

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

061

COMMERCE

Time: 2:30 Hours

ANSWERS

Year: 2024

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

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

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 factors to be considered when choosing a mode of transport except:

- A the value of goods to be transported.
- B the cost of insurance to cover in case of risk.
- C the distance from one place to another.
- D the cost of a mode of transport.

Factors like value of goods, insurance cost, and distance are critical when choosing a mode of transport. However, the cost of the mode itself is not a primary factor; rather, it's a result of the choice.

Answer: D

(ii) At the end of accounting period on 31st December 2019, H.H. Company Ltd closed its business operation for six hours to allow the storekeeper to check the quantities of stock held in warehouse. Which function of stock administration did the company conduct?

- A Stock issuing
- B Stock levels
- C Stock valuation
- D Stock taking

Checking the quantities of stock held in the warehouse is known as stock taking, a process to verify physical inventory against records.

Answer: D

(iii) Which one is an example of joint supply?

- A Car and petrol
- B Cotton and clothes
- C Milk and butter
- D Tea leaves and sugar

Joint supply occurs when two or more products are produced together from the same process. Milk and butter are an example, as butter is derived from milk. Car and petrol are complementary goods, not joint supply.

Answer: C

(iv) Which feature distinguishes consumer co-operative societies from producer co-operative societies?

A They sell varieties of products and services

B They provide storage facilities to farmers

C They provide transport to collect and deliver goods to the market

D They supply goods at low price to its members

Consumer co-operatives focus on supplying goods at low prices to members, distinguishing them from producer co-operatives, which focus on production and marketing (e.g., storage, transport).

Answer: D

(v) Which one is an example of an extrinsic motivation to an entrepreneur of a soft drink industry in Tanzania?

A Respect

B Responsibility

C Passion

D Participation

Extrinsic motivation comes from external rewards. Respect (recognition from others) is an extrinsic motivator, while responsibility, passion, and participation are intrinsic.

Answer: A

(vi) The extractive industry is best described as:

A Indirect payment

B Direct payment

C Primary level of production

D Tertiary level of production

The extractive industry involves extracting raw materials from nature (e.g., mining, fishing), which is part of the primary level of production.

Answer: C

(vii) What term is used to describe the cost that does not change regardless of the level of production?

A Variable cost

B Fixed cost

C Marginal cost

D Average cost

Fixed cost remains constant regardless of production levels (e.g., rent, salaries).

Answer: B

(viii) One of the retailers use abusive language to his customers in such a way that most of them stopped from buying his goods. Which quality of a good retailer is he lacking?

A Honesty to customers

B Pleasant to customers

C Good administrator

D Forecasting customer's demand

Using abusive language shows a lack of being pleasant to customers, a key quality of a good retailer to maintain customer satisfaction.

Answer: B

(ix) Which one of the factors is to be held constant so as to make shift in demand of a particular commodity?

A Price of a commodity

B Consumers' income

C Population size

D Taste and preferences

A shift in the demand curve occurs when factors other than price change (e.g., income, population, tastes). To study this shift, the price of the commodity must be held constant, as price changes cause movement along the same demand curve, not a shift.

Answer: A

(x) Mayala is an entrepreneur who has decided to dedicate and sacrifice his time, money and energy in order to succeed in his business. Which one of the attributes of a successful entrepreneur is shown by Mayala?

A Innovativeness

B Commitment

C Perseverance

D Calculated risk taking

Dedicating time, money, and energy reflects commitment, an attribute of a successful entrepreneur.

Answer: B

2. Match the descriptions of forms of trade in List A with their relevant forms of trade in List B by writing the letter of the correct response beside the corresponding item number in the table provided.

List A

List B

(i) The form of a trade that involves the exchange of goods and services within the boundaries of a particular country.

A Barter trade

(ii) The form of a trade that involves the exchange of goods and services between two or more countries.

B Export trade

(iii) The form of a trade that involves buying of goods and services from other countries.

C Foreign trade

(iv) The form of a trade that involves the buying of goods and services in large quantities from producers and reselling them in small quantities to the retailers.

D Home trade

(v) The form of a trade that involves the selling of goods and services to other countries.

E Import trade

F Retail trade

G Wholesale trade

i) Trade within a country → D (Home trade)

- ii) Trade between countries → C (Foreign trade)
- iii) Buying from other countries → E (Import trade)
- iv) Buying in bulk, selling to retailers → G (Wholesale trade)
- v) Selling to other countries → B (Export trade)

SECTION B (70 Marks)

Answer all questions in this section.

3. Auxiliary services facilitate production of goods and services. Using five points, briefly validate this statement.

- i) Transport: Moves raw materials to factories and finished goods to markets, enabling production and distribution.
- ii) Banking: Provides financial services like loans and credit, helping businesses fund production activities.
- iii) Insurance: Covers risks (e.g., fire, theft), ensuring businesses can recover and continue production.
- iv) Warehousing: Stores raw materials and finished goods, ensuring a steady supply for production and sales.
- v) Communication: Facilitates coordination between producers, suppliers, and customers, streamlining production processes.

4. Briefly explain five benefits of entrepreneurship.

- i) Job Creation: Entrepreneurs start businesses, providing employment opportunities for others.
- ii) Innovation: They introduce new products, services, or processes, driving economic progress.
- iii) Economic Growth: Entrepreneurial activities increase production and trade, boosting the economy.
- iv) Self-Reliance: Entrepreneurs create their own income, reducing dependency on others.
- v) Community Development: They often invest in local projects, improving infrastructure and services.

5. Briefly explain five types of wholesalers.

- i) Merchant Wholesalers: Buy goods in bulk from producers and sell to retailers, taking ownership of the goods.
- ii) Agent Wholesalers: Act as intermediaries between producers and retailers, earning a commission without taking ownership.
- iii) Cash-and-Carry Wholesalers: Sell goods in bulk to small retailers who pay cash and transport the goods themselves.
- iv) Specialty Wholesalers: Focus on specific products (e.g., electronics), offering expertise in that category.
- v) Drop-Ship Wholesalers: Sell goods directly to customers on behalf of retailers, without physically handling the products.

6. Briefly explain the meaning of the following commerce terminologies:

(a) Barter trade:

The direct exchange of goods and services without using money (e.g., trading maize for cloth).

(b) Foreign trade:

Trade between two or more countries, involving exports and imports of goods and services.

(c) Extractive industries:

Industries that extract raw materials from nature, such as mining, fishing, or forestry.

(d) Fixed cost:

Costs that remain constant regardless of production levels, like rent or salaries.

(e) Tertiary level of production:

The level of production involving services, such as transport, banking, or retail, to support primary and secondary production.

7. Briefly explain the functions performed by entrepreneurs. Give five points.

- i) Risk-Taking: Entrepreneurs take financial and operational risks to start and run a business.
- ii) Innovation: They develop new ideas, products, or processes to meet market needs.
- iii) Resource Organization: They gather and manage resources like capital, labor, and materials.

- iv) Decision-Making: Entrepreneurs make strategic decisions on production, pricing, and marketing.
- v) Market Creation: They identify and create demand for goods or services in the market.

8. Zam Zam Trader buys goods for TZS 420,000/=. The business wishes to make a gross profit of 20% on sales. Its business expense is 60% of gross profit. Calculate the following items for Zam Zam Traders:

(a) Selling price:

Gross profit = 20% on sales. Let selling price (SP) = S.

$$\text{Gross profit (GP)} = 0.20S$$

$$\text{Cost price (CP)} = 420,000$$

$$SP = CP + GP$$

$$S = 420,000 + 0.20S$$

$$S - 0.20S = 420,000$$

$$0.80S = 420,000$$

$$S = 420,000 / 0.80 = 525,000$$

Answer: Selling price = TZS 525,000

(b) Gross profit:

$$GP = 0.20 \times 525,000 = 105,000$$

Answer: Gross profit = TZS 105,000

(c) Markup percentage:

$$\text{Markup} = GP / CP \times 100$$

$$\text{Markup} = 105,000 / 420,000 \times 100 = 25\%$$

Answer: Markup percentage = 25%

(d) Expenses:

Expenses = 60% of gross profit

$$\text{Expenses} = 0.60 \times 105,000 = 63,000$$

Answer: Expenses = TZS 63,000

(e) Net profit:

Net profit = Gross profit - Expenses

Net profit = 105,000 - 63,000 = 42,000

Answer: Net profit = TZS 42,000

9. Briefly explain five advantages of water transport when compared to road transport.

- i) Higher Capacity: Water transport (e.g., ships) can carry larger quantities of goods than trucks, ideal for bulk cargo.
- ii) Lower Cost: It is cheaper per ton for long distances, as fuel consumption is more efficient.
- iii) Less Congestion: Waterways face less traffic compared to roads, reducing delays.
- iv) Environmental Impact: Water transport produces fewer emissions per ton of cargo than road transport.
- v) Safety for Heavy Goods: It's safer for transporting heavy or hazardous goods, with fewer accident risks.

SECTION C (15 Marks)

Answer question ten (10).

10. Explain five factors for the increase in supply of the product in the market.

- i) Lower Production Costs: Reduced costs (e.g., cheaper raw materials) allow producers to supply more at the same price.
- ii) Technological Advancements: Improved technology increases production efficiency, leading to higher supply.
- iii) Favorable Government Policies: Subsidies or tax reductions encourage producers to increase supply.
- iv) Increase in Number of Producers: More firms entering the market increase the overall supply of the product.
- v) Favorable Weather Conditions: For agricultural products, good weather boosts production, increasing supply.