

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

152/1

COMMERCE 1

(For Both School and Private Candidates)

Time : 2 Hours 30 Minutes

ANSWERS

2006 February, 10 Friday p.m

Instructions

1. This paper consists of sections A and B with a total of **nine (9)** questions.
2. Answer **all** questions in section A and **two (2)** questions from section B.
3. All writing should be in **blue** or **black** ink.
4. Communication devices and any unauthorised materials are **not** allowed in the examination room.
5. Write your **Examination Number** on every page of your answer booklet(s).

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1. (a) Why do people study Commerce?

People study commerce because it equips them with knowledge about trade, business, and finance, which are essential in daily life and economic development.

It helps individuals understand how goods and services move from producers to consumers, creating awareness of business opportunities.

Commerce provides employment opportunities by preparing people for careers such as banking, insurance, transport, and marketing.

It promotes entrepreneurial skills by training individuals on how to start and manage businesses.

It also helps people to make informed financial and consumer decisions, improving their standards of living.

(b) Explain the functions of Commerce.

Commerce provides a link between producers and consumers by ensuring goods and services reach those who need them.

It helps in the distribution of goods through activities like transportation, warehousing, and communication.

Commerce provides financing services such as credit facilities and banking, making business transactions easier.

It offers protection against risks through insurance services.

It facilitates advertising and sales promotion, which help in creating awareness and increasing sales of goods and services.

2. (a) What does a right source of supply of stock for a retailer's shop mean?

It refers to obtaining goods from a supplier who can provide them in the right quantity, quality, and at a reasonable price.

It means choosing a source that is reliable in terms of timely delivery and consistency of supply.

It involves selecting suppliers who offer favorable terms such as credit, discounts, or transport.

It also means sourcing from a supplier who provides goods that meet customer preferences and demand.

Therefore, a right source of supply ensures availability of stock, cost-effectiveness, and customer satisfaction.

(b) How can a retailer identify the right source of supply of stock for his/her shop?

A retailer can consider the reliability of a supplier, checking their ability to deliver consistently on time.

They can compare prices and terms of supply to find the most cost-effective option.

They can assess the quality of goods supplied by different sources.

A retailer can evaluate the distance of the supplier and transport costs involved.

They can also consider the supplier's reputation and after-sales services such as returns and guarantees.

3. Channels of distribution are important to all those involved in production.

(a) What are the main functions of channels of distribution?

They help in moving goods from producers to consumers, bridging the gap of place and time.

They provide storage through warehouses, ensuring goods are available when needed.

They help in financing by providing credit facilities to retailers and wholesalers.

They reduce risks by bearing responsibilities for transportation, storage, and sometimes insurance.

They also help in marketing and promotion of goods to reach wider markets.

(b) Which of the following channels of distribution would you choose and why?

(i) Channel x: Sales = shs 10,000/=, Costs = shs 2,000/=

(ii) Channel y: Sales = shs 18,000/=, Costs = shs 3,800/=

Channel x gives a profit of $10,000 - 2,000 = \text{shs } 8,000$.

Channel y gives a profit of $18,000 - 3,800 = \text{shs } 14,200$.

Since Channel y provides a higher profit margin, it would be the better choice.

4. (a) How does a product brand differ from a product's trade mark?

A brand is a name, term, or design used to identify a product and distinguish it from others. It focuses on consumer perception and loyalty.

A trade mark is a legally registered symbol, word, or logo that protects a product from imitation and gives exclusive rights to its use.

A brand is mainly for marketing purposes, while a trade mark provides legal protection.

A brand may change with time, but a trade mark is protected by law as long as it is renewed.

A brand builds customer trust, while a trade mark safeguards business identity and ownership.

(b) Explain the importance of a trade mark.

It protects products from being copied or counterfeited by competitors.

It builds consumer confidence as customers can identify genuine goods.

It helps in differentiating a company's products from those of others.

It provides legal rights to the owner, allowing them to sue anyone who uses it without permission.

It promotes brand loyalty and contributes to the reputation of the business.

5. (a) Differentiate property insurance from life insurance.

Property insurance protects physical assets like buildings, machines, or goods against risks such as fire, theft, or accidents.

Life insurance provides financial protection to the insured's family in case of death or disability.

Property insurance deals with material losses, while life insurance deals with human life.

Property insurance is usually short-term, renewable yearly, but life insurance is long-term, sometimes lasting a lifetime.

Property insurance compensation is based on the value of the property lost, while life insurance compensation is based on the sum assured.

(b) When is an insurance contract effective?

An insurance contract becomes effective when the proposal form is accepted by the insurer.

It also requires the insured to pay the first premium.

The insurer must issue a cover note or policy document as proof of agreement.

The contract is effective only when both parties agree to the terms and conditions.

It is also effective when the principle of utmost good faith is observed.

6. (a) Define bill of lading and explain its purposes.

A bill of lading is a legal document issued by a carrier to acknowledge receipt of goods for shipment.

It serves as a contract between the shipper and the carrier.

It acts as a receipt of goods shipped, showing details like quantity, type, and condition.

It can be used as a document of title, allowing transfer of ownership of goods while in transit.

It facilitates customs clearance and serves as evidence in case of disputes.

(b) Explain the procedure for the release of imported goods.

The importer first receives documents such as the bill of lading and invoice from the exporter.

They submit these documents to customs for inspection and clearance.

Duties and taxes must be paid to the customs authority.

The shipping agent verifies the documents and releases the goods to the importer.

Finally, the goods are transported to the importer's premises.

7. Write short notes on the following:

(a) Ship's manifest.

A ship's manifest is a detailed list of all cargo carried on a ship.

It includes information such as consignor, consignee, weight, and destination of goods.

It is used for customs clearance and verification of goods.

It also helps shipping companies keep records of transported cargo.

(b) Charter party.

A charter party is a contract between a ship owner and a charterer for the hire of a ship or part of it.

It outlines terms like duration, freight charges, and responsibilities of both parties.

It is used in bulk shipping where entire ships are hired.

It legally binds both parties to ensure smooth transportation of goods.

(c) Dead freight.

Dead freight is the money payable by a charterer for failing to load the agreed amount of cargo.

It compensates the ship owner for the empty space that could have been used.

It ensures the ship owner does not incur losses due to underutilization of the vessel.

It arises when the charterer loads less than what was agreed in the contract.

8. Why is warehousing necessary?

Warehousing ensures that goods are stored safely until they are needed in the market.

It helps in maintaining a steady supply of goods by bridging the gap between production and consumption.

It provides facilities for processing, packaging, and grading goods.

It reduces risks of spoilage, theft, or damage by providing secure storage.

It allows businesses to buy in bulk and store goods, thereby reducing costs and ensuring price stability.