

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

061

COMMERCE

(For Both School and Private Candidates)

Time: 2:30 Hours

Tuesday, 13th November 2018 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. Calculators, cellular phones and any unauthorized 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) - (x), choose the correct answer from among the given alternatives and write its letter beside the item number in your answer booklet provided.
- (i) Which of the following is **not** a characteristic of itinerant traders?
- A They may operate as regular dealers throughout the year.
 - B They operate with a minimum of the establishment expenses.
 - C They operate only alongside the main roads.
 - D They operate their business without fixed premises.
 - E They operate with a very small amount of capital.
- (ii) The basic factors of production comprises the following:
- A land, labour and organization.
 - B land, labour, organization and capital.
 - C land, organization and capital.
 - D land, labour and capital.
 - E land, organization, capital and production.
- (iii) The inquiry letter may **not** be answered by one of the following:
- | | | | |
|---|-------------------------|---|-----------------------------|
| A | by sending a catalogue. | B | by sending a price current. |
| C | by sending an invoice. | D | by sending a list price. |
| E | by sending a quotation. | | |
- (iv) Which of the following statements is true?
- A Economics is a branch of commerce.
 - B Economics is a branch of production.
 - C Commerce is a branch of economics.
 - D Commerce is not a branch of production.
 - E Production is a branch of commerce.
- (v) Why does advertising become a burden to the users of the product?
- A It increases production.
 - B It increases the final price.
 - C It reduces quality of the product.
 - D It reduces the choice of the customers.
 - E It increases the turnover.
- (vi) Which of the following statements represents indirect service?
- A A farmer produces maize for her personal use.
 - B A factory worker produces shoes for his customers.
 - C Retailer sales goods to his customers.
 - D Wholesaler sales goods to his customers.
 - E A doctor provides treatment to his customers.

- (vii) Which one of the following is **not** among the limitations of insurance?
- | | | | |
|---|---------------------------------------|---|---------------------------------|
| A | Losses must be accidental | B | Losses must be catastrophic. |
| C | Losses must be compensated | D | Losses must be of similar risks |
| E | Losses must be reasonably unexpected. | | |
- (viii) The five main functions of stock administration include:
- | | | | |
|---|--|--|--|
| A | receiving, placing of items, selling, care of stock and issuing. | | |
| B | receiving, placing of items, care of stock, issuing and stock control. | | |
| C | receiving, issuing, stock control, stock care and dusting of items. | | |
| D | receiving, issuing, stock control, stock level and placing of items. | | |
| E | receiving, issuing, placing of items, dusting and sorting of spoilt items. | | |
- (ix) The tax system whose rate remains constant irrespective of change in income or property is referred to as
- | | | | |
|---|----------------------|---|-----------------------|
| A | Direct tax | B | Proportional taxation |
| C | Indirect tax | D | Progressive taxation |
| E | Regressive taxation. | | |
- (x) Movement alongside the supply curve is caused by
- | | | | |
|---|------------------------------------|--|--|
| A | change in price of the commodity | | |
| B | change in quantity demanded | | |
| C | increase in price of the commodity | | |
| D | decrease in price of the commodity | | |
| E | increase in quantity supplied. | | |

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 the answer booklet provided.

Column A	Column B
(i) The shares entitled to profits payment after all other shares paid.	A Unsecured debenture
(ii) The unit of loan that needs no property to be pledged against it.	B Non-cumulative preference share
(iii) The shares that may be bought back by the company after a stated period of time.	C Debenture
(iv) Profits which are not paid to the ordinary shareholders in the period they are earned.	D Retained earnings and provisions
(v) The shares from which the shareholders have the first right to receive dividends at fixed rate	E Redeemable preference shares
(vi) The unit of loan that can be bought back by the company.	F Participating preference shares
(vii) The shares which are entitled to a fixed rate of dividend till they are paid.	G Preference shares
(viii) The shares which are entitled to a fixed rate of dividend when sufficient profits are available.	H Non-cumulative debentures
(ix) The shares which are entitled to a fixed rate of dividend plus any extra profit after ordinary shares being paid.	I Redeemable debenture
(x) A long term finance raised by a company through public borrowing.	J Dividends
	K Ordinary shares
	L Cumulative preference shares
	M Mortgaged debentures
	N Ordinary shareholders
	O Redemption of shares

SECTION B (40 Marks)

Answer **all** questions in this section.

3. (a) Why taxes are levied by the government? Briefly explain by giving five reasons.
(b) In brief, analyze five advantages of direct taxes.
4. (a) How does temporary partnership differ from permanent partnership?
(b) What is meant by the following commercial terms?
(i) Limited partner
(ii) Quasi partner
(iii) Dormant partner
(iv) Active partner
(c) Give four advantages of partnerships over sole proprietorship.
5. (a) A wholesaler J. Gerald sells his product (maize) at Tsh 500 per kg. He gives trade discount to his customers as shown here under:
Less than 1,000 kg 10%
From 1,000 kg to 5,000 kg 25%
Over 5,000 kg 30%
One of his customers bought 4,550 kg
Calculate:
(i) The amount of trade discount given to that customer.
(ii) The actual amount to be paid to J. Gerald.
- (b) The following information was extracted from the books of Nyakamande a wholesale trader for the financial year ending 31st May 2016.
Closing stock Tsh 240,000
Gross profit Tsh 320,000
Net purchases Tsh 720,000
Cost of goods sold Tsh 800,000
Salaries Tsh 80,000
Cash in hand Tsh 15,000

Calculate the following:
(i) Opening stock.
(ii) Net sales.
(iii) Average stock.
(iv) Rate of stock turn.
(v) Margin as percentage.
6. (a) Differentiate the following types of retailers:
(i) Mobile shops from single shops.
(ii) Tied shops from road side sellers.
- (b) Briefly explain six factors that a manufacturer should have to consider when choosing a distribution channel.

SECTION C (40 Marks)

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

7.
 - (a) Explain what would happen if money is not rightly controlled? Give four points.
 - (b) Describe six merits of barter system.

8.
 - (a) Explain four indicators of good internal communication in the industry.
 - (b) Elaborate six advantages of written communication.

9.
 - (a) Explain five means in which any exporter may secure payments.
 - (b) Discuss three incentives provided by the governments to its exporters to improve exports.
 - (c) What is the difference between pro-forma invoice and consular invoice? Give their importance in relation to international trade.

10.
 - (a) Elaborate four main types of organization structure.
 - (b) Explain six principles of organization.