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 **Friday, 11th October 2011 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) Variable cost is that which varies with:
A. technology
B. output
C. input
D. position
E. time

(ii) One method of discouraging imports is to:
A. remove tariffs system
B. encourage free trade
C. impose high taxes on exports
D. remove tax on imports
E. impose high tariffs on imports

(iii) Which of the following documents govern the company's relationship with the outside world?
A. Prospectus
B. Memorandum of association
C. Articles of association
D. Certificate of incorporation
E. Certificate of trading

(iv) The surrender value of a life assurance policy is:
A. the minimum value of an insurance cover
B. a penalty payable for late payment of the premium
C. the amount received if the policy is cashed before maturity date
D. the amount paid by the insurance company in case of accident
E. the amount of premium paid by insured every month

(v) There is a derived demand for a commodity or service when it is demanded:
A. as a substitute commodity
B. for consumption
C. for production purpose
D. for selling
E. as a result of a need for another commodity

(vi) A nominal partner is the one who:
A. takes an active part in the management
B. is not entitled to any profit
C. is liable for the debt of the firm
D. bears loss only to stated sum

E. does not contribute capital

(vii) The production process of goods is said to create utility if the:
A. manufacturing process is completed
B. goods reach retailers shops
C. goods reach the final consumer
D. goods are kept in a warehouse
E. raw materials are changed to semi-raw materials

(viii) One among the following is NOT a function of the Bank of Tanzania (BoT):
A. It acts as a banker to commercial banks
B. It is the sole currency issuing authority
C. It advises the government on financial matters
D. It lends money to the discount house if there is no other source
E. It provides banking facilities to parastatal bodies

(ix) In a progressive taxation system:
A. low income earners pay less tax as their income increases
B. higher income earners pay less tax as their income remains constant
C. low income earners pay more taxes as their income decreases
D. higher income earners pay more taxes as their income increases
E. all income earners can negotiate for their taxation

(x) Which of the following is a feature of a del-credere agent?
A. Receives longer credit terms from his principals
B. Obtains higher commission as he guarantees payments for goods sold
C. Handles only imported goods of high standing
D. Is given credit from his principals but sells only against cash
E. Receives brokerage charge from his principals

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

COLUMN A	**COLUMN B**
(i) The amount of money a business is liable to its investor	A. Paid up capital
(ii) The long term liabilities	B. Capital expenditure
(iii) The excess of current assets over current liabilities	C. Capital reserve
(iv) The sum of fixed assets and working capital	D. Borrowed capital
(v) The maximum amount a company raises by selling shares	E. Authorized capital
(vi) The amount that the shareholders have been asked to pay	F. Return on capital

(vii) The amount that has actually been received from shareholders	G. Shareholders fund
(viii) The total face value of the shares that have been issued	H. Issued share capital
(ix) The amount stated by the promoters when making application for registration of the company	I. Called up capital
(x) The amount spent on buying or adding value to non-current assets	J. Allotted capital
	K. Return on capital employed
	L. Capital employed
	M. Working capital
	N. Minimum share capital

Answers

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

SECTION B (40 Marks)

Answer **all** questions in this section.

3. Given the daily sales 40 tins, delivery time 28 days, and minimum stock 1600 cartons.

(a) Calculate the re-order level.

(b) Briefly explain what it means by your answer in 3(a) above.

(c) As the price of mangoes increased from Shs. 400/- to Shs. 600/-, the quantity consumed by a family decreased from 40 to 30 per month. Calculate the price elasticity of demand.

(d) Outline four different features of Current Account from Fixed Deposit Account.

4. Briefly explain the following terms:

(a) Letter of hypothecation

(b) Trade discount

(c) Composite demand

(d) Overdraft

(e) Multiple shops

5. Distinguish the following terms as used in home trade:

(a) Deferred Payment and Hire Purchase

(b) Advice Note and Packing Note

(c) Primary Industries and Secondary Industries

(d) Inquiry and Quotation

(e) Cash discount and Quantity discount

6. Explain the functions of management.

SECTION C

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

7. (a) Elaborate five (5) principles of co-operatives.

   (b) Explain five (5) principles of insurance.

8. (a) Explain five (5) features of partnership.

   (b) Explain five (5) advantages of partnership as compared to sole proprietorship.

9. (a) Describe six (6) factors that are responsible for changes in demand for a commodity.

   (b) Explain briefly the effects of a rise in the price of coffee on the demand for:

      i. Tea leaves

      ii. Sugar

   (c) (i) Explain how Equilibrium Price occurs.

      (ii) With the aid of a diagram illustrate the Equilibrium Price.

10. (a) With particular reference to Tanzania, discuss the importance of road transport to Commerce.

    (b) What is meant by Marginal Cost?