

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: 2024

Instructions

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

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1. Madam Namkoke is a retailer who operates her business activities on cash basis only. She preferred to use Cash With Order (CWO) from buyers as her terms of payment. In six points, suggest the circumstances that made her to opt for such cash term of payment.

Madam Namkoke may have chosen Cash With Order (CWO) due to various business circumstances that influence her financial and operational efficiency. One of the key reasons is the need to avoid bad debts. By ensuring that customers pay upfront before receiving goods, she eliminates the risk of dealing with clients who may fail to make payments after receiving the products. This approach secures her revenue and prevents losses that could arise from non-paying customers.

Another important reason is improving cash flow. Cash-based transactions allow her to maintain a steady flow of money, ensuring that she always has the necessary funds to replenish stock, pay for operational costs, and sustain business growth. With CWO, she does not have to wait for delayed payments or worry about customers taking too long to settle their bills.

Additionally, opting for CWO helps reduce financial risks. Offering credit sales comes with uncertainties, especially when customers face financial difficulties. By selling only on a cash basis, Madam Namkoke minimizes exposure to uncertainties related to credit sales, such as economic downturns or customer bankruptcies that could affect their ability to pay.

The decision to use CWO also helps her avoid costs associated with credit management. Businesses that sell on credit often have to employ staff to track payments, send reminders, and sometimes even hire debt collectors. By eliminating credit sales, she reduces administrative expenses and focuses on running her business efficiently.

Quick stock turnover is another advantage that comes with cash-based transactions. Since customers pay upfront, she can reinvest the money immediately in purchasing more goods, ensuring that her business remains competitive with a continuous flow of stock. This strategy enables her to meet customer demands without delays caused by waiting for payments.

Lastly, using CWO prevents fraud and financial manipulation. Some dishonest customers may order goods on credit with no intention of paying, leading to financial losses. By demanding upfront payments, Madam Namkoke ensures that only genuine buyers transact with her business, reducing fraud risks and securing her profitability.

2. You have a stock administrator in one of your public warehouses. Some of his activities include receiving and storage of goods. Propose three main tasks on each activity that you would use in assessing his performance.

A stock administrator plays a crucial role in managing inventory within a warehouse. In assessing his performance, the first area to consider is the receiving of goods. One of the key tasks here is verifying the accuracy of deliveries. This involves checking that the received goods match the order details in terms of quantity, quality, and specifications. Proper verification helps prevent errors such as under-supply or defective items entering the inventory.

Another important task under receiving is documentation and record-keeping. The stock administrator should ensure that every incoming item is correctly recorded in the warehouse system, including the date of arrival, supplier details, and any relevant tracking information. Accurate record-keeping helps in monitoring stock movement and avoiding discrepancies.

Lastly, the administrator should inspect the condition of goods upon arrival. Some shipments may contain damaged or expired products, which must be identified immediately. By performing thorough inspections, he can report defective items and prevent substandard goods from entering the inventory.

Regarding the storage of goods, one key task is ensuring proper arrangement and categorization of stock. The administrator should organize items systematically based on their type, size, or demand frequency, making it easier for retrieval and minimizing storage space wastage.

Another essential responsibility in storage management is monitoring stock levels. He should regularly check inventory levels to identify slow-moving, overstocked, or out-of-stock items. This helps in making informed restocking decisions and avoiding excessive holding costs.

Lastly, maintaining safety and security in storage is crucial. The stock administrator should enforce safety measures such as fire prevention, theft control, and proper handling of fragile or hazardous goods. By securing the warehouse environment, he ensures the protection of both the stock and the staff working within the facility.

3. Mr. Waukaya is a retailer from Morogoro who wants to invest part of his profit in shares as a jobber in Dar es Salaam stock exchange. Suggest five necessary conditions that he should fulfill in order to be a member in Dar es Salaam stock exchange.

For Mr. Waukaya to become a jobber at the Dar es Salaam Stock Exchange (DSE), he must fulfill certain conditions that regulate stock market participation. Firstly, he needs to register with the DSE as a jobber. Registration ensures that he operates legally within the market and complies with regulatory requirements.

Another important requirement is meeting the capital threshold set by the stock exchange. Jobbers are required to have sufficient financial resources to engage in stock trading without facing liquidity constraints. This ensures that he can handle market fluctuations and avoid financial instability.

Compliance with the regulations of the Capital Markets and Securities Authority (CMSA) is also crucial. The CMSA oversees stock market activities in Tanzania and sets the rules that jobbers must follow to ensure fair trading and investor protection.

Additionally, Mr. Waukaya must possess financial knowledge and trading expertise. Understanding how stock markets operate, including market trends, risk management, and investment strategies, is essential for making informed trading decisions.

Finally, he must open a brokerage account with a licensed stockbroker. This account will enable him to buy and sell shares within the DSE framework. Working with a recognized broker also ensures that his transactions are conducted legally and efficiently.

4. Why capital is considered as a necessary factor in production process? Give six points.

Capital is a crucial factor in the production process because it facilitates various aspects of business operations. One major reason is that capital enables the acquisition of raw materials. Every production process requires inputs such as raw materials, components, or ingredients, which must be purchased before manufacturing can begin. Without sufficient capital, businesses may struggle to source essential materials, leading to production delays.

Another important role of capital is funding the purchase of machinery and equipment. Most production activities require tools, machines, and technology to enhance efficiency and output. Capital investment in modern machinery not only increases production speed but also ensures higher-quality goods and services.

Capital is also necessary for paying wages and salaries. Employees play a vital role in production, and businesses need funds to compensate workers for their labor. Without adequate capital, companies may struggle to maintain a stable workforce, leading to inefficiencies or production halts.

Additionally, businesses rely on capital to cover operational expenses such as electricity, water, rent, and transportation. These overhead costs must be paid regularly to ensure smooth production processes. Lack of capital may force businesses to cut corners, affecting overall productivity and profitability.

Another significant aspect is that capital supports business expansion and innovation. Companies often need to invest in research and development to improve products, create new designs, or adopt better production techniques. Sufficient capital allows businesses to explore new opportunities and stay competitive in the market.

Finally, capital provides financial stability and reduces dependence on external borrowing. Businesses with strong capital reserves can withstand economic downturns, unexpected costs, or market fluctuations. This financial security helps ensure long-term sustainability and growth.

5. Television is one of the expensive advertising media but people still use it in advertising their goods and services. Why do people prefer to use it? Give six reasons.

Despite its high cost, television remains a popular advertising medium due to several advantages. One key reason is its wide audience reach. Television broadcasts to millions of viewers, making it an effective platform for promoting products and services to a broad market.

Another reason is the visual and audio impact of television advertisements. Unlike other forms of media, TV combines images, sound, and motion to create engaging and memorable ads. This makes it easier for businesses to capture the attention of potential customers and influence their purchasing decisions.

Television advertising also enhances credibility and trust. Many viewers perceive TV commercials as more legitimate compared to online or print ads. Companies that advertise on television often gain consumer confidence, leading to increased brand recognition and loyalty.

Additionally, TV offers targeted advertising opportunities. Different programs attract specific demographics, such as children, young adults, or business professionals. Advertisers can strategically place their commercials during relevant shows to reach their ideal audience effectively.

Another advantage is the ability to create emotional connections with viewers. Television ads often use storytelling, music, and visuals to evoke emotions, making the message more persuasive. This emotional appeal can strengthen brand association and encourage customer engagement.

Lastly, television provides repeated exposure. Commercials are aired multiple times, reinforcing brand awareness and increasing the likelihood of influencing consumer behavior. The consistent visibility of a product or service helps businesses maintain a strong market presence.

6. How will the government of Uganda benefit from the construction of an oil flow pipeline as a means of transport from Hoima in Uganda to Chongoleani Tanga in Tanzania? Provide six points.

The construction of an oil flow pipeline from Hoima to Chongoleani Tanga will bring several benefits to the government of Uganda. One of the most significant advantages is revenue generation. Uganda will earn income through taxes, transit fees, and royalties associated with oil transportation, boosting the country's economic growth.

Another major benefit is job creation. The construction and operation of the pipeline will generate employment opportunities for Ugandans in various sectors, including engineering, transportation, security, and maintenance. This will contribute to reducing unemployment and improving household incomes.

The project will also enhance Uganda's infrastructure development. The construction of the pipeline will lead to improvements in roads, electricity, and other essential facilities. These developments will have long-term economic benefits, supporting industrial growth and trade expansion.

Additionally, the pipeline will improve Uganda's energy security. By having a direct route for transporting its oil, Uganda will reduce its reliance on external transportation systems, ensuring stable and efficient exports. This stability will attract investors and boost the country's position in the regional energy market.

Another key advantage is the strengthening of regional trade and cooperation. The pipeline will enhance economic ties between Uganda and Tanzania, fostering better diplomatic relations and increased trade opportunities. Such collaborations can lead to further regional development initiatives.

Lastly, the project will promote foreign direct investment (FDI). The oil pipeline will attract international investors interested in Uganda's energy sector, leading to additional funding and technological advancements. Increased FDI will contribute to Uganda's economic stability and industrial growth.

7. How do bank customers benefit from electronic banking services? Give six points.

Electronic banking services offer numerous advantages to customers, primarily in terms of convenience. One of the biggest benefits is 24/7 access to banking services. Customers can perform transactions, check balances, and make payments at any time without visiting a physical branch, saving time and effort.

Another major benefit is time efficiency. Electronic banking eliminates the need to wait in long queues at banks. Transactions such as fund transfers, bill payments, and account inquiries can be completed instantly using mobile apps or online banking platforms.

Cost-effectiveness is another advantage of electronic banking. Digital transactions often have lower fees compared to traditional banking methods. Customers can also save on transportation costs and other expenses associated with visiting a bank branch.

Security is also a key benefit of electronic banking. Banks implement advanced encryption, authentication methods, and fraud detection systems to protect customers' accounts and personal information. This reduces the risk of theft and unauthorized access.

Additionally, electronic banking provides access to multiple services in one platform. Customers can apply for loans, manage investments, and make international transactions without the need for paperwork or in-person visits. This improves banking efficiency and customer experience.

Finally, electronic banking enhances global accessibility. Customers can manage their accounts from anywhere in the world, making it easier for travelers and international businesspersons to conduct financial transactions seamlessly. This convenience supports financial inclusion and greater economic participation.