

THE UNITED REPUBLIC OF TANZANIA
NATIONAL EXAMINATIONS COUNCIL
CERTIFICATE OF SECONDARY EDUCATION EXAMINATION

061

COMMERCE
(For Both School and Private Candidates)

Time: 2:30 Hours

Monday, 15th October 2012 p.m.

Instructions

1. This paper consists of sections A, B and C.
2. Answer **all** questions in sections A and B and **two (2)** questions from section C.
3. Calculators are **not** allowed in the examination room.
4. Cellular phones are **not** allowed in the examination room.
5. Write your **Examination Number** on every page of your answer booklet(s).



SECTION A (20 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 beside the item number.
- (i) When a visible imports exceed visible exports, a country is said to have
A a favourable balance of trade
B a favourable balance of payment
C unfavourable balance of trade
D unfavourable balance of payment
E unfavourable balance of payment and trade.
- (ii) Which of the following is the basic feature of all multiple shops?
A Numerous departments.
B High prices of goods sold.
C Similar goods sold in all departments.
D Different goods sold in all departments.
E Goods are sold under one roof.
- (iii) Consumer goods are best defined as goods that
A are bought and sold in shops B are needed for direct satisfaction
C help to produce other goods D are consumed by human beings
E are provided by nature.
- (iv) A marketing board is a board set up to
A advise co-operatives only
B deal with exports
C buy goods from importers and sell them
D buy products from producers and sell them
E export manufactured goods.
- (v) Which of the following is the benefit of sole traders over limited companies?
A They have unlimited liability.
B They do not pay VAT.
C They find it easier to raise capital.
D They make decisions quickly.
E They have no risks associated with their personal assets.
- (vi) Which of the following industries are concerned with obtaining raw materials from natural resources?
A Constructive industries. B Manufacturing industries.
C Building industries. D Mining industries.
E Extractive industries.

SECTION B (40 Marks)

Answer **all** questions in this section.

3. The following balances were extracted from the books of Mungiki's clock business for the year. Opening stock sh. 23,000/-, purchases sh. 115,000/-, carriage inwards sh. 3,000/-, purchases returns sh. 18,000/-, sales sh. 200,000/-, sales returns sh. 15,000/-, closing stock sh. 30,000/-, current assets sh. 45,000/-, current liabilities sh. 90,000/- and fixed assets sh. 180,000/-, general expenses is 10% of the gross profit. From the above information calculate:
- (a) Cost of goods available for sale
 - (b) Cost of goods sold
 - (c) Gross profit
 - (d) Net profit
 - (e) Rate of stock turnover
 - (f) Mark up
 - (g) Margin
 - (h) Working capital
 - (i) Capital employed
 - (j) Net profit as percentage of sales.
4. (a) Elaborate four benefits that a consumer may derive from advertising.
(b) Mr. Manoti is a shift machine operator at a blanket factory. Describe six disadvantages of his work.
5. (a) (i) What is meant by the Wholesaler?
(ii) Briefly explain the term bill of exchange.
(b) Explain eight functions of wholesalers.
6. (a) Describe five advantages of a retailer refusing credit sales to his customers.
(b) Explain five reasons behind consumers' protection.

- (vii) Which of the following is NOT necessary for the development of commerce in a country?
- A Increased industrial production.
 - B Improved transport system.
 - C Direct production of goods.
 - D Extensive advertising.
 - E Improved banking system.
- (viii) Which of the following is true about a bank note?
- A Can be exchanged for gold at the Bank of Tanzania.
 - B Can be tendered in payment of debt.
 - C Can be refused by creditor who would prefer a cheque.
 - D Can be printed by any commercial bank.
 - E Can be printed by any internal bank.
- (ix) A letter of credit is sent by
- A exporter's bank to a correspondent bank
 - B importer's bank to a correspondent bank
 - C importer to exporter
 - D a central bank to a correspondent bank
 - E importer's agent to the exporter's agent.
- (x) An advalorem tax is an indirect tax collected
- A per unit of goods regardless of the value
 - B on home produced goods according to the value
 - C directly from consumers' incomes
 - D on each good according to the value
 - E on goods from abroad according to the value.

2. Match the items in **Column A** with the responses in **Column B** by writing the letter of the correct response beside the item number.

Column A	Column B
(i) The quantity of a commodity required by buyers.	A Composite demand
(ii) Increase in the price of one of the products leads to a decrease in demand for the other.	B Elasticity of demand
(iii) Increase in the price of one of the products leads to an increase in demand for the other.	C Derived demand
(iv) The demand for a commodity due to an increase in the demand for another commodity.	D Law of demand
(v) The demand for a commodity that can be used in many ways.	E Cross elasticity of demand
(vi) Relationship between the price and the quantity demanded.	F Change in quantity demanded
(vii) The higher the price the lower the quantity demanded.	G Income elasticity of demand
(viii) The sensitivity of demand for a product due to a change in price.	H Demand
(ix) The responsiveness of demand for a product due to changes in incomes of the consumer.	I Inelastic demand
(x) The movement along a demand curve due to commodity price changes.	J Demand schedule
	K Unitary demand
	L Elastic demand
	M Joint demand
	N Inelastic demand curve
	O Competitive demand

SECTION C (40 Marks)

Answer **two (2)** questions from this section.

7. (a) What is meant by the Public Corporations?
(b) Public Sectors are important to a developing country like Tanzania. Using concrete examples give five arguments to support that statement.
(c) How does a retailer selling a pair of shoes assist in the process of production? Give four points.
8. (a) Discuss five qualities of good money.
(b) Elaborate five functions of money.
9. (a) Discuss eight possible causes of change in supply curve of a commodity.
(b) (i) Sketch a diagram which shows an increase in supply.
(ii) Sketch a diagram which shows a change in quantity supplied.
10. (a) Evaluate six benefits of marketing to a developing country.
(b) Explain three problems faced by home trade.

SECTION A: (20 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 beside the item number in your answer sheet / booklet
- (i) The demand for a commodity usually increases when:-
A. Price of that commodity rises
B. Price of that commodity falls
C. Price of that commodity remain constant
D. Income of consumers falls
E. Income of sellers falls []
- (ii) Visible trade means
A. The import of goods only
B. The import and export of goods and services
C. The export goods only
D. The import and export of goods
E. The export and import of services only []
- (iii) Which of the following is not a function of marketing?
A. Storage
B. Advertising
C. Pricing
D. Consumption
E. Research []
- (iv) The liability of a sole trader is:-
A. Unlimited
B. Fixed
C. Normal
D. Limited
E. Flexible []
- (v) Why a credit note is issued?
A. To correct an error in an invoice
B. To correct overcharge in an invoice
C. To correct an undercharge in an invoice
D. To correct an overcharge in a statement
E. To correct an undercharge in a statement []
- (vi) The principle document in an insurance contract is
A. Policy
B. Proposal form
C. Cover note
D. Premium
E. Certificate []
- (vii) C.O.D is an abbreviation which stand for:-
A. Cost on demand
B. Cash on delivery
C. Credit on demand
D. Care of drawer
E. Care of omission []

- (viii) Works which need more thinking in known as:-
 A. Hard work
 B. Physical efforts
 C. Mental works
 D. Soft works
 E. Specialized works []
- (ix) Articles of Partnership is also referred to:-
 A. Certificate of incorporation
 B. Partnership agreement
 C. Memorandum of Association
 D. Partnership prospectus
 E. Articles of Association []
- (x) The sale where buyers bid against one another until highest bid is called
 A. Tender
 B. Agreement
 C. Auction
 D. Broker
 E. Trade []

2. Match the items in column 'A' with the responses in column 'B' by writing the letter of the correct response beside the item number in your answer booklet/sheet

LIST A		LIST B
(i)	A cheque which bears future date	A. Bearer cheque
(ii)	A cheque which has been refused to be paid by the bank	B. Post-dated cheque
(iii)	A person who writes a cheque	C. Dishonoured cheque
(iv)	The transfer of right of a cheque from one person to another	D. Drawee
(v)	The area or place where the cheque is paid	E. Drawer
(vi)	A cheque which the name, amount or signature is incorrect	F. Endorsement
(vii)	A cheque which has no two transversal parallel lines across the face of it	G. Open cheque
(viii)	A cheque which has not been presented at the bank for more than six months	H. Crossed cheque
(ix)	A cheque if it gets lost any person finding it will be able to get the money against it	I. Forged cheque
(x)	The person who receives the cash when a cheque is accepted by the bank	J. Stale cheque
		K. Payee
		L. Domicile
		M. Creditors
		N. Order cheque

SECTION B (40 Marks)
Answer all questions in this section

3. Write short notes on the following:-
- Indirect tax
 - Hire purchase
 - Cost push inflation
 - Branding
 - Balance of payment

4. (a) Given data
Percentage change in price of a commodity = 22%
Original quantity _____ = 900kg
Original Price _____ = 700kg

Required

- (i) Calculate price elasticity of demand
(ii) Interpret your answer and give its meaning
5. (a) Outline any five (05) Advantages of sole proprietorship
(b) Explain five (05) importance of transport to the business
6. Explain five (05) qualities of a good retailer

SECTION C: (40 Marks)

Answer two (2) questions from this section

7. (a) Briefly explain five (05) functions of management
(b) Describe five (05) principles of Insurance as used in Insurance policy
8. (a) Briefly discuss the characteristics (Principles) of the good taxation system (5)
(b) Elaborate five (05) functions of money
9. (a) Discuss five barriers of effective communication
(b) Briefly explain five (05) functions of the Bank of Tanzania
10. (a) Mention and explain reasons for why demand may change
(b) (i) Sketch a diagram which shows an increase in demand
(ii) Sketch a diagram which shows a change in quantity demanded

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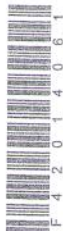
COMMERCE
(For Both School and Private Candidates)

Time: 2:30 Hours

Friday, 14th November 2014 p.m.

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SECTION A (20 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 beside the item number in your answer booklet.
- (i) Advertising is important because it mainly
- A creates the demand for the goods and services
 - B creates employment for a large number of people
 - C reduces the price of goods and services
 - D induces customers to buy goods that have minor defects
 - E creates the demand for the goods of low quality.
- (ii) Which of the following are the major sources of partners' capital?
- A Financial institutions.
 - B Trade credit from suppliers.
 - C Profit from the business.
 - D Business properties sold.
 - E Hire purchase.
- (iii) Which one of the following statements is true of a sole trader?
- A He is legally a separate entity from the business.
 - B He has limited liability.
 - C His business has unlimited legal life.
 - D He makes decision with other co-partner.
 - E He enjoys all the profits and suffers all the losses.
- (iv) The main reason for the existence of public corporations is to
- A maximize profits for distribution to members of the public
 - B provide certain essential services to members of public
 - C enlighten the public on how to conduct their business
 - D sell shares to members of the public
 - E to distribute loss made by corporations to members of the public.
- (v) Which one of the following documents is used by a buyer to gather information from the seller?
- A An order.
 - B An invoice.
 - C A statement.
 - D A delivery note.
 - E An inquiry.
- (vi) Road transport is used mainly as a method of carrying goods within the country because it is the
- A cheapest form of transport
 - B quickest form of transport
 - C most widely available form of transport
 - D most reliable form of transport
 - E safe mode of transport.

- (vii) Which one of the following is a method used by government to protect consumers?
- A Fixing minimum prices.
 - B Fixing maximum prices.
 - C Fixing minimum profits.
 - D Fixing maximum profits.
 - E Fixing minimum and maximum prices.
- (viii) A debit note is used to correct
- A undercharge on an invoice
 - B overcharge on an invoice
 - C undercharge on a statement
 - D overcharge on a statement
 - E undercharge on an order.
- (ix) Which of the following activities **cannot** be classified as productive?
- A Working as a cook in your own house.
 - B Playing hockey as a professional.
 - C Working as a cook in a restaurant.
 - D Playing cards as a hobby.
 - E Building house of a neighbour.
- (x) Which of the following reasons does **not** justify the existence of parastatal enterprises?
- A To provide goods and services not being provided by the private sector.
 - B To enable the government to control the distribution of certain commodities.
 - C To enable the government to control the profits earned by the private enterprises.
 - D To provide goods and services at relatively fair prices.
 - E To control exploitation of the individuals by the private sector.

SECTION B (40 Marks)

Answer all questions in this section.

3. (a) Complete the following table:

Fixed Assets	Current Assets	Long term Liabilities	Current Liabilities	Owners Equity	Working Capital
300,000	60,000	180,000	30,000	(i)	(ii)
(iii)	120,000	90,000	(iv)	375,000	75,000
480,000	(v)	(vi)	195,000	300,000	45,000

- (b) The following information was extracted from the books of a trader:

Stock	Sh. 600,000
Debtors	Sh. 200,000
Cash at bank	Sh. 100,000
Creditors	Sh. 600,000
Sales	Sh. 1,000,000
Purchases	Sh. 800,000

From the above information, calculate:

- (i) Current ratio
 - (ii) Quick ratio
 - (iii) Debtor's as a percentage to sales
 - (iv) Creditor's as a percentage to purchases.
4. (a) Enumerate five ways in which the community benefits from learning business studies.
- (b) State five differences between direct and indirect production.
5. (a) Briefly explain five services that are rendered by middlemen to producers in the chain of distribution.
- (b) Mention five factors that may inhibit entrepreneurial development in a country.
6. (a) Outline five factors which may determine the amount of premium paid by an insured.
- (b) Give five ways in which land is useful as a factor of production.

2. Match the items in **Column A** with the responses in **Column B** by writing the letter of the correct response beside the item number in your answer booklet.

Column A	Column B
(i) A document from an importer requesting an exporter to supply the listed goods.	A Certificate of origin
(ii) Gives the importer permission to import the intended goods.	B Letter of inquiry
(iii) Issued by the ship-owner to an exporter acknowledging receipt of goods.	C Indent
(iv) Gives details of the goods being imported and the country produced.	D Catalogue
(v) A document prepared by a diplomat showing prices charged for the goods that are current and fair.	E Bill of lading
(vi) A document sent in advance of the goods being exported to enable the importer to pay duty before the goods arrival.	F Letter of hypothecation
(vii) A document from an importer's bank requesting a bank in a foreign country to pay an exporter on behalf of the importer.	G Quotation
(viii) Shows the policy under which consignment risk is covered.	H Licence
(ix) A document authorizes sale of goods in a foreign country if the payment on the bill of exchange cannot be obtained from the importer.	I Letter of Credit
(x) Shows the shipping charges of a shipping company.	J Analysis certificate
	K Consular invoice
	L Freight Note
	M Certificate of insurance
	N Order form
	O Pro forma invoice

SECTION C (40 Marks)

Answer **two (2)** questions from this section.

7.
 - (a) Sales promotion plays important roles in commerce. Discuss by giving five relevant points.
 - (b) Mawazo Mema is a Hotel Manager. Describe six possible ways which he can use to motivate his employees to work hard and create business for the hotel.
8.
 - (a) Describe five factors that should be considered before establishing new industries.
 - (b) Explain five benefits enjoyed by public companies.
9.
 - (a) It is often argued that in a commercial system such as that existing in Tanzania a wholesaler cannot be eliminated. Justify.
 - (b) Describe under what circumstances bank will dishonour a cheque even if the drawer has enough money in his account.
10.
 - (a) Explain five methods used by a country to control imports.
 - (b) Critically analyse five disadvantages associated with sole proprietorships.

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SECTION A (20 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 beside the item number.
- (i) An over draft exists when
A a current account shows deposits without withdrawals
B a current account shows more deposits than withdrawals
C a loan has been granted by a bank to a customer
D the balance in current account falls below the specified amount
E a current account shows larger amount of withdrawals than deposits.
- (ii) Which one of the following statement is NOT true about a bill of exchange?
A It must be accepted by the drawee.
B It must bear appropriate stamp duty.
C It must be signed by the drawer.
D It must be payable on demand.
E It can be paid at a stated future date.
- (iii) The principal document in an insurance contract is
A Policy. B Cover note. C Proposal form.
D Certificate. E Premium.
- (iv) If employer wishes to pay a number of employees with one cheque he may use
A standing order B credit transfer C traveller's cheque
D credit card E money order.
- (v) A credit note is issued to correct
A any error in an invoice B an overcharge in an invoice
C an undercharge in an invoice D an overcharge in a statement
E an undercharge in a statement.
- (vi) The function which is NOT usually performed by a retailer is
A Transport goods. B Storage of goods.
C Advice to customer. D Changing the form of goods.
E Selling goods to the wholesaler.
- (vii) The most suitable type of account for a businessman is
A A savings account. B A current account.
C A deposit account. D A contract saves account.
E A company account.

- (viii) The list of documents prepared in the course of commercial transaction in the right order of being raised is
- A Order, inquiry, quotation, invoice, statement, receipt.
 - B Quotation, inquiry, invoice, order, cheque, statement.
 - C Inquiry, quotation, order, invoice, statement, cheque.
 - D Quotation, inquiry, order, invoice, cheque, statement.
 - E Inquiry, order, quotation, invoice, statement, cheque.
- (ix) The group which represents a broad classification of human occupations is
- A Commerce, production and aids to trade.
 - B Trade and aids to trade.
 - C Banking, insurance and transportation.
 - D Extractive, manufacturing and constructive industries.
 - E Industrial and tertiary.
- (x) If Tanzania exports more goods to Uganda than she imports from the same country, her balance of
- A trade is favourable
 - B trade is unfavourable
 - C payment is favourable
 - D payment is unfavourable
 - E trade and payment are favourable.

2. Match the items in **Column A** with the responses in **Column B** by writing the letter of the correct response beside the item number.

Column A	Column B
(i) The quantity of a commodity that producer is willing and able to sale.	A Excess supply
(ii) More commodities are supplied together.	B Elasticity of supply
(iii) An increase in the production of one commodity implies a decrease in the production of the other.	C Cross elasticity of supply
(iv) Relationship between the quantity of a commodity supplied and the price.	D Law of supply
(v) Shows relationship between the quantity supplied and the price.	E Change in quantity supplied
(vi) Any price above the equilibrium price.	F Supply curve
(vii) The higher the price the more the commodities supplied.	G Change in supply
(viii) The sensitivity of supply for a product due to a change in price.	H Supply
(ix) The movement of a supply arc to the right or left due to a change in the factors affecting supply.	I Inelastic supply
(x) The movement along a supply arc due to commodity price changes.	J Supply schedule
	K Unitary supply
	L Elastic supply
	M Joint supply
	N Inelastic supply curve
	O Competitive supply

SECTION B (40 Marks)

Answer **all** questions in this section.

3. With the aid of diagram, show classification of occupations.
4. (a) Enumerate five services offered by the post office in Tanzania.
(b) Explain five factors that influence demand for goods in a market.
5. (a) State five limitations of cooperative society.
(b) Outline five merits of railway transport.

6. (a) Give five differences between insurance and gambling.
(b) Under which circumstances would cash payment be preferred over cheque payment?

SECTION C (40 Marks)

Answer **two (2)** questions from this section.

7. (a) Describe five main services provided to the government by a Central Bank.
(b) Elaborate five factors affecting a particular share's price.
8. (a) Explain five disadvantages of advertising.
(b) Describe five problems faced by exporters which do not affect people in domestic trading.
9. (a) It has been said that, "a wholesaler has nothing to do to the manufacturer". Discuss by giving six concrete points.
(b) Elaborate four ways in which the government spends its money.
10. (a) Evaluate four factors that a bank should put into consideration before providing loan to a customer.
(b) Name and explain six economic effects of taxation.

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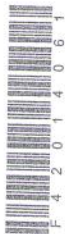
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 - B Fixing maximum prices.
 - C Fixing minimum profits.
 - D Fixing maximum profits.
 - E Fixing minimum and maximum prices.
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 - D overcharge on a statement
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- (ix) Which of the following activities **cannot** be classified as productive?
- A Working as a cook in your own house.
 - B Playing hockey as a professional.
 - C Working as a cook in a restaurant.
 - D Playing cards as a hobby.
 - E Building house of a neighbour.
- (x) Which of the following reasons does **not** justify the existence of parastatal enterprises?
- A To provide goods and services not being provided by the private sector.
 - B To enable the government to control the distribution of certain commodities.
 - C To enable the government to control the profits earned by the private enterprises.
 - D To provide goods and services at relatively fair prices.
 - E To control exploitation of the individuals by the private sector.

2. Match the items in **Column A** with the responses in **Column B** by writing the letter of the correct response beside the item number in your answer booklet.

Column A	Column B
(i) A document from an importer requesting an exporter to supply the listed goods.	A Certificate of origin
(ii) Gives the importer permission to import the intended goods.	B Letter of inquiry
(iii) Issued by the ship-owner to an exporter acknowledging receipt of goods.	C Indent
(iv) Gives details of the goods being imported and the country produced.	D Catalogue
(v) A document prepared by a diplomat showing prices charged for the goods that are current and fair.	E Bill of lading
(vi) A document sent in advance of the goods being exported to enable the importer to pay duty before the goods arrival.	F Letter of hypothecation
(vii) A document from an importer's bank requesting a bank in a foreign country to pay an exporter on behalf of the importer.	G Quotation
(viii) Shows the policy under which consignment risk is covered.	H Licence
(ix) A document authorizes sale of goods in a foreign country if the payment on the bill of exchange cannot be obtained from the importer.	I Letter of Credit
(x) Shows the shipping charges of a shipping company.	J Analysis certificate
	K Consular invoice
	L Freight Note
	M Certificate of insurance
	N Order form
	O Pro forma invoice

SECTION B (40 Marks)

Answer all questions in this section.

3. (a) Complete the following table:

Fixed Assets	Current Assets	Long term Liabilities	Current Liabilities	Owners Equity	Working Capital
300,000	60,000	180,000	30,000	(i)	(ii)
(iii)	120,000	90,000	(iv)	375,000	75,000
480,000	(v)	(vi)	195,000	300,000	45,000

- (b) The following information was extracted from the books of a trader:

Stock	
Debtors	Sh. 600,000
Cash at bank	Sh. 200,000
Creditors	Sh. 100,000
Sales	Sh. 600,000
Purchases	Sh. 1,000,000
	Sh. 800,000

From the above information, calculate:

- Current ratio
- Quick ratio
- Debtor's as a percentage to sales
- Creditor's as a percentage to purchases.

4. (a) Enumerate five ways in which the community benefits from learning business studies.
 (b) State five differences between direct and indirect production.
5. (a) Briefly explain five services that are rendered by middlemen to producers in the chain of distribution.
 (b) Mention five factors that may inhibit entrepreneurial development in a country.
6. (a) Outline five factors which may determine the amount of premium paid by an insured.
 (b) Give five ways in which land is useful as a factor of production.

SECTION C (40 Marks)

Answer **two (2)** questions from this section.

7.
 - (a) Sales promotion plays important roles in commerce. Discuss by giving five relevant points.
 - (b) Mawazo Mema is a Hotel Manager. Describe six possible ways which he can use to motivate his employees to work hard and create business for the hotel.
8.
 - (a) Describe five factors that should be considered before establishing new industries.
 - (b) Explain five benefits enjoyed by public companies.
9.
 - (a) It is often argued that in a commercial system such as that existing in Tanzania a wholesaler cannot be eliminated. Justify.
 - (b) Describe under what circumstances bank will dishonour a cheque even if the drawer has enough money in his account.
10.
 - (a) Explain five methods used by a country to control imports.
 - (b) Critically analyse five disadvantages associated with sole proprietorships.