THE UNITED REPUBLIC OF TANZANIA
NATIONAL EXAMINATIONS COUNCIL
CERTIFICATE OF SECONDARY EDUCATION EXAMINATION

COMMERCE
(For Both School and Private Candidates)

061

TIME: 2 Hours 30 Minutes

2006/10/20 a.m.

Instructions

This paper consists of sections A, B and C.

Answer **all** questions in sections A and B and **two (2)** questions from section C.

Cellular phones are **not** allowed in the examination room.

Electronic calculators are **not** allowed in the examination room.

Write your **Examination Number** on every page of your answer booklet(s).

This paper consists of 4 printed pages.

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) Which of the following activities is outside the study of commerce?

A	Trade	B	Banking
C	Advertising	D	Agriculture
E	Warehousing.		

(ii) The following may not be classified as variable costs of production:

A	Rent of land and buildings	B	Wages and salaries of labour
C	Cost of raw materials	D	Cost of power supplies
E	Prime costs.		

(iii) Composite demand occurs where

A a commodity, especially raw material, serves more than one purpose
B the demand for two commodities is linked together
C two commodities may be fairly good substitute for one another
D a change in the demand for one commodity is the result of a change for another
E there is a competitive demand.

(iv) An agent authorized to sell goods on commission at a Public Auction is called

A	Commission agent	B	Auctioneer
C	Forwarding agent	D	Broker
E	Factor.		

(v) Which of the following statements best describes a progressive taxation?

A It provides a great incentive to work for high income earners than a flat-rate tax
B It is levied regardless of one's income
C A progressive taxation is one, which falls more heavily on people with low incomes than those with high incomes
D A progressive taxation is one whereby the rate of taxation increases as the income increases
E A progressive taxation is one, which falls more heavily on importers of motor vehicles.

(vi) The primary function of an entrepreneur is to

A	manage the production process	B	pay for land
C	bear the risk and uncertainty	D	pay for labour
E	market the product.		

(vii) A clearing house is

A a place where representatives of various banks meet to discuss their mutual problems
B a place where representatives of various banks meet to clear cheques drawn on them by their clients and deposited with other banks
C a place where banks can deposit their money and use them to settle claims from other banks
D a place where a central bank conducts its affairs for settling ministerial cheques claims
E the house concerned with clearing of cheques and goods imported.

(viii) The most outstanding disadvantage of air transport is its

A limited number of crew
B frequent maintenance
C limited carrying capacity
D tight timetable
E unsuitable means of transporting vegetables.

(ix) A quantitative restriction imposed on free flow of international goods is

A import quota
B import duty
C import tariff
D total ban
E import regulation.

(x) Money used to start a business is called

A interest
B savings
C loss
D profit
E capital.

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

LIST A		LIST B	
(i)	A place where goods are loaded and off loaded.	A.	Barter trade
(ii)	An import duty calculated and levied according to the monetary value of goods imported.	B.	Entrepreneur
(iii)	Traders sitting next to a common bus stop, a market place or a public hall selling small items.	C.	Discount store
(iv)	Sells goods for cash at the lowest possible price.	D.	Unit of carriage
(v)	An instruction given by a customer to the bank to pay debts with regular amount from his/her account to a specified person or firm.	E.	Hawkers
(vi)	Are speculators who buy new shares when they are issued, in the hope that their price will immediately rise so that they can be sold on the stock exchange at a profit.	F.	Sole trader
(vii)	Has a drawback of double coincidence of wants.	G.	Advalorem duty
(viii)	A risk taker who combines other factors of production for the purpose of production.	H.	Specific duty
(ix)	A document that shows the amount of goods, which are in a warehouse for a particular importer.	I.	In-bond notes
(x)	An economic situation whereby prices of commodities keep on rising.	J.	Terminal
		K.	Road side traders
		L.	Dumping
		M.	Deflation
		N.	Bonded warehouse
		O.	Bears
		P.	Stags
		Q.	Postal order
		R.	Bulls
		S.	Inflation
		T.	Standing order

SECTION B (40 marks)

Answer **all** questions in this section.

3. Write short notes on the following:

   (a) Invoice
   (b) Letter of credit
   (c) Directing
   (d) Supply schedule
   (e) Land

4. Nipendeze shop ordered school shirts for primary school pupils from a wholesaler supplier. It normally takes 10 days to receive a consignment from the date of sending an order.

   The shop daily sales stand at 100 shirts and maintains a minimum stock of 200 shirts. Calculate the shop's order point.

5. Differentiate between the following:

   (a) Direct tax and indirect tax
   (b) Capital owned and capital employed

6. (a) Define partnership deed.
   (b) Mention **five (5)** contents of partnership deed.

SECTION C (40 marks)

Answer **two (2)** questions from this section.

7. (a) What is privatisation?
   (b) Briefly explain any **four (4)** benefits and shortcomings of privatisation in Tanzania.

8. What are the factors that determine the effectiveness of transport?

9. (a) Define warehousing.
   (b) Discuss the importance of warehousing in commerce.

10. (a) Briefly explain the function of advertising.
    (b) What factors should be considered when choosing the medium of advertising.