

**THE UNITED REPUBLIC OF TANZANIA
NATIONAL EXAMINATIONS COUNCIL
FORM TWO SECONDARY EDUCATION EXAMINATION, 2008**

0061

COMMERCE

TIME: 2 HOURS

INSTRUCTIONS

1. This paper consists sections A, B and C.
2. Attempt **ALL** questions.
3. Read carefully the instructions given under each section.
4. **ALL** answers should be written in the answer sheets provided.
5. Write your examination number on every page of your answer sheets.
6. **ALL** writing must be in blue/black ink.
7. Calculators and cellphones are **not** allowed in the examination room.

This exam consists of 06 printed pages

SECTION A (30 MARKS)

1. For each of the following items, write the letter of the correct answer.

- (i) The main purpose of Commerce is to bridge the gap between:
 - A. producers and consumers
 - B. retailers and consumers
 - C. manufacturers and wholesalers
 - D. wholesalers and retailers

- (ii) Making goods for one's own consumption is termed as:
 - A. direct production
 - B. indirect production
 - C. self employment
 - D. self services

- (iii) If a small change in price brings about a greater change in quantity demanded, the price elasticity of demand is said to be:
 - A. constant
 - B. elastic
 - C. inelastic
 - D. unitary

- (iv) When there is an increase in supply, the supply curve always:
 - A. remains constant
 - B. shifts from left to right
 - C. shifts from right to left
 - D. shifts upward

- (v) One of the following is the quality of the retailer:
 - A. being honest
 - B. making payments
 - C. producing goods
 - D. transporting goods

- (vi) A wholesaler obtains goods from:
 - A. consumers
 - B. producers
 - C. retailers
 - D. manufacturers

- (vii) A bonded warehouse is used to store:
- A. goods against theft
 - B. goods which are dangerous or inflammable
 - C. imported goods of a particular manufacturer only
 - D. imported goods until a duty is paid on them
- (viii) Domestic trade involves:
- A. buying goods within the country
 - B. selling goods within the country
 - C. buying and selling goods within the country
 - D. buying and selling goods with other countries
- (ix) The cost of production which changes as output changes is called:
- A. average cost
 - B. fixed cost
 - C. total cost
 - D. variable cost
- (x) Breaking the bulk means:
- A. cutting down large quantities into small lots
 - B. cutting down small quantities into large ones
 - C. giving cash discount
 - D. raising price of commodities

2. Choose the correct term from group B which matches with the explanation in group A then write the letter against the number of the relevant explanation.

| GROUP A | GROUP B |
|---|--------------------------|
| (i) This is the act of performing only one activity by hand or machine with the aim of increasing production | A. Brokers |
| (ii) The price for the use of land as a factor of production and other immovable assets like house. | B. Chain of distribution |
| (iii) Agents who do not have physical possession of goods. | C. Consumer goods |
| (iv) A document issued when goods have been bought or sold on credit basis. | D. Division of labour |
| (v) The cost of producing one more unit of output. | E. Hawkers |
| (vi) Goods which are highly demanded by high income earners. | F. Interest |
| (vii) The travelling traders who carry their goods on bicycles or motorcycles and move from one place to another selling their goods. | G. Invoice |
| (viii) Planning, monitoring purchases and keeping quantity of goods in reasonable proportion of sales. | H. Marginal cost |
| (ix) It is owned by individual, institutions or government and are open to anybody wishing to store goods on payment. | I. Ostentation goods |
| (x) The ways through which goods flow from the manufacturing point of view to consumption point of view | J. Private warehouse |
| | K. Public warehouse |
| | L. Rent |
| | M. Specialization |
| | N. Stock taking |

3. Complete the following by filling in the blank with correct word(s)/term(s).

- (i) _____ is the term used when payment for the goods supplied is made at the time goods are received.
- (ii) _____ is the table which shows the quantities of commodities that a seller is willing to offer into the market for sale at different prices.
- (iii) A written acknowledgement of cash or cheque that has been received is termed as _____.
- (iv) _____ is a document that informs the buyer that his/her account has been credited by the seller, for the amount of overcharge in the invoice.
- (v) _____ deals with the way societies choose to employ their limited resources which have alternative uses to produce goods and services.
- (vi) Constructive, extractive and manufacturing are the branches of _____.
- (vii) _____ is the collective name for all goods and services which are bought from another country.
- (viii) _____ is the time for which goods remain on the average in stock.
- (ix) Periodical valuing of all goods on hand is termed as _____.
- (x) _____ are those needs which are satisfied by the use of services rather than goods.

SECTION B (30 MARKS)

4. Write short notes on the following:
 - (a) Mail order business.
 - (b) Tertiary level of production.
 - (c) Equilibrium price.
 - (d) Hyper market.
 - (e) Cash discount.
5. Mention any five services rendered by the wholesaler to a manufacturer.

SECTION C (40 MARKS)

6. The following are the balances of Kantupeni Traders as at 31st December 2007.

| | | | |
|---------------|---|-------|----------|
| Closing Stock | - | Tshs. | 32,500/= |
| Purchases | - | Tshs. | 25,000/= |
| Expenses | - | Tshs. | 8,000/= |
| Sales | - | Tshs. | 35,000/= |
| Opening stock | - | Tshs. | 28,000/= |

Calculate:

- (a) Gross profit
 - (b) Net profit
 - (c) The rate of stock turn
7. Write an essay explaining five problems facing retailers in Tanzania.