

**CHRISTIAN SOCIAL SERVICES COMMISSION (CSSC)
NORTHERN ZONE JOINT EXAMINATIONS SYNDICATE (NZ-JES)**



**FORM SIX PRE-NATIONAL EXAMINATIONS 2026
152/1 COMMERCE 1**

MARKING SCHEME

152/1 _ COMMERCE 1 : MARKING SCHEME

This paper consist a total of seven questions whereby a candidate is required to answer any five questions including question number one.

Question Number 1.

Necessity of utmost good faith, insurable interest and indemnity as principles of insurance

- a. Significance of principle of indemnity
 - i. The insured tends to be placed to the position as before the occurrence of the event insured
 - ii. Helps the insured to be compensated accordingly and he can not benefit
 - iii. Avoid the insured to be underinsured
- b. Significance of principle of insurable interest
 - i. Helps to make sure that compensation is made to the right insured (right person) ie the right owner of the matter insured
 - ii. Enables the insurance company to compensate a suitable insured having the ownership right to the matter insured
- c. Significance of principle of Utmost good faith
 - i. Helps the insured to know the nature of the risk covering (by attaching the material facts of the matter insured)
 - ii. The facts disclosed help the insurer to calculate appropriate premium
 - iii. Enables the insured to be compensated accurately and efficiently without inconvenience basing on the information attached by the insurer and insured

Any relevant introduction 1mark, Mainbody: only 6 elaborated points, 2 points at each principle@3marks and any relevant conclusion 1mark, Total 20marks.

Question Number 2.

Pro-forma Invoice is a preliminary bill or estimated invoice which is used to request payment from the committed buyer for goods or services before they are supplied. Pro-forma invoice can be used under the following circumstances:-

- (a) A quotation is asked by buyer
- (b) Goods are sent on approval to inform the potential customer of the amounts to be paid if a seller don't want to loose customers
- (c) When goods exported to inform overseas buyer or his agent of the price to be charged on the goods.
- (d) When an importer is processing foreign exchange from the central bank for the importation of goods.
- (e) An order has been received and the supplier wants payment before dispatching goods.
- (f) Given to the customs and excise authorities as evidence of the value of goods imported forming the basis for the calculation of duty.
- (g) Requesting payment from an Unknown customer before goods are delivered to him.

Introduction: 1mark, Mainbody: only 6 elaborated points and any relevant conclusion 1mark, Total 20 marks.

Question Number 3.

Factors which influence the price of securities in stock exchange market

- (a) **Performance of a company:-** when companies are in good performance many investors are attracted to invest leading to high demand of shares and there will be high price of shares, but if companies are in low performance investors is discouraged to invest making low demand and low price of shares in stock exchange market.
- (b) **Major issues:-** Some major issues such as diseases (Covid-19) tend to affect companies negatively leading to low price of share because it lead production to fall as well as profit falls but if the economy is not affected by such major issues means companies will not be affected leading to high price of shares.
- (c) **View of experts:-** Experties like Economist and Financial analysist they may have positive views about business related to shares making them to be favoured to write good things to attract investors leading to high price of shares. For experties with negative view about this business tends to be discouraged to to write good things to attract invest in shares.
- (d) **General Election:-** during election price of shares falls because investors will want to see which political part is going to be in power to lead the country and their poicy about shares. Then after election, price of shares tends to rise as the demand of shares will be high.
- (e) **Bank rate:-** Also the bank rate or interest rate affects much the price of stock exchange whereby when there is high bank rate this means most of people will be discouraged to lend money from banks so the supply of money in the society will decrease hence the price of shares also will fall unlike when there is low bank rates the price of stock exchange will rise and investors will be encouraged to lend more money from banks and other financial institutions.
- (f) **Political situations:-** The political situation of a country also determines the price of shares, when the country is facing conflicts and wars, there is absence of political freedom. Most of its citizens are refugees, they migrate from one place to another then the price of stock exchange will be low because people will not concentrate on investing or purchasing shares.
- (g) **Trade activities:-** good operation of economic activities lead to high demand of share also shares tends to be sold at high price but when trading activities are in recession most of economic activities falls leading to low price of shares.
- (h) **Demand and supply of shares and stocks.** These forces of demand and supply of the issued shares, securities and stocks can influence the price of share either to rise or fall at a particular period of time. So when the share, securities and stocks are more demanded this will lead to the rise of price compared to when they are not much needed.
- (i) *Government activities*

Any relevent introduction 1mark, Mainbody: only 6 elaborated points@3marks and any relevant Conclusion 1mark, Total 20marks.

Question Number 4.

Commercial Banks:- are institutions engaged in commercial business accepting deposits on various terms with the public and making profits by lending money to the public among other things. Example N.B.C bank, CRDB bank, NMB, Barclays Bank, Stanbic Bank e.t.c

Problems of Commercial Bank's In Tanzania

- (a) There are **many poor customers** who are scattered and it's then difficult to mobilize savings.
- (b) There are **few credit worthy customers**. Lending is also limited by lack of collateral securities by most borrowers.

- (c) The problem of **insecurity** which necessitates the need to have armed men to protect the bank staff, premises and money in banks.
- (d) Most **customers are illiterate**, others do not even keep their accounts and it becomes difficult to access their credit worthiness.
- (e) **Commercial banks are concentrated in urban areas** and hence they compete for business/customers.
- (f) **Inflation**:- This discourages lending and leads to lose of real value of money.
- (g) **Political instabilities** lead to lose of money and properties. Also because of the economic uncertainty, people don't borrow for investment and finance for funds remain idle in the banks.
- (h) **Lack of communication facilities** e.g unreliable telephone and telegraphic equipment.
- (i) **Lack of trained man power** development and staff training.
- (j) **Higher interest rate** fixed by government which may be too higher and thus discourage borrowers.
- (k) **Foreign commercial banks** are at time faced with problem of unfavorable government policies.

Introduction 1%, Mainbody: only 6 points@3% = 18 and relevant conclusion 1%

Question Number 5.

Effective communication is a process of exchanging ideas, thoughts, knowledge and information such that the purpose or intention is fulfilled in the best possible manner. **In simple words**, is presentation of views by the sender in a way that will be best understood by the receiver

Significance of effective communication in business

- (a) Improved employee management
- (b) Builds strong employee relationships
- (c) Builds strong relationships with clients and suppliers
- (d) Helps with decision-making
- (e) Encourages innovation
- (f) Improves all areas of the business

Any relevant introduction 1mark, Mainbody: only 6 elaborated points@3marks and any relevant conclusion 1mark, Total 20 marks.

Question Number 6.

Difference between Retail Trade and Wholesale Trade

- (a) Retail trade involves selling goods directly to consumers at retail price while wholesale trade involves selling goods in larger quantities to businesses
- (b) Retail trade have fewer operational costs but wholesale trade have higher overhead costs.
- (c) Retail trade is located near to customers while wholesale trade is located in the central location
- (d) Retail trade operate at small scale of operation while wholesaler operate at large scale of operation
- (e) Price of goods sold:- In general, retailers typically sell a product for a higher price than what they purchased it for from the wholesaler. Wholesalers typically offer their goods at a lower price when bought in bulk, allowing retailers to make a profit when selling these goods in their retail store. Wholesalers typically offer their products for a much lower price so that retailers can purchase these products in large quantities.
- (f) Level of competition:- Retailers often encounter much higher competition compared to wholesalers. There are often several similar retailers that offer the

same or similar products, so retailers can act competitively to attract customers to their store rather than lose business to a competitor's retail offerings. For example, a customer may shop around at several stores before deciding which store to purchase from.

- (g) Retailer links between wholesaler and consumer but wholesale trade links between producer and retailer
- (h) Retailer deals with wide varieties of products while wholesaler specialized in one line of products.

Any relevant introduction 2marks, Mainbody: only 8 elaborated points@2marks and any relevant conclusion 2mark, Total 20 marks.

Question Number 7.

Purchases department in warehouse is headed by a purchasing manager responsible for buying stock to the warehouse. The following are the major major duties are: -

- (a) Placing orders for goods needed in the warehouses with the most suitable manufacture.
- (b) Looking for cheap sources of supply so that a business man is able to make high profits.
- (c) He is responsible for assessing the changes in fashion and tests so that only goods demanded are stored in a warehouse which would avoid loses to the business man.
- (d) Receiving goods from the suppliers and making sure that they are safely stored.
- (e) Maintaining a list of regular suppliers for easy contact and purchasing of goods when required.
- (f) It is responsible for parking, blending or branding goods thereby ensuring that goods are ready for sell.
- (g) Maintaining stores records in order to show receipts ensued and balance in stock.

Introduction 1mark, Mainbody: only 6 elaborated points@3marks and any relevant conclusion 1mark, Total 20 marks.