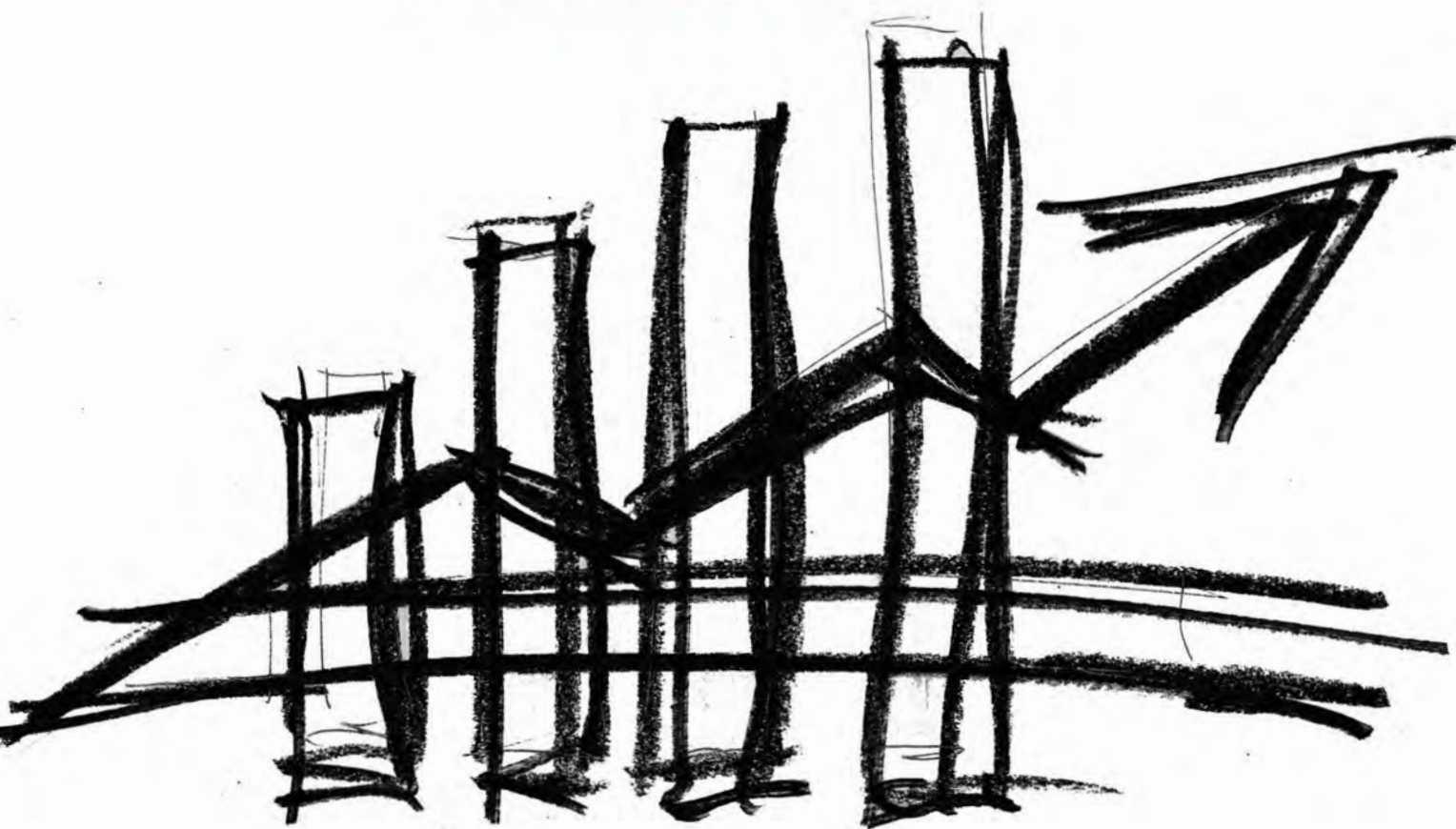


Commerce

Form 4



Commerce

Form 4

Musara Innocent



GRAMSOL



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Book Features



Catchy opening images to captivate learners.

Interactive info-graphics summarise concepts discussed.

External environment

This is a set of all exterior factors which are beyond business control, for example, legal, political and technological environments. They indirectly influence how a business operates. They are also known as macro or the general environment. These are:

- Technological environment
- Political environment
- Social environment
- Legal environment
- Economic environment

Technological environment

This refers to the innovations in the use of machinery in the production process towards quality and quantity improvement.

Did you know?

Technology is ever-changing and it will keep affecting businesses around the globe.

Effects of technological changes

Positive effects

- The use of machinery helps in fighting competition as a result of quality manufacture.
- Facilitates mass production of goods.
- Reduces cost of production as a result of eliminating wages and salaries of many workers.
- Speeds the production process of goods which enables firms to meet market demand.



Fig 1.4 The external environment

variables prohibit the consumption of meat such as pork.

Activity 1.4 (Debate)

Macro business elements are considered more than micro business elements. Discuss.

Activity 1.5

JB Pvt Ltd is a firm which specialises in the manufacture of high-quality bread. As a result of economic challenges, the firm faced a drop in sales and revenue as a result of increased cost of production and inflation. The managing director, Tendai Matenga decided to reduce employees' wages and salaries. The day after implementation of this decision, employees started to absent themselves from work. The quantity of bread supplied in the market dropped drastically and the number of defective loaves increased.

1. Define the following terms:
 - a) Inflation
 - b) Defect
2. State any two effects of poor wages and salaries to JB Ltd.
3. Name one external factor mentioned in the passage.
4. As an entrepreneur, how can these effects be resolved?

Glossary

Absenteeism is an act by which an employee does not attend work.

Business environment is the surrounding in which an enterprise operates.

Business is a commercial establishment.

Inflation is the persistent rise in the general price levels.

Market research is a process of identifying, analysing and evaluating consumer needs and wants.

In-text activities throughout the book to keep learners busy.

- Selling of gold reserves by the Reserve bank of Zimbabwe enables a country to earn foreign currency which can be used to invest in research and development, creation of industries and buying of capital goods.
- Charging low tax to exporters. This results in low cost of production and exportation making exports cheaper and imports expensive.
- Borrowing from international financial institutions. This enables a country to get foreign currency.
- Devaluation of the local currency makes exports cheaper.

Activity 2.7

Imagine you are the finance minister and your country is currently experiencing an unfavourable balance of payment. In class, explain to ministers and governors how these can be resolved.

Glossary

Adverse refers to any negative trade balance.

Balance of payment is the difference between total exports and total imports.

Devaluation is the lowering of a nation's currency in relation to the other.

Exports are products or services sold to other countries.

Imports are products or services bought from other countries.

Invisible trade is the exchange in intangibles only.

Surplus refers to excess value.

Visible trade is the exchange in tangibles only.

Topic Summary

- Visible trade is the exchange of tangible goods only.
- Invisible trade is the exchange in intangibles or services.
- Balance of payment is the difference between total exports and total imports.
- Exchange rate is the rate at which the currency of one country is exchanged for the currency of another.
- It is important to maintain a favourable balance of payment for a country through different measures.
- This can be done through the reduction of imports by import substitution, subsidising local industries and imposing trade restrictions.
- Exports can be increased through charging low tax for local industries, subsidising local industries and establishing export promotion programmes.

Summaries at the end of each topic.

This means stock on average has been sold 10.8 times.

Margin

This is the gross profit expressed as a percentage of the selling price.

$$\text{Profit margin} = \frac{\text{gross profit}}{\text{turnover}} \times 100$$

The answer is always expressed as a percentage since it is used to measure profitability.

Mark-up

This is gross profit expressed as a percentage of cost price or cost of goods sold. It is expressed as a percentage as it is used to measure profitability and it enables comparisons to be made. The mark-up formula is as follows:

$$\text{Mark-up} = \frac{\text{gross profit}}{\text{cost of sales}} \times 100$$

Glossary

Balance sheet is the statement of financial position of a business.

Cost of goods sold is the cost price of goods that have been sold.

Current assets are business belongings kept within a short period of time.

Current liabilities are short-term obligations of a business that must be paid.

Gross profit is the difference between turnover and cost of sales.

Margin is gross profit expressed as a percentage of the selling price.

Mark-up is gross profit expressed as a percentage of cost of sales.

Net profit is the difference between gross profit and business overheads or expenses.

Non-current assets are belongings kept by a business for a long period of time.

Profit refers to earnings of a business after payment of all expenses.

Rate of stock turnover is the number of times that a firm sells its inventory.

Turnover is the difference between sales and sales returns.

Working capital is the money spent on day-to-day operations of a business.

Summary

- Business calculations involve the calculation of working capital, mark-up, margin, turnover, net profit, gross profit and rate of stock turn.
- All these aspects assist businesses to run smoothly, if maintained and looked after properly.

Glossary at the end of each unit.

End of Topic Revision Exercise

Multiple choice

1. Which of the following is involved in visible trade?

- A. Laptop B. Banking C. Warehouse D. Insurance

2. Which of the following is involved in invisible trade?

- A. Generators B. Cellphones C. Vegetables and fruit D. Insurance

Use the table below to answer questions 3 and 4

Trade figures for country A

Goods/services imported/exported	Amount \$
Exported sugar	200
Imported maize	300
Exported banking services	600
Imported tourism	1 000
Imported cellphones	400

3. The visible balance is _____.

- A. 500 adverse B. 500 surplus C. 900 adverse D. 900 surplus

4. _____ is invisible balance.

- A. 400 surplus B. 400 adverse C. 1 600 surplus D. 1 600 deficit

5. Which of the following is a pair of intangibles?

- A. Tourism and mining B. Insurance and farming

- C. Banking and tourism D. Banking and quarrying

6. Surplus visible balance is when:

- A. exported services value is more than imported services value

- B. exported goods value is greater than imported goods value

- C. imported services value exceeds exported services

- D. imported tangibles value is more than exported value

Use the following information to answer questions 7, 8 and 9

Trade figures for country Z

Tourism from country Z	20
Insurance to country Y	30
Education to country Y	10
Transport from country Z	40
Hospitality from country Z	20

7. The amount of invisible exports is _____.

- A. 90 million B. 30 million C. 50 million D. 100 million

Revision tests in each topic to help with assessment.

TOPIC 1

PRODUCTION

Unit covered

1.1: Business environment

Introduction

Business environment consists of the internal and external factors that influence the enterprise. Internal factors consist of customers and employees whilst external factors include suppliers, political and social factors which are usually uncontrollable.

Internal factors

These are variables that a business has the potential and ability to control. They are also known as specific environmental factors since they affect the business within. These variables are altered by a business to meet its requirements, for example, a capital-intensive firm, such as Econet can buy more technology to improve quality, quantity and efficiency. The following is a list of micro business variables:

- Customers or debtors
- Creditors or suppliers
- Employees or workers
- Owners or shareholders
- Managers or executives
- Competitors or rivals

Customers

These are purchasers or buyers of a firm's product or service. They access goods or services physically or virtually via electronic gadgets. Any business survives to serve its customers, who are within or outside the firm, for profit. The number of customers and their types depend on a number of factors which include the type of goods or services on offer.



Fig. 1.1 Satisfied customers

How do consumers affect a business?

- They publish positive ideas and thoughts on the business products or services which result in brand loyalty and increased customer base.
- They can publish negative ideas and thoughts about a product or service which results in poor reputation.

Activity 1.2

Read the following information and answer questions that follow.

MH is a grocery shop which offers a wide range of goods and services to the entire market. The number of customers served in the year 2018 was around 20 000, but in 2019, the number reduced drastically to about 1 000. You discovered the shop keepers were rude, very slow and customers had shifted their attention to other grocery providers.

As the managing director of the company, highlight how a consumer's attention shift has affected your business.



Political environment

Changes in government policies such as indirect taxes and actions in the political environment affect business organisations. In a politically stable environment, investors and the community build confidence and assurance of return from their investment. It also constitutes government affairs such as the type of the government, for example, centrally controlled, power and different attitudes of the government towards the society. The actions and policies of opposition political parties influence the investment decisions of potential investors, for example, favourable and convincing policies of opposing political parties drag investors to wait until such a political party is in power.

How it affects businesses?

- The government competes with businesses in the private sector in areas such as health and education.
- Buy products in large quantities and sell at relatively low prices.
- The government sets taxes and offers subsidies.
- Sets policies such as minimum wages and price controls that may affect business profits.

Legal environment

This constitutes laws and various legislations passed in the parliament. The laws and legislations are mandatory for any business, for example, in Zimbabwe, it is mandatory to give a statutory warning when advertising alcohol and cigarettes. In Zimbabwe, Acts such as the Dangerous Drugs Act and Sale of Goods Act are passed to ensure that firms operate ethically.

How does it affect a business?

- Positively, it offers grants, subsidies, loans and export incentives to aid businesses.
- Negatively, it prohibits the operation of certain businesses in certain areas in which some have a wider market.

Economic environment

This is an environment which constitutes income, exchange rates, inflation, monetary and fiscal policies and gross domestic product. It has an effect on consumer spending and always influences the demand for a product or service.

How it affects a business

- Monetary policy reduces or increases money supply. An increase in money supply results in consumers spending more income, thus increasing the demand for goods and services. A decrease in money supply results in less consumer spending and therefore reduced demand for a good or a service.
- High rates of inflation result in high cost of raw materials and other factors of production such as land and labour. High cost of raw materials results in increased cost of production to a firm which results in low profit margins.
- High levels of unemployment reduce the consumption of luxurious items such as cars. Increase in employment result in increased demand for such items.
- When interest rates are high in a macro business environment. The financial institutions such as banks are more willing to hike their interest rates when businesses want to borrow money from them..

Social environment

It refers to elements such as customs, traditions, values, beliefs, literacy rate, standard of living, lifestyle, tastes and preferences and life expectancy. These elements affect the demand for a product, for example, the demand for mineral water in recent years has increased while that of fatty foods has decreased for

Topic Summary



- A business environment is the surrounding in which an enterprise operates.
- Micro business elements affect an enterprise from within, whereas macro elements affect the business indirectly.
- Micro elements are known as internal whilst macro elements are known as external.

Exercise 1.1



1. What is a business environment?
2. State any two constituencies of the social environment.
3. What do you understand by the term competition?
4. Give reasons why competition is necessary to a business of your choice.
5. Explain how exchange rates affect businesses in Zimbabwe.
6. Explain the difference between macro and micro business elements.

End of Topic Revision Exercise



Total Marks

Multiple choice

- Which of the following is not an internal business factor?
A. Owners B. Managers C. Employees D. Vendors
- Which external environmental factor is regarded with creative destruction?
A. Legal B. Social C. Economic D. Technological
- The internal environment is also known as _____.
A. macro environment B. general environment
C. specific environment D. external forces environment
- The internal environment constitutes _____.
A. political and customers B. customers and legal
C. managers and owners D. creditors and legal
- The social environment comprises of the following except _____.
A. values B. norms C. age D. rules and regulations
- What are micro business elements?
A. Variables which are beyond the control of a business B. Controllable factors of a business
C. Suppliers and customers D. Customers and legal
- In any organisation where there is low morale and motivation, workers are more likely to do the following except _____.
A. striking B. abseninting themselves from work
C. working tirelessly D. leaving the job
- In a politically stable business environment, _____.
A. investors are more willing to invest
B. investors are not willing to invest
C. customers embark on strike
D. customers leave the job
- When workers are poorly motivated in an organisation, the best way to improve productivity is to _____.
A. increase work load B. increase wages and salaries
C. employ more workers D. reduce workers

Structured questions

- a) Explain what is meant by the following, giving examples:
 - Internal environment (2)
 - External environment (2)
- b) List any four external business factors. (2)

TOPIC 2

TRADE

Unit covered

2.1: Balance of payments

Introduction

Zimbabwe exports a range of tangibles such as tobacco and diamonds in a natural state or when value is added. It also specialises in intangibles such as tourism. Collectively they are known as exports which are sold to other trading blocs such as SADC and COMESA. In return, some of these countries exports tangibles and intangibles to Zimbabwe to ensure that there is favourable visible, invisible and balance of payment (BOP). In this unit, we will learn how to change one country's currency to the other, calculate visible balance, invisible balance and balance of payment. The ways of correcting adverse balance of payment are going to be explored in greater depth.

excavators and computers. Tangibles imported for production or to create supply are known as capital goods. Agricultural and mining tangibles are traded in their natural state or after value is added. Adding value to tangibles for exportation results in a favourable trade balance as well as a favourable balance of payment.

Invisible trade

It is the exchange of intangibles or services only, for example, e-insurance, e-assurance, tourism, banking and transport and logistics. All six aids to trade are services in invisible trade. Financial institutions in Zimbabwe can source funds globally, thus making banking an invisible service.

Did you know?

Zimbabwean tutors offer tutorials to learners abroad, making education an invisible service?

The comparison between visible and invisible trade

Visible trade	Invisible trade
<ul style="list-style-type: none"> Is the exchange in tangibles only 	<ul style="list-style-type: none"> Is the exchange in intangibles or services only
<ul style="list-style-type: none"> Examples include clothes, textbooks, exercise books and gold 	<ul style="list-style-type: none"> Examples include banking, transport, insurance and warehousing

Exercise 2.1



In continuous form, explain using examples the distinction between visible and invisible trade.

Activity 2.2



In pairs, research and list the following in your note books:

- Countries involved in visible trade with Zimbabwe and the respective tangibles they trade in.
- Countries which are involved in invisible trade with Zimbabwe and the respective services exchanged.

Balance of trade

This is the difference between exported tangibles and imported tangibles in monetary terms in a given trade period by a country. Exports sold to other countries by Zimbabwe include labour and tobacco, while imports from other nations such as South Africa include cars and machinery.

Balance of trade calculation

Trade balance, also known as visible balance is calculated as follows:

Visible balance = \$ visible exports – \$ visible imports

Visible balance can be favourable (surplus) or unfavourable (deficit). Surplus visible balance is when the monetary value of exported tangibles exceeds the monetary value of imported tangibles. Deficit visible

TOPIC 3

BUSINESS ORGANISATIONS

Units covered

- 3.1: Traders Associations
- 3.2: Business Membership Organisation (BMOs)
- 3.3: Small to Medium Enterprises (SMEs)
- 3.4: Public sector reforms

Introduction

Every business does not operate in a vacuum; therefore there are elements involved. This topic will focus on traders associations, which include Cross Border Associations and Zimbabwe National Vendors Association. It will also focus on business membership organisation, small to medium enterprises and public sector reforms.

Zimbabwe National Vendors Union Association (NAVUZ)

This is a vendor representative association with the main objective of helping vendors engaged in selling items such as vegetables, tomatoes, chargers and discs. They sell such items in areas such as street pavements, sidewalks and open grounds or any other public or private area.

Functions

- To coordinate vending lobby and advocacy initiatives.
- To provide legal and social safety needs for vendors.
- To develop and strengthen trade capacities among vendors.
- To promote and enhance vendors participation in national policy, legislative and economic procedures.



Fig 3.2 NAVUZ helps vendors engage in selling items

Activity 3.2

Read the following situation and answer the task below.

Suppose you are a vendor who works in the central business district nearest to your homestead. You receive services from the Zimbabwe National Vendors Association and vendors in your locality have asked you to prepare a report on its services.

Task: Prepare a report to the members who are willing to join the organisation. Your report should be at least half a page.



Glossary



Alliances are groups of entrepreneurs in the same trade.

Cross border is a trader who buys and sells goods across international boundaries.

Traders association are traders' representatives.

Summary



- Traders are individuals or businesses involved in the purchase and selling of goods and services locally or abroad.
- Zimbabwe Cross Border Traders Association (ZCBTA) is a trader's association representative with the mission of enhancing the capacity of affiliated traders through the provision of services and advocating for an enabling environment.
- Zimbabwe National Vendors Union Association (NAVUZ) is a vendor representative association with the main objective of helping vendors engaged in selling items such as vegetables, tomatoes, chargers and discs.

3.2 Business Membership Organisation (BMOs)

Objective

By the end of this unit, learners should be able to explain the importance of business membership organisations.

Introduction

There are a number of membership organisations in Zimbabwe that represent their members in stimulating and promoting trade. Some of these membership organisations are government initiated such as ZIMTRADE while others are independent and privately operated such as CZI.

Confederation of Zimbabwe Industries (CZI)

This is an independent membership business organisation which is self-financed. Its main objective is to represent and serve the interests of its members in the business environment affecting their viability and competitiveness.



Fig 3.3 Logo of CZI

Functions

- It represents, advocates and lobbies for various businesses. This is meant to ensure that laws enforced favour optimum business operations.
- They give economic advice, for example, on businesses to invest to members.
- Disseminates information to its members to suit the member's needs.
- Through robust and factual analysis, CZI assists members to strategically navigate the macro, micro, regional and continental business environments.
- Provides thought leadership and policy entrepreneurship for the growth of Zimbabwe's industrial sectors.
- CZI is at the forefront of influencing a competitive business climate through the collective experience and knowledge of its members, cutting-edge policy analysis and proposals that make for private sector led economic development.
- With a wide network of stakeholder institutions in and outside government, where CZI has official representation, it plays an intermediary role between business and government and between business and other institutions that enable business.

End of Topic Revision Exercise



Multiple choice

1. The following are the advantages of small to medium enterprises except for _____.
A. raising government revenue
B. creation of employment
C. increasing unemployment
D. increasing the gross domestic product
2. Which of the following is a characteristic of a small to medium enterprise?
A. It is owned and controlled by the government.
B. It is owned by two to twenty people.
C. It requires less capital to start operations.
D. It is financed by international financial institutions.
3. Which of the following is not a traders association?
A. Zimbabwe Cross Border Traders Association
B. National Vendors Association of Zimbabwe
C. Book Sellers Association
D. Consumer Council of Zimbabwe
4. Which of the following is not a challenge faced by a small to medium enterprise?
A. Lack of expertise
B. Independence in decision making
C. Quick decision making
D. Simple organisational structure
5. Which of the following is involved in the private sector?
A. Netone
B. Econet
C. Zimbabwe National Water Authority
D. Zimbabwe United Passenger Company
6. Gross domestic product is the _____.
A. total value of goods manufactured in an economy
B. total quantity of goods manufactured
C. manufacture of goods in an economy
D. addition of value to products

Structured questions

1. a) State any two privatised institutions in Zimbabwe. (2)
b) Explain one advantage of privatisation. (1)
2. a) Explain the reasons against nationalisation. (5)
b) State any two public sector institutions in Zimbabwe. (2)
3. a) State any three features of small to medium enterprises. (3)
b) Define small to medium enterprise. (2)
4. a) What does ZNVA stands for? (1)
b) What are the reasons put forward for privatisation? (5)
5. a) Explain the functions of the Zimbabwe Cross Border Association. (4)
b) Name any one membership organisation. (1)

TOPIC 4

FINANCE AND BANKING

Units covered

- 4.1: Business Calculations
- 4.2: The Zimbabwe Stock Exchange
- 4.3: Trends in Banking
- 4.4: International Financial Institutions

Introduction

Business calculations such as gross profit and working capital in any enterprise are essential. These help in performance measurement, to know the position of a business, to know the profit or loss made by the business and to know the total expenditure for the business which are essential in budgeting. Business calculations help to know the major sources of income or funds, among other reasons.

This means stock on average has been sold 10.8 times.

Margin

This is the gross profit expressed as a percentage of the selling price.

$$\text{Profit margin} = \frac{\text{gross profit}}{\text{turnover}} \times 100$$

The answer is always expressed as a percentage since it is used to measure profitability.

Mark-up

This is gross profit expressed as a percentage of cost price or cost of goods sold. It is expressed as a percentage as it is used to measure profitability and it enables comparisons to be made. The mark-up formula is as follows:

$$\text{Mark-up} = \frac{\text{gross profit}}{\text{cost of sales}} \times 100$$

Glossary



Balance sheet is the statement of financial position of a business.

Cost of goods sold is the cost price of goods that have been sold.

Current assets are business belongings kept within a short period of time.

Current liabilities are short-term obligations of a business that must be paid.

Gross profit is the difference between turnover and cost of sales.

Margin is gross profit expressed as a percentage of the selling price.

Mark-up is gross profit expressed as a percentage of cost of sales.

Net profit is the difference between gross profit and business overheads or expenses.

Non-current assets are belongings kept by a business for a long period of time.

Profit refers to earnings of a business after payment of all expenses.

Rate of stock turnover is the number of times that a firm sells its inventory.

Turnover is the difference between sales and sales returns.

Working capital is the money spent on day-to-day operations of a business.

Summary



- Business calculations involve the calculation of working capital, mark-up, margin, turnover, net profit, gross profit and rate of stock turn.
- All these aspects assist businesses to run smoothly, if maintained and looked after properly.

Demerits

- **Security issues** – e-Banking may be insecure as there are many problems related to the website and data can be hacked by hackers. It can lead to financial loss to the users. The financial information can also be stolen, which can also create financial loss.
- **Lack of direct contact between customer and banking officer** – Online banking requires effective customer service. Lack of customer support creates disappointment and insecurity among the customers.
- **Technical barriers** – There are some online payments which may not be reflected in the system due to technical issues.

Activity 4.2

Debate on the notion that e-banking has brought in more benefits than harm.



Did you know?

You can open a bank account and have access to the above recent banking systems.

Activity 4.3

You are a client who banks with a named bank in Zimbabwe. Explain to other prospective clients in your class the merits of banking through a mobile phone.



Glossary



Credit card is a plastic card in which funds are transferred at a later date for goods already taken from the business.

Debit card is a plastic card in which funds are electronically and directly transferred from the account holder's account.

Real time gross settlement is an inter-bank fund transfer system which settles funds transaction without having to wait for some time for the settlement to happen.

Summary



- Recent developments in the banking sector include the use of ATMs, credit cards, RTGS, mobile banking and internet banking.
- Telephone banking is a service provided by a bank or other financial institution that enables customers to perform financial transactions over the telephone.
- Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smartphone or tablet.
- Internet banking or online banking means accessing a bank account and carrying out financial transactions through the internet on a smartphone, tablet or computer.

End of Topic Revision Exercise



Multiple choice

- Which of the following is not an international financial institution?
A. Reserve Bank of Zimbabwe
B. World Bank
C. African Development Bank
D. International Monetary Fund
- The main goal of financial institutions is to _____.
A. promote economic and social development
B. print money for local banks
C. promote foreign culture through funding
D. intervene in local politics
- Which of the following is not a stock exchange investor?
A. Bear
B. Bull
C. Freight forwarder
D. Stag
- The following are recent trends in banking except _____.
A. automated teller machine
B. debit card
C. GPRS
D. credit card
- A business has sales of \$12 000 and sales returns of \$11 000. What is the turnover?
A. \$1 000
B. \$23 000
C. \$6 000
D. \$8 000
- The opening inventory for a soft drink manufacturer is \$ 70 000 and closing inventory is \$ 30 000. What is the average inventory?
A. \$85 000
B. \$56 000
C. \$50 000
D. \$40 000

Structured questions

- What is working capital? (1)
 - A business has current assets worth \$70 000 and current liabilities of \$36 000, calculate working capital. (2)
- Name any two current assets. (2)
 - Give any two current liabilities. (2)
 - Explain the importance of business calculations. (4)
- What is the difference between gross profit and net profit? (2)
 - State the formula for margin calculation. (1)
 - State any two functions of the stock exchange. (2)
- Explain the difference between stockbrokers and stockjobbers. (2)
 - What is a bear? (1)
- Name any three recent trends in banking. (3)
 - State two roles of the African Development Bank. (2)
- Define mobile banking and explain its advantages to a client. (5)

Essay questions

- Explain the following terms using examples:
 - Working capital (10)

TOPIC 5

INSURANCE AND ASSURANCE

Unit covered

5.1: Impact of ICT on Insurance and Assurance



Introduction

E-insurance and e-assurance are important aids to trade in business. Recently, they have influenced the way businesses operate as a result of technological advancement in the global business environment in providing services to clients. The application of Information Communication Technology has reduced cost and in some instances, e-assurance and e-insurance reduced the number of agents who advertise and sell insurance policies. Insurance policies are nowadays accessible virtually or online. Businesses and clients involved in these aids to trade have transformed from the traditional manual way of using agents to digital ways.

COMMERCE PAPER 1 Time: 1hr 30mins

Each correct answer will score one mark. There are 40 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 on a separate answer sheet.

1. Which 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 affect 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

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