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: 2007 p.m.**

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) Businessmen who do not have permanent business premises are called:
A. itinerant traders
B. gamblers
C. brokers
D. under winters
E. retailers

(ii) A progressive tax is one:
A. which is paid at each stage of manufacture or sale
B. where the more wealthy you are, the more you pay
C. which is paid by property developers
D. where the rich pay a higher percentage than the poor
E. which is lower when income is invested in new equipments

(iii) Import of foreign produced goods into a country for re-export is called:
A. hypothecation
B. balance of payment
C. invisible trade
D. entrepot trade
E. import trade

(iv) I bought 100 units of a certain commodity from Macha & Co. Ltd. The gross price is shs. 10 per item and trade discount is allowed at 20%. If I settle the debt within 30 days I will be allowed a cash discount of 4%. I intend to pay immediately. How much should I pay?
A. 500
B. 395
C. 450
D. 894
E. 768

(v) The following are the factors which affect or influence demand:
A. Weather
B. Price of commodity
C. Consumer's income
D. Consumers taste and habit
E. All of the above

(vi) Auxiliary services may be defined as the activities aimed at:
A. assisting the consumers directly
B. helping traders in their business
C. making work of those involved in manufacturing of essential goods easy
D. bridging the gap between the producer and the consumer
E. assisting the producer directly

(vii) The most essential characteristic of money is:
A. acceptability
B. portability
C. divisibility
D. durability
E. scarcity

(viii) Third party insurance indemnifies the insured against:
A. one-third of any loss suffered by a group or party insured
B. the insured person's first three claims only
C. injuries to a maximum of three passengers in a car accident
D. claims by the party suffering damage but not the insured person or his vehicle causing the damage
E. the actual total loss to the third person only

(ix) Which of the following is not a function of a central bank?
A. To issue notes and coins
B. To operate the government's bank accounts
C. To determine rates of taxation
D. To assist the government in carrying out the monetary policy
E. Lender of last resort

(x) Certificate of incorporation is the certificate which is issued by the:
A. Register Master
B. Chamber of Commerce
C. Registrar of companies
D. Clearing agent
E. Co-operative society

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

LIST A	**LIST B**
(i) A condition whereby the volume of purchasing power is constantly running ahead of the output of goods and services	A. Overdraft
(ii) Is a document issued by the company as an evidence of debt	B. Hedging
(iii) Refer to the amounts owed to other people	C. Hyper inflation
(iv) Is the method which is used to stimulate the demand for the company's product	D. Goodwill
(v) Is an informal way of borrowing from the bank for a short period	E. Debts
(vi) Is a framework within which people act as one body	F. Loan
(vii) Is exposing oneself to the possibility of a loss	G. Coastal shipping
(viii) Are those ships that sail from one port to another along the sea shore	H. Persistent inflation
(ix) Is the purchase or sale of goods today with delivery scheduled for sometime in the future	I. Sales promotion
(x) Is the acquisition of a benefit that will arise in the future	J. Debenture
	K. Risk taking L. Profit M. License N. Organization structure O. Money P. Devaluation Q. Risk aversion R. Credits S. Cargo ships T. Marketing

SECTION B

3. Write short notes on the following:

(a) I.O.U

(b) Bank overdraft

(c) Security

(d) Insurance policy

(e) Stock exchange

4. Distinguish between the following:

(a) Assurance and insurance

(b) Ad-valorem duties and specific duties

5. (a) Define a cheque.

(b) Draft a cheque from the following data:

(i) Drawer's name - Waziri John of Dodoma

(ii) Name of the bank - NBC Ltd Dodoma

(iii) Amount to be paid - Tshs. 50,000/=

(iv) Payee - Chausiku Mohamed of Dodoma

(v) Date - 10/11/2003

(vi) Account No. - 4615102

(vii) Cheque No. - A 201561

(viii) Make it an order and cross it specially.

6. Complete the following chart and show clearly the calculations.

	Average stock	Cost of sales	Net sales	Gross profit	Rate of stock turnover	Expenses	Net profit
A	35,000	210,000	265,000	(a)(i)	(a)(ii)	18,100	(a)(iii)
B	24,000	(b)(i)	(b)(i)	41,000	8	27,450	(b)(iii)
C	(c)(i)	240,000	(c)(ii)	(c)(iii)	10	26,600	23,400

SECTION C

7. (a) What is a cooperative society?

(b) Mention and explain the principles of a co-operative society.

8. (a) Define international trade.

(b) Outline four (4) advantages and four (4) disadvantages of international trade.

9. (a) What is planning?

(b) Explain why planning is an important function of management.

10. What factors help a carrier/transporter to compute freight charges on consignment to be transported?