importance of Efficient Transport System*

- It delivers raw materials, partly finished goods, equipment and spare parts to factories
- It delivers finished goods to the warehouses as well as to customers
- It enables people to go to and from work
- It enables company executive, sales people to visit their clients
- It brings revenue for the transport company
- It enables traders to visit their suppliers
- It encourages the country's economy to develop

(b) *Freepost*

- It is a postal service
- It enables the person to send mails without affixing a postage stamp
- the recipient pays for the postage when collecting mail
- Freepost offers two different services
- A firm may send out pre-printed labels or envelopes to potential or existing customers, including the word "Freepost" in the address. This may be on first or second class basis, and in either case the firm pays a surcharge for the service.
- Alternatively the firm may invite customers to reply to a Freepost address by including It in advertising material, having first made appropriate arrangements with the post office.

5 (a) *Importance of Taking Out an Insurance Policy*

- Compensating traders for loss of goods in transit or goods in the warehouse

- Protects traders against financial losses in case of fire, theft, accidents
- Encourage traders to enter into large scale businesses which they might have avoided for fear of incurring great losses.
- It spreads risks around many insured persons so that losses suffered by one person are paid by all insured ones.
- Covers claims from third parties for example compensation paid to employees under Employer's Liability
- Provides compensation for loss of business activities due to fire burning down business premises covered under consequential loss insurance
- It provides insured persons with means of saving money e.g. when one takes endowment policy.

(b) *Benefits of a Current Account*

- Customers are able to make payments by cheque
- Money can be withdrawn at any time
- The account allows bank overdraft
- Customer is able to receive financial advice on business investment
- The customer is allowed to use night safe facilities
- The customer is able to make payments by credit transfer, standing order, and direct debit
- The customer is able to get loans
- No minimum balance required to maintain the account
- The customer can obtain foreign exchange
- Safe keeps the customer's money

ANSWERS FOR COMMERCE – 2020 INTERNAL**SECTION A**

1. A	5. C	9. A	13. B	17. B
2. C	6. D	10. B	14. A	18. B
3. D	7. C	11. C	15. B	19. A
4. D	8. D	12. A	16. C	20. A

SECTION B

- 1
 - (i) Food
 - (ii) Shelter
 - (iii) Water
 - (iv) Medical care
 - (vi) Clothing

2.
 - (a)
 - (i) False
 - (ii) True
 - (iii) True

 - (b)

10 Pockets x K95.00	= K950.00
5 Tones x 120.00	= K600.00
Invoice	= K1,550.00

3.
 - (i) Entreport
 - (ii) Import Trade
 - (iii) Excise Duty
 - (iv) Quota
 - (v) Certificate of Origin

4. Partnership: A relationship between two or more people own and run a business with the view of making profit.

5. *Roles of the Exchange and Security Commission (SEC)*
 To see that any person dealing with securities is licensed
 Any security market must be licensed as a security exchange
 All securities of a public company which are publicly traded must be registered
 Collective investment schemes must be authorized by the SEC

- 6
 - (a) Liners
 - (b) Tramp
 - (c) Roll-Oh-Roll-Off (RORO)

7

	SENTENCE (A)		PHRASE (B)
(a)	An account which does not earn interest but is popular with business people.	(i)	Current account
(b)	Which bank issues notes and coins?	(ii)	Central Bank
(c)	Name the account intended for a small saver with regular income	(iii)	Savings account
(d)	Banks owned by financial cooperatives and controlled by the same members	(iv)	Credit union
(e)	A document equivalent to a banker's cheque	(v)	Banker's Draft

8. (a) Documents, images or exact Copy
 (b) Fast, Reliable
 (c) Cellular phone, mobile phone
 (d) Confra-vision or video conferencing zoom
9. Whole Life Assurance
 Premiums are paid through out the person's lifetime
 Sum assured payable only upon death of assured
 Sum assured paid to the beneficiaries at death of the assured either in instalments or as a lump sum.
- 10 Internet
 It is a global network of computers.
 Has the worldwide coverage
 Able to receive immediate feedback
 Combine visual and sound impact adverts can be attractive in color
 Operates 24/7
 Able to send information
 Can be used for business

SECTIONC [40 Marks]

1. *Possible Solutions to Effects of Environment Degradation*
- Civic education: Through sensitization, workshops, seminars which help people to understand
 - Act to protect the environment by putting posters to warn,
 - Provision of dustbins placed in public places
 - Temporally store waste
 - Plant trees (afforestation) which improves the biodiversity of the surroundings. It also prevents soil erosion
 - Government intervention through formulation of policies
 - Control the degradation of the environment

- Community involvement. Habitats to act responsibly to ensure a healthy and protected environment
 - Corporate social responsibility; voluntary commitment by business houses to care for the environment.
 - Recycling; assists in the reduction of pollution and indirect production.
2. (a) *Characteristics of Small Scale Retailers*
- They are owned by one person
 - Have small capital
 - Cannot advertise on a national scale
 - Located in townships and villages where rent is cheaper
 - They open businesses for longer hours
 - Offer personal services such as personal attention
 - Have unlimited liability
 - Don't employ high skilled workers
 - Gets help from family members
 - They offer credit facilities
- (b) *Trade Barriers*
- These are restrictions that limit trade. They include the following:
 - Quotas
 - Embargo
 - Customs duty
 - Tariffs
 - Sanctions
 - Change in government policy
 - Exchange rates
 - Buy Zambian to protect local industries
3. (a) *Features of Public Enterprise (Public Corporation)*
- Set up by an Act of Parliament
 - Owned by the government on behalf of the citizens
 - Minister appoints Board of Directors
 - The purpose of the corporation is to provide members or the public with goods and services at reasonable prices.
 - Capital is provided by the central government in the form of grants
 - Loans may also be obtained from creditors
 - Profits are used for improvement of infrastructure such as roads, bridges, schools, hospitals etc.
 - Some profits are retained in the business to expand the business (plough back profits)

- Profits can also be used to reduce taxes

- (b) *Factors That May Influence Share Price on The Stock Exchange*
 - Profits can cause the price to go up
 - Losses can cause prices to go down
 - The number of people who want to buy shares
 - Rates of dividends paid to share holders
 - Reputation of the company
 - Change in government policy
 - Discoveries of new industries e.g. minerals
 - Future prospects of a company
 - New opportunities for investment and the possibility of making profits

- 4. (a) *Importance of Transport to Trade*
 - Clears production line thereby enhancing mass production
 - Creates utility by bringing goods within the consumers reach
 - Enables executives, sales representatives, traders, employees to move
 - Enables goods to reach consumers at the right time and right place
 - Improves bilateral trade between nations
 - Provides consumers with a wide choice of goods
 - Provides more opportunities for specialization
 - Help traders to advertise
 - Gives revenue to traders in transport business

- (b) *Advantages of Advertising to Consumers*
 - Consumers are informed on goods and services which they may not be aware of
 - Introduces consumers to a wide range of goods which may improve the standard of living
 - Informs consumers where and when goods are available
 - Competition between producers may lower prices
 - Advertising introduces wide choice of goods
 - It reminds consumers of old and existing goods
 - Helps spread government information to members of the public
 - Consumers are informed of product changes
 - Allows local notices to be advertised e.g. notices on births, deaths, marriages etc.

- 5 (a) *The Process Involved in the Electronic Cheque system*
 - The bank customer writes a cheque and sends to the payee
 - Payee deposits cheque into his bank
 - Bank cashier runs a cheque through a reader
 - Reader captures the required information e.g. cheque number, account number

- Cheque scanned through the scanner
- Cheque turns into virtual image to be sent electronically
- Folders electronically sent to clearing house department at the Head office
- Folders are consolidated from all branches and sent to Zambia Electronic Clearing House (ZEC)
- At ZEC, the indebtedness between banks is ascertained and the settlement between banks done.

(b) *Features of Utmost Good Faith in Insurance*

- Demands honest and faithfulness from both the insured and the insurer
- Every relevant and material facts relating to the policy being under taken must be stated.
- Insured must fill in proposal form giving out the truth in full. It enables one assess the risk
- Enables the insurance company to decide whether or not to accept the risk and determine the premium
- Insurance company honors promises and obligations in the Contract
- The contract may declared null and void if utmost good faith is violated

ANSWERS FOR COMMERCE – 2021 G.C.E

SECTION A

1. D	5. D	9. C	13. C	17. D
2. C	6. A	10. B	14. A	18. C
3. D	7. B	11. C	15. A	19. D
4. D	8. D	12. A	16. C	20. A

SECTION B

1. *Career Prospects Available After Studying Commerce*

- Entrepreneurship
- Business
- Marketing
- Auditing
- Banking
- Accounting

2 (a) *Elements of a Valid Contract*

- Intention to be bound by the contract
- Offer and acceptance
- Capacity of the parties

- Consent
- Possibility of performance
- Lawful

(b)	100 Test Tubes at K50.00 each	= K5 000.00
	200 Lab reagents K100.00 each	= K20 000.00
		= K25 000.00
	Less: 5% Trade Discount	= K1 250.00
		= <u>K23 759.00</u>

3. (a) (i) Goods
(ii) Services
(b) Favourable
(c) Import Duty
(d) Raw Materials

- 4 (a) True
(b) True
(c) False

5 *Characteristics of Ordinary Shares*

- They have right to vote
- Do not have fixed rate of dividends
- Receive dividends after preference shares
- Have greater risk of losing capital
- Usually given to founder members
- Receive invested capital after preference shares in case of liquidation

6 *Examples of Goods that can be Carried by Rail*

- Copper ore
- Coal
- Timber
- Building materials
- Liquids, fuels and gases
- Livestock

7 *Reasons for Dishonoring Cheques*

- Wrong date and no date
- Amount in words different from amount in figures
- Insufficient funds
- Post-dated cheques
- Drawer has stopped the cheque

- Different signature from specimen
 - The drawer has closed the account
 - The bank has been notified of death or insanity of the drawer
 - When the cheque is defaced or soiled
- 8
- (i) Registered mail
 - (ii) Telephone or cellphone
 - (iii) Express mail
 - (iv) Fax
- 9
- Insurable risks*
- Accidents
 - Injury to employee
 - Public claims
 - Damage to property
- 10
- Benefits of Advertising*
- Increase in sales
 - Maintain market share
 - Introduce new products on the market
 - Protect favourable image of the company
 - Remain competitive
 - Inform customers on goods available
 - Improves people's quality of life
 - Informs customers on matters of public interest
 - Create employment

SECTION C

- 1 *Benefits of Commercial Activities (AIDS TO TRADE) to Commercial Farmers*

WAREHOUSING

Storage of raw materials, farming input
Storage of farm produce awaiting transport
Storage of produce requiring refrigeration
Storage of seasoned products
Protect from weather elements such rain

ADVERTISING

Inform customers of farm products
Enable farmer to recruit workers
Persuade potential customers

Enable farm to increase sales through radio, newspaper, TV

BANKING

Essential for making and receiving payments through cheques, standing order, direct debt, credit transfer, e.t.c

Helps with financial assistance through loans and bank overdrafts

Essential for depositing money

Can obtain foreign exchange

TRANSPORT

Enables the farmer to deliver farm produce to the market

Moves workers to and from work

Helps to deliver raw materials, equipment, farm inputs through rail, road, sea and air.

INSURANCE

Insures the farmer against possible loss e.g. raw materials, low yield farm

property through third party claims. For example public or employer's liability

Helps farmer to continue trading without fear of risks occurring.

COMMUNICATION

Allows farmer to contact different types of suppliers

Allows farmer to get in touch with workers

Can settle queries, complaints

Quick and reliable means of communication through email, telephone, Internet

2 (a) *Factors to Consider When Choosing a Site For a Retail Trade Business*

- Demand for goods and services
- Accessibility for consumers and for suppliers of goods
- Cost of site
- Competition
- Security of the shop
- Parking space
- Transport and communication
- Trade growth
- Busy area

(b) *Reasons Why Countries Trade With Each Other*

- Widens country's market for goods and service
- Enables the country to specialize in producing goods and services

- Enable exchange of technology
 - Helps foster political friendship
 - Improves country's balance of payment and balance of trade
 - Enables local industries to improve on the quality of their goods
 - Helps country to sell its surplus goods
 - Improves standard of living
 - Enables country to have foreign Exchange
 - Consumers have a wide range of goods
 - Goods may be cheaper from other countries
3. (a) *Disadvantages of a Public Limited Company*
- Raising capital can be expensive as it involves stock exchange market
 - More costly to establish and more legal formalities
 - More formalities in running a public limited company e.g. holding AGM, quoting shares at stock exchange, etc
 - Risks of being taken over if 50% of shares are bought by another company
 - Publication of financial records reduces privacy
 - Management of company becomes difficult due to size
 - Shares can be under subscribed resulting in low capital
 - Separation between shareholders and people managing the company may lead to conflicts if wrong people are employed.
- (b) *Importance of Stock Exchange in Commerce*
- To provide a market place where dealers can buy and sell stocks, shares and other quoted securities
 - Companies may need capital to spend on buildings, equipment
 - When government also needs money on long term development, can sell securities to the public
 - The public is prepared to lend money but not permanently, if they want their money back, the company or government will not be ready repay before the bonds mature.
 - If lenders need money to be repaid, they can sell shares or bonds to someone also on the stock exchange.
 - Without stock exchange, buyers and sellers would find it difficult to make contact and negotiate a fair price for their investment
 - Increase job opportunities and creates more wealth in the nation.
- 4 (a) *Advantages of containerisation*
- Increased speed of delivery
 - Can be transferred quickly between different forms of transport e.g. rail to sea
 - Increase quick turn round of ship and vehicles

- Goods not taken out of the container until they reach destination
 - Easy loading and offloading
 - Eliminates use of warehouse
 - Less risk of theft and damage
 - Less insurance costs
 - Mixed cargoes to be easily carried
 - Less manual labor needed so wages are saved
 - (b) *Benefits of Advertising to a Manufacturer*
 - Inform prospective customers in availability of goods, persuade them to buy.
 - Hence increase sales and market share.
 - Find workers and fill job vacancies
 - Announce new products or changes in a product
 - Maintain sales by keeping their products before customers
 - Project favourable image of itself and its products
 - Can obtain information on raw materials
 - Can lead to low product cost per unit of items and possibly high profits.
- 5
- (a) *Functions of the Central Bank*
 - Issue bank notes and coins and collect worn out notes from circulation
 - Keeping the government account
 - Serving national debts
 - Lender of last resort
 - Bankers' bank
 - Supervision of the banking system
 - Bankers' clearing house
 - Advisor to the government
 - Supervise exchange rates
 - Manages Country's reserve
 - A conduit of foreign exchange inflow and outflow of the country
 - (b) *Factors to be Considered When Fixing a Premium for a Motor Vehicle*
 - Value of the car
 - Number of using the car
 - Occupation of driver
 - Purpose for which vehicle is used
 - Number of people wishing to insure against the risk
 - Type of motor insurance required
 - Whether third party or comprehensive
 - Age of driver
 - Past experience of the driver
 - Number of accidents Involving the type of vehicle

ANSWERS FOR COMMERCE – 2021 INTERNAL**SECTION A**

1. C	5. D	9. A	13. D	17. C
2. D	6. D	10. B	14. D	18. C
3. D	7. B	11. B	15. C	19. D
4. C	8. B	12. A	16. B	20. C

SECTION B

1

	List	Stage of Production
(i)	miner/farmer	Primary production
(ii)	manufacturer	Secondary production
(iii)	teacher/doctor	Tertiary production

2. (a) Inquiry: Letter /document sent by potential buyer to supplier seeking information about goods offered for sale and the prices, sizes and other terms of sale.

- (b) 45 bags K80,00 = 45 x K80 = K3 600.00
 Less 15% Trade Discount = $K3\ 600.00 \times \frac{15}{100} = K540.00$
 Received from Choongo K3 600.00 – K450.00 = K3 060.00

3

Statement	Word/Phrase
a) The statutory body responsible for monitoring flow of goods among countries for purposes of computing tax.	(a) Customs and excise authority
b) Document is signed by consular general of the importing country resident in the exporting nation.	(b) Consular Invoice
c) Bringing of low quality goods from rich countries at a cheaper price.	(c) Dumping
d) It is the difference between a country's visible exports and its visible imports in a given year.	(d) Balance of Payment
e) Document signed as a contract of hiring a ship based on the journey or period of time.	(e) Charter Party

4 *Partnership Deed*

- An agreement between partners stating, name of partnership, amount of capital to be contributed by each partner, ratio of sharing profits and losses.
- It also contains specific roles for each partner, salaries of partners working full time.

- It is in the partnership deep where you will find how and where financial records would be kept. How much each partner can draw from the business.
 - Duration of the partnership and its duration.
- 5 *Stock*
A number of shares usually grouped in hundreds consolidated into one block for easy handling.
- 6 *Disadvantages of Sea Transport*
- Slow
 - Sea transport requires other forms of transport (Transshipment)
 - Goods can easily be damaged or lost
 - Quality and flavor of goods may be affected by corrosive water
 - Available only to countries with coastlines
 - Subjected to effects of sea tides and weather
 - Does not offer door to door services
 - Not suitable for urgently required goods
- 7 (a) Fixed Deposit Account
 (b) Commercial Banks
 (c) Central Bank
 (d) Depositing and withdrawing cash
 (e) Stale
- 8 Data Post: It is a postal service used to deliver documents to recipients by notifying slips from Post Office. It provides a speedy, secure and highly reliable service for sending business documents and goods. It is useful for exchange of computer materials such as tapes, diskettes etc.
- 9 *Endowment Insurance Policy*
Premium is paid periodically over an agreed period of time. Sum assured is paid to the assured person at the end of the agreed period or to his /her beneficiary in case the assured dies before maturity date.
- 10 *Factors Which Influence the Choice of Media*
- Target group of the particular product
 - The area to be covered
 - The cost of advertising
 - What the advertisement is expected to achieve
 - The nature of the product
 - The duration of the advertisement
 - Method of appeal / Types of message

SECTION C

1 *How do commercial Services Assist a Doctor in Running a Small Hospital?*

Banking

- Safe keep the money /deposits
- Make payment either by cheque for supplies received
- Receive payments from customers by cheques or electronically
- Receive advice an investment

Insurance

- Compensate /indemnify/restore
- Get protection against financial loss. arising from risks such as fire, damage to
- property, theft of medical supplies
- Doctor to ensure against employer's liability, public liability/third party

Communication

- Make contacts /get in touch with workers and patients, suppliers of medical facilities.
- To provide information
- To order for supplies through e-mail, telephone, fax etc.

Advertising

- Inform people of location of hospital
- Inform people of new services offered
- Get information on suppliers of medical supplies
- May inform public of job vacancies
- Persuade people to use hospital facilities through radio, television, newspaper

Transport

- Will help to move medical supplies from suppliers to hospital
- Move workers to and from hospital
- Move patients to the hospital
- Move doctors to visit patients either road, rail, air and sea

Warehousing

- Will help store medicines, equipment
- Medicines will be kept in cool room waiting to be used.
- Protect medical supplies against weather elements such as theft, heat, damage

2. (a) *Functions of a Wholesaler*

- Warehousing; Stores goods and keeps them safe until they are required by retailers.
- Risk Bearers; By storing goods in bulk. The goods may not be wanted the retailers.
- Keeping prices stable; Keeps steady flow of goods by holding goods in store to prevent either shortage or surplus on the market which may lead to changes in prices.
- Buy goods in bulk from the manufacturers
- Breaking the bulk and sells them in small quantities to the retailers.
- Provide a variety of goods to the retailers.
- Acts as reservoir for retailers' supplies
- Prepares the goods for sale by blending, grading, packaging of goods
- Marketing of goods by advertising
- He is the link between the manufacturer and the retailer
- Acts as a financier by paying cash for goods bought from manufacturers.

(b) *Functions of the Zambia Revenue Authority (ZRA)*

- Supervises the movement of goods across the national boundaries
- Supervises bonded warehouses
- Collects duty on dutiable goods
- Collects and keeps statistical data of imports and exports
- Enforces trade restrictions such as quotas
- Supervises movements of ship and aircrafts
- Prevents smuggling of goods
- Inspects documents used in foreign trade
- Stops entry of prohibited goods
- To collect excise duty levied on some locally produced goods
- To control public health

3 (a) *Differences Between Partnership and Limited Companies*

Partnerships	Limited Companies
Formed by two and twenty persons (except for professional partnerships)	Formed by at least two persons and no maximum
Members have unlimited liability, although some partnerships may have at least one partner whose liability is limited	Shareholders have limited liabilities
Does not have a separate legal entity	Has separate legal entity
Raise capital by contributions of the partners	Raise capital by sale of shares
Owned and controlled directly by owners	Owned by shareholders and controlled by Board of Directors
Lack borrowing capacity, thus they have less access to capital	Has greater borrowing capacity, thus has greater access to capital

- (b) *The Benefits of a Shareholder*
 - Earns dividends; a shareholder is able to receive dividends from the Company
 - Dividends are a distribution of part of the company's net profits to shareholders.
 - Realizes capital gains; a shareholder gains from the increase in value of shares.
 - If the company performs well, the demand for shares will be high
 - May attend the company's Annual General Meetings (AGMs)
 - May vote at the company's AGMs
 - May receive regular information on the company and copies of the annual reports and accounts.
 - Have the right to buy further shares if the company decides to issue them
 - Will benefit from the bonus declared by the company.

- 4 (a) *Disadvantages of Rail Transport*
 - It is not flexible as it follows a fixed time table and definite route
 - It is not suitable for emergency situations that require urgent delivery of goods
 - Transshipment is inevitable
 - Extra handling of goods means increased cost as well as higher risk of damage or loss of goods.
 - Has very high overhead costs and there is need to operate and maintain its own permanent way and stations.
 - Not economical for shorter distances
 - It is unsuitable for high/long/extra wide loads.
 - May operate at a loss as train run on fixed schedule whether they are full or not

- (b) *Benefits of Advertising to the Manufacturer*
 - Informs perspective on availability of goods for sale
 - Persuades customers to buy and hence increase sales and possibly profits
 - Increases their share of the market
 - Fill job vacancies
 - Introduce or announce a new product/and changes in a good
 - Project a favorable image on itself and its product
 - Maintains sales by keeping their product before the customers
 - The manufacturers can obtain information regarding source of raw materials, machinery, spares
 - Increased sales may lead to lower production costs per unit

- 5 (a) *Importance of Commercial Banks to Business*
 - Provide finance in form of loans or overdrafts to help business people finance their transactions.
 - Help business people receive payments for goods sold
 - Help business people make payments for supplies obtained

- Accept and discount bills of exchange
 - Provide foreign currencies to business people if required
 - Gives business advice on a variety of business matters such as insurance, taxation, investment opportunities
 - Provides safe custody facilities for important documents such as title deeds, certificates etc.
 - Provide other services such as act as executors or trustees
 - Provide Automated Teller Machines (ATM) facilities
- (b) *The Principle of Indemnity*
- The insured must be restored to the same financial position before the risk occurred
 - It does not allow the insured to make profit out of insurance
 - It is limited to the sum insured e.g. if the car is involved in an accident and the car is beyond repair, the insurance company will pay enough money to replace it depending on the sum insured. The insurance Company will take possession of the damaged car. This is called subrogation
 - The insured must not over insure the property in order to make profit.
 - The insured must not insure to more than one insurer. Otherwise, the property will be subjected to contribution.
 - Insured must also not under -Insure the property

ANSWERS FOR COMMERCE – 2022 G.C.E

SECTION A

1. A	5. D	9. A	13. A	17. D
2. B	6. C	10. D	14. A	18. A
3. D	7. A	11. B	15. A	19. B
4. C	8. B	12. D	16. D	20. C

SECTION B

1. *Commerce as a branch of production*
 - It deals with distribution of goods and services through trade and aids to trade
 - It is concerned with delivery of inputs such as fuels, machinery, spare parts to the industry.
 - Ferries raw materials from extractive to manufacturing Industry
 - Delivers finished goods to the market.

2. (a) MATCHING

	Column A		Column B
(i)	Consumer protection	(i)	Various laws enforced by the government to ensure that consumer's interests are protected and not cheated by businessmen
(ii)	Mobile shops	(ii)	Traders who move from place to place using vans or lorries on which merchandise is arranged.
(iii)	Offeror	(iii)	This is a party or a person who makes an offer to another.

(b) $K500.00 - 15\% = K500.00 \times 0.15 = K75.00$
 $= K500.00 - K75.00 = \underline{\underline{K425}}$

3 *Importance of keeping statistical records on imports and exports*

- To calculate balance of trade and balance of payment.
- To evaluate the effectiveness of tax collection mechanism.
- To design and assess the effects of trade policies
- To establish what goods and services are imported and exported from
- where they are imported and where they are exported.
- To establish value of taxes
- To enable the government determine the needs of people.

4 *Memorandum of Association*

- It a document that gives details of a company.
- It defines the powers and limitations of the company
- It governs the relationship of the company to the outside world.
- It gives important information such as name of the Company which should include either Pvt or Plc, location of the business, registered address e.t.c.
- It is prepared when forming a limited company
- It indicates the objectives of the company.
- Statement of limited liability for its shareholders
- Includes authorized capital.

5. *The following are true about a LISTED COMPANY;*

- Shares of the company are accessible to the general public through an established stock exchange.
- When companies are listed, they undertake to comply with the listing rules of the stock exchange.

- Listed companies must operate in a transparent manner and show good corporate governance.
6. (a) Passenger Liner are ships which are specially built for carrying travelers.
 (b) The wholesaler warehouse are vital for storage of goods from various manufacturers before selling them to the retailers and consumers.
 (c) Tramps are ships that go wherever they can to collect cargo.
7. *Reasons for banks refusing to pay a cheque*
- Not signed by a drawer
 - Drawer's account does not have enough money (Insufficient funds).
 - Drawer's signature differs from specimen signature
 - If the cheque is stale.
 - If it is post-dated cheque
 - Account holder instructs bank not to make any payments.
 - Amount in words differs from amount in figures.
 - When account holder dies, becomes insane, bankrupt
 - when the cheque has some errors e.g. cheque not signed.
 - If cheque has unsigned for alterations
- 8 *Advantages of remitting money by ordinary money order/postal order*
- Payment of money is guaranteed by the post office
 - Readily accepted in payment of goods and services.
 - Can be crossed and made payable through a bank.
 - Convenient for paying people without bank accounts.
 - It is cheaper and more economical method to use
 - It is the best way of paying people in remote or rural areas
 - Payment can be stopped incase the money order is lost
9. Insurance: The protection or cover given against a risk. That we are not sure would occur but which if it occurs would cause financial loss. Insurance company would give compensation for any loss if covered.
- 10 *Advantages of using posters to advertise*
- Can be seen on buildings everywhere
 - Persuades or informs the local people or community
 - Local people can afford the type of media
 - Cheaper than any other form of media
 - Convey the message visually to passersby
 - Advertisement can be placed on bill boards or along roadsides, on walls
 - They last longer.

SECTION C

- 1 *Ways in which the government may ensure that negative impacts on environment resulting from commerce and production is minimized.*

Legislation

Government should enact laws and regulations to govern activities in commerce and production

Observation of laws and regulations

Those not fulfilling the requirements should not be allowed to do business.

Supervision

To ensure effective supervision, government should establish supervisory bodies such as Zambia Environment Management Authority (ZEMA)

Ensure continuous monitoring of the activities of all production and Commercial firms.

Education and awareness

To educate and create an awareness among the public on the need to protect and take care of the environment e.g. recycling plastics.

Every citizen should notice any activity that threaten the safety of the environment and report to relevant authorities for corrective actions to be taken.

Direct Intervention

Government to take corrective actions to restore the environment e.g. where large scale deforestation has happened.

Use line ministry to afforestation and re-afforestation

Setting aside land for forestry and planting special tree species.

Law breakers should be brought to justice

Provision of dust beans

2. (a) *Features of Hire Purchase*
 - A down payment called deposit is made followed by fixed instalments at
 - regular intervals for a specified period of time.
 - The deposit is usually expressed as a percentage of cost price of an item.
 - The goods purchased on hire purchase do not become the property of
 - the buyer until the last installment has been paid.
 - The seller can repose the item if the buyer defaults.
 - Hire purchase is used for goods with a re-sale value e.g. cars, furniture, equipment etc.

- (b) *Remedial Actions to Improve unfavorable Balance of Payment.*
 - Devaluation of the local currency e.g. the Kwacha
 - Imposing Import quotas on importation of some foods considered not essential /harmful.
 - Imposing customs duty or tariffs.
 - Banning the importation of certain goods.
 - By borrowing money from within or outside the country.
 - Stimulation of exports of local producers
 - By increasing documentation and bureaucracy at point of entry.
 - Subsidizing local producers to increase local production to substitute for imports.
 - Exchange control, limiting the amount of currency leaving the country.
 - A Country may also have invisible items or services which it sells abroad which may earn money to offset any unfavorable balance of payment.
 - If a country has foreign reserves, it could draw on its reserves

- 3. (a) *Why is the Sole Proprietor the Most common Business in Zambia?*
 - Easy to set up
 - Easy to control and manage
 - Requires small amount of capital to set up
 - Owners make quick and independent decisions on how to run the business.
 - Owners keep close contacts with their workers and Customers.
 - Owner takes all profits made.
 - Business affairs kept private except when completing tax forms.
 - Gives satisfaction of running own business.
 - Can easily be adapted to changing circumstances
 - Business is flexible can easily be switched to a more profitable.
 - Suitable for many different businesses
 - Less documentation required.

- (b) *functions of the Stock Exchange*
 - Providing a market where shares and stock can be sold and bought.
 - It establishes prices for shares based on supply and demand.
 - Stock exchange approval gives some indications to the Investors that the company quoted is reputable.
 - Enables the companies to raise the capital required in financing businesses.
 - To ensure that the licensed members of the stock exchange perform their duties in accordance with strict rules of the exchange.
 - To compensate members of the public defrauded by dealers.
 - To provide rules which protect investors against fraudulent acts by some licensed members of the stock exchange.
 - To enable the government raise loan capital requirement
 - Stock exchange can be used to sell or buy second hand shares.
 - It provides efficient, fair, orderly and transparent market for secondary trading in shares and other marketable securities.
 - To enable financial institutions such as insurance companies to buy shares.

- 4
 - (a) *Importance of the Manufacturer's Warehouse.*
 - Provide storage of raw materials and components of machinery tools, spares.
 - Necessary for production to take place.
 - It keeps finished goods before transporting or selling them.
 - It allows production of goods before demand.
 - It ensures production continuity without interruption as raw materials are readily available.
 - Goods are protected from theft, bad weather, damage etc.
 - It keeps stock of finished goods that will be able to meet the demand of their customers most of the time.
 - (b) *Persuasive Advertising*
 - Aims at enticing or influencing customers in favour of purchasing a particular product.
 - It employs very powerful techniques aimed at reaching the target audience.
 - Mainly aimed at customers and which tries to persuade them to buy the advertiser's product rather than his competitor's products.
 - Uses attractive devices e.g. colour and music.
 - Aims to increase and maintain sales and profits.
 - Uses trade marks or names.
 - Only gives the positive about the product.
5.
 - (a) *Purpose of Insurance*
 - Financial Protection: Safeguards against unforeseen events that may cause financial losses.
 - Business Confidence: Business persons are able to Invest their money into businesses without the fear of losing out.
 - Compensation: A financial catastrophe is prevented by being compensated.
 - Restores the injured to the former position
 - Investment: Insurance companies consider it an investment through to make profit
 - The Pooling of Risks: People faced by risks indirectly come together to protect themselves.
 - Provides saving plan: It can be a measure of saving for a certain future plan. Life assurance provides a saving plan benefitting dependents.
 - (b) *Factors Banks Consider Before Deciding to Give loan*
 - The applicant's ability to repay the loan based on their income.
 - The security/collateral pledged by the customer e.g. an asset/property, house, car, land etc
 - Viability of a project, cash flow projections and the purpose
 - Nature of product or service the loan is for.
 - How much cash is at hand in the account of the applicant/credit worthiness.
 - The period during which the applicant can manage to repay the loan fully
 - The government regulations regarding the granting of loans at particular times.
 - How long the customer has saved with the bank.
 - Simple budget of the borrower
 - Amount of loan required