

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

152/1

COMMERCE 1

(For Both School and Private Candidates)

Duration: 3 Hours

ANSWERS

Year: 2025

Instructions

1. This paper consists of sections **seven (7)** questions.
2. Answer **five (5)** questions. Question number **one (1)** is compulsory.
3. Each question carries **twenty (20)** marks.
4. All writing must be in **blue or black** ink, **except** drawings which must be in pencil.
5. Communication devices and any unauthorised materials are **not** allowed in the examination room.
6. Write your **Examination Number** on every page of your answer booklet(s).



1. ABC Ltd Company is listed in stock exchange, but unfortunately, its share price has been fluctuating over the time. Suggest six possible causes of such fluctuation.

One major cause of share price fluctuation is the company's performance. When the company earns high profits and pays good dividends, investors rush to buy its shares, increasing the price. However, if profits fall or losses occur, investors lose confidence and sell their shares, leading to a drop in price.

Economic conditions also influence share prices. During periods of economic growth, investors are optimistic and invest more, pushing prices up. Conversely, during recessions, investors withdraw funds, causing prices to fall.

Another cause is the change in government policies such as taxation, interest rates, or business regulations. Policies favorable to businesses boost investor confidence, while unfavorable ones create fear, leading to price declines.

Speculation by investors plays a role as well. Some investors buy shares hoping prices will rise and sell quickly for profit. This speculative behavior causes sharp and unpredictable price swings.

Political instability or uncertainty affects investor confidence. When political risks increase, investors sell their shares to avoid losses, resulting in price decreases.

Lastly, inflation and exchange rate changes can affect the value of investments. High inflation reduces real returns, discouraging investment in shares, while currency fluctuations can affect foreign investors' returns, influencing demand and supply in the market.

2. In order for any organisation to operate effectively, it requires to have good internal and external communication methods. Argue for this statement by providing three importance for each method.

Internal communication is essential because it enhances coordination among departments. When information flows smoothly within the organization, tasks are completed efficiently and goals are achieved effectively.

It also promotes teamwork and motivation. Clear internal communication allows employees to share ideas, receive feedback, and feel valued, which boosts morale and productivity.

Additionally, it helps in solving problems quickly. When employees and managers communicate openly, issues are discussed and resolved before they escalate, improving overall performance.

External communication is equally important because it helps the organization build a strong relationship with customers. By responding to customer feedback and complaints effectively, the organization improves satisfaction and loyalty.

It also improves the company's image. Through advertising, public relations, and corporate social responsibility reports, the organization communicates its positive impact, gaining public trust.

Furthermore, it facilitates business negotiations and partnerships. Good external communication ensures clarity in contracts and agreements, reducing misunderstandings and fostering long-term cooperation.

3. Modern advertising agencies render various services to their clients. In three categories, analyse the services they rendered by providing two services in each category.

In the creative services category, advertising agencies design attractive advertisements and develop slogans that capture consumer attention. They also produce visual and audio advertising materials such as posters, videos, and jingles to effectively promote products.

In media services, agencies select the most appropriate media channels like television, radio, newspapers, or online platforms for placing advertisements. They also negotiate and purchase media space or airtime at affordable rates to maximize exposure for clients.

In research and consultancy services, agencies conduct market research to understand customer behavior, preferences, and buying patterns. They also provide expert advice on advertising strategies and help evaluate the effectiveness of marketing campaigns.

4. Auxiliary services are designed to overcome obstacles in trade. Justify the validity of this statement by using six points.

Transportation removes the obstacle of place by moving goods from producers to consumers, making them available where they are needed.

Warehousing removes the obstacle of time by storing goods until they are required, ensuring a steady supply throughout the year.

Banking eliminates the obstacle of finance by providing credit facilities and enabling safe payment systems for traders.

Insurance reduces the risk of loss or damage to goods and property, giving traders confidence to operate without fear of unforeseen events.

Communication removes the obstacle of information by enabling quick exchange of business details between traders and customers, improving decision-making.

Advertising removes the obstacle of awareness by informing potential buyers about the existence, features, and benefits of goods, thus promoting trade.

5. Production efficiency of employees at Maneno Business Enterprises has been declining progressively over the years. Suggest six possible causes of such situation.

Lack of motivation among employees can lead to reduced productivity. When workers feel unappreciated or underpaid, they lose interest in their tasks, leading to poor performance.

Inadequate supervision and leadership also contribute. When managers fail to guide and monitor workers properly, mistakes increase and work standards decline.

Poor working conditions such as unsafe environments or lack of necessary tools can discourage employees from performing effectively.

Insufficient training reduces employees' ability to handle new technologies and methods, lowering efficiency. Continuous training is essential to keep skills updated.

Low morale resulting from conflicts, poor communication, or lack of recognition can make employees less committed to their duties.

Lastly, overworking employees without rest can lead to fatigue and reduced output. When workers are tired, they become less focused and more prone to errors.

6. Assess six important functions of warehousing in the process of marketing of goods and services.

Warehousing ensures steady supply by storing goods until demand arises, helping businesses meet customer needs continuously.

It helps in price stabilization by storing surplus goods during periods of low demand and releasing them when demand increases, preventing sharp price fluctuations.

Warehouses provide protection to goods against damage, theft, or deterioration, thus maintaining product quality.

They facilitate bulk breaking by allowing large quantities of goods to be divided into smaller units suitable for retail distribution.

Warehousing also supports financing since stored goods can serve as collateral for obtaining business loans.

Finally, it aids in value addition by offering packaging, labeling, and sorting services, making goods more attractive to customers.

7. Commercial banks have crucial roles in respect to development of business communities in developing nation like Tanzania. In six points, validate this statement.

Commercial banks provide credit facilities to entrepreneurs, enabling them to start and expand businesses.

They offer safe deposit and savings services, encouraging the culture of saving and accumulation of capital for investment.

Banks facilitate trade through provision of payment systems like cheques, debit cards, and electronic transfers, making transactions convenient and secure.

They support international trade by issuing letters of credit and foreign exchange services, helping importers and exporters conduct business smoothly.

Commercial banks provide financial advice and investment guidance to businesses, promoting sound financial management.

Lastly, banks mobilize funds from surplus units and lend to deficit units, ensuring efficient allocation of resources, which stimulates national economic growth.