

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

061

COMMERCE

(For Both School and Private Candidates)

Time : 3 : 30 Hours

ANSWERS

Year : 2022

Instructions

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

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1. For each of the items (i) – (xv), choose the correct answer from among the given alternatives and write its letter beside the item number in the answer booklet provided.

(i) The process through which entrepreneurs convert business opportunities into marketable solutions is considered as

- A. innovation
- B. risk taking
- C. creation
- D. mobilization and allocation of resource

Answer: A. innovation

Reason: Innovation is the process of converting opportunities into new marketable solutions.

(ii) Which tax system is applied by the tax revenue authority if it charges 15 per cent tax rate to a person who earns TZS 1 million per month and 18 per cent tax rate to a person who earns TZS 500,000 per month?

- A. Tax incidence
- B. Proportional tax
- C. Progressive tax
- D. Regressive tax

Answer: C. Progressive tax

Reason: In progressive tax, higher earners are charged higher rates than low earners.

(iii) The means of advertising through which goods are neatly arranged to create an impact on consumers' mind so that they can be attracted to buy is referred to as

- A. magazines and trade journals
- B. window shopping
- C. trade fairs and exhibitions
- D. personal selling

Answer: B. window shopping

Reason: Window shopping attracts customers through product arrangement in displays.

(iv) Suppose you are a shareholder in one of the private companies, what return do you expect from the shares you have invested?

- A. interest
- B. profit
- C. borrowed capital
- D. capital owned

Answer: B. profit

Reason: Shareholders receive dividends which come from company profits.

(v) As a bank customer, which means of bank payment is appropriate for you to adopt when funds is not immediately available?

- A. Cheques
- B. Direct Debit
- C. Standing order
- D. ATM card

Answer: A. Cheques

Reason: Cheques can be issued even if funds are not immediately available, as clearing takes time.

(vi) The relocation of supply curve indicates the right due to change in factors that affect supply other than price indicates

- A. an increase in supply
- B. constant supply
- C. the first law of supply
- D. decrease in supply

Answer: A. an increase in supply

Reason: A rightward shift of supply curve indicates increase in supply.

(vii) Suppose your desire is to have your own calculator to satisfy your need and your uncle bought for you a calculator of your choice. Which type of utility do you get by having your own calculator?

- A. Form utility
- B. Time utility

- C. Place utility
- D. Possession utility

Answer: D. Possession utility

Reason: Possession utility is gained when ownership of a product is transferred.

(viii) As a store keeper in one of the manufacturers' warehouses, why do you think stock taking is necessary to owner of the warehouse?

- A. It helps to identify the spoilt items.
- B. It helps to identify old and new stock held in the warehouse.
- C. It helps to identify the quantity and values of stock held in the warehouse.
- D. It helps to identify the level of stock reached after receipts of new stock.

Answer: C. It helps to identify the quantity and values of stock held in the warehouse.

Reason: Stock taking is done to verify and value goods held in warehouse.

(ix) Most of the young entrepreneurs in Tanzania fail to access profitable markets because they are not creative in doing business. Which way can help them in addressing the problem?

- A. Mistakes and failure no end
- B. Applying for more capital
- C. Throw away outmoded ideas
- D. Notes what is available
- E. Buying attractive products

Answer: C. Throw away outmoded ideas

Reason: Creativity requires discarding outdated ideas to embrace new ones.

(x) Mr. Banda meets his insurer as fire has burnt his office. Which would be his first step in taking out insurance?

- A. Fill in a proposal form
- B. Preparation of cover note
- C. Calculation of premium
- D. Filling in a claim form
- E. Payment of premium

Answer: A. Fill in a proposal form

Reason: A proposal form is the initial step in starting an insurance policy.

(xi) Suppose you are in a large scale retailer who bought maize flour in bulk from Kicheko milling industry on cash. What kind of discount is he supposed to receive from the industry as a motivation from bulk buying?

- A. Cash discount
- B. Trade discount
- C. Discount allowed
- D. Discount received

Answer: B. Trade discount

Reason: Trade discounts are given for bulk purchases.

(xii) Which one is the best memorable form of communication traders would adopt to remind their debtors to pay debts?

- A. Written communication
- B. Visual communication
- C. Verbal communication
- D. Internal communication
- E. Sign communication

Answer: A. Written communication

Reason: Written communication provides formal records and reminders.

(xiii) Which managerial function is a continuous function performed by managers at all levels in the business organization?

- A. Controlling
- B. Directing
- C. Staffing
- D. Planning

Answer: A. Controlling

Reason: Controlling is continuous since it involves monitoring and evaluation of all activities.

(xiv) Sahar is a mining project coordinator in one of the mining firms in Arusha Tanzania. She has received an immediate call to attend the meeting in Dubai. Which of the following mode of transport do you think is appropriate for her journey?

- A. Land transport
- B. Pipeline transport
- C. Water transport
- D. Air transport
- E. Railway transport

Answer: D. Air transport

Reason: Air transport is the fastest and suitable for urgent international travel.

(xv) Why traders are advised to consider cost element in selecting the channel of distribution?

- A. The lower the cost of the channel the higher demand for the products
- B. The lower the cost of the channel the lower the price per unit of the product
- C. The higher the cost of the channel the higher the quality of the product
- D. The higher the cost of the channel the higher the price per unit of the product
- E. The lower the cost of the channel the higher price per unit of the products

Answer: B. The lower the cost of the channel the lower the price per unit of the product

Reason: Cost-effective channels reduce prices making goods more competitive.

2. Match the descriptions of the forms of trade in Column A with their corresponding names in Column B by writing the letter of the correct response beside the item number in the answer booklet.

Column A

- (i) The art of selling goods and services to other countries.
- (ii) The art of buying and selling of goods and services within and outside countries.
- (iii) The exchange of goods and services within the national boundaries.
- (iv) The art of buying goods in relatively large quantity and resale of the items in small quantities to final consumers.
- (v) The art of buying goods and services outside the national boundaries.

Column B

- A. Export trade

- B. Import trade
- C. Trade
- D. Retail trade
- E. Barter trade
- F. Home trade

Answers:

- (i) A. Export trade
- (ii) C. Trade
- (iii) F. Home trade
- (iv) D. Retail trade
- (v) B. Import trade

3. (a) Mrs. Masaa house wife at Ndala, insured her car with comprehensive policy. She thinks that, by having such a policy, life assurance is not necessary for her. In brief, use two points to convince her that life assurance is important.

Life assurance is important because it provides financial security to her family in case of her death. Unlike car insurance, it ensures her dependents can continue to live without financial struggles.

Life assurance also acts as long-term savings that can be used for future needs such as children's education or retirement. Comprehensive car insurance cannot serve this purpose.

(b) Suppose your answer in part (a) attracted Mrs. Masaa to join life assurance and therefore she needs to know types of policies involved in life assurance for decision making, describe three types of life assurance policies that will satisfy her needs.

Endowment policy provides both insurance coverage and savings. It pays a lump sum either on death within the policy period or on survival after maturity.

Whole life assurance policy covers the assured for their entire life. It pays the sum assured to the family after death, ensuring long-term protection.

Term assurance policy covers a person for a specific period. If the insured dies within that time, the sum assured is paid, but if they survive beyond, no benefits are given.

4. (a) Some Tanzanian traders sell processed food from Tanzania to other countries but, they encountered with some challenges which hinder their performance. Describe three possible challenges those traders encountered.

One challenge is high tariffs and trade barriers imposed by importing countries. These increase the cost of exporting goods and reduce competitiveness.

Another challenge is poor infrastructure such as roads and ports. This leads to delays in transporting goods and increases transport costs.

Traders also face stiff competition from international markets, making it difficult for them to secure steady customers.

(b) Suggest two ways to overcome the challenges in part (a).

The government can negotiate trade agreements with other countries to reduce tariffs and barriers for Tanzanian processed foods.

Improving infrastructure such as roads, storage facilities, and ports can also make it easier for traders to access international markets.

5. Suppose you have been employed in one of the wholesalers' warehouses as a store keeper. Describe five stock administration functions that would help you to perform your work properly.

Stock administration involves maintaining accurate stock records, ensuring all receipts and issues are properly documented.

It also involves conducting regular stock-taking to verify the actual quantity of goods against recorded figures.

Stock administration ensures proper storage of goods to avoid damage and spoilage.

It involves monitoring stock levels to avoid shortages or overstocking.

It also ensures timely re-ordering of stock based on demand to maintain smooth business operations.

6. (a) Many sole traders in Tanzania are faced with the challenge of business capital to establish businesses. Suggest three common sources of capital that could help them to overcome such a challenge.

A sole trader can obtain capital through personal savings, which is often the easiest and most reliable source.

They can also borrow from family members or friends who may provide funds without demanding high interest.

Banks and microfinance institutions can provide loans to help sole traders expand their businesses.

(b) Describe two challenges that a sole trader would face by using the sources of business capital suggested in part (a). Limit your answer in only one source of business capital.

If a sole trader borrows from banks, one challenge is the high interest rates charged on loans, which may reduce profits.

Another challenge is strict loan repayment terms, which may put financial pressure on the trader if business is slow.

7. (a) Some Form One students failed to answer one of their homework which was about the levels of production. Assist them by providing brief explanations on the three levels of production.

Primary production involves extraction of raw materials directly from nature such as farming, mining, and fishing.

Secondary production involves processing raw materials into finished or semi-finished goods such as manufacturing and construction.

Tertiary production involves providing services that support production and consumption, such as transport, banking, and education.

(b) From your explanations in part (a), one of the students told you that, her mother owned a tailoring market and she is a tailor too. In which level of production is the activity performed by her mother categorised? Give one reason.

The tailoring activity is categorised under secondary production. This is because tailoring involves transforming raw materials such as fabrics into finished clothes.

8. Some entrepreneurs in your area of residence failed to succeed in their businesses because they lacked knowledge of the preparation of a business plan. Assist them to solve the problem by explaining to them the major components that they should consider when preparing a business plan.

The first component is the executive summary. This gives an overview of the business idea, mission, and objectives, and it helps investors and stakeholders quickly understand the plan.

The second component is the business description. It explains the nature of the business, the products or services offered, and the goals of the business.

The third component is the market analysis. This involves studying the target market, competitors, and industry trends to help the business understand where it fits in the market.

The fourth component is the organization and management structure. It shows how the business will be managed, the roles of staff, and ownership details.

The fifth component is the marketing and sales strategy. It describes how the business will attract and retain customers, including promotion methods and pricing.

The sixth component is financial projections. This part outlines expected income, expenses, profits, and cash flow to determine the financial viability of the business.

9. “Change in demand of a commodity is different from change in quantity demanded of the same commodity at a particular time.” In five points, argue for this statement.

Change in demand refers to a shift of the entire demand curve either to the right or left due to factors like income, tastes, or prices of related goods, while change in quantity demanded is movement along the same demand curve caused only by change in price.

Change in demand can occur when consumers' income increases, making them able to buy more at the same price, but change in quantity demanded happens when the price of the commodity itself changes.

Change in demand can also result from changes in tastes and preferences, for example, people preferring healthier food, while change in quantity demanded only reflects how much more or less people buy when prices fluctuate.

Change in demand may also occur due to changes in population size, government policies, or expectations about future prices, but change in quantity demanded is strictly a reaction to the current market price.

Therefore, change in demand is broader and shifts the whole curve, while change in quantity demanded is narrower and represents only movement along the curve.

10. Mr. Mwasasa a wholesaler in Dar es Salaam imports 2,000 bales of bed sheets from Norway. He is in dilemma whether to use water or air transport because he is not aware of the advantages and disadvantages of each mode. Basing on the nature of the imported product, explain to him two advantages and disadvantages of each of the two modes of transport.

One advantage of water transport is that it is cheaper for transporting bulky and heavy goods like 2,000 bales of bed sheets over long distances. Another advantage is that it can carry very large quantities at once, making it suitable for bulk imports.

One disadvantage of water transport is that it is slower compared to air transport, which may cause delays in delivery. Another disadvantage is that it depends on port facilities and weather conditions, which can disrupt shipping.

One advantage of air transport is that it is the fastest method, ensuring quick delivery of goods like bed sheets. Another advantage is that it is more reliable with regular schedules and fewer delays.

One disadvantage of air transport is that it is very expensive, especially for bulky and heavy goods, which would increase costs for 2,000 bales of bed sheets. Another disadvantage is the limited carrying capacity compared to ships, meaning fewer goods can be transported per trip.

