

**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**

**Friday, 13<sup>th</sup> November 2015 p.m.**

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**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 and cellular phones are **not** allowed in the examination room.
4. Write your **Examination Number** on every page of your answer booklet(s).

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### 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 in your answer booklet.
- (i) A document which serves as an invitation to the general public to buy shares is called
- A Memorandum of Association
  - B Articles of Association
  - C Prospectus
  - D Certificate of trading
  - E Certificate of incorporation.
- (ii) Why a debit note is issued?
- A to correct any error in an invoice.
  - B to correct an undercharge in an invoice.
  - C to correct an overcharge in an invoice.
  - D to correct an overcharge in account.
  - E to correct an undercharge in account.
- (iii) Which principle is applied when a country decides to produce goods or services that bring a greatest advantage to the country?
- A Absolute advantage.
  - B Competitive advantage.
  - C Comparative advantage.
  - D Cooperative advantage.
  - E Continuous advantage.
- (iv) Find the price elasticity of demand using proportionate change method for maize when demand falls from 800 kg to 600 kg due to increase in price from shs 40 per kg to shs 60 per kg?
- |   |                  |   |                |   |                 |
|---|------------------|---|----------------|---|-----------------|
| A | $\frac{3}{4}$    | B | $\frac{-3}{4}$ | C | $\frac{20}{21}$ |
| D | $\frac{-20}{21}$ | E | $\frac{-1}{2}$ |   |                 |
- (v) Which of the following **should not** be considered when communicating?
- A The source of communication.
  - B The consent of the message.
  - C The process by which the communication is produced.
  - D The evidence of communication.
  - E The method by which it is transmitted.

- (vi) Production can generally be classified as
- A constructive, extractive and manufacturing industries
  - B industries, commerce and direct services
  - C industries, trade and aids to trade
  - D home trade, aids to trade and direct services
  - E foreign trade, aids to trade and direct services.
- (vii) A document showing the details of commodity sent and its total value which the receiver will have to pay is known as
- A Consignment note
  - B Delivery note
  - C Invoice
  - D Proforma invoice
  - E Consular invoice.
- (viii) Which of the following canons of taxation shows clearly the amount to be paid to the state by the tax payer?
- A Convenience
  - B Equity
  - C Certainty
  - D Economy
  - E Productivity.
- (ix) Ex works is a price quotation which presents the cost of goods as they leave the
- A bonded warehouse premises
  - B manufacturer's premises
  - C port of destination
  - D port of loading
  - E public warehouse premises.
- (x) The bank that issues the legal tender currency in any country is
- A Commercial banks
  - B Central bank
  - C Investment bank
  - D Bank of Tanzania
  - E National Bank of commerce.

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 in your answer booklet.

Column A	Column B
(i) The close connection between what makes the loss and risk insured.	A Reinsurance
(ii) Loss/damage to vessels, cargo or passengers during transportation in high seas.	B Fidelity insurance
(iii) The means by which some of the risks incurred in the business can be overcome.	C Endowment policy
(iv) The situation where insurer takes the risks to another insurance company to cover part of its risk.	D Marine insurance
(v) The amount paid to the insured who no longer wishes to continue with an insurance contract.	E Proximate cause
(vi) A temporary policy issued before the actual policy has been issued.	F Indemnity
(vii) Compensation to an employer whose money or goods has been stolen by an employee.	G Cover note
(viii) Insurance contract for the protection of loss caused by unlawful possession of goods from the insured person.	H Insurance
(ix) The sum assured is payable at the expiration of the specified period or if the assured dies before the period expired.	I Livestock insurance
(x) The insured should be in the same financial position as before the risk occurred.	J Double insurance
	K Life assurance
	L Plate glass insurance
	M Surrender value
	N Burglary insurance
	O Insurable interest

### SECTION B (40 Marks)

Answer **all** questions in this section.

3. (a) Briefly explain the term stock administration.  
 (b) Elaborate five functions of stock administration.  
 (c) List four advantages of a Bonded warehouse to the government..

4. Differentiate the following commercial terms:
    - (a) Brokers and Factors.
    - (b) Commission agents and Del-Credere agents.
    - (c) Public corporation and Parastatal Bodies.
    - (d) Specialization and Division of labour.
    - (e) Naked Debentures and Mortgage Debentures.
  
  5. (a) K & K Traders of P.O. Box 574 Arusha placed an order on March 11<sup>th</sup>, 2013 to Mashanga wholesalers of P.O. Box 45230 Dar es Salaam to supply the following items:
 

100 bags of maize flour of 50 kgs	@ Tshs 28000
55 bags of sugar of 50 kgs	@ Tshs 92000
100 bags of wheat flour 50 kgs	@ Tshs 100000
30 boxes of OMO 5 kgs	@ Tshs 12000
50 tins of cooking oil of 20 liters	@ Tshs 85000

K & K Traders is entitled to a trade discount of 5%.

Design an invoice for the above transactions on 18/03/2013; the invoice designed should be noted as invoice number 342.

  
  - (b) Describe the following terms:
    - (i) Trade discount.
    - (ii) Cash discount.
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6. (a) (i) Briefly explain the term cheque.  
 (ii) Elaborate three main parties to a cheque.
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- (b) Whenever someone buys goods or services, payment can be made by either cash or cheque. Describe five advantages of paying the debts by using cheques.

### SECTION C (40 Marks)

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

7. Mkazakamba is a trader who exports fresh fish and flowers from Tanzania to Japan and he is planning to use air means of transport. As a commercial student, describe to him five advantages and five disadvantages of this mode of transport.
  
8. (a) Packing becomes very useful in marketing of goods. Explain five advantages of packing the product.  
 (b) Explain three main methods of personal selling to the producer of the goods.  
 (c) Briefly elaborate two limitations of personal selling to the producer of the goods.

9.
  - (a) Discuss five problems faced by Tanzania for being involved in international trade.
  - (b) Explain five methods a country may use to control the volume of imports.
  
10.
  - (a) Differentiate wholesale trade from a retail trade.
  - (b) Elaborate seven services provided by a retailer to the final consumers.
  - (c) Describe four steps involved in the distribution of goods from the manufacturer to the final consumer.