THE UNITED REPUBLIC OF TANZANIA
NATIONAL EXAMINATIONS COUNCIL OF TANZANIA
CERTIFICATE OF SECONDARY EDUCATION EXAMINATION

061 **COMMERCE**

(For Both School and Private Candidates)

Time: 3 Hours **Friday, 08th November 2019 p.m.**

Instructions

1. This paper consists of sections A, B and C with a total of **ten (10)** questions.
2. Answer **all** questions in sections A and B and **two (2)** questions from section C.
3. Cellular phones and any unauthorised materials are **not** allowed in the examination room.
4. Write your **Examination Number** on every page of your answer booklet(s).



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SECTION A (20 Marks)

Answer **all** questions in this section.

1. For each of the items (i) – (xv), choose the correct answer from among the given alternatives and write its letter besides the item number in the answer booklet provided.

(i) Suppose you have bought medicine from India and they are urgently needed to serve the life of patients in Tanzania, which mode of transport would you consider to be appropriate?

A Road transport B Air transport C Water transport
D Railway transport E Pipeline transport

(ii) If you have imported a used car from Japan, which document will be issued to you by the exporter that helps you to sort out customs formalities before the arrival of the car?

A Price list B Delivery note C Quotation
D Proforma invoice E Invoice

(iii) Under which classification the services provided by teachers, lawyers and police to their customers are categorised?

A Direct services B Auxiliary services C Personal services
D Public services E Indirect services

(iv) The following are functions of production department in management **except**:

A controlling the quality of goods produced in production department.
B maintaining the quality of machines in the production department.
C developing and implementing production plans.
D preparation of budget for activities carried in the department.
E recruiting members of staff for production department.

(v) By using the theory of demand, which factor influences the buying decision of a consumer?

A Number of producers B Preference and taste C Level of technology
D Cost of production E Availability of capital

(vi) You have been engaged in selling fresh beans business and you want to increase sales through advertising. Which factor will you consider in advertising your product?

A The income of the competitors.
B The steady supply of the products to be advertised.
C The income tax to be charged on the products.
D The nature of the product to be advertised.
E The purchasing power of your customer.

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(vii) Why a bill of lading is used as the evidence of contract between the exporter and the shipping company?

A It contains the details of the goods loaded in the ship.
B It shows the country from where the imported goods originates.
C It bears the name of the sender and the receiver of the goods.
D It shows the transport chargers the exporter paid to shipping company.
E It shows the value of the goods shipped.

(viii) There are several ways through which financial institutions raise their capitals. Which financial institutions raises its capital through selling shares to the public?

A Central bank B Development banks C Co-operative banks
D Commercial banks E Saving banks

(ix) Ms. Maganga's total sales during the year 2018 was Tsh. 160,000/=. If her gross profit was 20% of sales, what was the cost of goods sold during the year?

A Tsh. 128.000/= B Tsh 32,000/= C Tsh. 160,020/=
D Tsh. 160,000/= E Tsh. 192,000/=

(x) Why Tanzania Revenue Authority (TRA) insists on the use of Electronic Fiscal Device (E.F.D) machine?

A It transmits tax information to tax authority system automatically.
B It transmits only sales records to tax authority system automatically.
C It enables the government to obtain income from selling E.F.D machines.
D It reduces tax burden to all tax payers.
E It reduces tax burden to businessmen.

(xi) Which factor of production is characterised by value appreciation?

A Capital B Labour C Land
D Entrepreneurship E Machine

(xii) Which one is the correct form of classification of companies?

A Private limited companies, public limited companies and public corporations.
B Registered companies, statutory companies and chartered companies.
C Limited companies, unlimited companies and co-operatives.
D Parastatals, public corporations and marketing boards.
E Registered companies, unregistered companies and local bodies.

(xiii) Which set presents large scale retailers?

A Mobile shops, multiple shops and single shops.
B Super markets, tied shops and mobile shops.
C Multiple shops, super markets mail order shops.
D Tied shops, mail order shops and super markets.
E Single shops, multiple shops and departmental stores.

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(xiv) Suppose a Form One commerce student asked you about the best way of describing the term commerce. Which of the following is the best response that you could give?

A Commerce deals with distribution of goods to final users.
B Commerce deals with exchange of goods and services.
C Commerce deals with exchange and distribution of goods and services.
D Commerce deals with exchange of goods and services within the country.
E Commerce deals with exchange of goods and services outside the country.

(xv) What is the correct term of insurance to be used when an insurer decide to spread part of the risks of high valuable items insured to other insurers?

A Double insurance B Over insurance C Re-insurance
D Under insurance E Co-insurance

2. Match the explanations of the international trade documents in **Column A** with the names of the documents in **Column B** by writing the letter of the correct answer beside the item number in the answer booklet provided.

Column A		Column B
(i)	A document used to inspect the quality and prices of the goods before they had been dispatched to other country.	A Letter of credit
(ii)	A document which allows the bank to possess and sell the goods imported so as to recover the debts.	B Letter of hypothecation
(iii)	A document which requires an agent to place an order on behalf of the importer with an appropriate exporter.	C Calling forward note
(iv)	A transferable document issued by a warehouse keeper to represent the right of ownership of goods.	D Dock warrant
(v)	A document which informs the exporter about the date at which goods will be at the dock ready for loading.	E Consular invoice
		F Indent
		G Letter of indemnity

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SECTION B (50 Marks)

Answer **all** questions in this section.

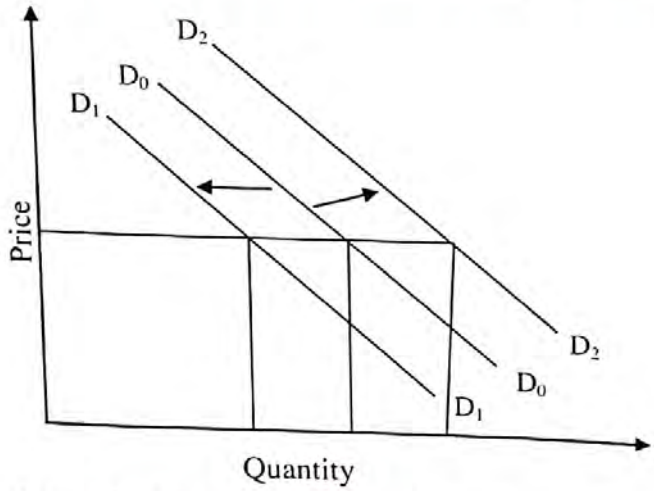
3. (a) Mr. Ramsi a businessman who had an account with CRDB Bank in Arusha branch issued a cheque payable to Mr. Karim amounting to Tsh. 150,000/= only. Use the information given to analyse the three main parties to a cheque involved in this transaction.

(b) Assume one of your teachers is a businessman and he had received two crossed cheques from one of his customers. One of the cheques bearing the words "Not Negotiable" and the other one "Account payee only". Briefly explain to him what the terms "Not negotiable" and "Account payee only" imply?

4. You have been invited in a seminar about taxation conducted by Tanzania Revenue Authority. The main theme of the seminar is "the effects of taxation". At the end of the seminar, you will be required to present to your fellow students the positive and negative effects of taxation in an economy. Summarise your presentation by showing the:
   (a) three positive effects of taxation and
   (b) two negative effects of taxation.

5. The cashew nuts producers from Chetu village build a warehouse to store their produce after harvest. Being an expert in warehouse operations, briefly explain five contributions of the cashew nuts warehouse to Chetu villagers.

6. Study the diagram given and answer the questions that follow:



   (a) What does shift in demand curves from D_0 to D_1 and D_0 to D_2 imply?
   (b) Describe four possible causes for a shift in demand curves from D_0 to D_2.

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7. Mr. James is planning to buy a car from Japan and he has been advised to use either a broker or a factor agent to effect buying. Assists him in making proper decision by giving:
   (a) two main features of a broker and
   (b) three main features of a factor.

SECTION C (30 Marks)

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

8. Mobile phones have become the most popular communication media which links the buyer and sellers within a short time. Basing on the knowledge of business communication, explain three positive and three negative effects of mobile phone communication in business.

9. Creation of employment is the only advantage of specialization in production. Argue against this statement by giving six reasons.

10. Practically, insurers and insured could not work smoothly without applying the principles of insurance. Basing on this statement, explain how the principles of insurance govern the conduct between insurer and insured.

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