

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

**061**

**COMMERCE**

(For Both School and Private Candidates)

**Time: 2:30 Hours**

**Monday, 15<sup>th</sup> October 2012 p.m.**

---

**Instructions**

1. This paper consists of sections A, B and C.
2. Answer **all** questions in sections A and B and **two (2)** questions from section C.
3. Calculators are **not** allowed in the examination room.
4. Cellular phones are **not** allowed in the examination room.
5. Write your **Examination Number** on every page of your answer booklet(s).

maktaba.tetea.org



## SECTION A (20 Marks)

Answer **all** questions in this section.

1. For each of the items (i) - (x), choose the correct answer from among the given alternatives and write its letter beside the item number.
- (i) When a visible imports exceed visible exports, a country is said to have  
A a favourable balance of trade  
B a favourable balance of payment  
C unfavourable balance of trade  
D unfavourable balance of payment  
E unfavourable balance of payment and trade
- (ii) Which of the following is the basic feature of all multiple shops?  
A Numerous departments.  
B High prices of goods sold.  
C Similar goods sold in all departments.  
D Different goods sold in all departments.  
E Goods are sold under one roof.
- (iii) Consumer goods are best defined as goods that  
A are bought and sold in shops      B are needed for direct satisfaction  
C help to produce other goods      D are consumed by human beings  
E are provided by nature.
- (iv) A marketing board is a board set up to  
A advise co-operatives only  
B deal with exports  
C buy goods from importers and sell them  
D buy products from producers and sell them  
E export manufactured goods.
- (v) Which of the following is the benefit of sole traders over limited companies?  
A They have unlimited liability.  
B They do not pay VAT.  
C They find it easier to raise capital.  
D They make decisions quickly.  
E They have no risks associated with their personal assets.

- (vi) Which of the following industries are concerned with obtaining raw materials from natural resources?
- |   |                          |   |                           |
|---|--------------------------|---|---------------------------|
| A | Constructive industries. | B | Manufacturing industries. |
| C | Building industries.     | D | Mining industries.        |
| E | Extractive industries.   |   |                           |
- (vii) Which of the following is NOT necessary for the development of commerce in a country?
- |   |                                  |   |                            |
|---|----------------------------------|---|----------------------------|
| A | Increased industrial production. | B | Improved transport system. |
| C | Direct production of goods.      | D | Extensive advertising.     |
| E | Improved banking system.         |   |                            |
- (viii) The list of documents prepared in the course of commercial transaction in the right order of being raised is
- |   |  |
|---|--|
| A | Can be exchanged for gold at the Bank of Tanzania.   |
| B | Can be tendered in payment of debt.                  |
| C | Can be refused by creditor who would prefer a cheque |
| D | Can be printed by any commercial bank.               |
| E | Can be printed by any internal bank.                 |
- (ix) A letter of credit is sent by
- |   |   |
|---|---|
| A | exporter's bank to a correspondent bank   |
| B | improter's bank to a correspondent bank   |
| C | importer to exporter                      |
| D | a central bank to a correspondent bank    |
| E | importer's agent to the exporter's agent. |
- (x) An advalorem tax is an indirect tax collected
- |   |   |
|---|---|
| A | per unit of goods regardless of the value     |
| B | on home produced goods according to the value |
| C | directly from consumers' incomes              |
| D | on each good according to the value           |
| E | on goods from abroad according to the value.  |

2. Match the items in **Column A** with the responses in **Column B** by writing the letter of the correct response beside the item number.

Column A	Column B
(i) The quantity of a commodity required by buyers.	A Composite demand
(ii) Increase in the price of one of the products leads to a decrease in demand for the other.	B Elasticity of demand
(iii) Increase in the price of one of the products leads to an increase in demand for the other.	C Derived demand
(iv) The demand for commodity due to an increase in the demand for another commodity.	D Law of demand
(v) The demand for a commodity that can be used in many ways.	E Cross elasticity of demand
(vi) Relationship between the price and the quantity demanded.	F Change in quantity demanded
(vii) The higher the price the lower the quantity demanded.	G Income elasticity of demand
(viii) The sensitivity of demand for a product due to a change in price.	H Demand
(ix) The responsiveness of demand for a product due to changes in incomes of the consumer.	I Inelastic demand
(x) The movement along a demand curve due to commodity price changes.	J Demand schedule
	K Unitary demand
	L Elastic demand
	M Joint demand
	N Inelastic demand curve
	O Competitive demand

## SECTION B (40 Marks)

Answer **all** questions in this section.

3. The following balances were extracted from the books of Mungiki's clock business for the year. Opening stock sh. 23,000/-, purchases sh. 115,000/-, carriage inwards sh. 3,000/-, purchases returns sh. 18,000/-, sales sh. 200,000/-, sales returns sh. 15,000/-, closing stock sh. 30,000/-, current assets sh. 45,000/-, current liabilities sh. 90,000/- and fixed assets sh. 180,000/-. general expenses is 10% of the gross profit. From the above information calculate:
- (a) Cost of goods available for sale
  - (b) Cost of goods sold
  - (c) Gross profit
  - (d) Net profit
  - (e) Rate of stock turnover
  - (f) Mark up
  - (g) Margin
  - (h) Working capital
  - (i) Capital employed
  - (j) Net profit as percentage of sales.
4. (a) Elaborate four benefits that a consumer may derive from advertising.  
(b) Mr. Manoti is a shift machine operator at a blanket factory. Describe six disadvantages of his work.
5. (a) (i) What is meant by the Wholesaler?  
(ii) Briefly explain the term bill of exchange.  
(b) Explain eight functions of wholesalers.
6. (a) Describe five advantages of a retailer refusing credit sales to his customers.  
(b) Explain five reasons behind consumers' protection.

### SECTION C (40 Marks)

Answer **two (2)** questions from this section.

7.
  - (a) What is meant by the Public Corporations?
  - (b) Public Sectors are important to a developing country like Tanzania. Using concrete examples give five arguments to support that statement.
  - (c) How does a retailer selling a pair of shoes assist in the process of production? Give four points.
8.
  - (a) Discuss five qualities of good money.
  - (b) Elaborate five functions of money.
9.
  - (a) Discuss eight possible causes of change in supply curve of a commodity.
  - (b)
    - (i) Sketch a diagram which shows an increase in supply.
    - (ii) Sketch a diagram which shows a change in quantity supplied.
10.
  - (a) Evaluate six benefits of marketing to a developing country.
  - (b) Explain three problems faced by home trade.