

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

052/1

COMMERCE 1

(For Both School and Private Candidates)

Time: 3 Hours

ANSWERS

Year: 2020

Instructions

1. This paper consists of seven questions.
2. Answer five questions, question number one is compulsory

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1. Motor vehicle policy is the only type of policy issued under accident insurance. In six points, argue against this statement.

It is incorrect to state that a motor vehicle policy is the only type of policy under accident insurance because accident insurance covers various other risks beyond motor vehicle accidents. One example is personal accident insurance, which provides compensation to individuals in case of injury, disability, or death due to accidental causes, regardless of whether a vehicle is involved.

Another type of policy under accident insurance is workmen's compensation insurance, which is designed to protect employees by covering medical expenses and lost wages in case of work-related injuries or accidents. This type of insurance is crucial for industries where employees face occupational hazards.

Additionally, travel accident insurance is another policy under accident insurance that provides coverage for unexpected incidents such as injuries, medical emergencies, or accidental death during travel. This policy is essential for frequent travelers and international tourists.

Public liability insurance also falls under accident insurance, covering businesses or individuals against legal claims for injuries or damages caused to third parties due to negligence. This type of insurance is often required for businesses that interact with the public.

Furthermore, sports accident insurance protects athletes and sports participants from injuries sustained during competitions or training. Many professional sports teams and organizations take this policy to safeguard players.

Lastly, domestic accident insurance covers accidents that occur at home, such as burns, falls, or accidental poisoning. It ensures that medical expenses are covered for household members in case of injuries occurring within domestic settings. These examples prove that accident insurance is broader than just motor vehicle policies.

2. Sometimes the wholesalers may not be involved in the distribution of goods but yet goods can smoothly reach the final consumers. Explain six conditions which enable the final consumers to smoothly get the goods without involving wholesalers.

Goods can reach consumers without wholesalers under certain conditions. One such condition is direct selling by manufacturers. Some manufacturers establish their own retail outlets or online platforms to sell directly to consumers, bypassing the need for wholesalers. This model is used by companies like Apple and Tesla.

Another condition is bulk purchasing by large retailers. Supermarkets and chain stores like NMB or Game Stores buy directly from manufacturers in large quantities, eliminating the need for wholesalers. This approach reduces costs and ensures that goods reach consumers efficiently.

Efficient transport systems also play a role in eliminating wholesalers. When manufacturers have reliable transportation networks, they can deliver goods directly to retailers or even consumers through home delivery services, as seen in e-commerce businesses.

Advancements in e-commerce and digital platforms allow consumers to purchase goods directly from manufacturers or producers through online stores and mobile applications. Companies like Jumia and Alibaba facilitate direct transactions between consumers and producers.

Government agencies and cooperatives sometimes act as direct distributors of goods. For example, government institutions may procure essential goods such as fertilizers or medicine and distribute them directly to consumers, ensuring smooth access without wholesalers.

Finally, direct marketing strategies, such as trade fairs, exhibitions, and door-to-door selling, enable manufacturers to reach consumers without intermediaries. These methods allow consumers to buy goods firsthand, ensuring affordability and product authenticity.

3. In six points, explain the contribution of capital in the production process.

Capital is essential in the production process as it provides the necessary financial resources to facilitate operations. One major contribution is the acquisition of raw materials. Businesses require funds to purchase inputs like metals, agricultural produce, or chemicals needed for manufacturing.

Another critical role of capital is investment in machinery and equipment. Production processes rely on modern technology and machines to enhance efficiency, speed, and quality. Without adequate capital, businesses would struggle to acquire the necessary tools for mass production.

Labour compensation is another significant contribution of capital. Businesses need funds to pay wages and salaries to workers who operate machinery, transport goods, and manage production activities. A lack of capital may lead to delays in payments, reducing workforce motivation.

Capital also enables business expansion by allowing companies to increase production capacity, open new branches, or enter new markets. Expansion enhances economic growth and job creation.

Additionally, capital supports innovation and research. Companies invest in research and development (R&D) to improve products, develop new technologies, and enhance production efficiency. Innovation drives competitiveness in both local and international markets.

Lastly, capital is essential for covering operational expenses such as rent, electricity, and maintenance costs. These expenses ensure that production facilities run smoothly without disruptions, sustaining a steady supply of goods in the market.

4. You have been invited to make a presentation to local traders on the essential commercial documents that they must use in commercial transactions. Describe six main commercial documents that you will include in your presentation.

In my presentation to local traders, I would highlight key commercial documents that facilitate business transactions. One essential document is the invoice, which serves as a bill issued by a seller to a buyer, detailing the quantity, price, and payment terms of goods or services supplied.

Another important document is the receipt, which acts as proof of payment. A receipt confirms that the buyer has completed the payment for goods or services received, ensuring financial transparency.

A bill of lading is crucial for traders dealing in international trade. It is issued by shipping companies as evidence that goods have been loaded onto a vessel and specifies the destination and terms of shipment.

A purchase order is also an important document, as it is issued by buyers to request specific goods from suppliers. It contains details of the items ordered, agreed prices, and delivery schedules, ensuring smooth procurement processes.

Additionally, traders must use a delivery note, which accompanies goods during transportation and confirms that the correct items have been delivered to the buyer.

Lastly, a debit note is issued when there is an error in an invoice or when additional charges need to be made. It notifies the buyer of extra costs incurred due to adjustments in the transaction.

5. The government of Tanzania is highly investing in transport and communication because the sector influences the rapid growth of commerce. In six points, justify this statement.

Investing in transport and communication stimulates commerce by enhancing market accessibility. Improved roads, railways, and ports make it easier for businesses to transport goods to different regions, increasing trade efficiency.

Another benefit is reduced transportation costs. Better infrastructure leads to faster and more affordable movement of goods, lowering production and distribution costs for businesses.

Facilitating international trade is another key reason for investment in this sector. Ports such as Dar es Salaam handle imports and exports, connecting Tanzania to global markets.

Encouraging e-commerce and digital transactions is also crucial. With improved communication networks, businesses can leverage online platforms to sell products and provide services more efficiently.

Additionally, boosting employment opportunities occurs as investments in roads, railways, and telecommunication create jobs in transport and service industries.

Finally, promoting industrialization is achieved through reliable transport systems that enable factories to receive raw materials on time and distribute finished goods efficiently.

6. Explain how businessmen and consumers benefit from exhibition and trade fair advertisement. Give three benefits to businessmen and three to consumers.

Businessmen benefit from exhibitions and trade fairs by gaining brand exposure. These events provide a platform to showcase products and services to potential customers and investors, increasing brand awareness.

They also attract new customers and business partners. Networking with clients, wholesalers, and retailers at trade fairs can lead to long-term business relationships and market expansion.

Additionally, businessmen receive direct feedback from consumers, allowing them to improve products based on customer preferences and needs.

Consumers, on the other hand, get access to a variety of products and services in one place, making it easier to compare quality and prices.

They also benefit from promotional offers and discounts that businesses provide during exhibitions, allowing them to purchase goods at lower prices.

Lastly, consumers gain product knowledge through demonstrations and detailed explanations, helping them make informed purchasing decisions.

7. Analyse six ways used by the Bank of Tanzania (BoT) to control the lending capacity of National Bank of Commerce (NBC) in Tanzania.

The Bank of Tanzania controls NBC's lending capacity through monetary policy adjustments. By increasing interest rates, BoT discourages excessive borrowing and limits the amount of money banks can lend.

Setting the cash reserve ratio is another method. BoT requires NBC to keep a certain percentage of deposits in reserve, reducing the money available for lending.

Open market operations are also used, where BoT sells government securities to absorb excess liquidity, reducing bank lending.

Additionally, BoT imposes credit ceilings, restricting the maximum amount that NBC can lend to borrowers.

BoT also conducts regular banking supervision, ensuring NBC follows proper risk management and lending policies.

Finally, BoT regulates foreign exchange transactions, ensuring that excessive borrowing does not destabilize the economy through inflation or currency fluctuations.