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: 2004**

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) Trade is defined as:
A. buying and selling manufactured goods only
B. buying and selling of goods and services
C. any activity undertaken to make a profit
D. changing of raw materials into finished goods
E. selling goods to the ultimate consumer

(ii) Which of the following statements is true?
A. balance of trade is the same as balance of payments
B. balance of payments is the difference between the imports and exports of goods by a country
C. Balance of trade is the excess of visible imports over visible exports or vice versa
D. A favourable balance of trade necessarily means a favourable balance of payments
E. Balance of trade as much as balance of payments

(iii) Which of the following is not an element of transport?
A. terminal
B. way of transport
C. motive power
D. containerization
E. unit of carriage

(iv) A bonded warehouse is used to store:
A. goods which are dangerous or inflammable
B. goods against theft
C. imported goods of a particular manufacturer only
D. imported goods till duty is paid on them
E. goods against fire

(v) A tied shop is a:
A. number of single shops under one roof and one management
B. large store that stocks many items a house wife is likely to buy
C. self-service store
D. super market complex
E. type of single shop which sells products of one manufacturer only

(vi) Which of the following items does not appear in the memorandum of an association?
A. power of directors
B. type and amount of share capital

C. objects of a company
D. name of a company
E. liability clause

(vii) Teachers, doctors and lawyers are said to be involved in production. Their contributions may be grouped under:
A. commercial occupations
B. direct services
C. industrial occupations
D. distributive occupations
E. manufacturer occupations

(viii) A cheque bearing a special crossing:
A. can be endorsed to anyone
B. can be deposited in any account as long as it is with the named bank and branch
C. must be deposited in the payee's account with the named bank and branch
D. can be endorsed to another bank
E. must be withdrawn from the drawer's account

(ix) E. Ngosha had an opening stock of Shs. 20,000.00 and a closing stock of Shs. 25,000.00. His net purchases for the year amounted to Shs. 150,000.00 and his gross profit margin was 40% on cost. His expenditure for the year was Shs. 28,600.00. What was his net profit?
A. 58,000.00
B. 145,000.00
C. 56,000.00
D. 203,000.00
E. 29,400.00

(x) In a regressive taxation system, low income earners pay:
A. less taxes as their income increases
B. less taxes as their income remain constant
C. more taxes as their income decreases
D. more taxes as their income increases
E. less taxes as their income decreases

3. Match the responses in List B with statements in List A by writing the letter of the correct response beside the item number.

LIST A	**LIST B**
(i) The art of selling to the final consumers	A. Equity
(ii) Is a document that shows the amount of goods which are in a warehouse for a particular importer	B. Itinerant traders
(iii) Any stock in business being sold and replaced by another	C. Night safe
(iv) Refers to one of the canons of taxation	D. Progressive tax
(v) Is a motivation of stimulus for working efficiently	E. Quota
(vi) Quantity of imported goods that may be deposited in a bank for safe keeping after banking hours	F. C.W.O.
(vii) A method by which money can be deposited in a bank for safe keeping after banking hours	G. Labour
(viii) Refers to human effort, physical or mental, employed to produce goods or services	H. Retailing
(ix) Supplier reserves the right of any error or omission that may have been in the invoice	I. Night Support Agency
(x) Refers to an instruction by a customer to his bank to make periodic payment to a named person at specific dates	J. Landed
	K. Incentive L. Commission M. Standing Order N. Credit transfer O. E and O.E. P. Gift Q. Stock turnover R. Closing stock S. Total Ban T. Inbond notes

3. Write short notes on the following:

(a) indirect production

(b) public enterprises

(c) buffer stock

(d) dumping

(e) certainty

4. Differentiate between:

(a) bill of lading and bill of exchange

(b) hire purchase and deferred payment

5. (a) Define elasticity.

(b) Use the following demand and supply schedule to answer the questions below:

PRICE PER kg (Shs)	QUANTITY DEMANDED (kg)	QUANTITY SUPPLIED (kg)
P1 5	90,000	30,000
P2 10	70,000	40,000
P3 15	50,000	50,000
P4 20	30,000	60,000

(i) Draw the demand and supply curves in the same pair of axes.

(ii) Indicate the equilibrium price and quantity.

(iii) Calculate the elasticity of supply of the commodity from P2 to P3.

(iv) Comment on the results you obtain in 5 (b) (iii) above.

6. Complete the following table by writing your answer beside the item number in your answer booklet.

	COST PRICE	SELLING PRICE	GROSS PROFIT	MAKE UP %
(a)				AMOUNT %
(b)	500	600	(i)	(ii)
(c)	420	(iv)	(v)	30
(d)	(vii)	800	(viii)	(ix)
(e)	(x)	1000	200	20

SECTION C

7. (a) What do you understand by the term "market research"?

   (b) Outline seven (7) types of useful information that can be analyzed in market research.

8. (a) Define insurance.

   (b) Explain the Principles of insurance.

9. (a) Outline the main types of bank accounts.

   (b) Explain five (5) factors to be considered by a bank manager before providing loans to customers.

10. (a) State and explain the various forms of ownership in business units.

    (b) Explain the most important difference between "memorandum of association" and "articles of association."