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 2009 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) The process of making goods for one's own use is termed:
A. direct service
B. self employed
C. direct production
D. self-service
E. capital goods

(ii) Which of the following is the convenient route in the channel of distribution?
A. Manufacturer → wholesaler → consumer
B. Wholesaler → manufacturer → retail outlet
C. Manufacturer → consumer → retailer
D. Consumer → retail outlet → wholesaler
E. Manufacturer → manufacturer outlet → consumer

(iii) A limited partnership is a partnership:
A. which enjoys unlimited liability
B. in which all the partners enjoy limited liability
C. in which some partners enjoy limited liability
D. in which all the partners are general partners
E. in which the liabilities towards the firms debts is limited

(iv) The term "legal tender" means:
A. the form of money that a creditor must accept from a debtor in settlement of a debt
B. a right to supply goods to an institution for a period of time
C. a lawyer can pay money legally to his client
D. the form of money that a creditor has right to refuse in settlement of a debt
E. the right to make settlement on my unpaid debts

(v) The main purpose of commerce is to:
A. make profit
B. please customers
C. help manufacturers
D. bridge the gap between producers and consumers
E. sell goods to ultimate consumers

(vi) Bank rate is the rate of interest charged by:
A. a commercial bank for short-term loans
B. a central bank on first-class bills discounted by it
C. a lender to a borrower
D. non-banking financial institutions to borrowers
E. saving banks to borrowers

(vii) Which of the following functions is usually not performed by a wholesaler?
A. Storage
B. Transport
C. Packing and branding goods
D. Extending loans to customers
E. Selling goods to consumers

(viii) Which one among the following is true regarding regressive tax system?
A. A higher tax is charged as the income of tax payer increases.
B. The same amount of tax is charged to all payers irrespective of their incomes.
C. A tax that takes a higher proportion from lower income earners than from the higher income earners.
D. A tax that is imposed at every stage of production.
E. A tax charged by the public to grant permission to a person to perform a service by himself.

(ix) Which one among the following covers insurance of property?
A. Fire insurance
B. Goods or cash in transit insurance
C. Marine insurance
D. General insurance
E. Insurance agents

(x) Which one among the following does not relate to import trade?
A. Excise duties
B. Custom duties
C. Bill of lading
D. Certificate of origin
E. Certificate of indemnity

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) Sells products from different manufacturers	A. Memorandum of association
(ii) A grant of property for a term of months/years	B. Sleeping partner
(iii) Is where short term loans can be obtained	C. Tied shops
(iv) Occurs if a country trades with only one country	D. Money market
(v) Do not carry any interest	E. Bilateral trade
(vi) A valuable document accepted by the bank as a protection against loan granted.	F. Articles of association
(vii) Provides capital and receives profit but takes no part in management	G. Collateral security
(viii) Where liquid assets of a firm are insufficient to meet claims of creditors	H. Rent
(ix) A document that defines the relationship between the company and the outsiders	I. Loan market
(x) A payment is made at the point of sale	J. Solvency
	K. Single shops L. Diamond M. Quasi partner N. Spot cash O. Multilateral trade P. Cash with order Q. Lease R. Current accounts S. Insolvency T. Fixed deposit accounts

Answers

LIST A	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
LIST B										

SECTION B

3. Write short notes on the following:
(a) Geographical/national specialization.
(b) Balance of trade.
(c) Bills of exchange.
(d) Canons of taxation.

4. Given the following:
Sales 6,000/=; opening stock 1,500/=; purchases 2,600/=; carriage inwards 55/=; returns inwards 400/=; closing stock 1,000/=; purchases 400/=.
Calculate:
(a) Mark up
(b) Margin
(c) Rate of stock turnover.

5. (a) Mention three (3) differences between a public company and a private company.
(b) Explain two (2) factors that influence the size of a business unit.

6. (a) Mention and define four (4) elements of transport.
(b) Explain the importance of transport to business.

SECTION C

7. (a) Explain five benefits that a businessman would get by using face-to-face communication.

(b) Explain five barriers to effective communication in business.

8. Explain why trading with overseas countries is more difficult than trading within a country.

9. (a) Explain five (5) factors that determine elasticity of supply.

(b) Discuss the effects on the demand for bicycle due to:

(i) an increase in incomes

(ii) a rise in the price of petrol

(iii) an improvement in the technology of bicycle production

10. Account for the presence of many small-scale retailers than large-scale retailers in Tanzania.