

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

**061**

**COMMERCE**

**Time: 2:30 Hours**

**ANSWERS**

**Year: 2023**

**Instructions**

1. This paper consists of Section **A**, **B** and **C** with a total of **ten (10)** questions
2. Answer **all** questions.
3. Section **A** and **C** carry **fifteen (15)** marks each and section **B** carries **seventy (70)** marks
4. Cellular phones and unauthorized materials are not allowed in the assessment room
5. Write your **Assessment Number** at the top right-hand corner of every page.

**FOR ASSESSOR'S USE ONLY**

<b>QUESTION NUMBER</b>	<b>SCORE</b>	<b>ASSESSOR'S INITIALS</b>
<b>1</b>		
<b>2</b>		
<b>3</b>		
<b>4</b>		
<b>5</b>		
<b>6</b>		
<b>7</b>		
<b>8</b>		
<b>9</b>		
<b>10</b>		
<b>TOTAL</b>		
<b>CHECKER'S INITIALS</b>		

## SECTION A (15 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 in the box provided.

(i) One of the major association between economics and commerce is that;

A economics is a part of commerce

B commerce is a part of economics

C commerce is similar to economics

D economics is similar to commerce

Economics studies the allocation of scarce resources, while commerce focuses on the exchange of goods and services, which is a practical application of economic principles. Thus, commerce is a part of economics.

Answer: B

(ii) Mr. Masakata is a retailer who sells goods to the customers on cash and credit terms. However, he opted to sell on credit in order to attract more customers. Which document can he prepare to show total amount of goods sold to customer on credit?

A An invoice

B Debit note

C Credit note

D Pro-forma invoice

An invoice is a document issued by a seller to a buyer detailing the goods sold, their quantities, prices, and terms, including credit sales.

Answer: A

(iii) Which one is the main feature of an entrepreneur?

A Innovative

B Risk taking

C Decision making

D Hard working

The main feature of an entrepreneur is being innovative, as they identify and create new business opportunities through creativity and innovation.

Answer: A

(iv) The following are the major roles of an entrepreneur, except

A innovation

B raising finance

C risk-scaring

D planning production

Entrepreneurs take on risk (risk-bearing), not scare it away. Risk-scaring is not a role of an entrepreneur.

Answer: C

(v) Farmers in Nachingwea District have increased the supply of maize in the market. Which alternative explain the effect of this situation?

A Price will decrease hence increase in quantity demanded.

B Price will decrease hence decrease in quantity demanded.

C Price will increase hence increase in quantity demanded.

D Price will increase hence decrease in quantity demanded.

An increase in supply, with demand constant, leads to a surplus, causing the price to decrease. Lower prices typically increase the quantity demanded (law of demand).

Answer: A

(vi) Stock at start and at close of Malingumu Traders Co. Ltd. are Tsh. 10,000/=, Tsh. 6,000/= and Tsh. 8,000/= respectively. How much will be the average stock?

A Tsh. 8,000/=

B Tsh. 16,000/=

C Tsh. 7,000/=

D Tsh. 9,000/=

The question seems to have a typo: “Tsh. 10,000/=, Tsh. 6,000/= and Tsh. 8,000/=” likely means stock at start = 10,000, an intermediate stock = 6,000, and stock at close = 8,000. However, for average stock, typically only the start and close values are used:

Average stock = (Stock at start + Stock at close) / 2

= (10,000 + 8,000) / 2 = 18,000 / 2 = 9,000

Answer: D

(vii) Identify the appropriate way of transport which facilitates the provision of door to door services than others.

A Air way

B Road way

C Water way

D Rail way

Road transport provides door-to-door services more effectively than air, water, or rail, as trucks can directly access specific locations without requiring additional transport modes.

Answer: B

(viii) Asha was employed as a secretary at Akili secondary school and she receives salary for her services. In which category does the post held by Asha can be placed among the following factors of production?

A Land

B Capital

C Labour

D Organisation

Asha's role as a secretary involves human effort, which is categorized as labour, a factor of production rewarded by wages or salary.

Answer: C

(ix) Which one is the term used to describe the type of retail shops which are situated in different locations selling the same line of goods?

A Multiple shops

B Single shops

C Tied shops

D Mobile shops

Multiple shops (chain stores) are retail outlets in different locations selling the same line of goods under a single brand (e.g., supermarkets like Shoprite).

Answer: A

(x) Workers at Mapato Company have increased the demand for normal goods in the market due to the increase in income. Which concepts explain this situation?

A Change in demand

B Change in quantity demanded

C Interrelated demand

D Market demand

An increase in income causes a shift in the demand curve for normal goods, known as a change in demand (not a movement along the curve, which is a change in quantity demanded due to price).

Answer: A

2. Match the description of function performed by an entrepreneur in List A with the relevant function in List B by writing the letter of the correct response beside the item number in the table provided.

List A

List B

(i) The situation of supervising the business in all departments and managing the collection of money.

A Engaging new technology

(ii) The process of setting objectives, goals and strategies of the business in advance.

B Rewarding

(iii) The situation of accepting uncertainties whenever they occur by looking for opportunities that offer both a challenge and chance of success.

C Looking for new markets

(iv) The process of making timely payments to other factors of production such as wages for labour, rent for land and interest for capital.

D Organizing

(v) The process of looking for additional capital from various sources of funds.

E Risk bearing

F Resources mobilization

G Planning

- i) Supervising business and managing money → D (Organizing)
- ii) Setting objectives and strategies → G (Planning)
- iii) Accepting uncertainties for opportunities → E (Risk bearing)
- iv) Making payments to factors of production → B (Rewarding)
- v) Looking for additional capital → F (Resources mobilization)

## SECTION B (70 Marks)

Answer all questions in this section.

3. In five points, briefly explain how auxiliary services help in doing business.

- i) Transport: Moves raw materials to factories and finished goods to markets, ensuring smooth business operations.
- ii) Banking: Provides financial services like loans and credit, enabling businesses to fund production and expansion.
- iii) Insurance: Protects businesses from risks (e.g., fire, theft), ensuring continuity after losses.
- iv) Warehousing: Stores goods, ensuring a steady supply and preventing shortages or overstocking.
- v) Communication: Facilitates coordination between suppliers, producers, and customers, improving efficiency.

4. Briefly explain the given concepts:

(a) Less container load:

Less Container Load (LCL) refers to shipping where goods from multiple shippers are consolidated into a single container, used when a shipper's cargo doesn't fill an entire container.

(b) Full container load:

Full Container Load (FCL) refers to shipping where a single shipper's goods fill an entire container, providing exclusive use of the container.

(c) Mode of transport:

Mode of transport is the method used to move goods or people, such as road, rail, air, or water transport.

(d) Methods of propulsion:

Methods of propulsion refer to the means of powering vehicles in transport, such as diesel engines, electric motors, or sails (e.g., in ships).

(e) Tramp ships:

Tramp ships are vessels that do not follow a fixed schedule or route, hired on a charter basis to carry goods as needed.

5. Your friend wants to engage in the production of fruits juice and she is unaware about the factors of production. Explain to her four factors of production she has to consider in carrying on with production of fruits juice.

i) Land: Includes the site for the factory and natural resources like fruits and water needed for juice production.

ii) Labour: Workers to operate machinery, process fruits, and package the juice.

iii) Capital: Machinery, equipment, and funds to purchase raw materials and cover expenses.

iv) Organisation: Management to plan, coordinate, and oversee the production process efficiently.

6. You are given the curves which show an increase and decrease in demand from original points. Explain briefly five factors for the shifting of the demand curves.

i) Change in Income: Higher income increases demand for normal goods, shifting the curve right; lower income shifts it left.

ii) Change in Prices of Related Goods: If substitutes become cheaper, demand decreases (left shift); if complements rise in price, demand decreases.

iii) Change in Tastes and Preferences: Increased preference for a product (e.g., due to trends) shifts demand right; decreased preference shifts it left.

iv) Change in Population: A growing population increases demand (right shift); a declining population decreases it (left shift).

v) Expectations of Future Prices: If consumers expect prices to rise, current demand increases (right shift); if they expect a drop, demand decreases (left shift).

7. Briefly explain five disadvantages of mail order business.

- i) No Physical Inspection: Customers cannot inspect goods before purchase, risking dissatisfaction.
- ii) Delivery Delays: Late deliveries can frustrate customers and disrupt their plans.
- iii) High Shipping Costs: Shipping fees can increase the overall cost for customers.
- iv) Risk of Fraud: Customers may fall victim to scams or non-delivery of goods.
- v) Returns Complexity: Returning defective or unwanted goods can be complicated and costly.

8. Differentiate the given concepts:

(a) Entrepreneur and entrepreneurship:

Entrepreneur: An individual who starts and manages a business, taking risks for profit.

Entrepreneurship: The process of creating, managing, and growing a business venture.

(b) Innovator and motivator:

Innovator: Someone who introduces new ideas, products, or processes to improve efficiency or meet needs.

Motivator: Someone who inspires and encourages others to achieve goals, often through leadership.

(c) Risk management and transferring risk:

Risk Management: Identifying, assessing, and mitigating risks to minimize their impact on a business.

Transferring Risk: Shifting the risk to another party, such as through insurance, to reduce financial loss.

(d) Internal motivation and external motivation:

Internal Motivation: Drive from within, such as passion or personal goals, to achieve success.

External Motivation: Drive from external factors, such as rewards, recognition, or pressure from others.

9. Briefly describe five factors to be considered before selecting an area for the location of an industry.

- i) Availability of Raw Materials: Proximity to raw material sources reduces transport costs and ensures supply.
- ii) Access to Markets: Nearness to markets ensures quick delivery and lower distribution costs.
- iii) Transport Infrastructure: Good roads, railways, or ports facilitate the movement of goods and workers.



- iv) Availability of Labour: A skilled and affordable labour force in the area supports production.
- v) Power and Water Supply: Reliable electricity and water are essential for industrial operations.

#### SECTION C (15 Marks)

Answer question ten (10).

10. It is important for large scale producers to store their products in warehouse. In five points, justify this statement.

- i) Stable Supply: Warehousing ensures a steady supply of goods to the market, avoiding shortages.
- ii) Price Stability: Storing goods prevents oversupply, which can lower prices, helping maintain stable prices.
- iii) Protection of Goods: Warehouses protect products from damage, theft, or weather, ensuring quality.
- iv) Bulk Handling: Large-scale producers can store bulk goods, reducing handling costs and improving efficiency.
- v) Meeting Demand Fluctuations: Warehousing allows producers to store goods during low demand and release them during high demand periods.