

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF EDUCATION AND VOCATIONAL TRAINING
FORM TWO SECONDARY EDUCATION EXAMINATION, 2004

0061

COMMERCE

Time: 2 Hours.

SOLUTIONS

INSTRUCTIONS

1. This paper consists of sections **A**, **B** and **C**.
2. Answer **ALL** questions.
3. **ALL** answers should be written in the spaces provided.
4. Write your examination number at the top-right corner of every page
5. **ALL** writing must be in **black** or **blue** ink.
6. Cellular phones and calculators are not allowed in the examination room.

FOR EXAMINER'S USE ONLY		
QUESTION NUMBER	SCORE	EXAMINER'S INITIALS
1		
2		
3		
4		
5		
6		
7		
TOTAL		
CHECKER'S INITIALS		

SECTION A (30 MARKS)

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

(i) Commerce facilitates

- A. production only
- B. consumption only
- C. exchange of goods and services
- D. specialization

Correct answer: C.

Commerce mainly facilitates the exchange of goods and services by linking producers and consumers through trade and aids to trade.

(ii) A tied shop sells goods of

- A. many manufacturers
- B. one manufacturer
- C. wholesalers
- D. retailers

Correct answer: B.

A tied shop is restricted to selling products from one manufacturer only, usually under agreement.

(iii) A decrease in supply curve shifts it

- A. rightwards
- B. upwards
- C. leftwards
- D. downwards

Correct answer: C.

A decrease in supply means less quantity is supplied at each price, causing the supply curve to shift leftwards.

(iv) The reward for land is

- A. wage
- B. interest
- C. rent
- D. profit

Correct answer: C.

Rent is the payment made for the use of land in production.

(v) Goods which last long are

- A. perishable
- B. durable
- C. free
- D. producer

Correct answer: B.

Durable goods can be used for a long period without being quickly worn out.

(vi) A document acknowledging receipt of cash is

- A. invoice
- B. receipt
- C. debit note
- D. credit note

Correct answer: B.

A receipt is issued to confirm that cash has been received by the seller.

(vii) Trade beyond national borders is

- A. home trade
- B. retail trade
- C. foreign trade
- D. local trade

Correct answer: C.

Foreign trade involves buying and selling goods across national boundaries.

(viii) A person acting on behalf of another is

- A. consumer
- B. agent
- C. producer
- D. trader

Correct answer: B.

An agent represents another person in business transactions.

(ix) The cost that changes with output is

- A. fixed cost
- B. variable cost
- C. average cost
- D. marginal cost

Correct answer: B.

Variable cost changes as the level of output increases or decreases.

(x) The meeting of buyers and sellers determines

- A. utility
- B. profit

- C. price
- D. demand

Correct answer: C.

Price is determined where buyers and sellers interact in the market.

2. Choose the correct term from List B which matches with the explanation in List A, then write the letter below the number of the relevant explanation in the table provided.

LIST A and LIST B

- (i) Selling goods abroad
- (ii) Buying goods in bulk
- (iii) Storage facility
- (iv) Payment for labour
- (v) Exchange without money
- (vi) Selling to final consumers
- (vii) Movement of goods
- (viii) Promotion of goods
- (ix) Risk taker
- (x) Stock valuation

Answers

- (i) H, (ii) D, (iii) G, (iv) F, (v) E, (vi) B, (vii) C, (viii) A, (ix) I, (x) J

3. Complete each of the following statements by filling in the blanks with correct word(s).

- (i) Goods used in production are producer goods.
- (ii) Payment made after delivery is credit sale.
- (iii) The science of wealth is economics.

- (iv) Goods exchanged directly are barter goods.
- (v) The reward for risk is profit.
- (vi) Trade within borders is home trade.
- (vii) A trader moving from place to place is hawker.
- (viii) The stock held to avoid shortage is buffer stock.
- (ix) The selling price less cost price is profit.
- (x) The process of creating goods is production.

SECTION B (30 MARKS)

4. Write short notes on the following.

(a) Stock turn

Stock turn refers to the number of times stock is sold and replaced within a given period. It measures how efficiently a business manages its inventory.

(b) Consumer needs

Consumer needs are basic requirements that must be satisfied for survival and well-being, such as food, clothing, and shelter. These needs drive consumption activities.

(c) Bonded warehouse

A bonded warehouse is a storage facility where imported goods are kept without paying customs duty until they are released for sale or export.

(d) Advertising

Advertising is the process of informing and persuading consumers about goods and services through various media to increase sales.

(e) Profit

Profit is the excess of revenue over total costs. It is the main reward for the entrepreneur and a key motive for business operation.

5. Explain five disadvantages of specialization.

Specialization can cause boredom since workers repeat the same task for a long time, reducing job satisfaction.

It may lead to unemployment when demand falls because workers have limited skills.

Overdependence on others can occur because producers rely on exchange to satisfy most needs.

There is a risk of market instability since specialized goods may lack demand at times.

Specialization can cause exploitation where workers are paid low wages due to limited alternative skills.

SECTION C (40 MARKS)

6. A trader buys sugar at Tshs 2,000 per kg and sells it at Tshs 2,600 per kg. His monthly sales are 500 kg and monthly expenses are Tshs 120,000.

(a) Calculate total revenue.

Total revenue = Selling price per kg \times Quantity sold

Total revenue = $2,600 \times 500$

Total revenue = Tshs 1,300,000

(b) Calculate total cost.

Cost of purchase = $2,000 \times 500 =$ Tshs 1,000,000

Total cost = Cost of purchase + Expenses

Total cost = $1,000,000 + 120,000$

Total cost = Tshs 1,120,000

(c) Determine net profit.

Net profit = Total revenue – Total cost

Net profit = 1,300,000 – 1,120,000

Net profit = Tshs 180,000

7. Discuss five roles of commerce in economic development.

Commerce facilitates distribution of goods and services, ensuring that products reach consumers efficiently.

It promotes production by creating markets for goods, encouraging producers to increase output.

Commerce creates employment opportunities in trade, transport, communication, and warehousing.

It promotes specialization and division of labor by linking producers and consumers.

Commerce generates government revenue through taxes and duties, supporting national development.