

THE UNITED REPUBLIC OF TANZANIA
NATIONAL EXAMINATIONS COUNCIL OF TANZANIA
FORM TWO NATIONAL ASSESSMENT

065

BUSINESS STUDIES
(VOCATIONAL STREAM)
(For School and Private Students)

Duration: 2:30 Hour

SOLUTIONS

Year: 2025

Instructions

1. This paper consists of sections A, B and C with a total of **nine (9)** questions.
2. Answer **all** questions in the spaces provided.
3. Section A carries **fifteen (15)** marks, section B **forty (40)** marks and section C carries **forty five (45)** 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 **Assessment Number** on every page of your answer booklet(s).

FOR ASSESSOR'S USE ONLY		
QUESTION NUMBER	SCORE	ASSESSOR'S INITIALS
1		
2		
3		
4		
5		
6		
7		
8		
9		
TOTAL		
CHECKER'S SIGNATURE		

SECTION A (15 Marks)

Answer all questions in this section.

1. For each of the items (i) – (x), choose the correct answer from the given alternatives and write its letter in the box provided.

(i) The following are the types of entrepreneurship except:

A business entrepreneurship

B intrapreneurship

C political entrepreneurship

D social entrepreneurship

Correct answer: C political entrepreneurship.

Reason: Business, intrapreneurship, and social entrepreneurship are commonly recognized forms in business studies. Political entrepreneurship is not considered a standard type of entrepreneurship in this context.

(ii) Money borrowed from a bank by business or individuals with the agreement to repay it with interest is known as

A loan

B funds from family

C deferred payment

D personal savings

Correct answer: A loan.

Reason: A loan specifically refers to money borrowed from a bank or financial institution with an agreement to repay with interest.

(iii) Four business clubs; P, Q, R, and S at your schools have each identified a business opportunity. Each business club's opportunity is expected to earn TZS 1,000,000 as a revenue per month. The following monthly expenses are to be incurred by each club:

Club P: Electricity TZS 10,000

Club Q: Water TZS 5,000, packing materials TZS 2,000 and stickers TZS 2,000

Club R: Transport for its twelve members, each TZS 1,000

Club S: Rent TZS 15,000.

Which club has the highest profit?

A Club P

B Club Q

C Club R

D Club S

Correct answer: A Club P.

Reason: Profit equals revenue minus expenses. Club P has the lowest expenses of TZS 10,000, so it retains the highest profit compared to the others.

(iv) After graduating from a Vocational School, Makumbi is considering of starting a snacks making business. Which option correctly identify the type of production he will be engaging in?

A Tertiary production

B Direct production

C Primary production

D Indirect production

Correct answer: B Direct production.

Reason: Snacks making involves transforming raw materials into consumable goods directly, which is direct production.

(v) Which of the following correctly reflects a proprietorship form of business?

A A restaurant owned by Baraka

B A mobile shop owned by Mwamba and his wife

C A butcher owned by Majid, Akili and Njau

D A sport kits shop owned by footballers

Correct answer: A A restaurant owned by Baraka.

Reason: A proprietorship is owned and controlled by one person. The other options involve more than one owner.

(vi) Mr. Jacob's business earned TZS 250,000 from sales while he incurred TZS 70,000 as expenses to run the business. What is Mr. Jacob's profit or loss?

A Profit TZS 320,000

B Loss TZS 180,000

C Profit TZS 180,000

D Loss TZS 320,000

Correct answer: C Profit TZS 180,000.

Reason: Profit equals sales minus expenses. 250,000 minus 70,000 equals 180,000.

(vii) Mrs. Koke is a young entrepreneur who has been positive and maintaining high expectations despite of business challenges she faces. Which characteristic of entrepreneurs is possessed by Mrs. Koke?

A Creativity

B Flexibility

C Optimism

D Innovativeness

Correct answer: C Optimism.

Reason: Remaining positive and hopeful despite challenges reflects optimism.

(viii) What does unlimited liability in a sole proprietorship mean?

A The business can operate and expand without a limit.

B The owner can invest money in the business without a limit.

C The owner is responsible to register the business without a limit.

D Owners' personal assets are used to pay debts without a limit.

Correct answer: D Owners' personal assets are used to pay debts without a limit.

Reason: Unlimited liability means the owner bears full responsibility for business debts, including using personal property.

(ix) Mr. Kazimoto always ensure that he keeps records and proper checking of goods in order to make sure that he is holding sufficient amount of inventory. Which activity is done by Mr. Kazimoto?

A Stock administration

B Stock valuation

C Stock control

D Stock care

Correct answer: C Stock control.

Reason: Stock control involves monitoring inventory levels and keeping records to avoid shortages or excess stock.

(x) Mr. Mojamoja is operating highly automated and technology integrated warehouse that uses advanced technologies to optimize operations like inventory management system, order fulfilment and shipping. Which type of warehouse is he operating?

A Bonded warehouse

B Smart warehouse

C Public warehouse

D Private warehouse

Correct answer: B Smart warehouse.

Reason: A smart warehouse uses automation and advanced technology to manage operations efficiently.

2. Match the description about business studies concepts in List A with the relevant concept of business studies in List B.

List A	List B
(i) A desire of human being for goods and services.	A Resources
(ii) The problem of having limited resources to meet unlimited wants.	B Opportunity cost
(iii) Intangible outcomes of human efforts that can satisfy human needs and wants.	C Scarcity
(iv) The inputs used to produce goods and services.	D Wants
(v) The loss of potential gain from choosing one alternative over another.	E Goods
	F Service
	G Needs

Answers

List A	(i)	(ii)	(iii)	(iv)	(v)
List B	D	C	F	A	B

SECTION B (40 Marks)

Answer all questions in this section.

3. Goods are classified into different categories. Justify this statement by giving five points.

(i) Goods can be classified according to durability.

Some goods are durable such as furniture and machinery, while others are perishable such as food. This classification helps consumers and producers understand usage period.

(ii) Goods can be classified according to purpose.

Some goods are consumer goods meant for direct consumption, while others are capital goods used to produce other goods.

(iii) Goods can be classified according to tangibility.

There are tangible goods like clothes and intangible goods like services, which helps in identifying their nature.

(iv) Goods can be classified according to stage of production.

Goods may be raw materials, semi finished, or finished goods depending on their production stage.

(v) Goods can be classified according to ownership.

Some goods are private goods owned by individuals, while others are public goods provided by the government.

4. In five points, briefly explain the importance of entrepreneurship.

(i) Entrepreneurship creates employment opportunities.

Entrepreneurs establish businesses that employ themselves and others, reducing unemployment.

(ii) Entrepreneurship promotes economic growth.

Business activities increase production, income, and national output.

(iii) Entrepreneurship encourages innovation.

Entrepreneurs introduce new products and improved methods of production.

(iv) Entrepreneurship improves living standards.

Availability of goods and services improves the quality of life in society.

(v) Entrepreneurship promotes efficient use of resources.

Entrepreneurs organize and utilize resources productively to meet market needs.

5. Differentiate the following concepts as they are used in production.

(i) Direct and indirect production.

Direct production involves producing goods for personal use, while indirect production involves producing goods for sale or exchange.

(ii) Needs and wants.

Needs are basic necessities required for survival, while wants are additional desires that improve comfort.

(iii) Labour and capital.

Labour refers to human effort in production, while capital refers to man made assets used to produce goods and services.

(iv) Skilled and semi skilled labour.

Skilled labour requires specialized training and high expertise, while semi skilled labour requires some training but less specialization.

(v) Production and consumption.

Production is the creation of goods and services, while consumption is the use of goods and services to satisfy needs.

6. Use the given transactions to prepare cash book for Leonard Ltd for the month of October 2024.

Cash Book for October 2024

Opening balance: TZS 100,000

Receipts:

Cash sales 50,000

Cash from Anna 52,000

Cash sales 42,000

Cash from Ali 20,000

Cash sales 25,000

Cash sales 35,000

Total receipts: 224,000

Payments:

Purchased goods 67,000

Paid rent 80,000

Paid electricity 36,000

Transport 5,000

Purchases 11,000

Wages 10,000

Total payments: 209,000

Closing balance = Opening balance + Receipts – Payments

= 100,000 + 224,000 – 209,000

= TZS 115,000

SECTION C (45 Marks)

Answer all questions in this section.

7. Assume you have established a poultry farming project in your local area that employ other people in order to meet the needs of your community. By using six points, write a report to show how you will apply the entrepreneurial skills to make your project successful.

I will apply planning skills to set clear goals and plan production activities effectively.

I will use financial management skills to control costs and manage profits properly.

I will apply marketing skills to promote poultry products and attract customers.

I will use leadership skills to supervise workers and ensure teamwork.

I will apply problem solving skills to address challenges such as diseases and market changes.

I will use innovation skills to improve poultry feeding and housing methods.

8. Kipese has started a small carpentry workshop in which he produces furniture and ensure customers get quality products. Explain six roles played by Kipese as an entrepreneur in the production process.

Kipese organizes factors of production such as labour, tools, and raw materials.

He makes decisions on what furniture to produce and in what quantity.

He bears risks associated with the business such as losses and damages.

He ensures quality control of the furniture produced.

He supervises workers to ensure efficiency and productivity.

He markets the furniture to customers to generate sales.

9. Juba is planning to use personal savings as a source of capital instead of external financing to start a small food vending business. Suggest three advantages and three disadvantages.

Advantages:

Using personal savings avoids paying interest on loans.

It allows full control of the business without external interference.

It is easily accessible and quick to use.

Disadvantages:

Personal savings may be insufficient to expand the business.

The owner bears all financial risks alone.

Loss of savings may affect personal and family needs.