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: 2003**

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.

(i) The main objective of commerce is to:
A. enable consumers to buy goods
B. enable traders to earn profit
C. bridge the gap between producers and consumers
D. help manufacturers to produce goods for use
E. satisfy human needs

(ii) Communication may be defined as:
A. the process of delivering goods through post office
B. any process that involves passage of goods from the seller to the buyer
C. passage or transfer by using any media with the intention of getting positive response from the recipient
D. the passage or transfer of message by using post office with the intention of getting positive response from the recipient
E. advertising goods using newspapers alone

(iii) Which one of the following is not an advantage of indirect taxation?
A. tax evasion is difficult
B. cost of collection is relatively easy
C. the tax may be shifted to the people not intended to pay for it
D. the tax payer does not feel the burden directly
E. those with small incomes can be reached

(iv) A favourable balance of trade means:
A. a country's value of exports exceed its value of imports within a specific year
B. a country's value of imports exceed the value of exports within a specific year
C. excess in the growth of value of goods produced in a specific year compared with the previous year
D. more traders have moved in the country in the specific year compared with the previous year
E. more goods were registered to be exported in a specific year than in the previous year

(v) Which of the following is an example of tertiary production?
A. Road construction
B. School teacher
C. Agriculture
D. Production of foods for household use
E. Manufacturing goods for exchange

(vi) Profit margin is:
A. net profit
B. stock turn
C. difference between selling price and cost price of goods sold
D. net profit divided by average stock
E. gross profit divided by sales

(vii) A retailer does not perform the activity of:
A. changing the form of goods
B. storage of goods
C. advising his customers
D. offering credit to customers
E. buying the goods from wholesalers

(viii) A proforma invoice is:
A. an enquiry
B. an order
C. a quotation
D. a receipt
E. a cheque

(ix) In warehousing "WARRANT" implies:
A. evidence document of releasing goods in the warehouse
B. a document of receiving and releasing goods in the warehouse
C. practical application of the duty utmost good faith
D. both evidence of releasing and practical application of the duty of utmost good faith
E. a document of receiving goods at the Railway warehouse

(x) Which of these is not a function of the Bank of Tanzania?
A. It is the sole currency issuing authority
B. It advises the government on financial matters
C. It acts as a banker to commercial banks
D. It provides assistance to the export trade
E. It provides banking facilities to parastatal bodies

2. Match the items in list A with the responses in list B by writing the letter of the corresponding response beside the item number.

LIST A	**LIST B**
(i) Changing raw materials into finished goods	A. National wide wholesaler
(ii) A means by which an importer obtains credit and exporter gets assurances of payment due to him	B. Bill of lading
(iii) The management of stocks in a warehouse so that the goods are available when required	C. Letter of hypothecation
(iv) A document which acts as the title of ownership to goods as well as an acknowledgement for imported goods	D. Tied shop
(v) Implies the situation of fulfillment of a need to get the right item	E. Hedging
(vi) A word used to a wholesaler with large warehouses operating on a very large scale like a country	F. Manufacturing
(vii) Loans made to a company which carries a fixed rate of interest	G. Management of stock
(viii) A periodical valuing of all goods on hand	H. Utility
(ix) Protection against price fluctuation and a buyer guaranteed a certain quantity at a fixed price at the future rate	I. Stock taking
(x) Shops which sell the products of a particular manufacturer	J. Demand
	K. Debentures L. Stock-in-trade M. Letter of credit N. Single shop O. Production P. Bill of exchange Q. Take over R. Commission S. Petrol station T. Excise duty

SECTION B

3. Write short notes on the following:

(a) Credit instruments

(b) Stock control

(c) Price elasticity of supply

(d) Partnership deed

(e) Principles of taxation

4. Explain briefly the functions of the Board of External Trade (BET).

5. Study the schedule below:

Demand in kg: 200 400 600 800 1000

Price in Shs per kg: 100 80 60 40 20

Supply in kg: 1000 800 600 400 200

(a) From the above information calculate the price elasticity of demand when price changes from Shs. 40 per kg to Shs. 20 per kg.

(b) State whether the price elasticity of demand is elastic or unitary. Give reasons for your answer.

6. Differentiate:

(a) A cooperative organization from a partnership

(b) Visible trade from invisible trade

SECTION C

7. (a) Define money.

(b) Explain five qualities of good money.

8. (a) Define the term hyper-market.

(b) Outline advantages of hyper-market.

9. (a) What is management?

(b) State and explain five basic functions of management.

(c) Outline two management problems from shareholders.

10. Outline the main advantages of containerization.