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, 14th November 2014 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 and cellular phones are **not** allowed in the examination room.

4. 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 in your answer booklet.

(i) Advertising is important because it mainly
- A creates the demand for the goods and services
- B creates employment for a large number of people
- C reduces the price of goods and services
- D induces customers to buy goods that have minor defects
- E creates the demand for the goods of low quality.

(ii) Which of the following are the major sources of partners' capital?
- A Financial institutions.
- B Trade credit from suppliers.
- C Profit from the business.
- D Business properties sold.
- E Hire purchase.

(iii) Which one of the following statements is true of a sole trader?
- A He is legally separate entity from the business.
- B He has limited liability.
- C His business has unlimited legal life.
- D He makes decisions with other co-partner.
- E He enjoys all the profits and suffers all the losses.

(iv) The main reason for the existence of public corporations is to
- A maximize profits for distributions to members of the public
- B provide certain essential services to members of public
- C enlighten the public on how to conduct their business
- D sell shares to members of the public
- E to distribute loss made by corporations to members of the public.

(v) Which one of the following documents is used by a buyer to gather information from the seller?
- A An order.
- B An invoice.
- C A statement.
- D A delivery note.
- E An inquiry.

(vi) Road transport is used mainly as as a method of carrying goods within the country because it is the

A cheapest form of transport
B quickest form of transport
C most widely available form of transport
D most reliable form of transport
E safe mode of transport.

(vii) Which one of the following is a method used by government to protect consumers?

A Fixing minimum prices.
B Fixing maximum prices.
C Fixing minimum profits.
D Fixing maximum profits.
E Fixing minimum and maximum prices.

(viii) A debit note is used to correct

A undercharge on an invoice
B overcharge on an invoice
C undercharge on a statement
D overcharge on a statement
E undercharge on an order.

(ix) Which of the following activities **cannot** be classified as productive?

A Working as a cook in your own house.
B Playing hockey as a professional.
C Working as a cook in a restaurant.
D Playing cards as a hobby.
E Building house of a neighbour.

(x) Which of the following reasons does **not** justify the existence of parastatal enterprises?

A To provide goods and services not being provided by the private sector.
B To enable the government to control the distribution of certain commodities.
C To enable the government to control the profits earned by the private enterprises.
D To provide goods and services at relatively fair prices.
E To control exploitation of the individuals by the private sector.

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 in your answer booklet.

Column A		Column B
(i)	A document from an importer requesting an exporter to supply the listed goods.	A Certificate of origin
(ii)	Gives the importer permission to import the intended goods.	B Letter of inquiry
(iii)	Issued by the ship-owner to an exporter acknowledging receipt of goods.	C Indent
(iv)	Gives details of the goods being imported and the country produced.	D Catalogue
(v)	A document prepared by a diplomat showing prices charged for the goods that are current and fair.	E Bill of lading
(vi)	A document sent in advance of the goods being exported to enable the importer to pay duty before the goods arrival.	F Letter of hypothecation
(vii)	A document from an importer's bank requesting a bank in a foreign country to pay an exporter on behalf of the importer.	G Quotation
(viii)	Shows the policy under which consignment risk is covered.	H Licence
(ix)	A document authorizes sale of goods in a foreign country if the payment on the bill of exchange cannot be obtained from the importer.	I Letter of Credit
(x)	Shows the shipping charges of a shipping company.	J Analysis certificate
		K Consular invoice
		L Freight Note
		M Certificate of insurance
		N Order form
		O Pro forma invoice

SECTION B (40 Marks)

Answer **all** questions in this section.

3. (a) Complete the following table:

Fixed Assets	Current Assets	Long term Liabilities	Current Liabilities	Owners Equity	Working Capital
300,000	60,000	180,000	30,000	(i)	(ii)
(iii)	120,000	90,000	(iv)	375,000	75,000
480,000	(v)	(vi)	195,000	300,000	45,000

(b) The following information was extracted from the books of a trader:

Stock	Sh. 600,000
Debtors	Sh. 200,000
Cash at bank	Sh. 100,000
Creditors	Sh. 600,000
Sales	Sh. 1,000,000
Purchases	Sh. 800,000

From the above information, calculate:

(i) Current ratio
(ii) Quick ratio
(iii) Debtor's as a percentage to sales
(iv) Creditor's as a percentage to purchases.

4. (a) Enumerate five ways in which the community benefits from learning business studies.
(b) State five differences between direct and indirect production.

5. (a) Briefly explain five services that are rendered by middlemen to producers in the chain of distribution.
(b) Mention five factors that may inhibit entrepreneurial development in a country.

6. (a) Outline five factors which may determine the amount of premium paid by an insured.
(b) Give five ways in which land is useful as a factor of production.

SECTION C (40 Marks)

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

7. (a) Sales promotion plays important roles in commerce. Discuss by giving five relevant points.
   (b) Mawazo Mema is a Hotel Manager. Describe six possible ways which he can use to motivate his employees to work hard and create business for the hotel.

8. (a) Describe five factors that should be considered before establishing new industries.
   (b) Explain five benefits enjoyed by public companies.

9. (a) It is often argued that in a commercial system such as that existing in Tanzania a wholesaler cannot be eliminated. Justify.
   (b) Describe under what circumstances banks will dishonour a cheque even if the drawer has enough money in his account.

10. (a) Explain five methods used by a country to control imports.
    (b) Critically analyse five disadvantages associated with sole proprietorships.