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 **Monday, 15th November 2008 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 among the given alternatives and write its letter beside the item number.

(i) . . . . . is a means used by producers to identify their products from other manufacturers.
A. Brand name
B. Sorting
C. Colour
D. Survey
E. Price fixing

(ii) A 25% mark up is applied to a commodity selling at Shs. 2400. What is the gross profit?
A. Shs. 600
B. Shs. 450
C. Shs. 480
D. Shs. 384
E. Shs. 390

(iii) In the event of total loss, insurance companies undertake to pay:
A. a sum insured
B. a real value of the property destroyed
C. the sum insured or the real value whichever is less
D. the sum insured or the real value whichever is more
E. the sum insured together with the premium paid

(iv) . . . . . is the identification of a product which cannot be pronounced but can be sighted and is protected by the law.
A. Brand law
B. Brand mark
C. Trade mark
D. Patent right
E. Grading

(v) . . . . . means all activities necessary in bringing goods and services into the market.
A. Sales
B. Distribution
C. Market
D. Marketing
E. Market survey

(vi) When visible imports of a country exceed visible exports it implies:
A. a favourable balance of trade
B. unfavourable balance of trade
C. a favourable balance of payment
D. unfavourable balance of payment
E. a balance of trade

(vii) Which one of the following is not correct about the functions of management?
A. Sound policy
B. Planning
C. Organizing
D. Staffing
E. Control

(viii) Which of the following are places where ships wait for cargo?
A. Ocean
B. Customs
C. Docks
D. Terminals
E. Overseas

(ix) One of the following is the method used by the government to collect money from most people whether foreigners or citizens whenever they buy goods for use:
A. Fees
B. Licenses
C. Cooperation tax
D. Indirect tax
E. Direct tax

(x) Which of the following documents must be accepted or paid before the bill of lading is surrendered to the foreign buyer?
A. Promissory note
B. Bills of exchange
C. Cheque
D. Consignment note
E. Debits

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.

LIST A	**LIST B**
(i) Is the reward for capital	A. Unity of command
(ii) The import and export of intangible items	B. Indirect taxation
(iii) The process whereby the demand for the products of a business enterprise is created	C. Inferior goods
(iv) An event against which an insurance policy is taken out.	D. Average stock
(v) Is one for which an increase in income leads to a decrease in the amount demanded, other things being equal	E. Marine insurance
(vi) In management whereby one employee is answerable to one supervisor only	F. Visible trade
(vii) The quantity of a certain supply that should always be in stock to safeguard sales against unforeseen delays in delivery	G. Invisible trade
(viii) Enables those with small incomes to be reached	H. Unity of objectives
(ix) Refers mainly to insurance of ships and goods in ships	I. Standing order
(x) Is an instruction to a bank to pay a specified sum of money to a named person at regular interval	J. Sales
	K. Normal goods L. Sales promotion M. Loss N. Interest O. Profit P. Shipping insurance Q. Minimum stock R. Credit taxation S. Direct taxation T. Risk

SECTION B

3. K. Buta had an opening stock of Shs. 20,000/= and a closing stock of Shs. 25,000/=. His net purchases for the year amounted to Shs. and a 40% mark up is applied. His expense for the year was Shs. 28,600/=. Find the:

(a) cost price

(b) gross profit

(c) turn over

(d) net profit

4. Anita and Beatrice were travelling from Iringa to Dar es Salaam using Beatrice's car which is insured. When they reached Kibaha their car was involved in an accident and it was badly damaged. Anita decided to go to the National Insurance Company to ask for compensation. The company didn't agree to give compensation for the car.

(a) Why did the company refuse to compensate Anita's claim?

(b) Which principle of insurance was applied by the company?

5. The price of commodity "x" changed from Shs. 6/= to Shs. 7/=, resulting in a change of the quantity supplied from 200kg to 250kg.

(a) Calculate elasticity of supply.

(b) Is the supply elastic, equal to unit, or inelastic?

(c) What does your answer in 5 (b) imply?

6. (a) Define tax.

(b) The following are data from Income Tax Department:

Individual income: 30,000 45,000 50,000 60,000 30,000 50,000

Tax payable: 4,500 6,750 7,500 9,000 4,500 7,500

(i) Calculate the % rate of tax.

(ii) Illustrate by graph and identify the system of taxation used.

SECTION C

7. (a) Define money.

(b) State four (4) functions of money.

8. Outline five (5) advantages and five (5) disadvantages of air transport.

9. Describe five (5) basic principles of a good tax system.

10. Why does a country decide to regulate or restrict the volume of foreign trade? Give five (5) reasons.