

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

151/2

COMMERCE 2

(For Both School and Private Candidates)

Time : 3 Hours

ANSWERS

Year : 2006

Instructions

1. This paper consists of sections A and B with a total of **eight (8)** questions.
2. Answer **five (5)** questions choosing at least **two (2)** questions from each section. Question number four (4) is compulsory
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. The value of modern money does not depend on whether it has any intrinsic value. Discuss.
Modern money derives its value from being a legal tender recognized by the government rather than from the material it is made of. For instance, paper notes and coins have little intrinsic value but are accepted as a medium of exchange.

The value of money depends on public confidence and the authority of the government that issues it. As long as people trust the monetary system, the money maintains its value.

It also gains value from its ability to perform functions such as a store of value, unit of account, and medium of exchange.

Money is valuable because it is scarce and regulated by monetary authorities like central banks, which prevent oversupply.

Therefore, modern money is fiat money, and its worth is not tied to its physical form but rather to trust, demand, and government backing.

2. (a) Explain the importance of transport.

Transport promotes trade by moving goods from areas of surplus to areas of scarcity.

It supports production by bringing raw materials to factories and finished goods to markets.

It creates employment in sectors like road, railway, air, and water transport services.

It helps in regional integration by connecting different parts of a country or regions of the world.

Transport also promotes specialization by enabling producers to reach wider markets.

- (b) What are the functions of transport?

Transport facilitates exchange by linking buyers and sellers.

It reduces wastage of goods, especially perishables, by moving them quickly to markets.

It helps in stabilizing prices by moving goods from surplus to deficit areas.

Transport supports industrial development by enabling mass production and distribution.

It also facilitates mobility of people for business, education, and social activities.

3. Briefly explain the following terms:

- (a) Yield rate – This is the rate of return earned on an investment such as bonds or shares, usually expressed as a percentage of the investment value.
- (b) Bureau de change – This is a licensed business that deals with buying and selling of foreign currencies to individuals or businesses.
- (c) Night safe – A facility provided by banks where customers can deposit money securely outside normal banking hours.
- (d) Cash dispensers – Machines such as ATMs that allow bank customers to withdraw money or perform simple transactions at any time.
- (e) Skimming – A fraudulent practice where criminals use devices to capture details of credit or debit cards to steal money from accounts.

4. (a) What are:

- (i) Liabilities of a company? – These are the financial obligations or debts that a company owes to outsiders, such as loans, creditors, or unpaid expenses.
- (ii) Assets of a company? – These are resources owned by the company that have economic value, such as land, machinery, cash, and stock.

(b) What is the purpose of a balance sheet of a company?

A balance sheet shows the financial position of a company at a specific date by listing assets, liabilities, and equity.

It helps managers and investors understand the company's strengths and weaknesses.

It is used to assess liquidity, solvency, and capital structure.

It also helps in decision-making for loans, investments, and expansion.

(c) A firm has fixed assets valued at shs. 1.86 billion and stock of shs. 1.26 billion at cost which turns over four times a year. A gross profit of 25% on sales is made. Find the percentage of the firm's profit to its capital.

Stock = 1.26 billion

Stock turnover = 4 times

Sales = $1.26 \times 4 = 5.04$ billion

Gross profit = 25% of 5.04 = 1.26 billion

Capital = Fixed assets + Stock = $1.86 + 1.26 = 3.12$ billion

Percentage profit to capital = $(1.26 \div 3.12) \times 100 = 40.38\%$

The firm's profit to capital percentage is 40.38%.

5. Write shorts on the following:

(a) Capital gain tax – A tax imposed on profits earned when an asset such as land, shares, or buildings is sold at a higher price than the purchase price.

(b) P.A.Y.E. – Pay As You Earn is a system where income tax is deducted directly from an employee's salary by the employer before payment.

(c) Excise duty – A tax levied on specific goods produced or sold within a country, such as alcohol, tobacco, and fuel.

(d) Corporation tax – A tax charged on the profits made by companies and paid directly to the government.

6. Briefly discuss the nature and scope of staffing.

Staffing involves recruiting, selecting, training, and developing employees to fill various positions in an organization.

It ensures the right number of employees with the right skills are placed in the right jobs.

Staffing also includes motivation, appraisal, and retention of employees to maintain productivity.

The scope of staffing covers human resource planning, employee welfare, and labor relations.

It is a continuous process in all levels of management and essential for organizational success.

7. The efficiency of workers will be determined by the environment in which they work. Discuss.
Workers perform better in a safe, clean, and well-organized environment, which reduces stress and accidents.

A good working environment with proper facilities like lighting, ventilation, and tools enhances productivity.

The social environment, including teamwork and good management relations, boosts morale and efficiency.

Fair wages, job security, and opportunities for promotion motivate workers to give their best.

An environment with training and professional growth opportunities increases skill and efficiency.

8. (a) Define the term media.

Media refers to the communication channels or tools used to store and deliver information to the public, such as newspapers, radio, television, and the internet.

- (b) Identify and explain the various ways of classifying media.

Media can be classified as print media, which includes newspapers, books, and magazines used for written communication.

It can be classified as electronic media, which includes television, radio, and film for audiovisual communication.

Digital media is another type, including online platforms like websites, social media, and mobile apps.

Media can also be classified as traditional and modern, depending on whether it uses old methods like posters or new technologies like social networking.

- (c) Explain the functions of advertising.

Advertising creates awareness of products and services to potential customers.

It persuades consumers to buy by highlighting features and benefits.

Advertising helps businesses to expand markets and increase sales.

It supports product differentiation by building brand image and identity.

Advertising also provides information about prices, availability, and usage, which assists customers in decision-making.