

ZIMBABWE SCHOOLS EXAMINATIONS COUNCIL

O' LEVEL

COMMERCE

PAPER 1

JUNE 2011

1. Which of the following defines the term 'commerce'?
 - a. distribution of goods and services
 - b. making of goods and services
 - c. provision of goods and services
 - d. selling of goods and services

2. Direct production is producing goods
 - a. directly for the consumer
 - b. in large quantities
 - c. to satisfy one's own needs
 - d. with the help of other people

3. Which of the following is an advantage of specialization?
 - a. goods are produced to one's own taste
 - b. high quality goods are produced
 - c. the worker can easily change jobs
 - d. the worker learns a variety of skills

4. Which is the correct order of the stages of production?
 - a. primary – tertiary – secondary
 - b. tertiary – primary – secondary
 - c. secondary – tertiary – primary
 - d. primary – secondary – tertiary

5. Cash and carry wholesalers
 - a. deliver goods to customers
 - b. offer credit to consumers
 - c. provide personal services
 - d. sell a variety of goods

6. Who forms a co-operative wholesale society?
- consumers
 - producers
 - retailers
 - wholesalers
7. Which of the following is a market for vegetables?
- commodity market
 - capital market
 - produce market
 - stock market
8. What types of retail outlet does the following statement describe? 'Similar shops, selling similar goods at similar prices'.
- chain store
 - department store
 - hypermarket
 - supermarket
9. On 6 March 2010, a customer bought 100 bags of cement at \$10 per bag on the following terms:
- Trade discount: 20%
- Cash discount: 2% if payment is made within 14 days
- How much will be paid if the account is settled on 24 April 2010?
- \$849
 - \$800
 - \$784
 - \$600
10. A trade discount is shown on the

- a. invoice
- b. delivery note
- c. receipt
- d. statement of account

11. Giving goods a distinctive name is called

- a. branding
- b. blending
- c. grading
- d. franchising

12. Which of the following is bought through hire purchase?

- a. a car
- b. a house
- c. clothing
- d. land

13. What is the use of a proforma invoice to a supplier?

- a. to acknowledge that goods were delivered
- b. to accompany goods being delivered
- c. to demand payment when goods are being delivered
- d. to request payment before goods are delivered

14. Which community is correctly paired with its market?

- | Commodity | Market |
|------------------|------------------|
| a. Insurance | Baltic exchange |
| b. hire of ships | Stock exchange |
| c. rubber | Commodity market |
| d. shares | Lloyds of London |

Use the following trade information for country X to answer questions 15 and 16.

- i). total goods exported : \$100 million
- ii). total goods imported : \$80 million
- iii). Total services paid: \$2 million
- iv). Total services received : \$11 million

15. What is the country's balance of trade?
- a. +\$20 million
 - b. - \$20 million
 - c. +\$9 million
 - d. - \$9 million
16. What is the balance of payment for the country?
- a. +\$11 million
 - b. +\$3 million
 - c. +\$20 million
 - d. +\$29 million
17. Which is not a function of the Consumer Council?
- a. arbitrates on behalf of consumers
 - b. educates consumers on their rights
 - c. enforces the manufacturer of quality goods
 - d. investigates consumer complaints
18. What name is given to a speculator who buys shares anticipating that the prices will fall?
- a. bear
 - b. bull
 - c. jobber
 - d. stag
19. Which is true of a Public Limited Company?
- a. it has a limited number of shareholders
 - b. it has limited liability
 - c. it has the Public Sector
 - d. it is owned by the government
20. Which document governs the internal affairs of a company?

- a. articles of association
- b. certificate of incorporation
- c. certificate of trading
- d. memorandum of association

21. Who forms trade associations?

- a. consumers
- b. government
- c. parastatals
- d. retailers

22. Which is the main function of building societies?

- a. approve building plans
- b. finance parastatals
- c. offer overdraft to businesses
- d. provide housing loans

23. Credit transfer is used to effect

- a. fixed monthly installments
- b. large one – off payments
- c. many payments using one cheque
- d. varied amounts at irregular intervals

24. The crossing on a cheque means that the cheque has

- a. been cancelled
- b. been stopped
- c. to be cashed
- d. to be deposited

25. What does public liability in insurance cover?

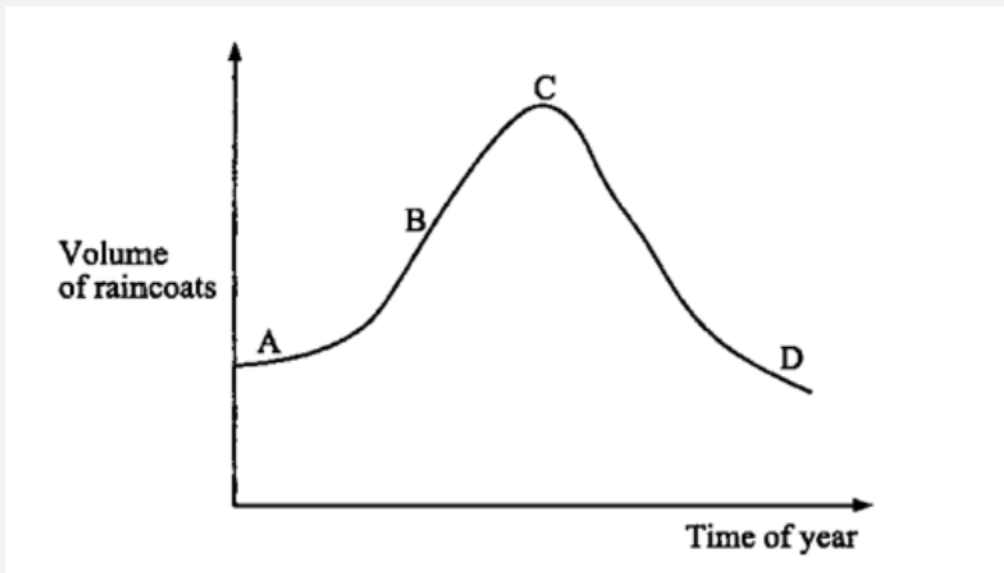
- a. a customer injured in a supermarket
- b. embezzlement of funds by employees
- c. employees injured at work
- d. employer from attack by employees

26. Mr Gomo insures his house against fire. Later, the house is destroyed by a storm. Which principle prevents him from receiving compensation?
- a. average clause
 - b. insurable interest
 - c. proximate cause
 - d. utmost good faith
27. Which is the correct order in which the following insurance documents are issued?
- a. claim form – cover note – policy
 - b. proposal – cover note – policy
 - c. policy – claim form – cover note
 - d. policy – cover note – claim form
28. An insurance company insures some big risk that it has accepted from a client with other insurance companies to spread the risk. This is an example of
- a. indemnity
 - b. re- insurance
 - c. bedging
 - d. contribution
29. Which postal service would a traveling salesperson use to receive letters when away from the base?
- a. poste restante
 - b. free post
 - c. expedited mail service
 - d. business reply service
30. What service would a firm posting large volumes of mail use?
- a. franking
 - b. recorded delivery
 - c. registered mail
 - d. sorting

31. What is the advantage of using telex?
- it allows dialogue to take place
 - it enables diagrams to be sent
 - messages can be corrected before sending
 - participants communicate face to face
32. Datel is used by banks to
- call the bank manager to reception
 - clear inter- bank cheques
 - hold conferences between branches
 - transmit customers' balances to all branches
33. It is not a function of seaport authorities to repair and maintain
- docks
 - roads
 - ships
 - warehouses
34. Which ship travels fixed routes on fixed timetables?
- coaster
 - liner
 - tanker
 - tramp
35. Which documents is used to accompany goods being transported by sea?
- bill of exchange
 - bill of lading
 - consignment note
 - indent
36. Which process is allowed when goods are in bond?
- branding

- b. manufacturing
- c. assembling
- d. refining

37. The graph shows trends in the storage of raincoats in a warehouse.



At which time of the year A, B, C or D is there peak demand for raincoats?

38. The Code of Advertising practice serves to ensure that adverts

- a. are attractive
- b. are truthful
- c. do not compete
- d. reach consumers

39. What media would be most appropriate to advertise a new tractor model?

- a. magazine

- b. poster
- c. radio
- d. trade journal

40. What type of advertising would a group of tea producers use to encourage consumers to drink the tea?

- a. competitive
- b. generic
- c. informative
- d. persuasive

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COMMERCE

PAPER 1

NOV 2000

1. Which is a commercial service?
 - a. teaching
 - b. police work
 - c. fishing
 - d. finance

2. What is the advantage to a manufacturer of using the channel of distribution shown below?

Manufacturer - Wholesaler – Retailer – Consumer

- a. controls the selling of goods
 - b. distribution costs are saved
 - c. goods reach the customer quickly
 - d. pushes his products better

3. Which product is suited for direct sales?
 - a. Christmas cards
 - b. Fashion clothing
 - c. Newspapers
 - d. Tea

4. Which is an advantage of do it yourself (D.I.Y) products?
 - a. Consumers assemble parts using accompanying instructions.
 - b. Customers serve themselves
 - c. Products are easy to select
 - d. Products are sold at competitive prices

5. Which term describes an arrangement by one company to grant permission to another company to use its trademark in selling products?
 - a. royalty
 - b. licence
 - c. lease
 - d. franchise

6. Which service does the wholesaler provide to manufacturers only but not to retailers?
- a. clearing of production lines
 - b. giving advice and information
 - c. offering storage of goods
 - d. steadying prices of goods
7. For what reason has the government of Zimbabwe privatized some agricultural marketing boards?
- a. to encourage finance schemes for farmers
 - b. to discourage competition from other producers
 - c. to reduce the quantities of produce from farmers
 - d. to stop subsidizing their operations
8. On 5 November 1999, a sports equipment shop bought sportswear valued at \$10 000 and received 20% trade discount and 5% 30 days cash discount.
- If payment was made in full on 3 December 1999, how much was paid?
- a. \$2 400
 - b. \$7 500
 - c. \$7 600
 - d. \$8 000
9. Which document provides customs officials of the importing country with reliable information for duty assessment purposes?
- a. bill of exchange
 - b. bill of lading
 - c. consular invoice
 - d. open indent
10. The document which is a negotiable instrument is
- a. a bill of lading
 - b. a charter party
 - c. an airway bill
 - d. an indent

11. The table below shows the foreign trade figures for country P

| | Z\$ million |
|--------------------------------------|-------------|
| Goods bought from foreigners | 600 |
| Money received from foreign tourists | 50 |
| Goods sold to foreigners | 400 |
| Payment for use of foreign transport | 40 |

What is the value of country P's trade balance?

- a. -Z\$190m b. +Z\$200m c. -Z\$200m d. +Z210m

12. The broker

- a. gives guarantee to the principal that the goods imported will be sold
- b. helps establish contact between sellers and prospective buyers
- c. offers specialist advice on transport facilities available
- d. takes possession of goods and sells them in his own name

13. Which law requires manufacturers to show the expiry dates of their products?

- a. Food and Foods Standards Act
- b. Consumer Council Act
- c. Sale of Goods Act
- d. Trade Descriptions Act

14. Which statement represents a disclaimer clause?

- a. 'Do not use for more than 10 days without consulting your doctor.'
- b. "Goods left at owner's risk.'
- c. "Quality guaranteed or your money back."
- d. Trespassers will be prosecuted."

15. The Standards Association of Zimbabwe uses the standards marks shown. Which standards mark is used for jewellery?

Diagrams

16. The turnover of a business for a given trading period is calculated as

- a. current assets less current liabilities
- b. sales less purchases
- c. sales less sales returns
- d. total assets less total liabilities

17. Which document contains details on the procedure for calling a general meeting for a public limited company?

- a. Articles of Association
- b. Certificate of Incorporation
- c. Memorandum of Association
- d. Statutory Declaration

Questions 18 and 19 relate to the table below which shows financial records for Milton Stores as at 30 June 1999.

| | |
|---------------------|---------|
| | Z\$ |
| Fixed Assets | 200 000 |
| Current Assets | 100 000 |
| Current Liabilities | 40 000 |
| Long term loan | 90 000 |

18. What is Milton Store's capital?

- a. \$60 000
- b. \$130 000
- c. \$170 000
- d. \$300 000

19. What is Milton Store's working capital?
- a. \$10 000 b. \$50 000 c. \$60 000 d. \$100 000
20. What is the advantage of turning a partnership into a private limited company?
- a. its capital will be provided by the state through taxation
b. the business will have continuity after the death of a shareholder
c. the government can easily control important sectors of the economy
d. the promoters can advertise their company in a prospectus
21. Paid- up permanent shares are sold by
- a. building societies
b. commercial banks
c. discount houses
d. merchant banks
22. The method of payment where the exporter is both the drawer and the payee is a
- a. bill of exchange
b. cheque
c. money order
d. promissory note
23. The financial market that provides mortgage finance is a
- a. building society
b. commercial bank
c. discount store
d. merchant bank
24. Which statement is true of a bank overdraft?
- a. Collateral security must be provided
b. It is a formal way of borrowing money
c. It is available to any applicant

- d. The repayment period is not fixed
25. Which is a characteristic of money?
- a. divisibility into units
 - b. measure of value
 - c. medium of exchange
 - d. store of wealth
26. What does a bank customer benefit by using the cheque system instead of automated teller machines (ATM's)?
- a. A statement can be provided on request
 - b. Overdrafts can be raised
 - c. The state charges stamp duty
 - d. Withdrawals can be made on demand
27. The principle of insurable interest states that
- a. all matters relating to the insurance contract are disclosed
 - b. the insured must not gain from a financial loss
 - c. the insured receives interest from the common pool.
 - d. The insured must suffer financial loss if the risk occurs
28. Which marine policy would cover the injury of the ship's crew or dock workers due to a fault of the ship?
- a. crew and dock workers insurance
 - b. hull insurance
 - c. open cover agreement
 - d. ship owner's liability
29. Public liability insurance covers
- a. faulty products
 - b. injury to customers
 - c. injury to employees at work
 - d. theft by employees

30. Which facility would one use to send copies of documents urgently from Harare to Johannesburg?

- a. expedited mail service (EMS)
- b. facsimile (fax)
- c. recorded delivery
- d. registered post

31. Which communication service is used in market research to encourage members of the public to respond?

- a. business reply
- b. expedited mail
- c. poste restante
- d. recorded delivery

32. The advantage of using video conferencing (confravision) is that

- a. a written message is received
- b. an answering machine can be used
- c. hotel accommodation expenses are saved
- d. information can be reprinted

33. Which document is a contract of carriage?

- a. certificate of origin
- b. consignment note
- c. consular invoice
- d. profoma invoice

34. Which is an advantage of road transport over rail transport?

- a. fixed timetables
- b. minimum transshipment
- c. quicker over long distances
- d. suitable for bulky loads

35. Why are selling costs lower in a cash and carry warehouse than in a traditional warehouse?

- a. Fewer goods are stored
 - b. No credit is offered
 - c. They offer delivery of goods
 - d. They sell household goods only
36. What measure is taken by customs authorities when imported goods have been kept for too long in a bonded warehouse without clearance?
- a. dispose the goods at a rummage sale
 - b. issue the importer with a warehouse warrant
 - c. prohibit further importation of similar goods
 - d. release the goods to the importer at reduced customs rates
37. For each additional day that potatoes are kept in a warehouse
- a. the warehousing bill is reduced
 - b. the price of potatoes in the shops increase
 - c. more interest is gained on the capital
 - d. interest is lost on the capital represented
38. Which is a disadvantage of advertising?
- a. it leads to competition among producers
 - b. it promotes the sale of goods
 - c. it undermines social standards
 - d. the prices of newspapers are lowered
39. Why would a manufacturer choose a radio rather than a newspaper to a product?
- a. can use colour for greater impact
 - b. reaches most parts of the country
 - c. repeat advertisements can be made
 - d. helps the illiterate to know of the product
40. Why would a tractor manufacturer advertise in a trade journal?
- a. cheap to book advertise space
 - b. enables a national coverage
 - c. has a captive audience
 - d. offers selective coverage

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PAPER 1

NOVEMBER 2002

1. Mass production means
 - a. a large output is made using a small labour force
 - b. making parts that can be used in many similar articles
 - c. many people concentrating on specific tasks
 - d. the work of human beings is now done by machines

2. Which is not a problem of barter?
 - a. some goods are difficult to divide
 - b. some goods are perishable
 - c. there has to be a double coincidence of wants
 - d. valuation of goods is difficult

3. The advantage of branding is that goods
 - a. are easy to advertise
 - b. are easy to handle
 - c. can be easily displayed
 - d. have a long shelf life

4. What is the advantage of a department store to a retailer?
 - a. buying goods in bulk
 - b. more security personnel
 - c. self selection offered
 - d. variety of stock

5. A feature of retail co-operative societies is that they
 - a. are located on the outskirts of town
 - b. are run by a management committee
 - c. have low overhead costs
 - d. provide a delivery service to customers

6. Which feature distinguishes a supermarket from a hypermarket?
 - a. a large parking area
 - b. check out points close to the exit

- c. the use of self- service
 - d. wide aisles between shelves
7. Why do small scale retailers continue to exist when there is so much competition from large retailers?
- a. they advertise on a large scale
 - b. they employ specially trained staff
 - c. they offer personal service to customers
 - d. they order stock directly from manufacturers
8. Which service do wholesalers provide to manufacturers only?
- a. finding markets
 - b. giving information
 - c. providing finance
 - d. transporting goods
9. Wholesalers have survived in business by
- a. buying on cash basis from manufacturers
 - b. providing personal service
 - c. using vending machines
 - d. operating on a cash and carry basis
10. The document used to make additional charges to what appears on the invoice is the
- a. advice note
 - b. credit note
 - c. debit note
 - d. pro-forma invoice

The table below shows the foreign trade figures for country Y. Use the information to answer questions 11 and 12.

| | Goods | Services |
|------------------|-------|----------|
| Imports (in \$m) | 320 | 300 |
| Exports (in \$m) | 330 | 270 |

11. What is country Y's trade balance?
- \$30m
 - \$10m
 - \$10m
 - \$30m
12. What is country Y's balance of payments
- \$30m
 - \$20m
 - \$20m
 - \$30m
13. What measures can a country take to correct an unfavourable balance of payments?
- discourage all trade with other countries
 - encourage citizens to tour other countries
 - encourage local producers to increase exports
 - increase the value of its imports
14. 'This product is harmful if swallowed'. This statement is an example of the consumers'
- right to be heard
 - right to be informed
 - right to choose
 - right to redress
15. How can consumers protect themselves when buying goods?
- ask the Consumer Council of Zimbabwe to investigate their complaints
 - read and understand contracts before signing

- c. report all cases of cheating to the police
- d. take products to the Standards Association of Zimbabwe for testing

16. The document which is issued when the necessary amount of capital has been raised by a public limited company is the

- a. articles of association
- b. certificate of incorporation
- c. certificate of trading
- d. statutory declaration

17. The day to day running of a private limited company is done by the

- a. board of directors
- b. managing director
- c. debenture holders
- d. shareholders

Use the information below to answer questions 18 and 19.

Trading figures for B. Kay, a small trader, are shown below.

| | | |
|-----------------------|---|---------|
| Sales | = | \$9 000 |
| Cost of goods sold | = | \$4 000 |
| Cost of average stock | = | \$2 000 |
| Total expenses | = | \$3 000 |

18. What is B. Kay's gross profit?

- a. \$1 000
- b. \$3 000
- c. \$5 000
- d. \$7 000

19. What is B. Kay's rate of turnover?

- a. 4.5 times
- b. 2 times
- c. 1.5 times

- d. 0.5 times
20. What information appears in the articles of association of a company?
- a. a statement of the limited liability of shareholders
 - b. the address of the registered office
 - c. the amount of capital to be raised by share issue
 - d. the procedure for calling a general meeting of shareholders
21. Which commercial bank service is used to pay varying amounts charged at irregular intervals?
- a. bank drafts
 - b. credit transfer
 - c. direct debit
 - d. standing order
22. In commercial banking, which statement is true of a deposit account?
- a. it is offered by commercial banks only
 - b. notice of withdrawal is required
 - c. the account holder has access to overdraft facilities
 - d. the account holder must have a cheque book
23. A bank loan is
- a. an informal way of borrowing
 - b. available to current account holders only
 - c. given to an applicant who provides security
 - d. usually a form of short term borrowing
24. Factoring of debts is done by
- a. accepting houses
 - b. clearing houses
 - c. discount houses
 - d. finance house

25. Which insurance policy allows a manufacturer to cover injury to clients within his premises?

- a. employers' liability
- b. fidelity guarantee
- c. public liability
- d. consequential loss

26. The insurance experts who use statistics to calculate the premiums payable on policies are called

- a. actuaries
- b. assessors
- c. brokers
- d. underwriters

27. Mr Able's house presently valued at \$120 000 is insured for \$100 000. A fire occurs and repairs to the house cost \$60 000. How much will Mr Able receive as compensation from the insurers?

- a. \$100 000
- b. \$72 000
- c. \$60 000
- d. \$50 000

28. A trader insures his shop against fire but the shop is later destroyed by a storm. Which doctrine makes it impossible for the trader to get compensation?

- a. subrogation
- b. proximate cause
- c. contribution
- d. average clause

29. Which postal service allows the addressee to respond without having to pay for the postage?

- a. business reply
- b. poste restante
- c. recorded delivery
- d. registered mail

30. The advantage of using video- conferencing is that
- a written message can be sent
 - messages can be received even when the office is closed
 - information can be printed in colour
 - travel costs are saved
31. The telecommunication facility which enables staff within a building to be contacted is
- radio – paging
 - prestel
 - telex
 - facsimile
32. In areas where there are no street deliveries of mail, it is advisable to use
- express mail service
 - franking machines
 - parcel post
 - private boxes
33. What is the work of a port authority?
- collecting customs duty
 - compiling records of imports and exports
 - controlling g bonded warehouses
 - providing customs and immigration offices
34. Which type of ship allows loaded vehicles to be driven on and off the ship?
- coastal ship
 - liner ship
 - ro-ro ship
 - tramp ship

35. Why are insurance charges low for goods transported by air?
- a. air transport is free from accidents
 - b. most of the goods carried are perishable
 - c. the goods are in transit for a short period
 - d. there are now big aircrafts which carry large loads
36. Which document is not a contract of carriage?
- a. airway bill
 - b. bill of lading
 - c. consignment note
 - d. delivery note
37. By storing goods whose production is seasonal, warehousing performs the function of
- a. breaking bulk
 - b. hoarding goods
 - c. increasing prices
 - d. stabilizing prices
38. Bonded warehouses
- a. allow goods to be manufactured
 - b. are only found at border posts
 - c. are owed by the government
 - d. are used to store dutiable goods
39. Mail order businesses do most of their advertising through
- a. catalogue
 - b. journals
 - c. magazines
 - d. newspapers

40. "M and P Products: We bring value to life!" This type of advertising is

- a. competitive
- b. disparaging
- c. generic
- d. informative

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COMMERCE

PAPER 1

NOV 2003

1. Which of the following is involved in direct production?
 - a. canning factory
 - b. clothes manufacturer
 - c. subsistence farmer
 - d. commercial farmer

2. Commerce is
 - a. the distribution of goods and services
 - b. the manufacturing of goods
 - c. the provision of direct services
 - d. the satisfaction of human wants and needs

3. Which pair contains aids to trade only?
 - a. banking and wholesaling
 - b. communication and exporting
 - c. insurance and retailing
 - d. warehousing and transport

4. Which one is small scale retailer?
 - a. chain store
 - b. department store
 - c. independent store
 - d. supermarket

5. Which of the following is an advantage of franchising to the franchisee?
 - a. They do not offer credit facilities
 - b. They offer delivery to regular customers
 - c. They do not sell to the public
 - d. They specialize on a limited range of goods

6. Which one is an advantage of franchising to the franchisee?
 - a. franchisor has a share of the franchisee's profit
 - b. less dependent than other sole proprietors
 - c. no automatic renewal of the franchise agreement

- d. using a well known and widely advertised name
7. Tied shops sell
- a. a wide range of products
 - b. products in another company's name
 - c. products by only one manufacturer
 - d. products with a low mark – up
8. All of the following are middlemen in wholesaling except
- a. brokers
 - b. hawkers
 - c. del credere agents
 - d. factors
9. Which one is a difference between a co-operative wholesale society and a retail co-operative society?
- a. being governed by co-operative principles
 - b. pursuing non- profit making objectives
 - c. selling to members only
 - d. using the dividend stamp scheme
10. Which document shows the buyer the amount owes the supplier?
- a. credit note
 - b. statement
 - c. order
 - d. quotation
11. A credit note is issued when
- a. empty crates are returned to the supplier
 - b. more goods than those on the invoice are delivered
 - c. some delivered items are omitted on the invoice
 - d. underpricing errors are made on the invoice
12. Which description does not apply to a bill of lading?

- a. a contract for the carriage of goods
 - b. a document describing goods on board a vessel
 - c. a document of title used when goods are sent by sea
 - d. a document used when hiring a ship
13. How do bonded warehouses differ from other warehouses?
- a. they are located anywhere in the market
 - b. they are owned by private individuals and organizations
 - c. they store a wide variety of goods
 - d. they store dutiable goods before duty is paid
14. The method of payment which involves the electronic movement of funds between banks is called a
- a. bankers' draft
 - b. cable transfer
 - c. direct debit
 - d. documentary credit
15. Which of the following does not protect the consumers?
- a. Consumer Council of Zimbabwe
 - b. Government legislation
 - c. Standards Association of Zimbabwe
 - d. Voluntary chain
16. Which one is not a source of finance for sole traders?
- a. borrowing from a friend
 - b. borrowing from merchant banks
 - c. selling personal assets
 - d. selling personal shares in companies
17. Which feature exists in both a partnership and private limited company?
- a. unlimited liability
 - b. separate legal existence

- c. continuity of business
- d. business affairs are private

18. What is a prospectus?

- a. a document governing the relations of the company with the world
- b. a document setting out the internal rules of the company
- c. a licence for the company to start trading
- d. an invitation to the public to buy shares in a company

19. Which of the following is the main function of a public corporation?

- a. to create as much as employment as possible
- b. to provide essential services at affordable prices
- c. to provide personal services to members of the public
- d. to raise revenue for the government

20. Which one is not a function of the Stock Exchange?

- a. establishing a code of conduct for members
- b. providing a market for stocks and shares
- c. providing a sound market for investors
- d. registering all borrowers on the market

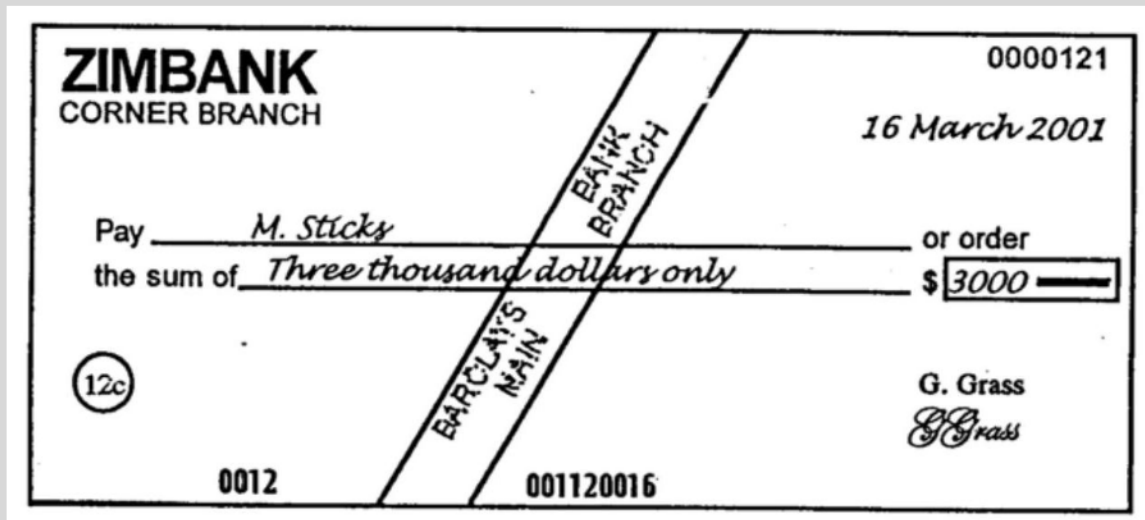
21. Which factor does not determine prices of shares on the Stock Exchange?

- a. the commission to be paid by the buyer
- b. the future plans of the company
- c. the recent performance of the company
- d. the supply and demand of shares

22. Which one is a disadvantage of using cheques?

- a. cheques are costly when paying small amounts
- b. cheques cannot be traced if lost
- c. seek bank permission to write out cheques
- d. they can be used for business purposes only

Questions 23 and 24 are based on the cheque below.



23. Who is the (i) payee and (ii) drawer on this cheque?

- | | |
|------------------|-----------|
| (i) | (ii) |
| a. Barclays Bank | G. Grass |
| b. G. Grass | M. Sticks |
| c. M. Sticks | G. Grass |
| d. Zimbank | M. Sticks |

24. What should the payee do with such a cheque?

- a. cash the cheque over the counter at Barclays Bank, Main Branch
- b. cash the cheque over the counter at Zimbank, Corner Branch
- c. deposit the cheque into an account at Barclays Bank, Main Branch
- d. deposit the cheque into an account at Zimbank, Corner Branch

25. Which one is not a function of the Reserve Bank of Zimbabwe?

- a. accepting and discounting bills
- b. offering financial advice to government
- c. servicing the national debt

- d. supervising the banking system

26. Which one is not a feature of credit transfer?

- a. a single debit entry is made against numerous payments
- b. funds can be transferred electronically from one account to the other at different banks
- c. it is a fast means of making payment
- d. the debtor does not need to remember payments

Read the excerpt below and answer questions 27 and 28.

Mrs Moyo insures a car worth \$150 000 for \$120 000. The car is later damaged in an accident and \$75 000 is needed to repair it.

27. How much would the insurance company pay to Mrs Moyo as compensation?

- a. \$45 000
- b. \$60 000
- c. \$75 000
- d. \$120 000

28. What doctrine is used to calculate the amount of compensation?

- a. contribution
- b. average clause
- c. proximate cause
- d. subrogation

29. Which one is not a feature of underwriters?

- a. They accept specific risks
- b. They have large amounts of capital
- c. They have limited liabilities
- d. They work in syndicates

30. An insurance premium is determined by all of the following except

- a. the age of the person whose property is to be insured
- b. the profits to be made by the insurance company

- c. the size of the risk involved
- d. the total number of people insuring against a certain risk

31. Which form of communication transmits coded computerized information?

- a. fax
- b. datel
- c. radio paging
- d. telex

32. Which postal service leaves an impression on letters to indicate the prepayment of postage?

- a. franking machine
- b. free post
- c. prestel
- d. view data

33. Which one is not a function of bonded warehouses?

- a. they allow blending and bottling of goods
- b. they allow goods in transit to be manufactured
- c. they economise on working capital
- d. they store goods meant for re- export

34. Which factor is not considered when choosing a method of transport?

- a. how urgently the goods are needed
- b. the documents accompanying the goods
- c. the nature of the goods
- d. size and weight of the goods

35. Which one is an advantage of using containers in transport?

- a. air transport has weight restrictions
- b. container terminals require large capital investment
- c. packaging and insurance costs are reduced
- d. small loads require groupage

36. Which type of ship is most suitable for carrying crude oil?
- a. tanker
 - b. reefer
 - c. roll on roll off
 - d. container
37. A port authority is not responsible for
- a. collecting customs duties
 - b. ensuring adequate security
 - c. maintaining repair yards
 - d. providing office space
38. Which method is not a sales promotion method?
- a. competitions
 - b. free sample
 - c. market research
 - d. price reduction
39. Which one is a disadvantage of advertising on television to the consumer?
- a. advertisements can be targeted
 - b. it combines visual impact with sound
 - c. it often interrupts television programmes
 - d. it reaches many people countrywide
40. Why is packaging important to a manufacturer?
- a. it distinguishes his products from others
 - b. it enables customers to identify his products
 - c. it prevents others from using his brand name
 - d. it protects his goods against soiling

ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Ordinary Level

COMMERCE

7103/2

PAPER 2

NOVEMBER 2005 SESSION

2 hours

1. (a) Explain the term production. [10]
(b) How is a producer of sugar assisted by communication? [10]
2. (a) What are the characteristics of a supermarket? [10]
(b) Which measures can a sole trader take to survive in business? [10]
3. (a) What are the functions of the Grain Marketing Board (GMB)? [12]
(b) State the services offered to retailers by wholesalers. [8]
4. (a) Why is international trade important to Zimbabwe? [12]
(b) How does government restrict foreign trade? [8]
5. (a) What are the contents of a Memorandum of Association? [8]
(b) Outline the characteristics of a private limited company in respect of
 - (i) raising capital, [4]
 - (ii) control, [4]
 - (iii) distribution of profits. [4]
6. (a) Describe a credit transfer. [5]
(b) (i) What is the effect of a special crossing on a cheque?[5]
(ii) Why may a cheque be dishonoured? [10]

7. (a) What steps would be taken by a business in
- (i) taking out a policy, [6]
 - (ii) making a claim? [6]
- (b) Explain the following terms used in insurance:
- (i) fidelity guarantee, [4]
 - (ii) public liability. [4]
8. (a) Giving two reasons in each case, state the most suitable mode of transport to carry
- (i) day old chicks from Harare to Cape Town, [3]
 - (ii) mea lie meal from millers to shops, [3]
 - (iii) 5 000 tonnes of cement from Gwanda to Chinhoyi, [3]
 - (iv) oil from Kuwait to Beira. [3]
- (b) Describe the following communication services:
- (i) datel, [4]
 - (ii) business reply, [4]
9. (a) Why do businesses advertise? [8]
- (b) What are the benefits of prepackaging to consumers? [6]
- (c) How does the Consumer Council of Zimbabwe protect consumers? [6]

**ZIMBABWE SCHOOL EXAMINATIONS
COUNCIL**

General Certificate of Education Ordinary Level

COMMERCE

7103/2

PAPER 2

NOVEMBER 2006 SESSION

2 hours

1. (a) Why is trade important to a country?
[10]
- (b) How do the services of transport assist a construction company?
[10]
2. (a) Outline the characteristics of a mail order firm.
[8]
- (b) List the factors to consider when establishing a retail outlet.
[8]
- (c) Explain the term 'branding'.
[4]
3. (a) What are the functions of the Grain Marketing Board (GMB)?
[10]
- (b) Explain the roles of
 - (i) Forwarding agents,
[5]
 - (ii) Export merchants.
[5]
4. (a) Describe the bill of exchange.
[6]
- (b) The table below shows the foreign trade figures for Zimbabwe in 2004.

Z\$billion

| | | |
|-----|--|-----|
| 200 | Goods sold to other countries | |
| 160 | Goods bought from other countries | |
| 140 | Tourists to Zimbabwe | 100 |
| | Tourists from Zimbabwe | |
| 80 | Banking services provided to companies in Zimbabwe | |
| 60 | Transport services provided to foreigners | |

Calculate, showing all your working, the

- (i) Balance of trade; [2]
- (ii) Balance on invisible trade; [2]
- (iii) Balance of payments. [2]

(c) If the balance of payments of a country is -\$700 billion, what steps should the government take to correct this situation? [8]

5. (a) List the features of multinational corporations. [8]

(b) Explain the functions of the Stock Exchange. [7]

- (c) Describe the contents and use of articles of association. [5]
6. (a) State and explain four characteristics of money. [8]
- (b) Describe the following bank services:
- (i) Night safe; [4]
- (ii) Cable transfer; [4]
- (iii) Bank draft. [4]
7. (a) Mr. Moyo's stock valued at \$ 2 000 000 was insured for \$ 1 800 000 against the risk of fire. When fire occurred, stock valued at \$ 1 500 000 was destroyed. State, with reasons, how much compensation Mr Moyo received. [6]
- (b) Distinguish between insurance and assurance. [8]
- (c) Explain the functions of the Export Credits Guarantee Corporation (E.C.G.C.). [6]
8. (a) State, with reasons, the most suitable form of communication which can be used in each of the following cases:
- (i) Requesting a supermarket manager to report at the check-out points; [5]

(ii) Sending letters to a Bulawayo-based sales-person who is working for two months in Chinhoyi.

[5]

(b) Giving reasons in each case, state the most suitable mode of transport to carry

(i) Fresh flowers from Harare to London;

[5]

(ii) Coal from Hwange to Mutare.

[5]

ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Ordinary Level

COMMERCE

7103/2

PAPER 2

NOVEMBER 2007 SESSION

2 hours

1. (a) Distinguish between commercial services and direct services. [8]
(b) What is the importance of warehousing to a gold miner? [12]
2. (a) List the characteristics of a retail co-operative society. [10]
(b) How do small scale retailers survive competition from large scale retailers? [6]
(c) How does a buyer benefit from a credit sale? [4]
3. (a) State the services of a wholesaler to a retailer. [10]
(b) Why are the following documents important to a trader:
 - (i) proforma invoice; [6]
 - (ii) advice note? [4]
4. (a) Explain each of the following terms of insurance:
 - (i) insurance prospectus; [4]
 - (ii) public liability; [4]
 - (iii) actuaries. [4]
(b) What steps are taken by a person intending to take out an insurance cover? [4]
5. (a) Explain the following terms as applied in business units:
 - (i) trade associations; [3]
 - (ii) partnership deed; [4]
 - (iii) debentures. [5]
(b) Outline the features of a public corporation. [8]
6. (a) distinguish between a loan and an overdraft. [12]
(b) Describe the services offered by a building society. [8]

7. (a) What is the work of a factor? [4]
- (b) Describe a charter party. [8]
- (c) State the advantages of containerization. [8]
8. Describe the following communication services:
 - (a) private bag; [6]
 - (b) business reply service; [7]
 - (c) telex. [7]
9. (a) Why would a manufacturer want to advertise on radio? [5]
- (b) What benefits would a company expect from its advertising campaign? [7]
- (c) How are consumers protected by government through legislation? [8]

**ZIMBABWE SCHOOL
EXAMINATIONS COUNCIL**

**General Certificate of Education
Ordinary Level**

**COMMERCE
7103/1**

PAPER 1 Multiple Choice

**NOVEMBER 2009
SESSION 1 hour 15 minutes**

1. At what stage is production complete?
 - A. when goods are purchased by the wholesaler
 - B. when manufactured goods reach the retailer
 - C. when goods have been manufactured
 - D. when goods are used by the consumer

2. The levels of specialization include
 - A. individual, regional, national.
 - B. regional, individual, provincial.
 - C. national, regional, provincial.
 - D. national, regional, international.

3. Which of the following is a consumer good?
 - A. fertilizer
 - B. plough
 - C. seed
 - D. vegetables

4. In indirect production,
 - A. each family provides its own needs.
 - B. division of labour is well developed.
 - C. many basic human wants are satisfied.
 - D. surplus goods produced are sold for cash.

5. Which is not a feature of a credit sale?
 - A. buyer cannot return goods and claim a refund
 - B. buyer is sued if he fails to pay the balance
 - C. immediate ownership of goods after agreement is made
 - D. repossession of goods if buyer defaults

6. An example of an after-sales service is
- A. branding.
 - B. delivery.
 - C. free gifts.
 - D. packaging of goods.
7. Which characteristic does not apply to both a hypermarket and a supermarket?
- A. have wide aisles
 - B. located on the outskirts of town
 - C. offer self-service
 - D. sell variety of goods
8. One of the functions of the Grain Marketing Board (GMB) is to
- A. buy all produce from farmers.
 - B. give loans to all farmers.
 - C. process grain.
 - D. sell all produce from farmers.
9. Which agent guarantees payment to the principal?
- A. broker
 - B. del credere
 - C. factor
 - D. merchant
10. The re-exportation of imported goods is known as
- A. barter.
 - B. enter pot trade.
 - C. export trade.
 - D. import trade.

11. Which of the following Acts protects the consumers against expired flour?
- A. the Food and Food Standards Act
 - B. the Price Control Act
 - C. the Trade Descriptions Act
 - D. the Trade Measures Act
12. Which set of documents is in the correct sequence of their use?
- A. invoice → order → quotation
 - B. order → quotation → invoice
 - C. order → invoice → quotation
 - D. quotation → order → invoice
13. An individual buys existing public limited company shares from the
- A. Baltic Exchange.
 - B. Post Office.
 - C. Stock Exchange.
 - D. Registrar of Companies.
14. Which one is not a source of Local Authority revenue?
- A. government subsidy
 - B. trading licence
 - C. value added tax
 - D. vehicle tax
15. Business turnover equals to
- A. selling price minus buying price.
 - B. gross profit minus expenses.
 - C. purchases minus purchases returns.
 - D. sales minus sales returns.
16. Which is not a characteristic of hire purchase?
- A. a cooling-off period required
 - B. goods insured during the hiring period
 - C. installments spread over a few months
 - D. suitable for selling goods with a second-hand value

17. Why do customs authorities monitor activities in a bonded warehouse?

- A. to assess possibilities of exporting goods
- B. to limit quantities of imported goods
- C. to prevent manufacturing of goods
- D. to reduce dumping of foreign goods

18. Which one is not a function of a freight forwarder?

- A. arranging insurance for goods
- B. completing shipping documents
- C. collecting goods for storage
- D. guaranteeing payment to principal

19. Use the following information to answer the question.

| | |
|-----------------|-----------|
| Creditors | \$ 2 000 |
| Stock | \$ 10 000 |
| Unpaid expenses | \$ 5 000 |
| Debtors | \$ 6 000 |
| Cash | \$ 6 000 |

What is the working capital of the business?

- A. \$15 000
- B. \$11 000
- C. \$ 9 000
- D. \$ 7 000

20. Which share is entitled to an additional dividend when huge profits are made?

- A. cumulative preference share
- B. participation preference share
- C. preference share
- D. redeemable preference share

21. Which financial institution would assist Mr. Shumba with funds to buy a house?
- A. building society
 - B. commercial bank
 - C. discount house
 - D. finance house
22. Which one is not considered by the bank on granting a loan?
- A. collateral security
 - B. credit-worthiness of the borrower
 - C. interest rates offered by other banks
 - D. the viability of the project
23. Which one is not a function of the Reserve Bank of Zimbabwe?
- A. bankers' clearing house
 - B. issuing notes and coins
 - C. printing notes and minting coins
 - D. servicing the national debt

Use the information on the cheque below to answer questions 24 and 25.

| | | |
|-----------------------------|---|-----------------------|
| COMMERCIAL BANK OF ZIMBABWE | | 12665 |
| KWEKWE | DATE | |
| _____ | | |
| PAY: | Tsungai Trading | OR ORDER |
| SUM: | Twenty million two hundred Thousand dollars only | \$20 200 000- |
| | Kubatana Centre 077-0554-102260603200-12665 | B. Jinga S. Tsungo |

24. Who is the drawer of this cheque?

- A. Commercial Bank of Zimbabwe
 - B. B. Jinga and S. Tsungo
 - C. Kubatana Centre
 - D. Tsungai Trading
25. The payee to this cheque should
- A. cash it at any Commercial Bank of Zimbabwe bank branch.
 - B. cash the cheque at Zimbank, Kadoma.
 - C. deposit the cheque at Commercial Bank of Zimbabwe, Kwekwe branch.
 - D. deposit the cheque at Zimbank, Kadoma.
26. Which insurance policy covers a company against employees who handle money?
- A. consequential loss
 - B. employee's liability
 - C. fidelity guarantee
 - D. public liability
27. What steps are taken to obtain motor vehicle insurance?
- A. contact broker – obtain cover note – fill proposal form
 - B. contact broker – fill proposal form – obtain cover note
 - C. fill proposal form – contact broker – obtain cover note
 - D. obtain cover note – fill proposal form – contact broker
28. Property valued at \$15 million was insured for \$10 million against fire. Later, fire damaged property worth \$9 million. How much compensation was paid?
- A. \$6 million
 - B. \$9 million
 - C. \$10 million
 - D. \$13,5 million
29. Which is true of facsimile (fax) transmission?

- A. There is face to face contact.
 - B. It passes information from computer to computer.
 - C. It uses a telephone circuit and a typewriter.
 - D. It sends and receives detailed written information.
30. On which transport document would the terms “lay days” and demurrage” be written?
- A. bill of lading
 - B. charter party
 - C. closed indent
 - D. consignment note
31. In which case would air transport not be most suitable?
- A. day old chicks from Harare to Cape town
 - B. fresh flowers form Nyanga to Harare
 - C. fruit from Harare to markets in France
 - D. gold from Harare to London
32. The mode of transport which attracts a low insurance charge for cargo is
- A. air.
 - B. rail.
 - C. road.
 - D. sea.
33. The type of ship that has flexible routes and variable freight charges is
- A. a cargo liner.
 - B. A container.
 - C. A tanker.
 - D. A tramp.
34. Which statement is not correct about containerization?

- A. Consignees with less than container loads can use group age.
 - B. Containers can be carried by all the different modes of transport.
 - C. Containers reduce the need for warehouses at ports.
 - D. Mechanized handling of containers saves on labour costs.
35. A customs warrant enables the importer to
- A. calculate the amount of duty payable.
 - B. get goods released from bond.
 - C. manufacture goods which are in bond.
 - D. receive a refund of the duty paid.
36. An example of a public warehouse is a
- A. bonded warehouse.
 - B. manufacturer's warehouse.
 - C. retailer's warehouse.
 - D. wholesaler's warehouse.
37. The products below would benefit from long periods of storage except
- A. cheese.
 - B. fruit.
 - C. tobacco.
 - D. wine.
38. The work of an advertising agent does not include
- A. enforcing the code of advertising practice.
 - B. investigating consumer product preferences.
 - C. producing of advertisement.
 - D. recommending the best media.
39. What advantages has a trade journal over a poster when advertising?

- A. it can use colorful pictures.
 - B. it has a captive audience.
 - C. it can target potential customers.
 - D. it has a wide coverage.
40. In which order do advertising agencies perform their functions?
- A. create → produce → book space
 - B. produce → create → book space
 - C. book space → produce → create
 - D. produce → book pace → create

ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Ordinary Level

COMMERCE

7103/2

PAPER 2

NOVEMBER 2009 SESSION

2 hours

1. Explain the following terms:
 - (a) Indirect production, [8]
 - (b) Tertiary production. [12]
2. (a) How would a retailer benefit by being a member of a voluntary chain?
[5]
- (b) What are the advantages of self-service to a consumer? [8]
- (c) In what ways do consumers benefit by buying from small-scale retailers?
[7]
3. Distinguish between home trade and foreign trade. [20]
4. (a) Outline the features of a credit sale agreement. [8]
- (b) Explain the importance of the following documents:
 - (i) Proforma invoice, [6]
 - (ii) Credit note. [6]
5. (a) Explain the term shares. [10]
- (b) State five ways in which a business can improve its net profit.[5]
- (c) What are the advantages of Tapiwa and Kuda forming a partnership? [5]
6. (a) What is the importance of a Bill of Exchange?
- (b) Explain to Mrs. Magi, a new current holder, why a cheque may be dishonored. [10]
7. (a) Of what importance is the pooling of risks to an insured person?[5]

- (b) Mr. Madziro wants to insure a building he rents from Mutare Council against the risk of fire. Explain why an insurance company would refuse to cover the risk. [7]
 - (c) Why is a broker important in insurance? [8]
8. (a) Give reasons which have led to an increase in air cargo. [10]
- (b) Describe the following services:
- (i) datel, [5]
 - (ii) cash on delivery. [5]
9. (a) How are consumers protected by the Hire Purchase Act? [6]
- (b) State the benefits of advertising to consumers. [8]
- (c) What is the role of the Standards Association of Zimbabwe? [6]

Surname

Forename(s)

Centre Number

Candidate Number



ZIMBABWE SCHOOL EXAMINATIONS COUNCIL
General Certificate of Education Ordinary Level

COMMERCE

PAPER 2 Essays

4049/2

NOVEMBER 2019 SESSION

2 hours

Additional materials:
No additional material required

Allow candidates 5 minutes to count pages before the examination.

TIME: 2 hours

INSTRUCTIONS TO CANDIDATES

Write your name, Centre Number and Candidate Number in the spaces at the top of this page and your Centre Number and Candidate Number on the top right corner of every page of this paper.

Check if the booklet has all the pages and ask the invigilator for a replacement if there are duplicate or missing pages.

Shape all your letters very clearly.

Answer **all** questions in **Section A** and **any three** questions in **Section B** in the spaces provided. **Answers in Section B must be in essay form.**

Write your answers in the spaces provided on the question paper using **black** or **blue** pens.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

Section A [40 marks]

Answer **all** questions in this section.

- 1 (a) Define the term *trade*.
- _____
- _____ [1]
- (b) State why a miner is classified as a primary producer.
- _____
- _____
- _____ [2]
- (c) Give **two** ways in which a producer can add value to cotton bought from a farmer.
- _____
- _____ [2]
- (d) Identify **two** uses of a credit note.
- _____
- _____
- _____ [2]
- (e) Write the type of warehouse where dutiable goods are stored.
- _____
- _____ [1]

- 2 (a) Besides advertising, name **one** method used to promote sales.
- _____
- _____ [1]
- (b) Distinguish between mass markets and niche markets.
- _____
- _____
- _____
- _____
- _____
- _____ [4]
- (c) Name **one** organisation which protects consumers.
- _____ [1]
- 3 (a) Identify **four** features which distinguish an unincorporated business unit from an incorporated business unit.
- _____
- _____
- _____
- _____
- _____ [4]
- (b) Give **one** example of a public enterprise.
- _____ [1]

3 (c) Indicate **one** benefit of business ethics.
_____ [1]

4 (a) Define rate of turnover.

_____ [2]

(b) State any **one** type of shares issued by a company.
_____ [1]

(c) Show how a stag makes a profit on the stock exchange.

_____ [2]

5 (a) Explain why a trader would apply for insurance cover against the risk of consequential loss.

_____ [3]

5 (b) Identify the difference between *insurance* and *assurance*.

[4]

6 (a) State **one** disadvantage of informal communication.

[1]

(b) Give **two** differences between a delivery note and a consignment note.

[4]

(c) Describe how containerisation speeds up the movement of goods.

[3]



ZIMBABWE SCHOOL EXAMINATIONS COUNCIL
General Certificate of Education Ordinary Level

COMMERCE
PAPER 1 Multiple Choice

4049/01

NOVEMBER 2019 SESSION

1 hour 15 minutes

Additional materials:
Multiple Choice answer sheet
Soft clean eraser
Soft pencil (type B or HB is recommended.)

TIME 1 hour 15 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 sheets in the spaces provided unless this has already been done for you.

Read very carefully the instructions on the answer sheet.

INFORMATION FOR CANDIDATES

Each correct answer will score **one** mark. A mark will not be deducted for a wrong answer. Any rough working should be done in this booklet.

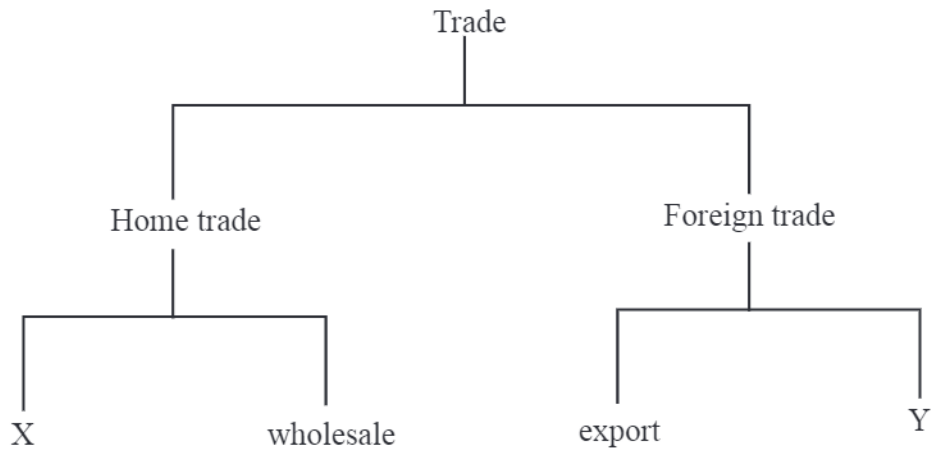
There are **forty** questions in this paper. Answer **all** questions. For each question there are four possible answers **A, B, C** and **D**. Choose the one you consider correct and record choice in soft pencil on the separate answer sheet provided.

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- 1 In which stage of production is commerce?
- A industry
 - B primary
 - C secondary
 - D tertiary
- 2 Which factor of production mobilises other factors of production?
- A land
 - B labour
 - C enterprise
 - D capital
- 3 Why is land our heritage?
- A Minerals can be obtained from land.
 - B Land can be sold to raise revenue.
 - C It can be passed from one generation to another.
 - D It is used to grow crops.
- 4 One demerit of exploitation of resources is
- A land degradation.
 - B land reclamation.
 - C land reforestation.
 - D land reform.
- 5 In which product has value been added?
- A bread
 - B maize
 - C potato
 - D wheat
- 6 Which factor is considered when selecting a distribution channel?
- A colour of product
 - B nature of product
 - C size of product
 - D weight of product

7 The following diagram represents branches of trade.

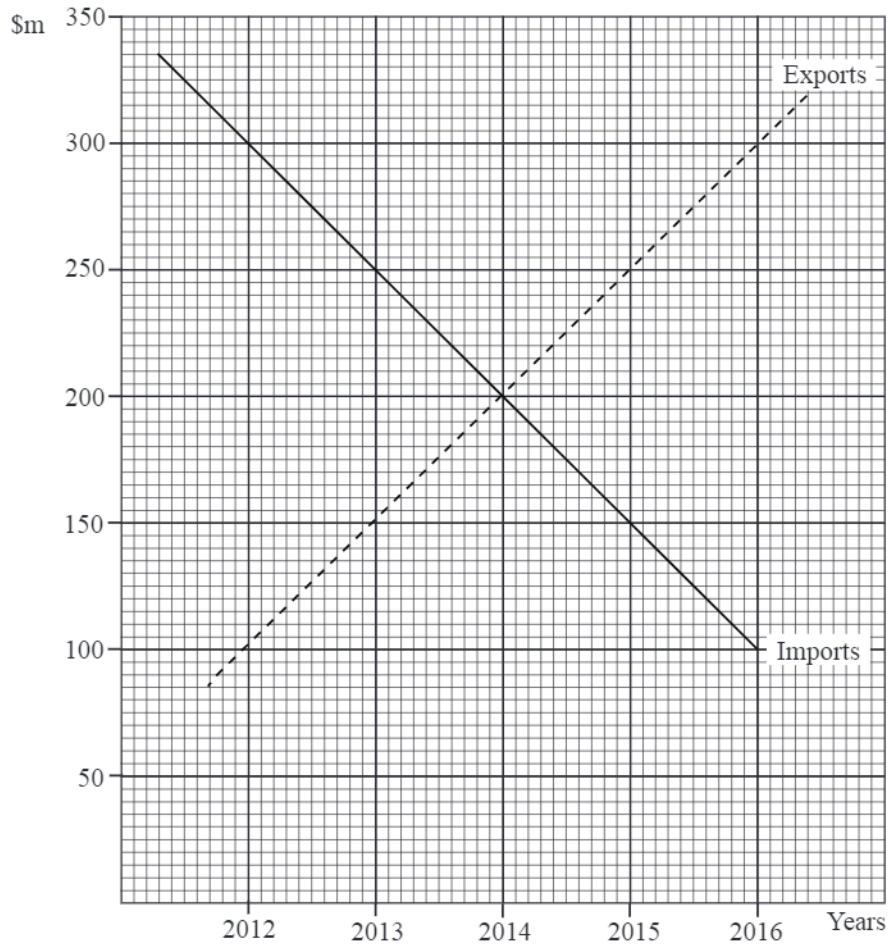


What is represented by **X** and **Y**?

- | | X | Y |
|----------|----------------|----------------|
| A | barter | import trade |
| B | entrepôt trade | retail trade |
| C | monetary trade | entrepôt trade |
| D | retail trade | import trade |
- 8 The function of a Grain Marketing Board is to
- A** bring buyers and sellers of grain together.
 - B** hoard grain for price rise.
 - C** plough fields for farmers.
 - D** process grain into mealie-meal.
- 9 Which document may be used to reply a letter of inquiry?
- A** consignment note
 - B** credit
 - C** proforma invoice
 - D** sales invoice

10 The diagram below shows export and import figures for country Y.

Use the information to answer questions 10 and 11.



In which year did exports and imports balance?

- A 2012
 - B 2014
 - C 2015
 - D 2016
- 11 What was country Y's balance of payment in 2013?
- A +\$100 m
 - B -\$100 m
 - C +\$400 m
 - D -\$400 m

- 12 When a consumer returns faulty goods, he/she is exercising the right to
- A be heard.
 - B choose.
 - C consumer education.
 - D redress.
- 13 Which Act ensures that certain medicine should only be sold with a prescription?
- A Drugs Act
 - B Health Act
 - C Hire Purchase Act
 - D Weights and Measures Act
- 14 Which is a disadvantage of multi-national companies?
- A They bring technology to the host country.
 - B They create unemployment in the host country.
 - C They repatriate profits made in the host country.
 - D They sell limited products to the host country.
- 15 Which is an advantage of Small and Medium Enterprises (SMEs)?
- A ability to raise capital publicly
 - B adaptation to market changes
 - C lack of management skills
 - D have unlimited liability
- 16 Unincorporated business units
- A are separate legal entities.
 - B have limited liability.
 - C owners manage the businesses.
 - D raise capital by selling shares.
- 17 Which process is **not** a public sector reform?
- A commercialisation
 - B nationalisation
 - C privatisation
 - D taxation

18 Which difference is correct?

Public sector

Private sector

- | | | |
|---|-----------------------------|---------------------------|
| A | aims to make profit | aims to provide a service |
| B | financed by the state | financed by individuals |
| C | owned by individuals | owned by the state |
| D | profits shared as dividends | profits ploughed back |

19 Which is unethical behaviour in business?

- A corruption
- B fairness
- C honesty
- D respect

20 Which is **not** intellectual property?

- A human right
- B publicity right
- C trade mark
- D trade secret

21 Who is **not** a speculator at the stock exchange?

- A bear
- B broker
- C bull
- D stag

22 Working capital of a business is calculated as

- A assets minus liabilities.
- B capital minus liabilities.
- C current assets minus current liabilities.
- D opening stock minus closing stock.

23 Which is **not** an international financial institution?

- A African Development Bank
- B Infrastructure Development Bank
- C International Monetary Fund
- D United Nations Children's Fund

- 24 Which is a characteristic of money?
- A medium of exchange
 - B stable in value
 - C store of wealth
 - D unit of account
- 25 Accessing fire insurance cover through the internet is
- A e-assurance.
 - B eco bank.
 - C eco cash.
 - D e-insurance.
- 26 A contract of insurance is a
- A claim form.
 - B policy.
 - C proposal form.
 - D prospectus.
- 27 Which is **not** a reason for the formation of National Social Security Authority (NSSA)?
- A providing finance during disability
 - B providing retirement package
 - C providing security for workers' pensions
 - D providing work to unemployed people
- 28 A trader insured goods against fire with two companies. Which principle of insurance prevents him/her from making profit?
- A indemnity
 - B insurable interest
 - C proximate cause
 - D utmost good faith
- 29 What is the advantage of using a cellphone over a telephone?
- The cellphone is
- A cheaper.
 - B faster.
 - C portable.
 - D network linked.

- 30 Which factor is **not** considered when choosing a communication service?
- A cost of communication
 - B effectiveness
 - C reliability
 - D users
- 31 What is the cheapest method of sending reminders to customers?
- A data telecommunication (datel)
 - B electronic mail (e-mail)
 - C franked letter post (flp)
 - D small messages service (sms)
- 32 Which is an advantage of using facsimile?
- A Exact copies of the original document are produced.
 - B It uses satellite dishes to link people in different places.
 - C There is instant updating of computerised accounts.
 - D The typed message can be corrected before transmission.
- 33 What is containerisation?
- A enclosing goods in bottles and plastics
 - B packing goods in paper bags
 - C transportation in large metal boxes
 - D putting food in refrigerators
- 34 Which process is **not** involved in transport?
- A e-tailing
 - B e-ticketing
 - C toll gates
 - D tracking system
- 35 The document used when goods are transported by rail is
- A bill of lading.
 - B charter party.
 - C consignment note.
 - D delivery note.

- 36 Which is the most suitable method of transporting eggs from South Africa to Zimbabwe?
- A rail
 - B air
 - C road
 - D sea
- 37 Which factor is **not** considered when locating a warehouse?
- A nearness to market
 - B number of workers
 - C security
 - D size of market
- 38 Marketing a product to benefit a few customers is
- A market researching.
 - B market segmentation.
 - C mass marketing.
 - D niche marketing.
- 39 Which factor is **not** used when segmenting a market?
- A competition
 - B demography
 - C income
 - D personal interests
- 40 The most suitable product for mass marketing is
- A blankets.
 - B chocolates.
 - C jewellery.
 - D sunglasses.

Surname

Forename(s)

Centre Number

Candidate Number



ZIMBABWE SCHOOL EXAMINATIONS COUNCIL
General Certificate of Education Ordinary Level

COMMERCE

PAPER 2 Essays

4049/2

NOVEMBER 2018 SESSION

2 hours

Additional materials:

No additional material required

Allow candidates 5 minutes to count pages before the examination.

Time 2 hours

INSTRUCTIONS TO CANDIDATES

Write your name, Centre Number and Candidate Number in the spaces at the top of this page and your Centre Number and Candidate Number on the top right corner of every page of this paper.

Check if the booklet has all the pages and ask the invigilator for a replacement if there are duplicate or missing pages.

Answer **all** questions in Section **A** and any **three** questions from Section **B** in the spaces provided.

Answers in Section B must be in essay form.

Write your answers in the spaces provided on the question paper using **black** or **blue** pens.

Shape all your letters very clearly.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

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SECTION A [40 Marks]

Answer **all** questions.

1 (a) State the **two** types of production.

_____ [2]

(b) Name **one** factor of production and its reward.

_____ [2]

(c) Complete the chain of distribution.



_____ [1]

(d) Identify any **three** advantages of warehousing to the consumer.

_____ [3]

2 (a) Outline any **three** methods used by a government to protect consumers.

[3]

(b) How can a producer use the price of a product in market segmentation?

[2]

3 (a) Which information about a product is shown in a business plan?

[3]

3 (b) Explain the differences between shares and debentures.

[4]

4 (a) Outline **three** types of general crossing which can be used on a cheque.

[3]

(b) A trader has a gross profit of \$20 000, turnover of \$52 000 and expenses amounting to \$7 000.

Use the figures given above to calculate the net profit. Show your working.

[2]

4 (c) What is the importance of working capital to a business?

[2]

5 (a) Explain the term *assurance*.

[2]

(b) State the purposes of a proposal form in insurance.

[4]

6 (a) Outline any **three** advantages of a franking machine.

[3]

(b) Give the differences between tramps and liners in sea transport.

[4]



ZIMBABWE SCHOOL EXAMINATIONS COUNCIL
General Certificate of Education Ordinary Level

COMMERCE

4049/1

PAPER 1 Multiple Choice

NOVEMBER 2018 SESSION

1 hour 15 minutes

Additional materials:

Multiple choice answer sheet

Soft clean eraser

Soft pencil (type B or HB is recommended)

TIME 1 hour 15 minutes

INSTRUCTIONS TO CANDIDATES

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

Write your name, Centre number and candidate number on the answer sheet in the spaces provided unless this has already been done for you.

There are **forty** questions in this paper. Answer **all** questions. For each question there are four possible answers, **A, B, C** and **D**. Choose the **one** you consider correct and record your choice in **soft pencil** on the separate answer sheet.

Read carefully the instructions on the answer sheet.

INFORMATION FOR CANDIDATES

Each correct answer will score **one** mark. A mark will **not** be deducted for a wrong answer. Any rough working should be done in this booklet.

- 1 Goods required for personal use are called
- A agricultural goods.
 - B capital goods.
 - C consumer goods.
 - D producer goods.
- 2 Which are the three stages of production?
- A extracting, manufacturing and distributing
 - B extracting, constructing and exporting
 - C distributing, buying and selling
 - D manufacturing, extracting and retailing
- 3 Which is a feature of specialisation?
- A one worker is required
 - B high output of products
 - C high costs of production
 - D more labour is required
- 4 Who provides an indirect service?
- A advertiser
 - B lawyer
 - C musician
 - D teacher
- 5 Which is **not** an example of value addition?
- A blending coal
 - B grading coal
 - C prospecting coal
 - D transporting coal
- 6 Which action may a small retailer take to compete with large retailers?
- A buying goods directly from the manufacturers
 - B joining voluntary chain group
 - C providing a wide range of goods
 - D purchasing goods in large quantities

- 7 Which is a feature of a vending machine?
- A it is found everywhere
 - B it is used by vendors only
 - C it offers personal service
 - D it operates twenty-four hours
- 8 A manufacturer can differentiate his goods from those of a competitor by
- A blending.
 - B branding.
 - C describing.
 - D pricing.
- 9 When would cash discount be deducted?
- A when debt is paid promptly
 - B when goods are perishable
 - C when goods are bought for resale
 - D when it is a futures contract

Use the information below to answer questions **10** and **11**.

A trader bought 10 kitchen tables for \$800, under the following terms - 10% trade discount
- 5% cash discount 30 days

- 10 What is the net invoice price?
- A \$80
 - B \$720
 - C \$736
 - D \$800
- 11 How much did the trader pay if the amount owing is settled within 20 days?
- A \$36
 - B \$40
 - C \$684
 - D \$760
- 12 Which is a function of the Consumer Council of Zimbabwe?
- A authorising use of seal of approval
 - B controlling prices of goods
 - C investigating consumer complaints
 - D testing consumer products for quality

- 13 Which statement represents a disclaimer clause?
- A “Do not use for more than 10 days without consulting your doctor.”
 - B “Goods left at owner’s risk.”
 - C “Quality guaranteed or your money back.”
 - D “Trespassers will be prosecuted.”
- 14 In a private limited company, what does the term ‘limited’ mean?
- A all shareholders have limited liability
 - B capital contributed by shareholders is limited
 - C rights of shareholders are limited
 - D shareholders are limited to twenty only
- 15 Which document confirms a limited company as a separate legal entity?
- A Articles of Association
 - B Certificate of Incorporation
 - C Memorandum of Association
 - D Statutory declaration
- 16 Which feature applies to both private companies and public companies?
- A family owned business
 - B publication of financial accounts
 - C registration with Registrar of Companies
 - D sale of shares on Stock Exchange
- 17 Which is **not** a challenge faced by Small and Medium Enterprises?
- A adapting to environmental changes
 - B lack of capital (for expansion)
 - C legal requirements
 - D serving niche markets
- 18 Which is **not** a management function?
- A planning
 - B organising
 - C merchandising
 - D controlling

- 19 What is perseverance in business?
- A ability for imaginative creation
 - B being honest and truthful in business
 - C determination that pushes the entrepreneur
 - D willingness to start a new business

Use the following information to answer questions 20 and 21.

The trading figures below were taken from the books of Madziro Enterprise.

| | \$ |
|--------------------|--------|
| Sales | 10 000 |
| Cost of goods sold | 5 000 |
| Average stock | 4 000 |
| Sales returns | 1 000 |

- 20 What is Madziro's gross profit?
- A \$6 000
 - B \$4 000
 - C \$2 000
 - D \$1 000
- 21 The rate of turnover is
- A $1\frac{1}{4}$ times.
 - B 2 times.
 - C $2\frac{1}{4}$ times.
 - D 10 times.
- 22 A cheque may be dishonoured if
- A it has been folded.
 - B the drawer has gone overseas.
 - C it is written in red.
 - D it is not dated.
- 23 Which is the most appropriate method of paying monthly salaries to 600 employees?
- A credit transfer
 - B direct debit
 - C money order
 - D stop order

- 24 The risk that a cashier may steal the employer's money is covered by
- A consequential loss.
 - B employer's liability policy.
 - C public liability insurance policy.
 - D fidelity guarantee insurance policy.
- 25 An insured motor vehicle is written off in an accident. According to the principle of indemnity the insurer pays compensation and
- A buys the damaged motor vehicle.
 - B pays profits to the policyholder.
 - C purchases a new motor vehicle for the policyholder.
 - D takes possession of the damaged motor vehicle.
- 26 A trader's stock valued at \$4 000 was insured for \$3 000 against fire. When fire occurred goods worth \$1 500 were destroyed.
- How much compensation was paid?
- A \$1 125
 - B \$1 500
 - C \$3 000
 - D \$4 000
- 27 What is the use of an insurance prospectus?
- A It gives information on exact premiums to be paid.
 - B It has questions to be answered in utmost good faith.
 - C It is a temporary cover on payment of first premium.
 - D It is used to decide whether or not to accept cover.
- 28 One communal system of assurance is
- A working together in the fields.
 - B building a community toilet.
 - C coming together during community gathering.
 - D contributing towards burial expenses.

- 29 Radio paging may be used to
- A call a doctor to an emergency room.
 - B call for a fire brigade to a burning house.
 - C call shareholders to attend a meeting.
 - D call the police to attend an accident.
- 30 Under what circumstances would a trader use a franking machine?
- A when safety of mail is required
 - B when sending important documents
 - C when speedy delivery is required
 - D when sending large volumes of mail
- 31 Which service is used by a salesperson who is away from his station?
- A recorded delivery
 - B private bag
 - C poste restante
 - D business reply
- 32 Which list contains telecommunication services only?
- A cellphone, radio paging and recorded delivery
 - B confravision, radiopaging and recorded delivery
 - C facsimile, datel and e-mail
 - D post restante, telephone and registered mail
- 33 Which is an advantage of rail transport over road?
- A cheaper over short distances
 - B faster over short distances
 - C larger carrying capacity
 - D wide network coverage
- 34 The agreement to hire a tramp is
- A bill of lading.
 - B charter party.
 - C consignment note.
 - D delivery note.

- 35 Which is a difference between an Airport Authority and a Seaport Authority?
- A communication facilities
 - B refuelling facilities
 - C transport links to the port
 - D well levelled runway
- 36 Which ship allows loaded vehicles to be driven on and off?
- A tramp
 - B ro-ro
 - C liner
 - D coastal
- 37 Which is **not** a function of a warehouse?
- A storage of goods awaiting price rise
 - B storage of goods for entrêpot trade
 - C storage of goods for security
 - D storage of goods to mature
- 38 Which is the most suitable advertising medium for a new cake mixer?
- A newspaper
 - B poster
 - C radio
 - D journal
- 39 What benefit does the consumer get from competition between manufacturers of similar products?
- A buying goods on impulse
 - B creating employment in the advertising business
 - C increasing the sales of new products
 - D obtaining high quality goods at lower prices
- 40 The diagram below shows the 4Ps of marketing mix.



What is X?

- A preference
- B product
- C profit
- D protection

Surname

Forename(s)

Centre Number

Candidate Number



ZIMBABWE SCHOOL EXAMINATIONS COUNCIL
General Certificate of Education Ordinary Level

COMMERCE
PAPER 2 Essays

4049/2

JUNE 2019 SESSION

2 hours

Additional materials:

No additional material required

Allow candidates 5 minutes to count pages before the examination.

Time: 2 hours

INSTRUCTIONS TO CANDIDATES

Write your name, Centre Number and Candidate Number in the spaces at the top of this page and your Centre Number and Candidate Number on the top right corner of every page of this paper.

Check if the booklet has all the pages and ask the invigilator for a replacement if there are duplicate or missing pages.

Shape all your letters very clearly.

Answer **all** questions in **Section A** and **any three** questions in **Section B** in the spaces provided. **Answers in Section B must be in essay form.**

Write your answers in the spaces provided on the question paper using **black** or **blue** pens.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

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Section A [40 marks]

Answer **all** questions in this section.

- 1 (a) Name the third stage of production.
_____ [1]
- (b) Explain the term *basic human needs*.

_____ [2]
- (c) The transferring of ownership of business and the means of production to locals is called

_____ [1]
- (d) State the differences between *visible trade* and *invisible trade*.

_____ [4]
- 2 (a) Outline any **three** consumer rights.

_____ [3]

- 2 (b) Name the organisation that tests products for quality in Zimbabwe.
_____ [1]
- (c) Give **two** aspects of demography that can be used to segment a market.

_____ [2]
- 3 (a) Identify the document used to invite members of the public to buy shares in a public company.
_____ [1]
- (b) State **four** advantages of a partnership.

_____ [4]
- (c) Identify **two** functions of the Zimbabwe Patents Office.

_____ [2]
- 4 (a) List **two** characteristics of money.

_____ [2]
- (b) Give **two** advantages of trade credit.

_____ [2]

- 4 (c) Explain the importance of a bank overdraft to a trader.
- _____
- _____ [2]
- 5 (a) Explain how a worker benefits from the invalidity pension grant offered by the National Social Security Authority (NSSA).
- _____
- _____
- _____ [2]
- (b) Outline what is considered when fixing an insurance premium.
- _____
- _____
- _____ [4]
- 6 (a) State the most suitable form of transport to carry the following:
- (i) flowers from Harare to Pretoria,
- _____ [1]
- (ii) bread from a bakery to retailers,
- _____ [1]
- (iii) large volume of crude oil from Beira to Mutare,
- _____ [1]
- (iv) 1 000 tonnes of coal from Hwange to ZISCO.
- _____ [1]



ZIMBABWE SCHOOL EXAMINATIONS COUNCIL
General Certificate of Education Ordinary Level

COMMERCE
PAPER 1 Multiple Choice

4049/01

JUNE 2019 SESSION

1 hour 15 minutes

Additional materials:
Multiple Choice answer sheet
Soft clean eraser
Soft pencil (type B or HB is recommended.)

TIME 1 hour 15 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 sheets in the spaces provided unless this has already been done for you.

Read very carefully the instructions on the answer sheet.

INFORMATION FOR CANDIDATES

Each correct answer will score **one** mark. A mark will not be deducted for a wrong answer. Any rough working should be done in this booklet.

There are **forty** questions in this paper. Answer **all** questions. For each question there are four possible answers **A, B, C** and **D**. Choose the one you consider correct and record your choice in soft pencil on the separate answer sheet provided.

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- 1 Which service is **not** part of tertiary production?
- A banking
 - B distribution
 - C manufacturing
 - D teaching
- 2 Which is an advantage of specialisation?
- A leads to employment
 - B results in labour mobility
 - C retraining workers is cheap
 - D workers become skilled
- 3 Which is **not** value addition?
- A baking cakes from flour
 - B making steel from iron ore
 - C packaging diamonds in metal boxes
 - D selling live cattle to abattoirs
- 4 Which external factor affects business environment?
- A customers
 - B politics
 - C suppliers
 - D workers
- 5 Beneficiation is the
- A amount by which the value of a product is increased.
 - B difference between cost of production and selling price.
 - C natural intrinsic value in the extracted raw materials.
 - D process which removes impurities from mineral ores.
- 6 Which factor of production mobilises other factors of production?
- A land
 - B labour
 - C enterprise
 - D capital

- 7 Retailing is
- A offering goods to wholesalers.
 - B providing raw materials to producers.
 - C selling directly to consumers.
 - D selling goods in small quantities.
- 8 Quotas
- A discourage domestic consumption.
 - B increase inflow of foreign currency.
 - C limit quantities of goods imported.
 - D make imports more expensive.
- 9 Balance of trade is equal to
- A goods exported minus goods imported.
 - B goods exported minus services exported.
 - C services exported minus services imported.
 - D total exports minus total imports.
- 10 The aim of forming trading blocs is to
- A challenge integration of global economy.
 - B discriminate against non-member countries.
 - C promote free trade among member states.
 - D encourage global free trade by nations.
- 11 The similarity between home trade and foreign trade is that
- A goods in transit are insured.
 - B same language is involved.
 - C foreign currency is used.
 - D same measurements are used.
- 12 Consumers need protection against the following **except**
- A false price cutting.
 - B buying tested products.
 - C incorrect labelling of goods.
 - D unfair repossession of goods.

- 13 Which board tests products for quality?
- A Advertising Media Association of Zimbabwe.
 - B Consumer Council of Zimbabwe.
 - C Standards Association of Zimbabwe.
 - D Small Claims Court of Zimbabwe.
- 14 Which is a feature of business in the private sector?
- A clearly identifiable owners
 - B no profit making motive
 - C owned by the government
 - D set-up to provide a service
- 15 A partnership is formed by
- A at least one person.
 - B two and no maximum shareholders.
 - C two to fifty shareholders.
 - D two to twenty individuals.
- 16 Which characteristic applies to both private limited company and public limited company?
- A owners are called shareholders
 - B share transfer is unrestricted
 - C shares sold on Stock Exchange
 - D start trading after incorporation
- 17 What is privatisation?
- A converting a partnership into a public corporation
 - B converting a private limited company into a public limited company
 - C selling a business to government by an individual
 - D converting public sector business to private sector business
- 18 An entrepreneur is
- A a book-keeper who maintains accounts.
 - B a salesperson who markets goods.
 - C one who takes financial risks.
 - D someone who calculates premiums.

- 19 Planning as management function deals with
- A bringing workers together.
 - B ensuring that workers do different jobs.
 - C finding out whether aims are met.
 - D setting goals for the business.
- 20 Which function of money is used to compare goods?
- A measure of value
 - B medium of exchange
 - C standard for future payment
 - D store of value
- 21 Return on capital employed is given by the formula
- A $\frac{\text{Gross Profit}}{\text{Capital owned}} \times 100.$
 - B $\frac{\text{Gross Profit}}{\text{Cost of sales}} \times 100$
 - C $\frac{\text{Net Profit}}{\text{Capital invested}} \times 100$
 - D $\frac{\text{Net Profit}}{\text{Turnover}} \times 100$

Use the information below to answer questions 22 and 23.

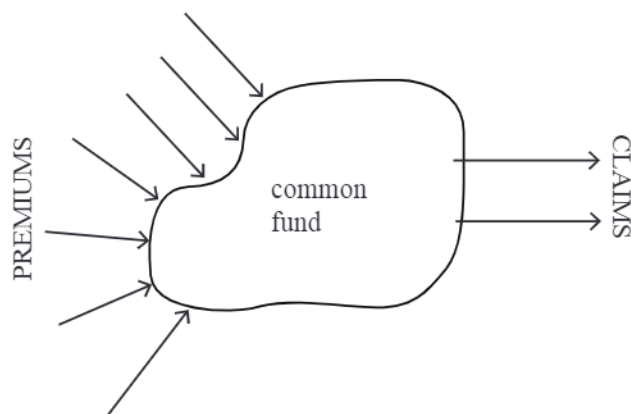
A trader bought 200 crates of mineral water at \$10 a crate from a wholesaler under the following terms:

- Trade discount 25%
- Cash discount 5% 15 days

- 22 How much trade discount was offered to the trader?
- A \$100
 - B \$400
 - C \$500
 - D \$2 000

- 23 How much did the trader pay if the account was settled within 10 days?
- A \$1 900
 B \$1 600
 C \$1 500
 D \$1 425
- 24 Which statement is true about the principle of utmost good faith?
- A the insured must not make profit
 B all relevant information must be disclosed
 C the insured must suffer loss
 D the risk must be insurable
- 25 The calculation of insurance premiums is done by the
- A actuaries.
 B assessors.
 C brokers.
 D underwriters.
- 26 Non-payment by an importer due to lack of foreign currency is covered by
- A consequential loss insurance.
 B export credit guarantee corporation.
 C fidelity guarantee insurance.
 D freight insurance.

27



What is represented in the diagram?

- A average clause
 B insurable interest
 C pooling of risks
 D proximate cause

- 28 Which activity is **not** part of e-insurance?
- A buying insurance cover on-line
 - B contracting an agent to discuss insurance
 - C downloading a policy document
 - D paying monthly premiums on-line
- 29 Which telecommunication service allows contact when trader is out of office?
- A cellphone
 - B datel
 - C post restante
 - D telephone
- 30 Effective communication does **not** involve a
- A feedback.
 - B licence.
 - C medium.
 - D transmitter.
- 31 A charter party is a
- A contract of hire.
 - B document of title.
 - C proof of delivery.
 - D receipt of freight.
- 32 Which is **not** considered when choosing a method of communication?
- A cost
 - B distance
 - C reliability
 - D urgency
- 33 What is the importance of transport to a trader?
- A goods are kept safely before sale
 - B goods are moved to the markets
 - C tastes and demands of customers are known
 - D trader is covered against loss

- 34 What is the disadvantage of using containers in transport?
- A containers are sealed in transport
 - B container terminals are expensive to build
 - C packaging costs are reduced
 - D small loads require groupage
- 35 Which is **not** a function of a seaport authority?
- A providing refuelling facilities
 - B maintaining dry docks
 - C dredging the harbour
 - D collecting customs duty
- 36 In which agreement does an exporter hire a tramp together with its crew?
- A demise charter
 - B bill of lading
 - C time charter
 - D voyage charter
- 37 Where does a communal farmer store grain?
- A granary
 - B grain silo
 - C metal container
 - D storeroom
- 38 Marketing a product to benefit a few customers is
- A market researching.
 - B market segmentation.
 - C mass marketing.
 - D niche marketing.
- 39 The process of dividing a market into groups is
- A market research.
 - B market segmentation.
 - C mass marketing.
 - D niche marketing.

40 What is marketing mix?

- A** all activities used to sell a product
- B** brand name distinguishing products
- C** selling a variety of products
- D** set of questions for market research

COMMERCE

Paper 1 Multiple Choice

SPECIMEN MARK SCHEME

7100/01

For Examination from 2018

1 hour

MAXIMUM MARK: 40

This document consists of **2** printed pages.

| <i>Question Number</i> | <i>Key</i> | <i>Question Number</i> | <i>Key</i> |
|------------------------|------------|------------------------|------------|
| 1 | C | 21 | D |
| 2 | C | 22 | A |
| 3 | A | 23 | A |
| 4 | B | 24 | D |
| 5 | C | 25 | A |
| 6 | D | 26 | B |
| 7 | B | 27 | B |
| 8 | A | 28 | C |
| 9 | D | 29 | B |
| 10 | C | 30 | C |
| 11 | A | 31 | A |
| 12 | D | 32 | D |
| 13 | C | 33 | C |
| 14 | D | 34 | C |
| 15 | C | 35 | B |
| 16 | C | 36 | B |
| 17 | B | 37 | A |
| 18 | D | 38 | B |
| 19 | B | 39 | B |
| 20 | D | 40 | A |



COMMERCE

Paper 1 Multiple Choice

SPECIMEN PAPER

7100/01

For Examination from 2018

1 hour

Additional Materials: Multiple Choice Answer Sheet
 Soft clean eraser
 Soft pencil (type B or HB is recommended)
 Ruler
 Protractor

READ THESE INSTRUCTIONS FIRST

Write in soft pencil.

Do not use staples, paper clips, glue or correction fluid.

Write your name, Centre number and candidate number on the Answer Sheet in the spaces provided unless this has been done for you.

DO **NOT** WRITE IN ANY BARCODES.

There are **forty** questions on this paper. Answer **all** questions. For each question there are four possible answers, **A, B, C** and **D**.

Choose the **one** you consider correct and record your choice in **soft pencil** on the separate Answer Sheet.

Read the instructions on the Answer Sheet very carefully.

Each correct answer will score one mark. A mark will not be deducted for a wrong answer.

Any rough working should be done in this booklet.

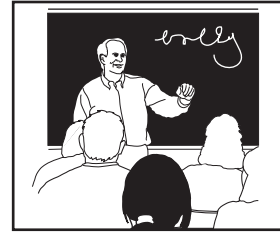
The businesses described in this question paper are entirely fictitious.

This document consists of **12** printed pages.

1 What is meant by *production*?

- A primary and secondary industries
- B provision of direct services
- C provision of goods and services
- D trade and aids to trade

2 The diagrams show three people who each provide a service to consumers.



Which term describes the type of service they provide?

- A commercial service
- B customer service
- C direct service
- D retail service

3 Which term means 'the distribution of goods to the final consumer'?

- A commerce
- B manufacturing
- C warehousing
- D wholesaling

4 What is a disadvantage to the **consumer** of large-scale retailing?

- A convenient opening hours
- B decline in personal service
- C loyalty cards
- D one-stop shopping

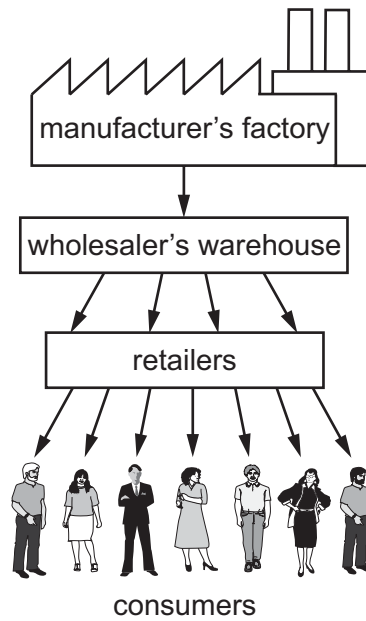
- 5 The diagram shows a trend in retailing.



Which trend in retailing is shown in the diagram?

- A mail order
- B mobile retailing
- C omnichannel retailing
- D television shopping
- 6 Using credit means that the customer
- A always pays extra for the goods.
- B gets goods repaired for nothing.
- C obtains discount on goods.
- D uses the goods but pays later.
- 7 Mr Dube buys a television on hire purchase from a shop and pays for it over 18 months.
- Who owns the goods during this time?
- A buyer
- B finance company
- C manufacturer
- D sales person

8 The diagram shows a commercial activity.



Which commercial activity is shown in the diagram?

- A chain of distribution
 - B chain of production
 - C division of labour
 - D economies of scale
- 9 A small retailer is located in a remote village. Which service provided by a wholesaler is this retailer **most** likely to benefit from?
- A advertising of products
 - B convenient opening hours
 - C credit facilities
 - D delivery of goods to the retailer
- 10 Which of the following is **not** an example of an intermediary?
- A agent
 - B factor
 - C franchisor
 - D wholesaler

- 11 What document will be sent to a customer when the customer returns chargeable boxes and crates?
- A credit note
 B order
 C quotation
 D receipt
- 12 High Fashion Wholesalers prepared a statement of account for Lee Trading.

| STATEMENT OF ACCOUNT | | | | |
|---------------------------------|---|-------|---------------------|----------------|
| HIGH FASHION WHOLESALERS | | | | |
| TRENDY ROAD | | | | |
| ANYCITY | | | | |
| To | Lee Trading 110 Main Road Anycity | | Month Ending | 31 August 2015 |
| DATE | DETAILS | DEBIT | CREDIT | BALANCE |
| | | \$ | \$ | \$ |
| 1 Aug | balance brought forward | | | 500 |
| 6 Aug | bank | | 475 | 25 |
| 8 Aug | cash discount | | 25 | – |
| 12 Aug | sales | 800 | | 800 |
| 22 Aug | sales | 700 | | 1500 |
| 26 Aug | credit note | | 60 | 1440 |

Lee Trading paid the amount owed on 24 August.

What was the amount paid?

- A \$700 B \$800 C \$1440 D \$1500
- 13 Eva is a retailer. She has bought 30 dresses costing \$70 each. She is allowed 20% trade discount and 5% cash discount if she pays within 14 days.
- How much will Eva pay if she settles the bill within 14 days?
- A \$1512 B \$1575 C \$1596 D \$1680

14 A retailer buys an article at a cost of \$50 and sells the article at \$60.

What is the retailer's mark-up?

- A 8% B 10% C 15% D 20%

15 What is a limit placed on the quantity of goods imported into a country in one year?

- A embargo
B licence
C quota
D tariff

16 What is the major difficulty faced by an exporter when trading with a foreign buyer for the first time?

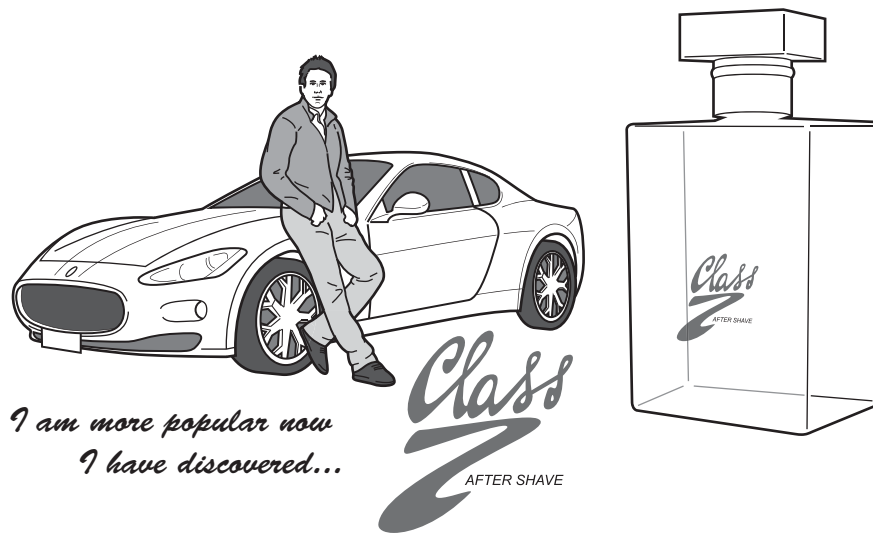
- A competition from other companies
B differences in languages
C non-payment for the goods
D transport of goods

17 Three types of advertising a firm might use are informative, collective and competitive.

What is another type of advertising?

- A media
B persuasive
C point of sale
D sales promotion

18 The diagram shows an advertisement.



Which method of appeal is the advertiser using?

- A colour
 - B comedy
 - C hero worship
 - D social acceptance
- 19 What is a loss leader?
- A a commodity entered in the stock records but missing from stock
 - B a product sold at below cost price to attract customers
 - C a slow-selling item sold at below cost price to sell quickly
 - D a well-known brand with a low profit margin
- 20 Which method of communication can people in different places use to hold a meeting, allowing them to hear and see each other?
- A teleconferencing
 - B telephone
 - C text messaging
 - D videoconferencing

21 A retailer uses the business reply service to reply to an advertisement by a manufacturer.

This means that the manufacturer pays for the reply, which is sent by

- A cash on delivery.
- B courier.
- C email.
- D ordinary mail.

22 What is an application store (app store)?

- A digital distribution platform for software
- B means of protecting the computer user against malicious software
- C method of communication between a retailer and a manufacturer
- D warehouse for storing certain types of goods

23 What is an advantage of sea transport for carrying goods in bulk?

- A low carriage costs
- B low packing charges
- C safety
- D speed

24 What is an advantage of using containers for the transport of exported goods by road and sea?

- A high insurance costs
- B no export documentation
- C non-payment of customs duties
- D quicker turnaround

25 Which service is **not** provided by a logistics company?

- A advertising
- B packaging
- C transport
- D warehousing

- 26 Which requirement is **not** essential for a well-organised warehouse?
- A accurate stock control
 - B cash and carry on sales
 - C efficient distribution of goods
 - D protection of goods from theft
- 27 How does a bonded warehouse save on working capital for the importer?
- A Duty is paid when goods are blended and packed.
 - B Duty is paid when goods are needed.
 - C Goods are supervised by customs authorities.
 - D Goods can be displayed for sale.
- 28 What does the insurance principle of indemnity mean?
- A The insured is refunded the cost of the total premiums paid to the insurer if a loss is suffered.
 - B The insured is restored to a better position than before the loss was suffered.
 - C The insured is restored to the original position before the loss was suffered.
 - D The insured who suffered the loss is compensated from the premiums in the insurance pool.
- 29 A retailer's stock is worth \$6000 and is insured for \$4000. Goods to the value of \$4500 are stolen. How much compensation will the insurance company pay the retailer?
- A \$500 B \$3000 C \$4500 D \$6000
- 30 What is a function of an insurance broker?
- A to assess insurance claims
 - B to calculate risks and premiums for insurance companies
 - C to find clients for insurance companies
 - D to possess and sell goods to clients

31 The following headline recently appeared on the front page of a newspaper.

Banking crisis hits commerce

Which of these effects of a banking crisis is likely to be the most serious for businesses who are wishing to expand?

- A The banks will be less willing to provide loans and overdrafts.
- B The banks will be unwilling to provide advice to businesses.
- C The banks will close their internet sites.
- D The banks will reduce the staff numbers in their branches.

32 Which method of payment requires the creditor to ask the bank for payment?

- A banker's order
- B cheque
- C credit transfer
- D direct debit

33 A business wishes to move funds quickly between countries.

Which means of payment should it use?

- A bank draft
- B credit transfer
- C electronic transfer
- D documentary credit

- 34 A large travel agent plans to set up a telephone call centre where callers can book holidays.

The travel agent investigates possible location sites for the new call centre. A list of factors to be considered for the location of the new call centre is shown below.

| | |
|---|----------------------|
| 1 | Road networks |
| 2 | Planning Laws |
| 3 | Cost of sites |
| 4 | Parking for staff |
| 5 | ? |

Which other factor should be considered?

- A access for visiting customers
 - B competition in the area
 - C reliable power supplies
 - D suppliers nearby
- 35 What is a general partnership?
- A a business unit formed by shareholders
 - B a business unit in which all partners are liable for the business's debts
 - C a business which has been formally registered by the partners
 - D a business with limited liability for all partners
- 36 What is the most likely challenge to a fast food franchisor who wishes to expand their business?
- A capital available for franchising
 - B lack of franchise applicants
 - C opposition from local communities
 - D popularity of fast food

37 Mr Khan needs help to purchase a new car.

Which source of finance should he use?

- A bank loan
- B debenture
- C sale and leaseback
- D trade credit

38 A business has the following trading figures.

| | \$ |
|----------------|---------|
| sales turnover | 500 000 |
| gross profit | 150 000 |
| expenses | 50 000 |

What is the profit for the year (net profit) as a percentage of sales turnover?

- A 10% B 20% C 30% D 40%

39 Which of the following is an economic issue that may affect commercial activities?

- A the exploitation of natural resources in some countries
- B the increased purchasing power of many people in many countries
- C the introduction of government regulations on the sale of some products
- D the rapid development of different kinds of mobile phones

40 What is an effect on the environment of the growth of e-commerce?

- A increased use of transport for the delivery of goods
- B reduced use of computers and telephones
- C shopping available all day and every day
- D the development of the cashless society

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COMMERCE

7100/02

Paper 2 Written

For Examination from 2018

SPECIMEN MARK SCHEME

2 hours

MAXIMUM MARK: 80

This document consists of **12** printed pages.

| abbreviation | stands for | meaning |
|--------------|-----------------|--|
| OFR | own figure rule | If a mistake is made in a calculation, and the incorrect figure that results from the mistake is used for subsequent calculations, or as the basis for a comment on the outcome of the calculation, then OFR means that marks are awarded for comments or calculations that result from the original incorrect figure. |

| Question | Answer | Marks |
|----------|---|----------|
| 1(a)(i) | One mark for iron ore (mines)/mining | 1 |
| 1(a)(ii) | A service offered by the Port Authority is handling containers A service offered by the Airport Authority is refuelling services Both answers correct = 1 mark 0 or 1 answers correct = 0 marks | 1 |
| 1(b) | Any one benefit explained × 2 marks (1 mark for the benefit/1 mark for development) can increase output/because it can use division of labour and mechanisation can produce a standardised product/by introducing good quality control procedures can employ people to work on a production line/and train them to do one task can achieve economies of scale/by employing mass production methods/ greater use of mechanisation/technology can build up expertise in the production of one product/so that the factory can be more efficient any other relevant benefit explained | 2 |

| Question | Answer | Marks |
|----------|--|-------|
| 1(c) | <p>Up to 2 marks for explaining the transport types used.</p> <p>Up to a further 2 marks for comparing the types of transport used.</p> <p>Up to a final 2 marks for evaluating the importance of transport in the production of iron ore.</p> <p><u>Transport types</u> Road – used to take iron ore to nearby steelworks. Rail – used to take iron ore a longer distance to the shipping port. Sea – used to export the iron ore. Air – used to bring employees to the mine.</p> <p><u>Comparison of transport types</u> Iron ore is bulky. Road transport is only used for short journeys of the iron ore to domestic users. Rail transport is used to carry much more iron ore to the seaport and is more efficient than road. Ships can carry large quantities of iron ore to other countries. Air would never be used for iron ore because of the weight of it, and is only used to bring the employees to the mines, which are probably in a remote area.</p> <p><u>Evaluation</u> Unless iron ore is transported it cannot be sold. For the overland journeys of long distances, rail will be the most efficient method and is used to haul the iron ore to the seaport where ships provide an economical method of transporting the ore overseas. It is only on relatively short journeys, when smaller amounts of iron ore are needed, that road transport could become competitive with rail, for example to the car factory, which may be operating just-in time (JIT) production. It is important to have the air link for employees if the mine is in a remote area. Overall transport is very important to the operation due to the bulky nature of iron ore, the need to haul it economically and the need to transport employees to the mines.</p> | 6 |
| 1(d) | <p>Any one way explained × 2 marks (1 mark for the way/1 mark for development)</p> <p>disposal of waste products/avoid unsightly spoil heaps look for alternative methods of transporting steel to car factory/such as rail change power source from fossil fuels/control emissions into the atmosphere control the amount of waste created within the works/better quality control make the workforce aware of the need to protect the environment/example such as recycling</p> <p>any other relevant way explained</p> | 2 |

| Question | Answer | Marks |
|----------|--|----------|
| 1(e) | <p>Up to 2 marks for stating the types of international trade undertaken by the country.</p> <p>Up to a further 2 marks for explaining the needs for exports and imports.</p> <p>Up to a final 2 marks for evaluating the importance of international trade.</p> <p><u>Trade undertaken</u> The country exports raw materials such as iron ore which has a wide international market as it is the basic ingredient in steelmaking. The country imports food and manufactured goods.</p> <p><u>Need for exports and imports</u> The country needs to pay for the food and manufactured goods that it imports. It does this by exporting iron ore and presumably some of the steel it produces from the iron ore. It has added value by converting the iron ore into steel and should make additional profits from this process. The fact that it exports raw iron ore suggests that it has large resources of the ore.</p> <p><u>Evaluation</u> The country imports food which means that international trade is vital for feeding its population. Manufactured goods are also imported which will raise the standard of living as long as the country can afford to import them. The country can pay for these imported goods by exporting its raw materials (iron ore), of which it likely has a surplus.</p> | 6 |

| Question | Answer | Marks |
|----------|--|----------|
| 2(a) | <p>Any two advantages × 1 mark each –</p> <p>customers can take their time shopping customers can examine the goods before selecting customers can look at alternatives before choosing customers may take less time shopping than if they have to queue to be served in a shop goods are prepared to aid self-selection</p> <p>any other relevant advantage</p> | 2 |

| Question | Answer | Marks | | | | | | | | | | | | | | | |
|--|---|-------------------------------------|------|-------|--|--------------------------|-------------------------------------|--|--------------------------|-------------------------------------|---|-------------------------------------|--------------------------|---|-------------------------------------|--------------------------|----------|
| 2(b) | <p>Any three actions × 1 mark each –</p> <p>return to the shop/telephone/email to complain take back the sandwiches and receipt explain the situation ask for a replacement ask for a refund do nothing – eat the sandwiches tell family/friends about the poor product use social media to complain</p> <p>any other relevant point</p> <p>NB no marks for go to the police, sue the shop, report to consumer association</p> | 3 | | | | | | | | | | | | | | | |
| 2(c) | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%; text-align: center;">TRUE</th> <th style="width: 10%; text-align: center;">FALSE</th> </tr> </thead> <tbody> <tr> <td>A regional distribution centre enables the retailer to benefit from discounts by purchasing in bulk.</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td>A regional distribution centre provides wholesaling services to small-scale and large-scale retailers.</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td>A regional distribution centre supplies a number of shops owned by one company.</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>A regional distribution centre is located where there is a good road network and easy access.</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> | | TRUE | FALSE | A regional distribution centre enables the retailer to benefit from discounts by purchasing in bulk. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | A regional distribution centre provides wholesaling services to small-scale and large-scale retailers. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | A regional distribution centre supplies a number of shops owned by one company. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | A regional distribution centre is located where there is a good road network and easy access. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2 |
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| Question | Answer | Marks | | | | | | | | | | | | | | | |
|----------|---|--|-------|-------------|---|-----|--|---|-----|--|---|-----|---|---|---------|------------------------|---|
| 2(d) | <p>Indicative content</p> <p><i>Advantages</i></p> <ul style="list-style-type: none"> • likely to increase sales • gain a competitive edge/competitors may already be offering the service • maintain/grow market share • customers can shop at any time – assists working population and people who are housebound • more products available than may be stocked in a single store • service may target new customers • any other relevant advantage <p><i>Disadvantages</i></p> <ul style="list-style-type: none"> • technology/resources required to implement may be costly/resourcing challenges e.g. centralised ordering system, warehouse, delivery vans and computer terminals • if technology is not fit for purpose there will be dissatisfied customers • fewer people will visit the stores/lower turnover in stores • online shopping will not cater for people without access to the internet • may reduce profitability of self-service stores • any other relevant disadvantage <table border="1" data-bbox="308 999 1326 1839"> <thead> <tr> <th>Level</th> <th>Marks</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>6–8</td> <td>A thorough evaluation of the advantages and disadvantages to Maxiplus of offering an online shopping service. Has identified many of the significant issues relevant to this commercial situation and has come to a well-reasoned judgement supported by relevant evidence about whether Maxiplus should offer an online shopping service. Response is communicated in an accurate and logical manner.</td> </tr> <tr> <td>2</td> <td>3–5</td> <td>A satisfactory evaluation of the advantages and/or disadvantages to Maxiplus of offering an online shopping service. Has identified some of the significant issues relevant in this commercial situation and may have come to a judgement supported by evidence about whether Maxiplus should offer an online shopping service. Response may lack accuracy or a logical structure.</td> </tr> <tr> <td>1</td> <td>1–2</td> <td>A limited, descriptive response, showing some knowledge and understanding of an online shopping service. No attempt to evaluate whether Maxiplus should offer an online shopping service.</td> </tr> <tr> <td>0</td> <td>0 marks</td> <td>No creditable response</td> </tr> </tbody> </table> | Level | Marks | Description | 3 | 6–8 | A thorough evaluation of the advantages and disadvantages to Maxiplus of offering an online shopping service. Has identified many of the significant issues relevant to this commercial situation and has come to a well-reasoned judgement supported by relevant evidence about whether Maxiplus should offer an online shopping service. Response is communicated in an accurate and logical manner. | 2 | 3–5 | A satisfactory evaluation of the advantages and/or disadvantages to Maxiplus of offering an online shopping service. Has identified some of the significant issues relevant in this commercial situation and may have come to a judgement supported by evidence about whether Maxiplus should offer an online shopping service. Response may lack accuracy or a logical structure. | 1 | 1–2 | A limited, descriptive response, showing some knowledge and understanding of an online shopping service. No attempt to evaluate whether Maxiplus should offer an online shopping service. | 0 | 0 marks | No creditable response | 8 |
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| Question | Answer | Marks |
|-----------------|--|--------------|
| 3(a) | (inventories + trade receivables + cash) = \$1000 + \$300 + \$300 = \$1600 (1 mark) (trade payables + bank overdraft) = \$400 + \$700 = \$1100 (1 mark) \$1600 – \$1100 = \$500 (1 mark) OFR applies. Accept the correct answer without full working for full marks. | 3 |
| 3(b)(i) | 1 mark for debentures | 1 |

| Question | Answer | | Marks | | | | | | | | | | | | | | | |
|----------|---|---|-------|-------|-------------|---|-----|---|---|-----|---|---|-----|---|---|---------|------------------------|---|
| 3(b)(ii) | <p>Indicative content</p> <ul style="list-style-type: none"> • decision depends on the company’s financial status, cost of machinery and how urgently it is required • if the machinery is very expensive, issuing more shares to existing shareholders would mean that the company would not be over-committed financially • bank loan has repayments fixed over a long period of time. Income from new machinery could pay off the bank loan • organising issue of shares takes time • issuing of shares will widen ownership of the company so management control might be weakened • dividends will need to be paid but they don’t need to be paid off (like a bank loan) and there is no interest • bank loan is quick to arrange • ownership of company is maintained with a bank loan • assets may have to be used to secure the loan – these could be lost if there is difficulty repaying • any other relevant point <table border="1" data-bbox="308 927 1326 1839"> <thead> <tr> <th data-bbox="308 927 411 972">Level</th> <th data-bbox="411 927 560 972">Marks</th> <th data-bbox="560 927 1326 972">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 972 411 1308">3</td> <td data-bbox="411 972 560 1308">6–8</td> <td data-bbox="560 972 1326 1308">A thorough evaluation of the advantages and disadvantages to Trigwells Pty Ltd of issuing ordinary shares or taking a bank loan. Has identified many of the significant issues relevant to this commercial situation and has come to a well-reasoned judgement supported by relevant evidence about whether Trigwells Pty Ltd should issue ordinary shares or take a bank loan in order to buy new machinery. Response is communicated in an accurate and logical manner.</td> </tr> <tr> <td data-bbox="308 1308 411 1637">2</td> <td data-bbox="411 1308 560 1637">3–5</td> <td data-bbox="560 1308 1326 1637">A satisfactory evaluation of the advantages and/or disadvantages to Trigwells Pty Ltd of issuing ordinary shares or taking a bank loan. Has identified some of the significant issues relevant in this commercial situation and may have come to a judgement supported by evidence about whether Trigwells Pty Ltd should issue ordinary shares or take a bank loan in order to buy new machinery. Response may lack accuracy or a logical structure.</td> </tr> <tr> <td data-bbox="308 1637 411 1794">1</td> <td data-bbox="411 1637 560 1794">1–2</td> <td data-bbox="560 1637 1326 1794">A limited, descriptive response, showing some knowledge and understanding of bank loans and/or issuing shares. No evaluation of whether Trigwells Pty Ltd should take a bank loan or issue ordinary shares.</td> </tr> <tr> <td data-bbox="308 1794 411 1839">0</td> <td data-bbox="411 1794 560 1839">0 marks</td> <td data-bbox="560 1794 1326 1839">No creditable response</td> </tr> </tbody> </table> | | Level | Marks | Description | 3 | 6–8 | A thorough evaluation of the advantages and disadvantages to Trigwells Pty Ltd of issuing ordinary shares or taking a bank loan. Has identified many of the significant issues relevant to this commercial situation and has come to a well-reasoned judgement supported by relevant evidence about whether Trigwells Pty Ltd should issue ordinary shares or take a bank loan in order to buy new machinery. Response is communicated in an accurate and logical manner. | 2 | 3–5 | A satisfactory evaluation of the advantages and/or disadvantages to Trigwells Pty Ltd of issuing ordinary shares or taking a bank loan. Has identified some of the significant issues relevant in this commercial situation and may have come to a judgement supported by evidence about whether Trigwells Pty Ltd should issue ordinary shares or take a bank loan in order to buy new machinery. Response may lack accuracy or a logical structure. | 1 | 1–2 | A limited, descriptive response, showing some knowledge and understanding of bank loans and/or issuing shares. No evaluation of whether Trigwells Pty Ltd should take a bank loan or issue ordinary shares. | 0 | 0 marks | No creditable response | 8 |
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| Question | Answer | Marks |
|----------|---|----------|
| 3(c) | Any two characteristics described × 2 marks (1 mark for the characteristic/ 1 mark for the description) limited liability/shareholders liable only up to the amount of investment owned by shareholders/who may be family members (restricted ownership) shares transferred by agreement among the shareholders/and not freely transferable accounts are not published/but are available on application control by the board of directors/who may also manage the day-to-day running of the company legal entity/can sue or be sued in the company name any other relevant characteristic described | 4 |
| 3(d) | Any two ways explained × 2 marks (1 mark for the way/1 mark for the explanation or example) to protect itself against claims made by employees/employer's liability to protect itself against claims made by customers or the public/public liability to receive compensation/in the event of a risk happening to insure its vehicles/using comprehensive cover to cover its buildings and machinery/against damage, fire, flood to safeguard itself against customers not paying their debts/credit insurance any other relevant way explained | 4 |

| Question | Answer | Marks |
|----------|--|----------|
| 4(a) | 1 mark each for – (i) \$1400m (ii) \$400m (iii) –\$40m (NB must have minus sign) | 3 |
| 4(b) | 1 mark each for – (i) deficit (ii) surplus | 2 |
| 4(c) | Any one way described × 2 marks (1 mark for the way/1 mark for the description) collect statistics/on imports and exports at ports and airports these statistics may show trade with individual countries/as well as collectively check goods/to ensure quotas are not exceeded/prohibited goods do not enter any other relevant way described | 2 |

| Question | Answer | Marks |
|----------|---|----------|
| 4(d) | <p>Medium = 0 marks</p> <p>Any two reasons explained × 2 marks (1 mark for the reason/1 mark for the explanation)</p> <p><i>internet website</i> probably has a government website already/therefore has the resources to maintain it can give detailed information/so that businesses can follow up contacts can be interactive/so enabling links to other websites can reach worldwide/therefore reaching more potential countries and customers is available 24/7/therefore overcoming time differences can establish how many 'hits' it has had/and so find out how successful it is</p> <p><i>newspaper advertisements</i> newspapers are widely read in many countries/therefore reaching many target markets and customers many newspapers have business sections/so may be able to target business people can take whole page advertisements/so give detailed information advertisements can be kept and referred to/so that potential customers may be able to make contact at a later date can be printed in the language of the country/therefore accessible in many countries</p> <p>accept negative reasoning for not choosing the other medium</p> <p>any other relevant reason explained</p> | 4 |

| Question | Answer | Marks |
|----------|---|----------|
| 5(a) | <p>Any two characteristics × 1 mark each</p> <p>use of a website wide range of goods easy methods of payment delivery details/dates given ability to return goods</p> <p>any other relevant characteristic</p> | 2 |
| 5(b) | <p>Any one way explained × 2 marks (1 mark for the way/1 mark for the explanation)</p> <p>develop a simplified website/so that it is easier to use with a mobile phone employ and train more staff/to work on mobile platform develop app technology/so that customers will appreciate the extra service do nothing/except handle orders as they come in as efficiently as possible</p> <p>any other relevant way explained</p> | 2 |

| Question | Answer | Marks |
|----------|---|----------|
| 5(c) | <p>Up to 2 marks for stating the advantages and/or disadvantages of accepting debit cards and credit cards.</p> <p>Up to a further 2 marks for explaining the two payment plans.</p> <p>Up to a final 2 marks for evaluating the need for the four options.</p> <p><u>Debit cards and credit cards</u> Debit cards provide immediate payment by debiting the customer's bank account. A small administrative charge will be made by the bank to the retailer. Credit cards pay the retailer directly and issue monthly bills to the customer, summarising their transactions and offering the choice of paying the whole balance or spreading the payments over several months. The retailer will have to pay a fee of usually between 2% and 5% to the credit card company.</p> <p><u>Additional payment options</u> Customers who have the cash, or money in their bank account, can then qualify for the 10% discount by paying for the computer in full. The extended credit will attract customers who do not have the available cash and do not have credit cards or do not want to use them. The retailer will have to check their credit-worthiness and there will be a risk of a bad debt. The retailer will receive additional income from the interest on the extended credit.</p> <p><u>Evaluation</u> Accepting a wide range of payments will help the retailer in attracting customers with different financial means. This will give the retailer a competitive edge over competitors who do not offer the range of payment options.</p> | 6 |
| 5(d)(i) | <p>Any two reasons explained × 2 marks each (1 mark for the reason/1 mark for the explanation)</p> <p>computers are fragile/and so it is better to transport them directly from the manufacturer rather than use a middleman the wholesaler is an intermediary/so the retailer may get a better price or better credit terms from the manufacturer the retailer may require specialised information and assistance from the manufacturer/the wholesaler cannot provide this as the wholesaler deals in many different goods the retailer may want to purchase a range of computers/but the wholesaler may not be able to supply this range of computers the retailer may have the financial resources to purchase directly from the manufacturer/and so obtain discount for bulk purchases</p> <p>any other relevant reason explained</p> | 4 |

| Question | Answer | Marks |
|-----------------|---|--------------|
| 5(d)(ii) | Any two points × 1 mark each or Any one point × 2 marks (1 mark for the point/1 mark for the explanation) when the retailer wants information about the computer/such as price and delivery dates when the retailer want to know terms of sale/such as discounts when the retailer wants to compare prices of computers and other information between several manufacturers when the retailer is making contact with a manufacturer she has not dealt with before/to find out what is offered any other relevant point explained | 2 |



Cambridge International Examinations
Cambridge Ordinary Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER



Commerce

7100/02

Paper 2 Written

For Examination from 2018

SPECIMEN PAPER

2 hours

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name in the spaces at the top of this page.

Write in dark blue or black pen.

You may use an HB pencil for any diagrams or graphs.

Do not use staples, paper clips, glue or correction fluid.

DO NOT WRITE IN ANY BARCODES.

Answer **all** questions.

The businesses described in this question paper are entirely fictitious.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **14** printed pages and **2** blank pages.

- 1 Fig. 1 shows a map of a country that specialises in the production of iron ore for export and for use by industries within the country. The country imports food and manufactured goods from other countries.

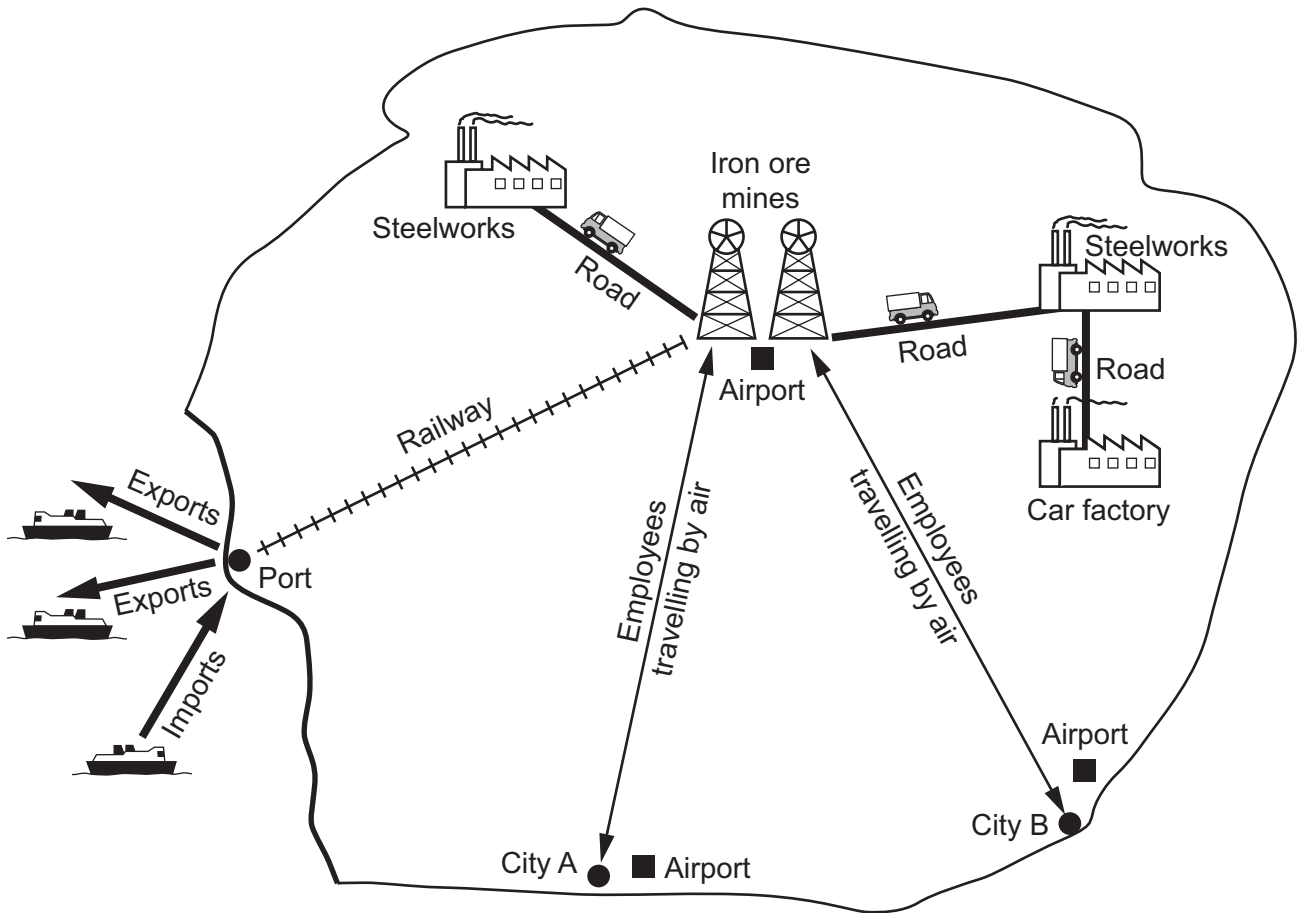


Fig. 1

Use the map in Fig. 1 to help you to answer the following questions.

- (a) (i) Identify, from Fig. 1, **one** example of a primary industry.

..... [1]

- (ii) Circle the correct answer to complete each of the following sentences.

A service offered by the Port Authority is

handling containers **OR** collecting import duties

A service offered by the Airport Authority is

handling bulk cargo **OR** refuelling services

[1]

(b) Explain **one** benefit to the car factory of specialising in the production of cars.

.....
.....
..... [2]

(c) Using examples from the map in Fig. 1, evaluate how important transport is in the production and distribution of iron ore.

.....
.....
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.....
.....
..... [6]

(d) Explain **one** way in which the owner of the steelworks, shown in Fig. 1, might try to reduce the impact of the business on the environment.

.....
.....
..... [2]

2 Maxiplus is a company operating a chain of self-service stores.

(a) State **two** advantages of self-service to customers.

- 1
-
- 2
- [2]

(b) A customer bought a packet of tomato sandwiches from one of Maxiplus's self-service stores. She later found that the sandwiches were stale.

State **three** actions the customer might take.

- 1
- 2
- 3 [3]

(c) Which of these statements about a regional distribution centre are TRUE and which are FALSE?

Tick (✓) TRUE or FALSE in the correct column.

| | TRUE | FALSE |
|--|------|-------|
| A regional distribution centre enables the retailer to benefit from discounts by purchasing in bulk. | | |
| A regional distribution centre provides wholesaling services to small-scale and large-scale retailers. | | |
| A regional distribution centre supplies a number of shops owned by one company. | | |
| A regional distribution centre is located where there is a good road network and easy access. | | |

[2]

- 3 Fig. 2 shows some financial information for Trigwells Pty Ltd, a building company. Trigwells Pty Ltd operates as a private limited company.

| BALANCE SHEET | | | |
|-----------------------------------|----------------------|------------------------------------|----------------------|
| as at 31 December 2017 | | | |
| LIABILITIES | | ASSETS | |
| | \$000s | | \$000s |
| Ordinary Shares | 7000 | Buildings | 4500 |
| 6% Debentures 2020 | 500 | Machinery/Equipment | 1500 |
| Trade payables (creditors) | 400 | Vehicles | 1000 |
| Bank overdraft | 700 | Inventories (stock) | 1000 |
| | | Trade receivables (debtors) | 300 |
| | | Cash | <u>300</u> |
| | <u>\$8600</u> | | <u>\$8600</u> |

Fig. 2

Use Fig. 2 to help you to answer the following questions.

- (a) Calculate the working capital of Trigwells Pty Ltd. Show your working.

Working capital = \$ [3]

- (b) (i) Identify **one** item of long-term borrowing given in Fig. 2.

..... [1]

(d) Explain **two** ways in which Trigwells Pty Ltd might need to use insurance.

1

.....

.....

.....

.....

.....

2

.....

.....

.....

..... [4]

[Total: 20]

4 A country has the following Balance of Trade figures for a four-month period, March to June.

| | MARCH | APRIL | MAY | JUNE | TOTAL |
|--------------------|---------|---------|----------|---------|---------|
| EXPORTS | \$350m | \$300m | \$300m | \$450m | (a)(i) |
| IMPORTS | \$300m | \$320m | \$340m | (a)(ii) | \$1360m |
| AMOUNT | \$50m | -\$20m | (a)(iii) | \$50m | \$40m |
| SURPLUS OR DEFICIT | surplus | deficit | (b)(i) | (b)(ii) | surplus |

Fig. 3

Use the table shown in Fig. 3 to help you to answer the following questions.

(a) Calculate the figures labelled (a)(i), (a)(ii) and (a)(iii) in Fig. 3 and write your answers in the boxes provided in Fig. 3. [3]

(b) Write your answers in the boxes provided in Fig. 3.

(i) Is (b)(i) a surplus or a deficit?

(ii) Is (b)(ii) a surplus or a deficit?

[2]

(c) The customs authority is involved in the production of Balance of Trade figures.

Describe **one** way in which the customs authority is involved.

.....

.....

.....

..... [2]

(d) The government of the country wishes to increase exports to other countries. It could use the following media to promote these exports.

internet website newspaper advertisements

Which medium should the government use? Explain **two** reasons for your answer.

Medium

Reason 1

.....

.....

Reason 2

.....

.....

..... [4]

[Total: 11]

5 A retailer sells many types of computer online using an e-shop.

(a) State **two** characteristics of an e-shop.

1

.....

2

..... [2]

(b) The retailer has recently seen the following extract from a newspaper article.

Customers now prefer to use mobile phones rather than desktop computers for online shopping.

Explain **one** way in which the retailer might respond to this extract from the newspaper article.

.....

.....

.....

..... [2]

(ii) Explain why the retailer might use an enquiry form before purchasing computers.

.....

.....

.....

..... [2]

[Total: 16]

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