

**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: 2023**

**Instructions**

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

maktaba.tetea.org



1. Mr. Patel owns a small-scale industry and he is planning to hire a salesman to support him in advertising and selling his products. Suggest six appropriate qualities that would guide him to get the right salesman.

To hire a competent salesman, Mr. Patel should consider several key qualities. First, the salesman must have strong communication skills. Effective communication enables a salesman to present products convincingly, answer customer inquiries, and build relationships with clients. Clear and persuasive speech helps in marketing and influencing buying decisions.

Another important quality is persuasion ability. A good salesman should be able to influence potential buyers and convince them of the benefits of the product. This skill helps in closing sales deals and increasing the company's revenue.

Product knowledge is also crucial. A salesman should fully understand the features, uses, and benefits of the products he is selling. This enables him to provide accurate and detailed information to customers, thereby increasing their confidence in the product.

Customer service skills are another essential quality. A salesman interacts directly with customers, so he must be courteous, patient, and attentive. Handling customer complaints professionally and providing excellent service enhances customer satisfaction and loyalty.

Self-motivation is also important. A good salesman should be driven to meet and exceed sales targets without constant supervision. Personal motivation ensures consistency in performance and high productivity.

Finally, adaptability is key. A salesman should be able to adjust to different customers, market trends, and sales strategies. Being flexible allows him to respond effectively to changes and maximize opportunities in the business environment.

2. Ms. Mkutano from Uvinza Tanzania buys goods from various suppliers within and outside the country and sells them at profit. In six points, justify that the activity performed by Ms. Mkutano is referred to as trade.

Ms. Mkutano's activities qualify as trade based on several key aspects. Firstly, trade involves the exchange of goods and services, and she buys goods from suppliers and sells them at a profit, which is the basic definition of trade. Her activities fit within this framework as she engages in regular commercial transactions.

Another justification is that trade is driven by a profit motive. Ms. Mkutano sells goods at a higher price than the purchase cost, generating profit from her business. This aligns with the primary goal of trade, which is to earn financial returns.

Additionally, trade can be classified into domestic and international trade. Since she sources products both locally and internationally, her business involves both forms of trade. Purchasing goods from foreign suppliers means she engages in import trade, while selling locally represents domestic trade.

Her activities also contribute to market participation. She interacts with different market players, including wholesalers, retailers, and consumers. By linking suppliers and buyers, she plays an intermediary role in the trade cycle.

Another key characteristic of trade is business continuity. Unlike one-time transactions, trade involves repeated buying and selling activities. Ms. Mkutano engages in continuous transactions, ensuring a consistent flow of goods in the market.

Finally, her activities contribute to economic development. Trade supports job creation, tax revenue generation, and market expansion. By participating in trade, Ms. Mkutano contributes to the overall economic growth of Tanzania.

3. Lucy wants to insure her house worth 40 million against fire. However, she is not aware on the procedures of obtaining fire insurance policy. Assist her by describing the procedures that she should follow to acquire the policy.

To obtain a fire insurance policy for her house, Lucy needs to follow several procedures. The first step is risk assessment, where she evaluates the potential fire risks associated with her property. This helps determine the level of coverage needed.

Next, she should select an insurance provider by comparing different companies offering fire insurance. She should consider factors such as premium rates, coverage benefits, and claim settlement processes to choose the best option.

After selecting a provider, Lucy must fill out an application form. This form requires details about the property, its location, construction type, and any fire safety measures in place. Providing accurate information ensures a proper assessment by the insurer.

Once the application is submitted, the insurance company conducts a property valuation. An assessor examines the house to determine its value and the potential risks. The results of this assessment influence the premium amount Lucy will have to pay.

The next step is premium payment. After valuation, the insurance company calculates the premium cost based on the risk factors and coverage amount. Lucy must pay this amount to activate the policy.

Finally, she receives the insurance policy document. This document outlines the terms and conditions, coverage details, exclusions, and claim procedures. Lucy should review the policy carefully to understand her rights and obligations before signing the contract.

4. "Shrinkage is among the source of retailer's loss resulting from dishonest practices." Suggest six measures a retailer can take for shrinkage minimization.

Retail shrinkage refers to inventory loss due to theft, fraud, or operational errors. Retailers can minimize shrinkage by implementing security systems such as CCTV cameras and anti-theft alarms. These systems help monitor activities in the store and deter potential thieves.

Employee training is another important measure. Workers should be educated on proper inventory handling, fraud detection, and security procedures. Well-trained staff are more vigilant and can identify suspicious activities.

Regular inventory audits help in tracking stock movement. Conducting frequent stock checks enables retailers to detect discrepancies early and take corrective measures before losses accumulate.

Customer monitoring is also crucial. Placing security personnel at entry and exit points helps in reducing shoplifting. Retailers can also implement security tags on valuable items to prevent unauthorized removal.

Proper storage and handling of goods minimize shrinkage due to damage. Items should be arranged in an organized manner, preventing breakage, spillage, or deterioration. Using shelving and protective packaging further reduces losses.

Lastly, retailers should enforce strict cash-handling policies. Fraud and cash theft can be minimized by using secure cash registers, conducting random audits, and implementing dual verification for financial transactions.

5. "Production is an essential activity for survival of individuals and the nation." Justify this statement by giving six reasons.

Production plays a crucial role in economic and social development. One key reason is that it promotes economic growth. Increased production leads to higher GDP and national income, strengthening a country's financial stability.

Employment creation is another major benefit. Industries and businesses engaged in production provide job opportunities, reducing unemployment rates and improving the standard of living.

Production ensures the availability of goods and services. Essential products such as food, clothing, and healthcare supplies are manufactured to meet the needs of the population.

Governments also benefit from production through revenue generation. Taxes collected from industries and businesses contribute to public services such as education, healthcare, and infrastructure.

Additionally, production drives innovation and technological advancement. Continuous manufacturing activities encourage research and development, leading to improved products and services.

Finally, production enhances a country's ability to engage in international trade. By producing high-quality goods, a nation can export products, earning foreign exchange and strengthening its global trade position.

6. How is the Bank of Tanzania (BoT) regulates the economy of the country during inflation? Explain by giving six points.

The Bank of Tanzania regulates inflation using several monetary policies. One key method is adjusting interest rates. By increasing interest rates, borrowing becomes expensive, reducing excessive money circulation and controlling inflation.

Another approach is open market operations, where BoT sells government bonds to absorb excess liquidity in the economy. This reduces spending and stabilizes prices.

Regulating the cash reserve ratio is also effective. BoT increases the reserve requirement for commercial banks, limiting their lending capacity and slowing inflationary pressures.

BoT also manages exchange rates to prevent imported inflation. A stable currency prevents price increases on imported goods, reducing overall inflation levels.

Controlling government spending is another important measure. BoT advises the government to limit unnecessary expenditures, ensuring that excess money does not fuel inflation.

Finally, BoT monitors and regulates the pricing of essential goods. By overseeing price stability policies, it prevents extreme inflation from negatively impacting consumers.

7. "In business communication, the message is said to be effective when the receiver understands the same meaning that the sender was intended to convey." Validate this statement using the criteria for effective message. Limit your answer in six points.

An effective business message meets several criteria. The first is clarity, meaning the message

should be straightforward and easy to understand, avoiding unnecessary complexity. Conciseness is also important. The message should be brief but informative, delivering the key points without excessive details.

Relevance ensures that the message is meaningful to the recipient. The content should align with the receiver's interests and business needs.

Accuracy is another crucial factor. The information provided must be correct and free from errors to maintain credibility.

A feedback mechanism should be in place to confirm that the message was understood correctly. This allows for clarification and prevents miscommunication.

Lastly, timeliness matters. Messages should be delivered at the right time to be effective in decision-making and business operations.