THE UNITED REPUBLIC OF TANZANIA

NATIONAL EXAMINATIONS COUNCIL

CERTIFICATE OF SECONDARY EDUCATION EXAMINATION

061 **COMMERCE**

(For Both School and Private Candidates)

Time: 2:30 Hours **Year: 2001**

Instructions

1. This paper consists of sections A, B and C.
2. Answer **all** questions in sections A and B and **two (2)** questions from section C.
3. Calculators are **not** allowed in the examination room.
4. Cellular phones are **not** allowed in the examination room.
5. Write your **Examination Number** on every page of your answer booklet(s).

SECTION A (20 Marks)

Answer **all** questions in this section.

1. For each of the items (i) - (x), choose the correct answer from among the given alternatives and write its letter beside the item number in your answer booklet.

(i) Which of the following best describes the subject matter of commerce?
A. Production of goods for personal use
B. Exchange and distribution of goods and services
C. Extraction of raw materials from the earth
D. Construction of infrastructure like roads

(ii) Barter trade, as a form of early commerce, is characterized by:
A. Use of money as a medium of exchange
B. Exchange of goods for goods
C. Use of credit instruments like cheques
D. Fixed prices for goods

(iii) A retailer who sells goods from various manufacturers is known as:
A. A tied shop
B. A single shop
C. A hypermarket
D. A departmental store

(iv) The process of placing goods in containers for transportation is called:
A. Warehousing
B. Containerization
C. Stock control
D. Distribution

(v) Which of the following is a disadvantage of a sole proprietorship?
A. Unlimited liability for the owner
B. Easy access to large capital
C. Shared decision-making
D. Limited risk of loss

(vi) A tax system where the rich pay a higher percentage of their income than the poor is called:
A. Regressive tax
B. Indirect tax
C. Progressive tax
D. Ad-valorem tax

(vii) The document issued by a company as evidence of debt is called:
A. A share certificate
B. A debenture
C. A bill of lading
D. A memorandum of association

(viii) Which of the following is an example of invisible trade?
A. Exporting coffee to Europe
B. Importing cars from Japan
C. Providing tourism services to foreigners
D. Shipping goods via sea

(ix) A cheque with two parallel lines and the name of a specific bank written between them is:
A. An ordinary crossed cheque
B. A specially crossed cheque
C. An open cheque
D. A bearer cheque

(x) The main purpose of a market survey by a retailer is to:
A. Increase the price of goods
B. Discover the needs of customers
C. Reduce the cost of goods sold
D. Store goods for future use

2. Match the items in List A with the responses in List B by writing the letter of the correct response beside the item number in your answer booklet.

LIST A	**LIST B**
(i) The ability of goods to satisfy human wants	A. Bill of exchange
(ii) A document used to facilitate credit in international trade	B. Utility
(iii) A shop that sells products of one manufacturer only	C. Stock turnover
(iv) The rate at which stock is sold and replaced in a business	D. Tied shop
(v) A place where imported goods are stored until duties are paid	E. Direct production
(vi) Producing goods for personal use rather than for sale	F. Bonded warehouse
(vii) A tax imposed on the value of goods at each stage of production	G. Value Added Tax (VAT)
(viii) A principle of taxation ensuring fairness in tax burden	H. Equity
(ix) A leadership style where few people are involved in decision-making	I. Autocratic

(x) The process of selling goods to the final consumer	J. Retailing

SECTION B (50 Marks)

Answer **all** questions in this section.

3. Write short notes on the following:

(a) Home trade

(b) Stock-in-trade

(c) Letter of credit

(d) Direct services

(e) Dumping

4. Differentiate between the following:

(a) A credit note and a debit note

(b) A cooperative organization and a partnership

5. The price of a commodity changed from Shs. 50 per kg to Shs. 60 per kg, resulting in a change in quantity demanded from 500 kg to 400 kg.

(a) Calculate the price elasticity of demand.

(b) Is the demand elastic, unitary, or inelastic?

(c) What does your answer in (b) imply about the commodity?

6. Mwajuma had an opening stock of Shs. 30,000 and a closing stock of Shs. 40,000. Her net purchases for the year were Shs. 120,000, and her gross profit margin was 25% on sales. Her expenses for the year were Shs. 15,000. Calculate:

(a) Cost of goods sold

(b) Gross profit

(c) Net profit

SECTION C (30 Marks)

Answer two (2) questions from this section.

7. (a) Define international trade.

(b) Explain four advantages and four disadvantages of international trade for a country like Tanzania.

8. (a) What is a market survey?

(b) Outline five types of information a retailer can obtain from a market survey to improve their business.

9. (a) Define a cheque.

(b) Explain five circumstances under which a cheque may be dishonoured by a bank.

10. (a) What are the principles of taxation?

(b) Explain why a progressive tax system is considered more equitable than a regressive tax system.