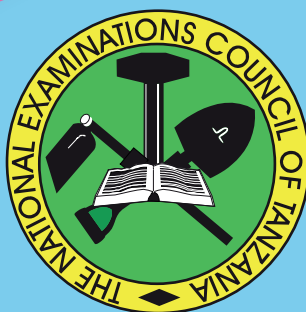


**THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA**



**CANDIDATES' ITEM RESPONSE ANALYSIS  
REPORT FOR THE CERTIFICATE OF SECONDARY  
EDUCATION EXAMINATION (CSEE) 2019**

**061 COMMERCE**

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## **FOREWORD**

The National Examination Council of Tanzania is pleased to issue the Commerce Candidates' Items Responses Analysis for the candidates who sat for the Certificate of Secondary Education Examination (CSEE) 2019. The report provides feedback to students, teachers, parents, policy makers and public in general on the performance of the candidates. Essentially, the candidates' responses to the examination questions is a strong indicator of what the education system was able or unable to offer to the candidates in their four years of their secondary education.

The analysis presented in this report intends to contribute towards understanding of some of the reasons behind average performance of the candidates. The report highlights some of the factors that made candidates score high marks in the questions. Such factors include ability of the candidates to adhere to the demands of the questions, adequate knowledge and skills and the ability to express themselves in English Language. Furthermore, the report also highlights some factors which made some candidates score low marks. The factors include inadequate knowledge and skills on the concepts examined, inability to identify the tasks on the questions and poor mastery of English Language.

It is expected that the feedback provided will enable the educational stakeholders to identify proper measures to be taken in order to improve candidates' performance in future examinations administered by the council. Finally, the council would like to thank all those who participated in the preparation of this report.



Dr. Charles E. Msonde  
**EXECUTIVE SECRETARY**

## **1.0 INTRODUCTION**

This report analyses the candidates' performance in Commerce examination for the candidates who sat for Certificate of Secondary Education Examination (CSEE) on the 8<sup>th</sup> November 2019. The paper consisted of ten (10) questions that were set into three sections namely A, B and C. Section A consisted of two (2) questions of which question one (1) carried 15 marks and question two (2) carried 5 marks. Section B consisted of five (5) short answer questions which carried 10 marks each. Section C consisted of three (3) essay questions each of which carried 15 marks. Questions in sections A and B were compulsory while in section C the candidates were required to answer only two (2) questions.

A total of 13,958 candidates sat for commerce examination in 2019. The examination results show that a total of 140 candidates' results were withheld due to different reasons. 13,818 candidates had clean results of which 7,126 (51.57%) candidates passed and 6,692 (48.43%) failed. The results in 2019 show an increase of 8.91 percent as compared to 2018 results whereby a total of 6,907 (42.66%) out of 16,191 candidates passed and 9,284 (57.34%) failed.

The pass mark for each question was 30 percent or above of the marks allocated. The candidates' scores ranged from 45 to 100, 30 to 44 and 0 to 29 percent which represents good, average and weak performance respectively. The candidates' performance is summarized in the appendix attached. The groups of candidates' performance are denoted by using special colours where by green represents good performance, yellow represents average performance and red represents weak performance.

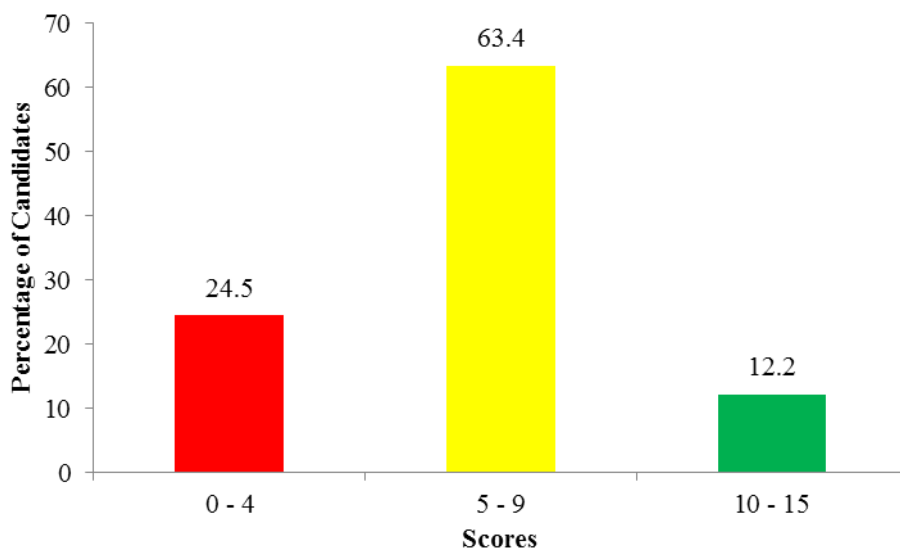
This report analyses the performance of the candidates question wise by providing the requirement of each question and reasons behind candidates' performance in a particular question. It highlights the candidates' strengths and weaknesses in attempting the questions as observed in their scripts. The samples of candidates' correct and incorrect responses are used to illustrate the candidates' performance in various questions. Therefore, this report will be useful to teachers, candidates and other stake holders as it is expected that necessary measures will be taken to improve teaching and learning of commerce subject through this report.

## 2.0 ANALYSIS OF THE PERFORMANCE OF CANDIDATES' IN EACH QUESTION

### 2.1 Question 1: Multiple Choice items

The question consisted of fifteen (15) multiple choice items from item (i) – (xv), with 1 mark each, making a total of 15 marks. The items were composed from various topics which are *Transportation, International trade, Production, Economics Basics, Advertising, Management and Organization of Business, Finance, Warehousing management, Taxation, Business units, Domestic Trade, Commerce Basics and Insurance*.

The questions intended to measure candidates' knowledge and application on various commercial concepts. The candidates were required to choose the correct answer from among the given alternatives. The question was attempted by all 13,958 (100%) candidates, out of which 1,696 (12.2%) scored from 10 to 15 marks 8,848 (63.4%) scored from 5 to 9 marks and 3,417 (24.5%) scored from 0 to 4 marks. Figure 1 summarises the candidates' performance in question 1.



**Figure 1:** *The percentage of candidates' performance in Question 1.*

Figure 1 shows that, the candidates' overall performance in this question was good as 10,541 (75.6%) of the candidates scored 4.5 to 15 of allotted marks.

Item (i), was composed from the topic of transportation. It required the candidates to identify the appropriate mode of transport for transporting medicine which are urgently needed from India to Tanzania. The correct response was *B, Air transport*. The candidates who opted for the correct response considered the urgency of the demand of medicine and the distance from India to Tanzania. Some candidates who opted for *A, Road transport*, *C, water transport*, *D, Railway transport* and *E, Pipeline transport* had insufficient knowledge about uses of modes of transport and the nature of products which can be transported by each mode. Road transport is mainly suitable for short distance delivery but it is slower over long distance. However, there is no road that straight linked India and Tanzania. Those who opted for *C, water transport* failed to realise that the mode not suitable for transporting urgently needed goods like medicine as it is regarded as the slowest form of transport compared to others. Some candidates who chose *D, Railway transport* were wrong because the mode is also slow for carrying urgently needed item like medicine over long distance as compared to air transport. Likewise, the candidates who opted for *E, Pipeline transport* failed to understand that pipe line is special for transporting liquids and gasses only; therefore, it is not suitable for transporting medicine.

In item (ii), the candidates were required to identify the document that would be issued to the importer by the exporter so as to sort out customs formalities before the arrival of a car ordered by the importer from Japan. The correct response was *D proforma invoice*. The candidates who opted for correct response showed their understanding of various documents used in International trade. Proforma Invoice shows the buyer how the invoice will look like. It contains the same information as the ordinary invoice and may be used if the valuation is required for customs purposes. The candidates who opted for other options *A, B, C* and *E* failed to distinguish between the alternative documents given. Those who opted for *A, Price list* failed to understand that price list is a list of items available for sale with their



respective prices, description of the goods and the period within which the price apply. Those who opted for *B, Delivery note* were wrong since delivery note is a document that accompanies the goods being delivered. Option *C, Quotation* was not correct because the document is a reply of an inquiry sent to the respective buyer specifying the condition under which the seller is willing to supply the goods or services. The candidates who opted for *E, Invoice* confused the term invoice with proforma invoice. They failed to recall that an invoice is a bill that is sent to the buyer from the seller demanding payment for the goods sold on credit.

In item (iii), candidates were required to pinpoint the category under which the services provided by teachers, lawyers and police to their customers are classified. It was intended to test candidates' understanding of the classification of production. The candidates who opted for the correct response *A, Direct services* had adequate knowledge of the concept of classification of occupations. In production, human occupations are classified into primary, secondary and tertiary; where tertiary production constitutes both commercial and direct services. Direct services are the services which are directly provided to the customers. Teachers, lawyers, doctors, police and administrators are the examples of direct services providers. The candidates who opted for incorrect response *B, Auxiliary services*, were not aware that auxiliary services are the services that facilitate trade to take place smoothly. Some candidates who opted for incorrect option *D, Public services* failed to realize that public services are normally provided to the members of the community by the government and *E, Indirect services* are the services that are delivered by staff members or volunteers. Direct contact between the two parties is not necessary.

In item (iv), the candidates were required to identify the function which is not among the functions of production department in management. The correct response was *E, recruiting members of staff for production department*. It is correct because in management, the function of recruiting members is undertaken by Human Resources or Personnel department. The department defines the manpower requirement of an enterprise and provides it with adequate, competent

and qualified personnel at all levels. The candidates who opted for the other alternatives *A, controlling the quality of goods produced in production department, B, maintaining the quality of machines in the production department, C, developing and implementing production plans* and *D, preparation of budget for activities carried in the department* had poor knowledge of the concept of business management in general, and particularly the functions of production department. They failed to recall that production department is responsible for all functions stated in option *A to D* but it is not responsible for recruiting members of staff for production department.

In Item (v), the candidates were required to identify the factor which influences the buying decision of a consumer from among the given alternatives. The item aimed to assess the ability of the candidates to apply the theory of demand knowledge in business. The correct response was *B, Preference and taste*. The candidates who opted for the correct response understood clearly the requirement of the item and also had sufficient knowledge of the concept of the theory of demand. Few candidates who opted for other alternatives failed to comprehend the requirement of the question due to lack of knowledge on the theory of demand and supply. Alternatives *A, number of producers, C, level of technology, D, cost of production* and *E, availability of capital* are factors which influence the producer to offer certain product in the market, so they cannot be applied in the theory of demand to influence consumers' decision to buy a certain product.

In item (vi), the candidates were required to identify a factor to be considered in advertising fresh beans business so as to increase sales. The item intended to measure the candidates' knowledge on the factors necessary to be considered in advertising a product. The correct response was *D, the nature of the product to be advertised*. The candidates who opted for the correct response understood that fresh beans are perishable goods and newly introduced in the market so it needs intensive advertising. Those who opted for incorrect responses *A, the income of competitors, B, steady supply of the products to be advertised, C, income tax to be charged on the products* and *E, the purchasing Power of your customer*, had

inadequate knowledge on the concept of advertising, Option A, *the income of competitors*, was not correct because the supplier has to look at the competitors' media and not the competitors' income. The candidates who opted for B, *steady supply of the products to be advertised*, were wrong because before advertising the product the producer must make a market research and know his/her ability to supply the product to customers. Instead, a fresh beans supplier has to look on how long the advert persists. Those who opted for C, *income tax to be charged on the products* failed to understand income tax is charged on profit and not on cost. E, *the purchasing power of your customer* was not correct because it is only the element under targeted market.

In item (vii), the candidates were required to state the reason why a bill of lading is used as the evidence of contract between the exporter and the shipping company in international trade. The item aimed to assess the ability of the candidates to analyse the uses of a bill of lading as an international trade document. The correct response was A, *it contains the details of the goods loaded in the ship*. The candidates who chose the correct response were able to recall various documents used in international trade and their uses. Those who failed to respond correctly had insufficient knowledge in the documents used in international trade. Some of them opted for B, *It shows the country from where the imported goods originated*. These candidates failed to know that the explanation given in option B was valid for Certificate of origin. Those who opted for C, *it bears the name of the sender and the receiver of the goods* were incorrect because the answer excludes the shipping company which is the key part of the contract. The candidates who chose D, *It shows the transport charges the exporter paid to the shipping company* were wrong because transport charges is normally indicated in the Freight note and not in the Bill of Lading. Those who opted for E, *it shows the value of goods shipped* could not understand that the value of goods shipped is usually shown in a document called Consular Invoice or certificate of inspection.

In item (viii) the candidates were required to identify a financial institution which raises its capital through selling shares to the public.

The correct response was *D, commercial banks*. Majority of the candidates who opted for the correct response had sufficient knowledge on the concept of finance as they were able to distinguish between the various types of banks given and how each raise capital. The candidates who opted for incorrect responses for example, *A, Central Bank*, failed to understand that Central Bank is the government bank which its main source of fund is from the government sources such as income from exports, taxes, investments and initial deposits from other banks. Furthermore, the candidates who chose *B, development banks*, were incorrect because *Development banks* obtained their capital from local banks or foreign financial institutions in form of loans aiming at increase of foreign exchange by encouraging production of exports. In addition, the candidates who opted for *C, cooperative banks* and *E, Saving banks* failed to understand that these banks obtained fund from the government and are instructed to use for specific tasks. For example, *cooperative banks* are established to handle matters relating to farmers.

In item (ix), the candidates were asked to determine the cost of the goods sold during the year from the given information. It tested the candidates' ability to determine cost of goods sold when provided with annual sales and the gross profit percentage of sales. Most of the candidates were able to choose the correct alternative *A, Tsh 128,000/=*. These candidates were able to apply the correct formula to arrive at the correct option. Those who responded incorrectly had inadequate knowledge on how to calculate the cost of goods sold by using the given data. Many candidates with incorrect response opted for *B, Tshs 32,000/=* as they calculated the gross profit which was not the demands of the item. They were supposed to deduct the gross profit obtained from sales. Those who chose choice *C, Tshs 160,020/=* incorrectly added the rate of gross profit to sale. Some candidates chose *D, Tshs 160,000/=* because they failed to differentiate sales from cost of goods sold. The candidates who opted for *E, Tshs 192,000/=* incorrectly added the value of gross to sales instead of deducting.

In item (x), the candidates were required to identify the reason for the Tanzania Revenue Authority (TRA) to insist on the use of electronic

fiscal devices (E.F.D) machines. The correct response was A, *it transmits tax information to tax authority system automatically*. A few candidates responded correctly to the item. This was due to their ability to translate the requirement of the item and good background knowledge of Taxation. Those who incorrectly responded by choosing B, *It transmits only sales records to tax authority system automatically* were wrong because it shows the sales and the amount of taxes charged. The candidates who chose C, *it enables the government to obtain income from selling E.F.D machines*, could not understand the use of (E.F.D) machines and their contributions to the government collections. The government sold (E.F.D) machines to traders as a tool to control government revenue and not as source of government income. Furthermore, the candidates who chose D, *it reduces tax burden to all tax payers*, or E, *It reduces tax burden to businessmen* had insufficient knowledge on the use of Electronic fiscal device (E.F.D) machines. They failed to understand that with E.F.D machines the government obtained the correct records of tax charged at every stage of production (VAT) paid by the consumer and the exact amount to be paid by the sellers. Tanzania Revenue Authority (TRA) is concerned with tax collection in the country, thus they are interested in the tax information necessary for tax collection.

In item (xi), the candidates were required to identify a factor of production which is characterised by value appreciation. The aim of this item was to assess the candidates' understanding of the various factors of production and their distinguished features. Alternative C, *Land was the correct response*. They were able to distinguish the distinct characteristic of land which is not obtained from other factors, namely value appreciation. A few candidates chose incorrect responses which were; A, *Capital*, B, *Labour*, D, *Entrepreneurship* and E, *Machines*. The candidates who chose A, *Capital* were incorrect since the capital can be in the form of cash or goods or tools which are characterised by value depreciation. Similarly, the candidates who opted for E, *Machines* were also wrong because machine is an example of capital which has wear and tear behaviour therefore depreciate and not appreciate. Some who opted for B, *labour* and D, *Entrepreneurship* are the factors of production but they are not

featured by value appreciation instead they increase productivity when supported by capital factor.

In item (xii), the candidates were required to provide the correct form of classification of companies from the given alternatives. The item intended to test the candidates' ability to recall the form of classification of companies. The correct response was *B Registered companies, statutory companies and chartered companies*. The candidates who gave the correct response had sufficient knowledge of the concept of Companies in Business units. The candidates who opted for incorrect responses; *A, private limited companies, public limited companies and public corporation, C, limited companies, unlimited companies and co-operatives, D, parastatals, public corporation and marketing boards and E, registered companies, unregistered companies and local bodies* had insufficient knowledge on the classification of companies. They failed to understand that private companies, public companies, limited companies and unlimited companies are categorized under registered companies while parastatals, public corporations, marketing boards and local bodies are reclassified as public enterprises.

In item (xiii), the candidates were required to identify from among the given alternatives, a set which represents large scale retailers: *A: Mobile shops, multiple shops and single shops. B: Supermarkets, tied shops and mobile shops. C: Multiple shops, supermarkets and order shops. D: Tied shop, mail order shops and supermarkets. E: Single shops multiple shops and departmental stores*. The item tested the candidates' understanding of the retail business which forms large scale retailers.

The correct response was *C, Multiple shops, super markets, mail order shops*. The candidates who responded correctly had sufficient knowledge on the concept of retail trade hence, identified large scale retailers from small scale retailers. Those who incorrectly answered the item were not competent on the classification of retailers. They failed to differentiate small scale retailers from large scale retailers. Mobile shops, tied shops and single shops which are mentioned in the alternatives A, B, D and E are classified as small-scale retailers,

therefore the candidate who chose any of the alternatives were incorrect.

In item (xiv), the candidates were required to identify the best way of describing the term commerce to a form one student. The correct response was *C, commerce deals with exchange and distribution of goods and services*. Majority of the candidates realized that commerce is purely concerned with trade and aids to trade. Trade is about exchange of goods and services while aids to trade are concerned with distribution of goods and services. The candidates who opted for incorrect responses failed to differentiate commerce, trade, main types of trade and aids to trade. Some candidates chose *A, Commerce deals with distribution of goods to final users* were incorrect because it is aids to trade which deals with distribution of goods and not only goods but also services to the final users. It is only one part of commerce. The candidates who opted for *B, Commerce deals with exchange of goods and services* failed to understand this option stands for trade which is a branch of commerce and not commerce. Those who opted for *D, commerce deals with exchange of goods and services within the country* were not aware that the option defined home trade. Additionally, the candidates who opted for *E, Commerce deals with exchange of goods and services outside the country* failed to realize the option was about foreign trade. Options *D* and *E* are the main branches of trade.

In item (xv), the candidates were required to opt for the correct term of insurance to be used when an insurer decides to spread part of the risks of high valuable items insured to other insurers. The item tested candidates' knowledge on different insurance terminologies. The correct response was *E, co-insurance* which implies that insurer decided to reduce the burden of compensating the whole amount alone for high valuable items therefore spreading the risks to other insurers. Those who responded correctly had sufficient knowledge on various terms used in insurance. Those who responded incorrectly failed to recall and relate the correct meaning of each alternative term with the requirement of the item.

Some candidates who opted for *A, double insurance* were wrong because double insurance is the act of taking out an insurance policy in different insurance companies on the same risk. The candidates who opted for *B, over Insurance* were incorrect because over insurance occurred where the insured over declares the value of his/her property at the time of taking out insurance. Moreover, those who opted for *C, re-insurance* and *D, under insurance* did not know the meaning of the terms because re-insurance occurred when one insurance firm insures another firm or person against a big loss, also insures itself against such a big claim with another insurance company. Lastly *under insurance* occurred when the insured under-declares the value of the property at the time of taking out insurance. Therefore, all the four options did not meet the requirement of the question.

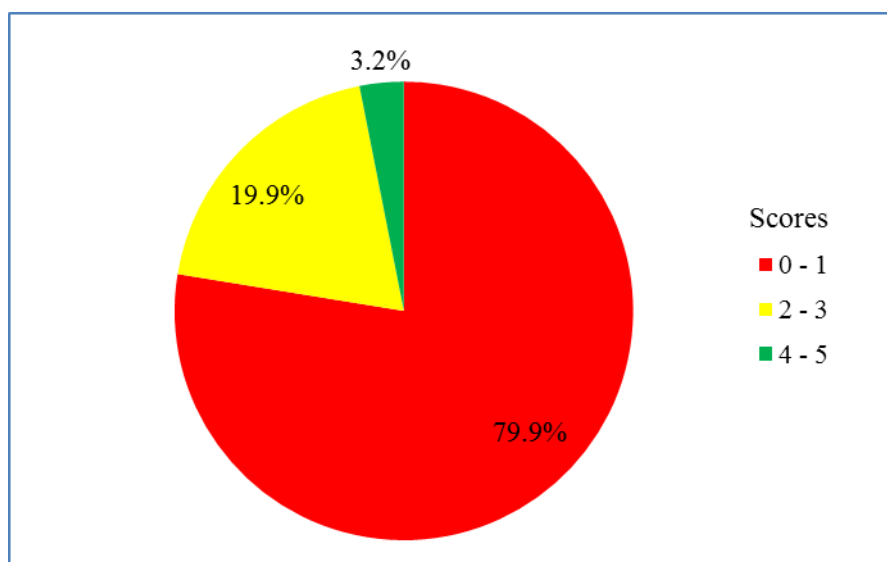
## 2.2 Question 2: Matching items

The question consisted of five (5) matching items each carrying 1 mark. The items were composed from the topic of International trade. The question intended to assess the candidates' knowledge of various documents used in international trade. The candidates were required to match the items in **Column A** with responses in **Column B** by writing the letter of the correct response in the answer booklet(s) provided. The question was



Column A	Column B
(i) A document used to inspect the quality and prices of the goods before they had been dispatched to other country.	A Letter of credit B Letter of hypothecation C Calling forward note D Dock warrant E Consular Invoice F Indent G Letter of Indemnity
(ii) A document which allow the bank to possess and sell the goods imported so as to receiver the debts.	
(iii) A document which requires an agent to place an order on behalf of the importer with an appropriate exporter.'	
(iv) A transferable document issued by a warehouse keeper to represent the right of ownership of goods.	
(v) A document which informs the exporter about the date of which goods will be at the dock ready for loading.	

The question was attempted by 13,958 (100%) candidates out of which 10,732 (79.9%) scored from 0 to 1 mark, 2,778 (19.9%) scored from 2 to 3 marks and 448 (3.2%) candidates score from 4 to 5 marks. Figure 2 summarizes the candidates' performance in question 2.



**Figure 2:** *Percentage of candidates' performance in question 2.*

The data analysis shows that the candidates' performance in this question was poor as 10,732 (79.9%) scored low marks (0 to 1 mark) out of five allocated marks and among them 6,188 (44.3%) scored 0 mark. Despite poor performance of the candidates in this question 3,226 (23.1%) candidates scored an average of 30 percent and above of the allocated five marks.

In item (i) the candidates were required to identify a document used to inspect the quality and prices of the goods before they are dispatched to other country. The correct response was *E, Consular invoice*. The candidates who responded correctly understood the meaning of Consular invoice and the role it plays in International trade. However, some of the candidates failed to match the item with a correct response because they were confused with the word "dispatched", relating it to dispatch of letters or parcels, hence choosing either alternatives *A, Letter of credit* or *B, Letter of hypothecation*. Other candidates responded by guessing.

In item (ii), the candidates were required to identify a document which allows the bank to possess and sell the goods imported so as to recover the debts. The correct response was *B, Letter of hypothecation*, though some candidates incorrectly matched it with

*G, Letter of indemnity.* They failed to understand that a letter of hypothecation is drawn when the bill of exchange has not been paid by the importer or has refused to accept the goods from exporter. Then his bank is authorized to sell the goods at the best price to clear the debts. There were some candidates who matched the item with incorrect response *A, letter of credit.* They had wrongly interrelated the term “Bank” with “credit” along with the function of the bank which is to extend credit facilities to their customers.

In item (iii), the candidates were required to identify a document which requires an agent to place an order on behalf of the importer with an appropriate exporter. The correct response was *F, indent.* Majority of the candidates responded correctly to the item. It is an indicator that they were able to recall the meaning of the term indent. Incorrectly, other candidates matched the item with *E, consular invoice.* They confused the presentation of the consul to the exporting country with the words “on behalf of the importer” from the stem of the item. Others who matched it with incorrect response failed to recall the meaning of indent in relation to international trade.

In item (iv), the candidates were required to identify a transferable document issued by a warehouse keeper to represent the right of ownership of goods. The correct response was *D, Dock warrant.* The candidates who matched the item with the correct response had clear understanding of the meaning of dock warrant and were able to differentiate it from other documents given. Those who opted for incorrect responses failed to relate the item given with the concepts of international trade instead related it with the concept of warehouse which influenced them to opt for *E, Consular invoice.* They considered it as an invoice which is a document issued by the seller to the buyer when goods are sold on credit, which was an incorrect response.

In item (v), the candidates were required to identify a document which informs the exporter about the date at which goods will be at the dock ready for loading. The correct response was *C, Calling forward note* but many candidates matched it with *D, Dock warrant*

which was wrong because they related the word “dock” (*where goods are loaded or offloaded in water transport*) with dock warrant.

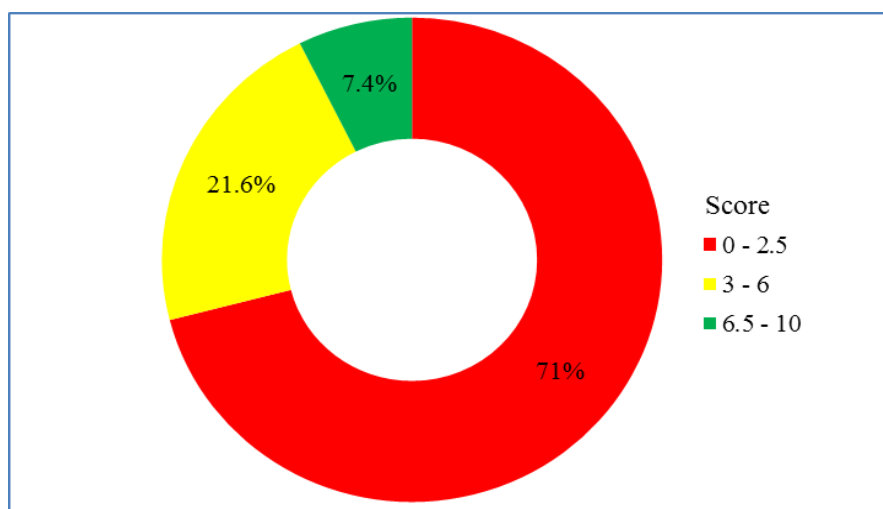
Others matched it with other incorrect response for example, *F, Indent* because they failed to recall that indent is a purchase order, it cannot work as dock warrant.

### 2.3 Question 3: Finance

The question had two parts: (a) and (b). In part (a), the candidates were required to analyse the three main parties to a cheque involved in a transaction which was: *Mr. Ramsi is a businessman who had an account with CRDB Bank in Arusha branch issued a cheque to Mr. Karim amounting to Tsh. 150,0000/= only.*

Part (b), was: *Assume one of your teachers is a businessman and he had received two crossed cheques from one of his customers. One of the cheque bearing the words “Not Negotiable” and the other one “Account payee only”.* The candidates were required to briefly explain to the teacher what the terms “Not Negotiable” and “Account payee only” imply?

The question was attempted by 13,958 (100%) candidates out of which 9,904 (71%) scored from 0 to 2.5 marks, 3,021 (21.6%) scored from 3 to 6 marks and 1,033 (7.4%) candidates scored from 6.5 to 10 marks. This performance is summarized in figure 3.



**Figure 3:** Percentage of candidates' performance in question 3

Figure 3 shows that the candidates' performance in this question was poor because 9,904 (71%) candidates scored low marks ranging from 0 to 2.5 marks. Among them 3,789 (27.1%) scored 0 mark as they failed to answer correctly any of the two parts. A few 2,027 (29%) candidates were able to score from 3 to 10 allocated marks.

A total of 9,904 (71%) candidates performed poorly in this question since their scores ranged from 0 to 2.5 marks. They had inadequate knowledge of the concepts examined on finance topic. Some candidates who scored from 0.5 to 2.5 marks were able to mention at least one out of three parties to a cheque but failed to relate the parties with the demands of the question in part (a). These candidates provided various incorrect responses which reflected their poor understanding on the demands of the question in this part. For example, most of the candidates mentioned the parties to a cheque in part (a) which are *drawer, drawee and payee* but failed to provide the descriptions related to the parties analysed and they cited incorrect examples in relation to the question. Many of them cited *Mr. Ramsi* as drawee, *Mr. Karim* as a drawer and *CRDB Bank Arusha branch* as a payee. Others could not give examples but interchanged the descriptions of the parties mentioned. The correct responses to this part were:

- (i) *The drawer - This is a person who writes the cheque to pay for the debts and is also the account holder i.e. Mr. Ramsi.*
- (ii) *The drawee - The bank on which the cheque is written. It is the one which effects or makes payment of the cheque. i.e. CRDB Bank - Arusha branch*
- (iii) *The payee - This is a person to whom the cheque has been written. He/she is a person whose name is written on the cheque and is entitled to receive money (payment). i.e. Mr. Karim*

However, majority of the candidates could not answer part (b) correctly. Many of them explained the term *not negotiable* as a bear cheque which is payable to anyone who present it to the bank for

payment. Likewise, the incorrect responses from some candidates imply that in the term “not negotiable” the amount and the name of the payee should not be disclosed in a cheque. They were wrong because in the amount to be paid must be shown in a cheque however, for a bear cheque the name of payee is not written. Some of these candidates were confused by the word ‘not’ and they assumed it as dishonoured cheques therefore, defined a dishonoured cheque and gave some reasons for a cheque being dishonored. A few candidates who scored some marks in this part provided partial descriptions for the terms. However, a few of them gave the meaning of the term *not negotiable* as the payee named on a cheque cannot transfer the right to receive money against it to another person by endorsement. They were not being able to provide the correct meaning of the term “*Account payee only*”. Some answered it as money paid to the bank but failed to specify to whom the money is deposited. Other defined it as a crossed cheque in general.

On the contrary, the candidates 3,789 (27.1%) who scored 0 mark in this question failed to grasp the requirement of the question in both parts. This was due to lack of knowledge on finance topic particularly on the method of payments through commercial bank where cheques are used. For example, some candidates mentioned the methods used to pay the creditor through commercial banks like *standing order*, *cheques*, and *credit transfer* in part (a). Some candidates also mentioned the reasons for a cheque being dishonoured while others listed the types of cheques as parties to a cheque which were incorrect. In addition, there were some candidates who drew a sample specimen of a cheque but failed to show the parties accordingly. In part (b), many candidates failed to provide the correct response. For example, some candidates incorrectly understood that term “not negotiable” as the cheque can be transferred to someone else but the amount should not be changed. Similarly, other candidates understood that what should not be changed is the drawee but the payee can be changed. They also responded to account payee only as endorsement of a cheque, which was wrong. However, there were few candidates in this group who copied some words from the question as response to part (b).

3	a) i) Antecedent cheque. ii) Crossed cheque. iii) Opened cheque. Opening cheque.	
3	b) i) Not negotiable - is the cheque which used to the against in order from the account number, their date and the branches.	
	ii) Account payee - is the cheque which used to protect to the amount in the cheque.	

Extract 3.1: A sample of incorrect response

In extract 3.1, part (a) the candidates mentioned the name given to a cheque which is not accepted by the drawee and the types of cheques instead of analyzing the parties to a cheque. In part (b), the candidates wrote meaningless sentences to describe the words “not negotiable” and “account payee only”.

The candidates 3,021 (21.6%) who performed moderately scored from 3 to 6 marks. The majority of these candidates were able to analyse parties to a cheque correctly in part (a), but provided partial explanation on the terms given in part (b). However, some were able to mention the parties to a cheque correctly in part (a) but they could not provide satisfactory explanation to some parties. A few candidates answered part (b) correctly and mentioned the parties to a cheque but mixed the explanations of the parties in part (a). Likewise some candidates partially answered part (a) and left part (b) unanswered.

The candidates 1033 (7.4%) who scored high marks (6.5 to 10 marks) were able to answer the question as required. They demonstrated their understanding of the three main parties to a cheque in part (a) as they were able to analyses the parties correctly basing on the information given in part (a). They were also able to give brief explanation on the terms “not negotiable” and “account payee only”. However, some of the candidates failed to give

satisfactory explanation on the terms given especially on *account payee only*. The candidates' scores varied according to their ability to analyse the parties to a cheque and providing the correct meaning of the terms given. A sample of the candidates' good response is shown in Extract 3.2

3	<p>a) From the information given, the three main parties to a cheque involved in a transaction are:</p> <p>i) Drawer; a person or individual who writes and signs a cheque to his or her Bank in which he or she holds an account, in order to pay a specific sum of money to a person named on the cheque the bearer, from the information given Mr. Ramsi is the drawer since he is the one who wrote an order to CRDB Bank in order to pay Mr. Karim.</p> <p>ii) Drawee; is the bank where the drawer maintains his or her account, the bank is the one addressed with the cheque to pay a specific person, hence in accordance to the information given CRDB Bank is the drawee, since it was addressed by the drawer Mr. Ramsi to pay Mr. Karim, by a negotiable instrument, the cheque.</p> <p>iii) Payee; is a person or individual who gains the proceeds of the cheque he or she is the one who is paid by the drawer, the bank is assigned to pay the payee from the given information the payee is Mr. Karim since Mr. Ramsi the drawer assigned the bank through cheque to pay Mr. Karim.</p> <p>b) i) "Not negotiable"</p> <p>This means that my teacher is not supposed to transfer the cheque to another person (endorse it) It is restricted to him only, he cannot transfer the cheque to pay another person using the same cheque is not allowed.</p> <p>ii) "A/c payee only"</p> <p>This means that the proceeds of the cheque going to my teacher, cannot be paid across the counter, but only directly to his account, he cannot get the proceeds of the check on cash, on the counter, the money will be transferred to his or her account.</p>	
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Extract 3.2: A sample of a correct response.

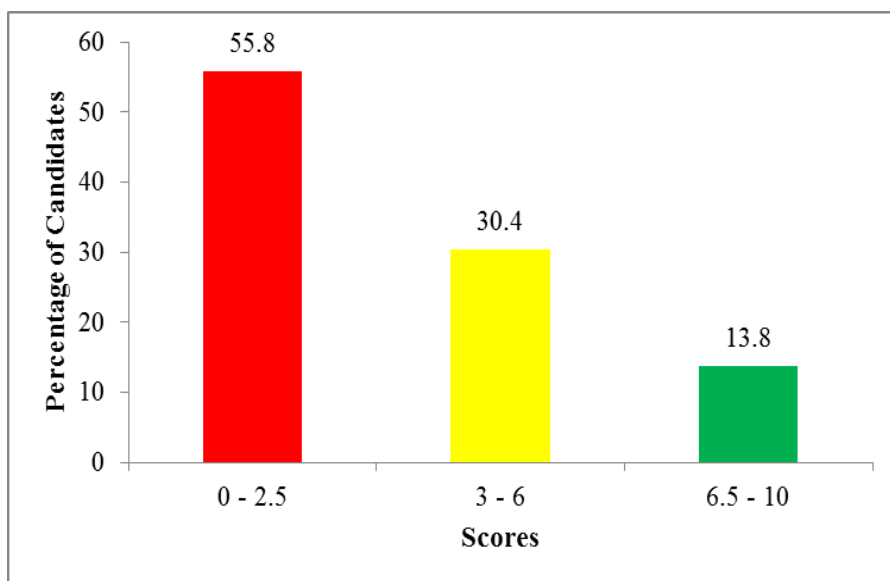


In extract 3.2, the candidate analysed three parties to a cheque and briefly explained the terms “not negotiable” and “Account payee only.”

## 2.4 Question 4: Taxation

The question consisted of two parts (a) and (b). The candidates were required to summarize the effects of taxation with three positive effects in part (a) and two negative effects of taxation in part (b). The question intended to measure the candidates’ ability in identifying the effects of taxation.

The question was attempted by 13,958 (100%) candidates, out of which 1,924 (13.8%) scored from 6.5 to 10 marks, 4,245 (30.4%) scored from 3 to 6 marks and 7,789 (55.8%) scored from 0 to 2.5 marks. Generally, the candidates’ performance in this question was average since 6,169 (44.2%) of all candidates scored from 3 to 10 allocated marks. This performance is summarized in figure 4.



**Figure 4:** *Percentage of candidates’ performance in question 4*

The candidates 1,924 (13.8%) who performed well in this question had scores ranging from 6.5 to 10 marks. These candidates had sufficient knowledge on the topic of taxation particularly on the concepts examined, therefore explained the positive and negative

effects of taxation. The majority explained correctly the positive effects but partially on the negative effects with unsatisfactory explanations. A few candidates scored 10 marks allocated as they were able to show the positive and negative effects of taxation as required. A sample of the candidates' correct response is given in Extract 4.1.

4 a)	Positive effects of taxation.
i.	It raises the government revenue. Through taxation the government is able to raise its revenue making possible to provide services to individuals, society and a nation.
ii.	Taxation help to reduce the gap between the rich and the poor since people with high income they are taxed high <sup>tax</sup> and people with low income are taxed low tax.
iii.	It reduces the rate of importation of goods since the import goods are taxed high rate so as to raise the local production/industries and reduce import good in country.
b)	Negative effects of taxation.
i.	Taxation it discourages saving, since people with high capital are charged high tax.
ii.	It discourages production, Through graduated tax where people are charged high tax also in capital gain tax the companies with high amount of capital are charged high tax.

Extract 4.1 is a sample of correct response.

The candidates 4,245 (30.4%) with average performance who scored from 3 to 6 marks. Most of them were able to present the positive and negative effects of taxation by mentioning the correct points but

they could not give the correct descriptions to some of the effects. Others explained correctly the positive effects of taxation to the economy but failed to give the correct negative effects. The negative effects of taxation include effect *on the working ability of an individual*, *discourage investment*, *discourage saving*, *effect of diversification of resource* and *causes of inflation*. Furthermore, some candidates provided relatively correct explanation on few correct points mentioned on both positive and negative.

On contrary, 7,789 (55.8%) candidates scored 0 to 2.5 marks as they failed to provide the correct response according to the demand of the question. The analysis shows that these candidates had inadequate knowledge of taxation and had also poor mastery of English Language. The candidates with scores from 0.5 to 2.5 marks mentioned some correct points like *a source of government revenue* and *discouraging importation and use of harmful goods* as positive effects of taxation but they could not give any correct points on negative effects. Other candidates explained only one correct point on the positive effect of taxation while other points were incorrect. In addition some candidates mentioned the same points in a negative way as the negative effects of taxation. However, there were some candidates who mentioned some positive or negative effects without any descriptions.

Furthermore, the analysis shows that the candidates 1,748 (12.5%) candidates who scored 0 mark had poor understanding of the requirement of the question and inadequate knowledge of taxation. A medium of instruction was noted as a barrier to most of these candidates. For example, some candidates failed to differentiate *negative* and *positive* therefore, interchanged the responses. Others provided irrelevant responses which related to taxation but not satisfactory to the demands of the question. For example, candidates explained the advantages and disadvantages of indirect tax to tax payers instead of the negative and positive effects of taxation in an economy. Additionally, other incorrect responses given by these candidates include principles of taxation as positive and systems of taxation as negative effects. They were unable to differentiate between effects of taxation, principles and classification of taxes. Extract 4.2 shows a sample of the candidates' poor response.

4.	(a) Three positive effects of Taxation.	
	- Progressive taxation	
	- Regressive taxation	
	- Progressive taxation.	
	(b) Two negative effect of Taxation.	
	- Surtax	
	- Congressive taxation	

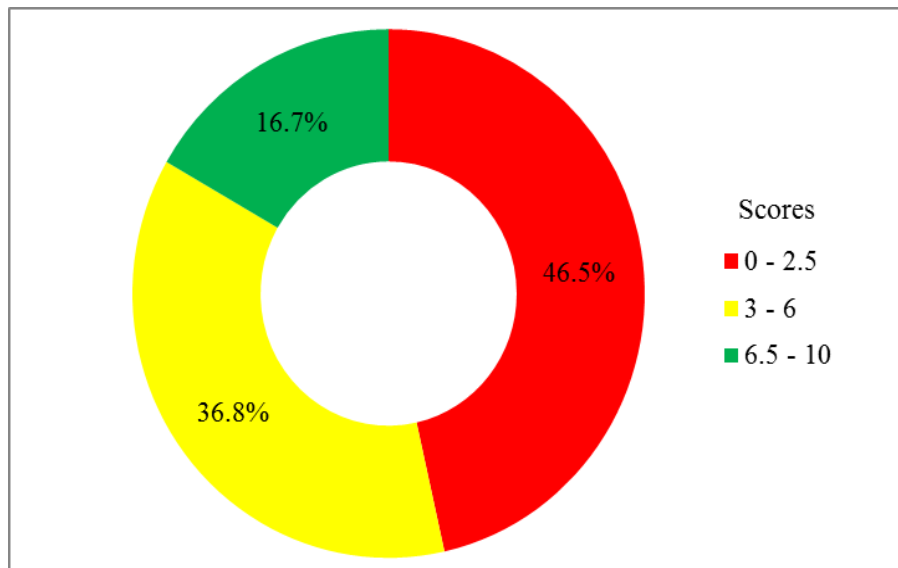
Extract 4.2 is a sample of incorrect response.

In extract 4.2, the candidate mentioned the types of tax systems in part (a) as positive effects of taxation in an economy and surtax in part (b), which is an example of direct tax instead of the negative effects. The other point mentioned in part (b) is meaningless as far as taxation is concerned.

## 2.5 Question 5: Warehousing Management

The question required the candidates to explain five contributions of the cashew nuts warehouse to cashew nuts producers from Chetu village. The question intended to measure the candidates' ability to recall the benefits of warehousing to the users.

The question was attempted by all 13, 958 (100%) candidates. Out of whom 2,327 candidates scored from 6.5 to 10 marks and 5,140 (36.8%) scored from 3 to 6 marks. Further, the analysis shows that out of 13,958 candidates, 6,491 (46.5%) candidates scored from 0 to 2.5 marks of which 3,081 (22%) scored zero mark. The candidates' performance is summarized in Figure 5.



**Figure 5:** *Percentage of candidates' performance in question 5.*

The analysis shows that the overall performance of the candidates in this question was average since 53.5 percent of the candidates scored from 3 to 10 allocated marks.

The candidates 2,327 (16.7%) who scored high marks which ranged from 6.5 to 10 marks managed to respond to the question as required. They briefly explained the contributions of warehouse to cashew nuts producers. Majority of these candidates briefly explained three to five contributions of warehouse to Chetu villagers. Their scores varied according to their ability to clarify the points and the number of correct points explained. Extract 5.1 shows a sample of correct response.

5.	Contributions of cashew nuts warehouse to chetu villagers.	
5 i)	The goods (cashew nuts) can be prepared for sale while in the warehouse.	
	This means in the warehouse processes like grading, standardizing, packaging and also branding can be done so as the goods can be easily sold to the public.	
5 ii)	Enables the villagers to look for market of the cashew nuts.	
	While the goods (cashew nuts) are in the warehouse they enable the villagers to search for their markets so as they could be able to sell them.	
5 iii)	The warehouse helps to store the cashew nuts safely for the future demand and in case of seasonal production, the cashew nuts will always be available.	
5 iv)	It encourages the villagers to produce cashew nuts for they have a place to be stored, If they are in a huge amount which creates storage for the cashew nuts even if they were seasonally produced or seasonally demanded.	
5 v)	Also the warehouse helps in price stabilization of the cashew nuts. <sup>prices</sup> If they are being sold, hence profit to the villager who sell them, this is because goods are always available in market for they are stored alot in the warehouse.	

Extract 5.1: A sample of a correct response

However, 5,140 (36.8%) candidates who scored 3 to 6 marks moderately responded to the question. They provided brief explanations on some contributions of a warehouse to Chetu villagers. Some of their responses were mixed with a few functions of stock administration such as receiving stock, caring of stock and stock control. Others gave some correct points mixed with various concepts in warehousing management. For example, one of the candidates explained some correct advantages like *price stability* and *storage facility*, but included the points like *lack of modern equipment*, *lack of professional store keepers* and *shortage of bags to keep their produce*, which are the limitations that faced Chetu villagers. Some candidates mentioned the correct point but failed to

link with product in question with their responses. For example, the other candidate mentioned the point of storage facilities but explained it as it is used for storage of perishable goods while cashew nuts are not perishable. Insufficient number of correct contributions and unsatisfactory explanations to some correct points are the factors for average scores.

On contrary, 3,410 candidates with scores ranging from 0.5 to 2.5 marks had poor understanding of the question but also inadequate knowledge of warehousing management especially the importance of warehousing. Many of the candidates mentioned only one correct point which is provision of storage facilities though they failed to explain it accordingly. The rest of the points given by these candidates include the functions of stock administrations and factors to consider when establishing a warehouse. Furthermore, apart from explaining the point of storage they included incorrect responses like types of warehouses and the importance of a bonded warehouse.

However, 3,081 (22.1%) candidates scored 0 mark. These candidates failed to provide any correct contribution of warehouse to Chetu villagers. The analysis proved that some of the candidates failed to grasp the demands of the question. The candidates explained the *essentials of a warehouse, the functions of stock administrations, challenges of warehousing* and other incorrect concepts relating to warehouse management instead of the contribution of warehouse to producers. The correct response included: *price stability, provision of storage facilities, preparation of cashew nuts for sale, preserves surplus cashew nuts from different farmers, to promote cashew nuts production encourage export of cashew nuts, bulk selling, easy to find market, protection of cashew nuts and reduction of transport costs*. Extract 5.2 shows a sample of an incorrect response.

5.	<p>Warehouse, Is the place where goods are stored for future demand. There are various type of warehouse which are public warehouse, private warehouse and also Bonded warehouse.</p> <p>The following are the contribution of good warehouse.</p> <p>Location, Is the place where a warehouse can be located. A good warehouse must be located in a good place where there is good ventilation, which enable the good stored well in that warehouse.</p> <p>Availability of Transport, The place where warehouse is located must have good means of Transport and the transport should be available. Good transport system can influence means of production.</p> <p>Availability of power, The cashew nuts producer must consider If the place can have Electricity is available all place and is clear Electricity and clear source of energy.</p> <p>Good building, The warehouse must have a good build and a larger which can able to fixed all product which are required by the producer.</p> <p>Availability of buyer, This is the last step in contribution of warehouse the buyer or customer must be available or near the warehouse which can be source of security to that warehouse.</p> <p>Therefore, The factors which consider in contribution of good warehouse are Location, Availability of power, Availability of transport and also availability buyer and good building.</p>	
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Extract 5.2 is a sample an incorrect response

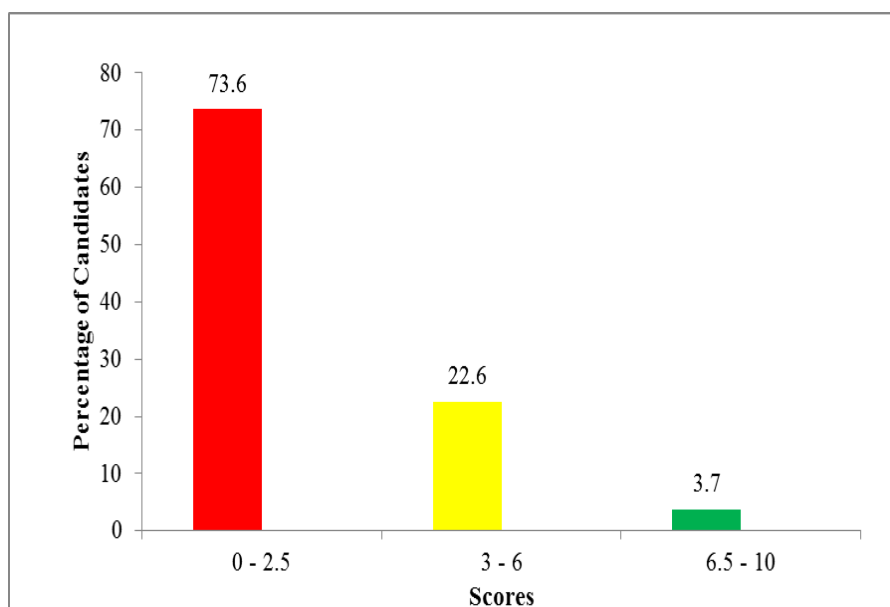
In extract 5.2, the candidate explained the essential factors that Chetu villagers have to consider before building a warehouse instead of the contributions of a warehouse to cashew nuts producers at Chetu village.



## 2.6 Question 6: Economics Basics

In this question, candidates were required to study the diagram given and answer the questions in part (a) and (b). In part (a) the candidates were required to state what does shift in demand curves from  $D_0$  to  $D_1$  (left) and  $D_0$  to  $D_2$  (right) from the given diagram imply? In part (b) they were required to describe four possible causes for a shift in demand curve from  $D_0$  to  $D_2$  as shown in the diagram. The question was set to test candidates understanding on the difference between change in demand and change in the quantity demanded and the reasons for increase in demand.

The question was attempted by all 13,958 (100%) candidates, of which 10,276 (73.6%) scored from 0 to 2.5 marks, 3,159 (22.6%) scored from 3 to 6 marks and 523 (3.7%) scored from 6.5 to 10 marks. However, out of 10,276 (73.6%) a total of 5,240 (37.5%) candidates scored a 0 mark. Figure 6 summarises the performance of candidates in question 6.



**Figure 6:** *Percentage of candidates' performance in question 6.*

The candidates' general performance in this question was poor because 10,276 (73.6%) candidates scored below 3 marks out of 10 allocated marks and among them 5,240 (37.1%) scored 0 mark.

A total of 5,036 (36.1%) candidates scored from 0.5 to 2.5 marks. Majority of them failed to answer correctly part (a) because they failed to differentiate shift in demand curves and change in the quantity demanded. They failed to interpret the curves from the diagram because once price is held constant, the changes imply shift in demand curves or change in demand. If the diagram shows a single demand curve that implies change in the quantity demanded due to changes in price. These candidates considered the question as change in quantity demanded instead of change in demand. Therefore, their responses were about change in quantity demanded of which, some of them defined a shift in demand curve from  $D_0$  to  $D_1$  as decrease in quantity demanded. Others defined it as increase in quantity demanded instead of decrease in demand. They also defined a shift in demand curve from  $D_0$  to  $D_2$  as increase in quantity demanded instead of increase in demand. A few of them were able to give only one correct cause of shift in demand curve from  $D_0$  to  $D_2$  which is change in weather in part (b). The other causes mentioned by most of these candidates were the causes of change in quantity demanded and not the causes for increase in demand.

The question was specific to increase in demand of which the correct causes were: increase in population, increase in the rate of advertising, increase in consumers' income, increase in consumer's taste and fashion, expected increase in price of a commodity in future, government policy, increase in price of complements and substitute products. However, there were some candidates who explained the causes of decrease in demand (shift in demand curve from  $D_0$  to  $D_1$ ) instead of the causes of increase in demand.

However, 5,240 (37.5) candidates scored 0 mark as they could neither be able to state what does a shift in demand curves from  $D_0$  to  $D_1$  and  $D_0$  to  $D_2$  imply nor describing four possible causes for a shift in demand curves from  $D_0$  to  $D_2$ . Some of these candidates incorrectly attempted part (a) by defining the types of demand such as composite demand, derived demand and joint demand. Other candidates explained the meaning of the shift in demand as decrease in supply. These candidates failed differentiate demand from supply curve. In part (b), majority of the candidates in this category mentioned the factors which cause change in price of a commodity

instead of the factors for increase in demand of a commodity or services. For example, they mentioned the factors like *forces of demand and supply, costs of production, number of producers, number of customers and time of buying*. Other candidates wrote different terminologies from the topic of Economic basics which were irrelevant to the question. For example, one of the candidates stated the theory of demand and supply as two separate points and also explained the demand schedule as another point. Extract 6.1 shows a sample of incorrect response from one of the candidates.

Q.	(a) The shift in demand curves from $D_0$ to $D_1$ and $D_0$ to $D_2$ is the higher the price the lower the quantity demanded and the lower the price the higher the quantity demanded.	
	(b) i/ Elastic demand	
	ii/ Inelastic demand	
	iii/ Changes of commodity	
	iv/ Perfectly inelastic demand.	

Extract 6.1 is a sample of an incorrect response.

In extract 6.1, the candidate explained shift in demand curves from  $D_0$  to  $D_1$  and  $D_0$  to  $D_2$  as the law of demand instead of decrease and increase in demand. Furthermore, the candidates mentioned the types of elasticity in demand instead of the causes for increase in demand

The candidates 3,159 (22.6%) who performed moderately in this question had scores ranging from 3 to 6 marks. Most of these candidates responded correctly in part (a) of the question and partially answered part (b). They partially described at least one or two factors for the possible causes for a shift in demand curves from  $D_0$  to  $D_2$ . Further, the analysis shows that the candidates' responses in part (b) were about general change in demand and change in quantity demanded instead of being specific to increase in demand. Some students mentioned some correct responses but failed to describe the points correctly.

Despite poor performance of the candidates in this question, a few candidates 523 (3.7%) performed well as their scores ranged from 6.5 to 10 marks. The candidates studied the diagram given and respond correctly to part (a) as they understood what happened if the price of a commodity held constant. In part (b) the candidates described the possible causes for a shift in demand curves from  $D_0$  to  $D_2$ . Most of these candidates were able to describe the required number of factors though there were some slight discrepancies observed in their descriptions hence the variation of marks. There were a very few candidates who scored full 10 marks, as they were able to tell what the meaning of the shift in demand curves from what the diagram imply and described all the required causes for the shift in demand curve from  $D_0$  to  $D_2$ . Extract 6.2 represents a sample of a correct response.

6.	<u>Shift of demand</u> , is the situation where <del>by</del> there is increase or decrease in demand.	
(a)	When the demand curve shift from $D_0$ to $D_1$ there is shift inward or decrease of demand while when the demand curve shift from $D_0$ to $D_2$ there is shift outward or increase of demand.	
(b)	We have some different causes which lead the demand curve to shift outward or increase in demand. most of them are: (i) <u>High population</u> , is the cause of increase in demand because when there is high population in an area demand of commodities tend to be high. (ii) <u>High income of consumer</u> , is the cause that lead to increase in demand because when there is high income to the people the demand for the commodity tend to be high.	

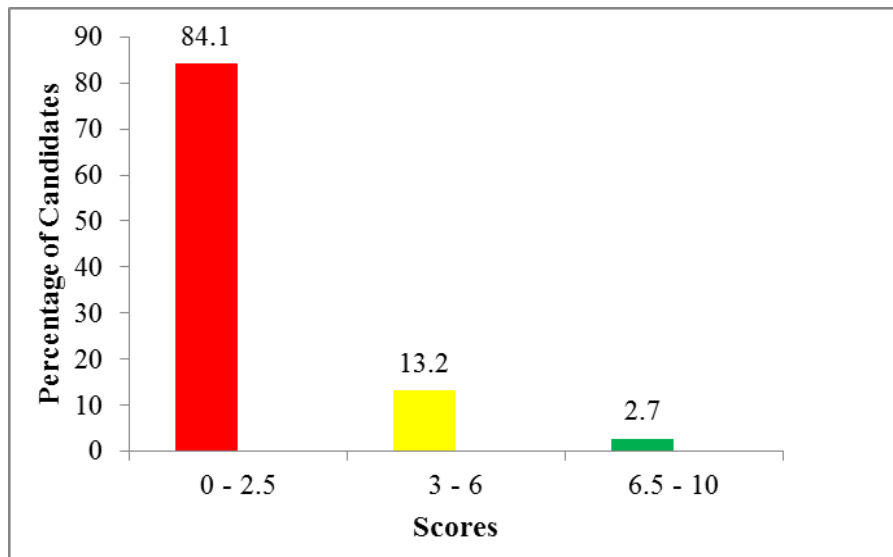
6(b)	(iii) <u>High taste and Fashion</u> , is the cause	
	of increase of demand because when	
	there is high consumer taste and Fashion of new	
	product or commodity and demand of	
	their commodity tend to be high.	
	(iv) <u>High advertising</u> , is the cause of	
	increase of demand because when	
	there is high existing of information to	
	consumer about a certain product lead	
	to high demand of that product.	

Extract 6.2 is a sample of correct response.

## 2.7 Question 7: International Trade

The question had two parts (a) and (b). In part (a) the candidates were required to describe two main features of a broker and in part (b), they were required to describe two main features three main features of a factor. The question intended to test the candidates' ability in differentiating features of a broker and a factor as the agents in international trade.

The question was attempted by 13,957 (100%) candidates of which 11,737 (83.4%) scored from 0 to 2.5 marks among them 9,244 (66.2%) scored 0 mark. However, a total of 1,840 (13.2%) candidates scored from 3 to 6 marks and only 380 (2.7%) candidates scored from 6.5 to 10 marks. The candidates' performance in this question is summarized in figure 7.



**Figure 7:** *Percentage of candidates' performance in question 7.*

The candidates' performance in this question was poor since 84.1 percent of all candidates attempted the question scored from 0 to 2.5 marks. These candidates lack of knowledge of the types of agents in international trade but also had poor proficiency in the English Language. Some candidates scored some marks because they pinpointed a correct feature for either broker or a factor. The correct feature for a factor given by most of these candidates was selling of the goods. However, they failed to describe the mentioned feature, rather described it as a normal sales made by the owner of the goods. Some incorrect responses provided by these candidates for the broker include the features of capital factor of production. For example, one of the candidates mentioned the points such as *buying machines*, *paying labour* and *paying for rent* which presents the features for capital. In addition there were some candidates who considered broker as a function of a wholesaler called breaking the bulk so they explained how a wholesaler breaks the bulk of goods. Other candidates listed the factors of production as *labour*, *capital*, and *land* as the features for a factor. This justified misconception of the demand of the question. However, some of these candidates mentioned at least two correct features to any of the agents without descriptions.

The candidates who scored 0 mark failed to recall the features of neither broker nor a factor. Some candidates had idea of the agents but failed to differentiate the two agents therefore, failed to identify to whom the features belong. This results into interchange of the features of the agents. For example one of the candidates described the correct features for a broker but described them as the features for factor and vice versa instead of describing the features for a broker as *he cannot sell the car that needed by Mr. James, never possess the car, not allowed to receive any cash for payment, do not have a bargaining power, he is has no right to share the profit but he specialized in a particular line of product*. Furthermore the correct features for a factor include: *the right to possess the goods, right to sell the goods at his/her own name, right to receive payment from Mr. James at all if he decided to buy the car from Japan. He can also have the power and right to determine the terms of sales of the goods on behalf of his principal and can receive profit from sales of the goods*. Extract 7.2 shows a sample of the candidates' poor response.

7 (a)	Features of a broker;	
(i)	He has the possession of the goods before sale	
(ii)	He sells the goods in his name	
	Features of a factor.	
(i)	has no possession of the goods before sale	
(ii)	Does not sell the goods in his name.	

Extract 7.1 is a sample of incorrect response.

In extract 7.1, the candidate had knowledge of the agents in international trade in particular, a broker and a factor but failed to differentiate broker from a factor. The candidate interchanged the features for the agents.

Further analysis shows that, the candidates whose scores ranged from 3 to 6 marks had partial knowledge of subject matter examined. Some of them were able to point out the features correctly but failed to describe them in accordance with the demand of the question. For example, those who stated that a broker cannot sell the goods on his/her name instead selling is made in the name of the principal,

their explanation was mainly based on the idea that they do possess the product hence they cannot sell them on their name which is not true. The truth is that brokers neither possesses nor sell the goods but mainly connects buyers to sellers. Therefore he can connect Mr. James with the supplier in Japan. Others described the features of either broker or the factor.

Despite poor performance of the candidates in this question, 380 (2.7%) candidates scored high marks ranged from 6.5 to 10 marks. The candidates had sufficient knowledge of the agents in international trade hence described the features of broker and factors. Some candidates described correctly all required features for a factor agent and mentioned the features or a feature for broker without description. A few candidates who managed to score all 10 allotted marks were able to describe required features for both broker and factor as required. Variations of individual scores observed were caused by the candidates' ability to describe the features. Extract 7.1 is a sample of a correct response.

7. a)	A broker is an agent that link between the buyer and the seller. The following are features of a broker: A broker has no physical possession of goods. A broker has no right to possess the goods of the principal. He just link between the buyer and seller in the trade and make sure they come into contract but cannot handle even the goods to buyers. A broker is paid a brokerage fee. As an agent, the broker is paid a fee for the work that he/she and that is to bring into contact between the buyer and the seller. The fee is paid to him by his principal and that fee is called brokerage fee. He/she can operate this in both international and home trade.	
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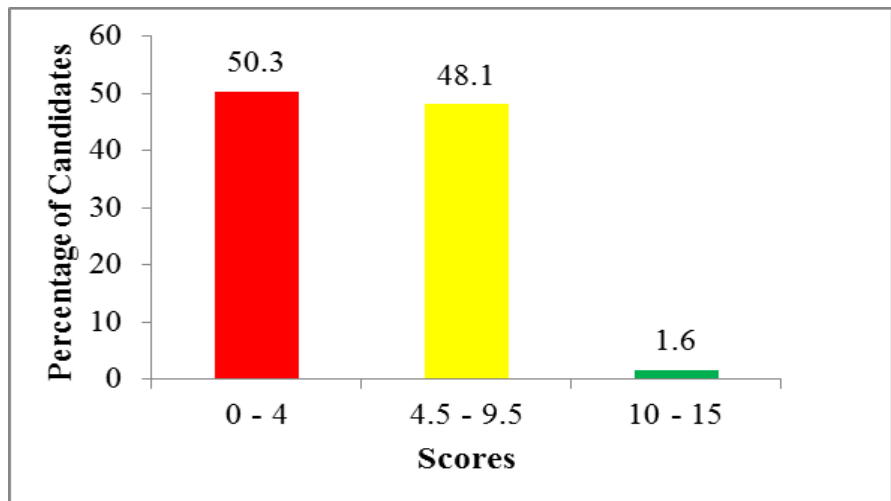
7.0)	A factor is an agent who work on his own account. The following are features of a factor: A factor has physical possession of goods. A factor is issued with goods by his principal and passes those goods physically on his own account. The factor is accountable for the goods on his hands and in case of an damage he/she is responsible. A factor sells goods on behalf of his principal. A factor has a right to sell goods on his title to the buyers on behalf of his principal. This is assistance that a factor renders to the principal. The goods sold are sold at the price fixed by the principal himself. A factor is paid a commission for his work. After selling his goods a factor has a right to deduct some percentage from the sales as his commission and send the rest to his principal for the work he has done.
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Extract 7.1 shows a sample a correct response

## 2.8 Question 8: Business Communication

The question required the candidates to explain three positive and three negative effects of mobile phone communication in business.

The question was attempted by 10,449 (74.8%) candidates of which 5,258 (50.3%) candidates scored from 0 to 4 marks, 5,024 (48.1%) scored from 4.5 to 9.5 marks and 167 (1.6%) candidates scored from 10 to 15 marks. The analysis shows that the candidates' performance in this question was average since 5,191 (49.7%) candidates scored from 10 to 15 marks. This performance is summarized in figure 8.



**Figure 8:** *Percentage of candidates' performance in question 8.*

The candidates who scored high marks (10 to 15) had sufficient knowledge on the concept of business communication; hence, they were able to respond to the question as required. These candidates managed to give the relevant positive and negative effects of mobile communication in business. They performed well because mobile communication is widely used by many people in business and it is easy to observe its effects. However, not all of the candidates were able to exhaust the number of points required correctly, leading to variation of their scores. Extract 8.1 shows a sample of the candidates' correct response.

8.	Communication is the transmission of information, skills and knowledge from one person to another. A mobile phone is an electronic device that uses power and it is the most currently used media to transmit information. The following are positive and negative effects of mobile phone communication in the business. By starting with the positive effects of using a mobile phone in the business.	
	A mobile phone is used to communicate and transmit information to people who are far from the business. If the business needs to communicate with a member of the business who is far to follow up in some issues a mobile phone is used. This is because it transmit sound as waves wirelessly among continents.	

	<p>A mobile phone enables <del>enial</del> immediate feedback of the message sent. As the receiver gets the message through calling him or her, he responds fast to the business. That is to say the mobile phone enables immediate feedback when the message is <del>phone</del> sent. This will save the company if there was a big problem.</p> <p>A mobile phone saves time when there is an emergency in the business. If it happens the business gets an emergency and the solution is with someone outside the continent, the business will have to use a phone to call the person for the solution at once. The mobile phone will enable the business to get the solution. Thus the business will be back to its normal condition.</p> <p>Apart from that a mobile phone communication also has its own disadvantages or negative effects to the business as follows:</p> <p>A mobile phone is bias as it can not be used by deaf people. Deaf people are people who can not talk. If a business has employees who are deaf just a few of them, it hinders communication among workers in the business. This will lead to decrease of efficiency in the business.</p> <p>A mobile phone can not be used for talking confidential matters. Currently the technology is increasing and thus mobile phones are not safe. This is because they can be tracked down wirelessly by a middleman. Hence its a negative effects because the company or business can not use a mobile phone about secret information of their business because it may leak.</p>	
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8.	A mobile phone is can not be afforded	
	that is it is too expensive to be owned by	
	everyone. This brings a negative effect to the	
	business as some of its loyal customers may	
	face problems and can no longer afford a phone	
	Thus it may reduce its market because they can	
	no longer communication.	
	To sum it up, not only mobiles phones	
	can be used used in communicating by a business	
	but also there are more advanced medias like	
	video conferencing and through skype which works	
	world wide. They are efficient as they are fast and	
	people talk face to face when they are far apart.	

Extract 8.1 is a sample of a relatively correct response.

On the other hand, 5,024 (48.1%) candidates performed averagely as their scores ranged from 4.5 to 9.5 marks. They understood the question but they had partial knowledge of communication media particularly mobile phones. The majority gave the correct positive effects of mobile phone in business but they gave cultural and social negative effect of mobile phones to the community instead of negative effect of mobile phones in business. Others managed to give correctly the negative effects mixed with incorrect positive effects. Some candidates managed to pinpoint almost all correct points but failed to clarify the effects. In addition, most of these candidates adhered to essay writing procedures and hence scored some marks on introduction and conclusion part.

Conversely, a total of 5,258 (50.3%) candidates performed poorly as they scored from 0 to 4 marks. The majority scored some marks on introduction part and at least two correct effects mentioned. Some candidates did adhere to essay procedures because they could not include introduction or conclusion parts in their responses. They highlighted the positive and negative effects in a summary form. Other candidates had knowledge of mobile communication but they failed to differentiate the positive from negative effects. For example, one of the candidates had correctly introduced the concept but wrote the correct negative effects under the heading of positive

effects and vice versa. However some candidates scored some marks from introduction part only.

A total of 217 (2.1%) candidates who scored 0 mark lacked knowledge of the concepts examined but poor proficiency in the English Language was noted as a problem. The candidates incorrectly interpreted the question as they explained different concepts relating to communication in general. This was due to lack of seriousness and concentration to the examination. Some of them incorrectly responded to the question by giving elements of communication, others mentioned different brand names from mobile phones and explained the advantages and disadvantages of each brand. For example, *Samsung* and *Techno brand*, the candidate explained which one is more preferred by the customers than the other and why. Others mentioned the quality of money like *store of value*, *measure of value*, *divisibility* and *transfer of immovable assets* as the associated the question with money transfer services offered through mobile phones like Tigopesa, Airtel money and Mpesa. Extract 8.2 shows a sample of the candidates' incorrect response.

8.	<p>Communication, is a transmission of information of feelings or ideas from one person to another through given date. And Communication divided into three type oral communication, written communication and non-verbal communication.</p> <p>There are positive and negative effects of mobile phone communication in business.</p> <p>The following are positive effects of mobile phone communication in business:</p> <p>Message, and this are the positive effect of mobile phone communication in business because when the people transport the goods from another place their receive the answer for the owner of business so message are the positive effects of mobile phone communication in business.</p>
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	feedback, this are the another positive	
	effect of mobile phone communication in business	
	because the feedback have a new technology	
	of communication and the people have no education	
	about feedback so feedback have positive effects	
	of mobile phone communication in business	
	Source, this are the one positive	
	effect of mobile phone communication business	
	because source in the communication business	
	are the information technology among the	
	people to the business have participation in	
	the sources so source are the positive effect	
	of mobile communication in business	
	The following are the negative effects	
	of mobile phone communication in business	
	Appearance of the gender and this	
	are the one effect of mobile phone.	

Extract 8.2 is a sample of an incorrect response.

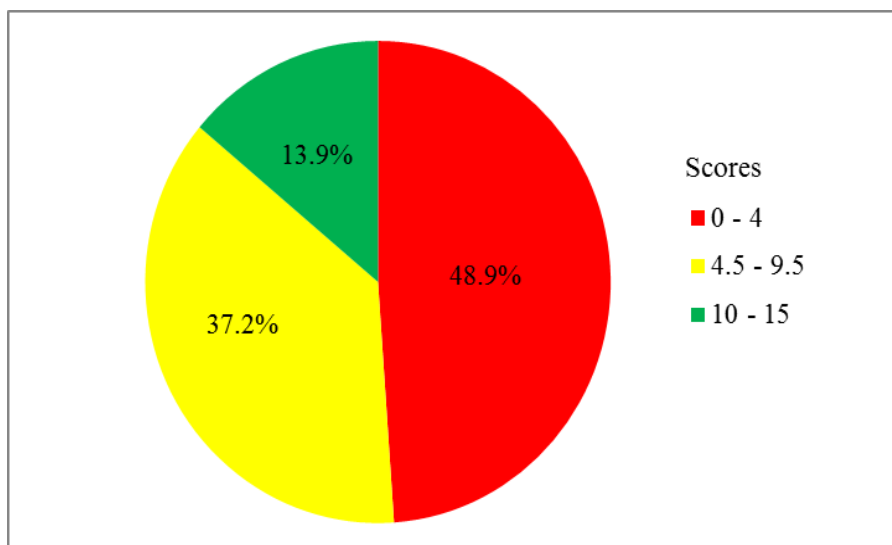
In extract 8.2, the candidates mentioned the elements of communication as the positive effects of mobile communication in business instead of the positive effects of mobile communication in business. The explanations given by the candidate could not reflect the elements of communication. However, the candidate mentioned appearance of the gender as a negative effect but it was irrelevant.

## 2.9 Question 9: Production

The question required the candidates to argue against the statement "Creation of employment is the only advantage of specialization in production" by giving six reasons. The question intended to test the candidates' understanding on the advantages of specialization in production.

The question was attempted by 7,585 (54.3%) of all the candidates of whom, 1,054 (13.9 %) candidates scored 10 to 15 marks, 2,824 (37.2%) scored from 4.5 to 9.5 marks and 3,707 (48.9%) candidates

scored from 0 to 4 marks. Figure 9 summarizes the performance of candidates in question 9.



**Figure 9:** *Percentage of candidates' performance in question 9*

The analysis shows that the candidates' performance in this question was average since 3,878 (51.1%) candidates scored from 4.5 to 15 marks.

The candidates who scored from 10 to 15 marks had an adequate knowledge of the concepts tested and understood the requirement of the question. Most of them argued against the statement by explaining at least four advantages of specialization out of six required. They also observed essay writing procedures hence scored marks on introduction and conclusion parts. A few candidates who correctly argued against the statement with sufficient number of the advantages and presented their responses in essay form scored full marks. The difference noted among individual scores was contributed by the candidate's ability to argue against the statement and proper presentation of the responses. Extract 9.1 is a sample of the candidates' correct response from a candidate who correctly argued against the statement.

Q9.	<p>Specialization is the process of concentrating in a certain activities in which one can do best. Its not true that creation of employment is the only advantage of specialization. This statement can be justified as follows.</p> <p>Increase production of goods. Through specialization process can lead to increase in production of goods and services. When people in a firm concentrate in certain activities like production while others in distribution can lead to increase in production. That means a person can only concentrate in production and not other activities.</p> <p>Stabilizing price. Due to specialization process, there will be increase in production which may lead to free flow of goods and service. And due to free flow of goods and services in the market it will lead to stabilizing of price of commodities in the market.</p> <p>Raise the economy of the country. When a country concentrates in production of a certain product, it can be able to export the products to the countries which can't produce it and hence earn much money from abroad. For example Japan's economy has raised <sup>its economy</sup> due to specializing in production of cars.</p> <p>Increase efficiency in work. When one concentrate in a certain activities one can gain more knowledge about the activities and becomes best in it and hence increases the efficiency of the person in that activities. For example someone has specialize in surgeon, he/she can become a great surgeon after working for long period of time.</p> <p>Increases the supply of goods and services. Specialization especially in production process leads to increase in supply of goods and services. Goods and services will be highly produced and supplied to the market.</p>
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09.	Simplifies work. Specialization simplifies work in the production process. When each person specialize in doing a single activity in which she/he can do best the work can easily be done within a short period of time since there will be division of labour.	
	Generally, apart from its advantages, specialization has some disadvantage in the economy. Too much specialization can lead to economic dependency, fall in demand, high cost of production and even breakdown of the process when one person misses.	

Extract 9.1 is a sample of a correct response.

On the contrary, 2,724 (37.2%) candidates had average performance as their scores ranged from 4.5 to 9.5 marks. These candidates had knowledge of specialization but some of their responses had some discrepancies because some candidates provided insufficient number of correct points. They gave some correct response but mixed with some limitations of specialization and also explained creation of employment as a point. Others mentioned the correct advantages but failed to defend some of the points. Some of them were able to present the correct introduction but could not present the correct conclusion. However, some of these candidates managed to score marks on both introduction and conclusion.

Conversely, 3,707 (48.9%) candidates had poor performance. The number of reasons contributed to their failure but the major reason was misconception of the demand of the question. The other reason is inadequate knowledge of production particularly on the advantages of specialization. The candidates who scored some marks were able to explain the meaning of specialization and give only one or two correct advantages though their explanations could not deserve full marks.

Some candidates scored 0 mark because they responded contrary to the demands of the question. The candidates wrote various concepts from the production topic which did not match with demands of the

question. For example, some candidates explained the factors of production such as *land, labour, and capital* with the rewards for each factor as separate points. Others explained advantages of employment to an individual instead of advantages of specialization in production. Furthermore, some candidates responded by giving the disadvantages of specialization like *leads to boredom, causes of unemployment, loss of craftsmanship and inflexibility of workers* instead of advantages. Extract 9.2 shows a sample of the candidates' poor response.

9	<p>Specialization Refers to the process of being specific on doing a certain work with the aim of making profit. Creation employment Refers to be able to employ yourself or employed in order to satisfy your basic needs. The following are my Argumentation against this statement through these reasons.</p> <p>Through Division of labour Creation of employment also is an advantage through division of labour because people who are employed they will be divided in to different stages of work which will help the increase of Production.</p> <p>Through Commerce Creation of employment also is an advantage in Commerce this is because people are employing themselves in selling and distributing goods and service in order to satisfy the human needs.</p> <p>Through labour This is an effort of a human through physically and mentally. Creation of employment at labour labourers people are able to increase production due to presence of skilled and unskilled labour.</p> <p>Through Manufacturing Industries Creation of employment also is an advantage in <del>the</del> manufacturing industries this is because manufacturing industries needs people who will be able to work in different activities in the industries who help to increase surplus of goods in the society.</p> <p>Through Self employment Creation of employment by your own is an advantage because a person will be independence, freedom and also being own boss on his/her business.</p> <p>Through Ware in the Warehouse Creation of employment</p>	
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	in the warehouse is an advantage because people who are	
	employed in the warehouse will be responsible in providing security	
	of the goods, also caring of goods and placing also	
	the goods.	
	Therefore these are the advantage of Creation of	
	employment but there are some challenges that people are	
	facing through <del>employment</del> Creation of employment first is	
	Small salaries and wages and also Sometimes Unadequate	
	working equipments.	

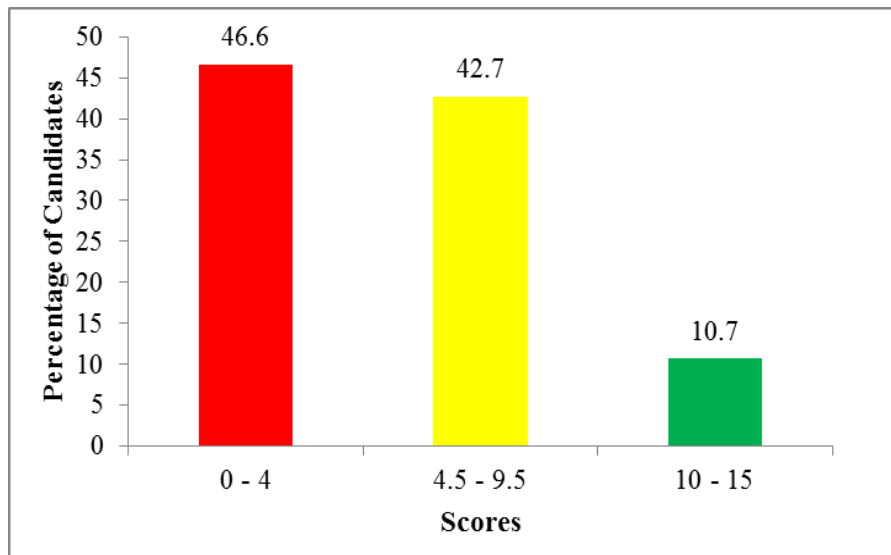
Extract 9.2: A sample of incorrect response

In extract 9.2, the candidate explained the way through which a person can create employment instead of explaining other advantages of specialization apart from employment.

## 2.10 Question 10: Insurance

The question required the candidates to explain how the principles of insurance govern the conduct between insurers and insured. The question intended to test the candidates' ability to analyse the need of the principles of insurance to both insurers and insured in insurance.

The question was attempted by 9,202 (65.9%) of all the candidates, of which 4,285 (46.6%) scored from 0 to 4 marks, 3,930 (42.7%) scored from 4.5 to 9.5 marks and 987 (10.7%) scored from 10 to 14.5 marks out of 15 allotted marks. The candidates' performance in this question was average as 53.4 percent of all candidates who opted for this question scored from 4.5 to 14.5 marks. Figure 10 summarises the candidates' performance in this question.



**Figure 10:** *Percentage of candidates' performance in question 10.*

A total of 987 (10.7%) candidates who scored from 10 to 14.5 marks were able to explain how principles of insurance govern the conduct of insurance to both insurers and insured. Almost all candidates in this category were able to give the correct principles of insurance and show how they govern the contact between insurers and insured. However, some of the candidates' explanation in some principles did not worth full marks. Extract 10.1 presents a sample of correct response from one of the candidates.

10.	Insurance refers to pooling of risks together	
	in a common pool in order to compensate people	
	who suffer actual loss. A person who gives	
	out insurance is called an insurer while a	
	person who receives insurance is called insured.	

10.	There must be principle whereby insurance can be taken out which the insurer and the insured must consider. The following are the principles of insurance :-	
	Insurable interest :- This means that the property for which the insured wants to take an insurance of must be his own property. The insured must have interest on that property. A person cannot take out insurance of a property of his friend or his neighbour.	
	Utmost good faith :- This principle is also known as <i>Uberrimae fides</i> . This means that a person who wants to take out insurance against his property must give out all information about his property or he should give out all information about himself if he is taking life insurance (assurance). The truth must be disclosed.	
	Indemnity :- This means that the insurance is taken out to retain the person to his original position therefore he is not supposed to receive more than what he lost during the loss which occurred and also he is not supposed to receive less.	
	Proximate cause / Doctrine of proximate cause ; This means that the insurance taken out against the property must be the same cause which was applied during the proposal form. Example if a person wanted to insure his car against theft then he will be compensated when his car is stolen not when his car catches fire or gets an accident. The cause and insurance must be the same.	

10.	<p>Contribution :- This means that if a property is insured in proportions by two different insurers then when a loss occurs <del>the two</del> one insurer will <del>take out</del> insure the property and the insurers will contribute money to each other to pay themselves in the required amount.</p> <p>Example a car is insured by company A and by company B in equal proportions, company A 50% and company B 50%. , when a loss occurs company A will provide insurance, then company B will be responsible to contribute the money to company A to regain his money.</p> <p>Subrogation :- This means that the insurer <del>insured</del> is allowed to take the damaged properties during a loss so that the insured does not get more than what is required according to the principle of indemnity. Example when a car gets an accident and the tyres burst, the insurer will provide new tyres to the insured and he will take the scraped tyres.</p> <p>In conclusion, without these policies than there will not be a smooth agreement between the insured and the insurer.</p>	
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Extract 10.1: A sample of a correct response.

The 3,930 (42.7%) candidates who performed moderately scored from 4.5 to 9.5 marks. These candidates explained some of the principles correctly but they failed to give the required number of principles. On the contrary, some candidates in this category point out all the principles but mixed the descriptions among the principles. For example, the candidates interchanged the explanations of the principle of utmost good faith with that of insurable interest and the principle of indemnity with the principle of proximate cause. This indicated that the candidates had partial knowledge of the principles of insurance.

Conversely, 4,285 (46.6%) candidates performed poorly in this question as they scored from 0 to 4 marks. The poor performance was due to candidates' incompetence in the examined concept. Most of these candidates mentioned the principles of insurance but failed to provide the relevant explanation to each principle. They also scored some marks on introduction. The candidates who scored 0 mark failed to provide relevant response to the question. Some candidates explained the importance of insurance while others explained different documents used in insurance. For example *policy*, *cover note*, *proposal form* and *claim form*. However, they were also not competent on the documents because the descriptions given did not give the meaning of the documents mentioned. Furthermore, other incorrect responses given by some candidates include: the procedures for taking out an insurance and different types of insurance such as *accident insurance*, *fire insurance* and *life insurance* instead of principles of insurance. This is an indication of failure to interpret the requirements of the question. Extract 10.2 shows a sample of the candidates' incorrect responses.

10	Insurance refer to the process of pooling risk together. The following are the principles of insurance <del>given</del> there are include.	
	Re- Insurance; this was the principle of insurance because if insurer should get the risk it paid money to be help in their life.	
	co-insurance; this was the principle of insurance because people should be co-operate to be a insurance their members who get their risk pooling in their groups.	
	Double insurance; this was the principle of insurance because people who get pooling together should be double money for buying and selling their goods to satisfy their wants.	
	Over insurance; this was if people should be over the money which should be get the risk together in their group other group which organized to be help them.	

Extract 10.2 is a sample of incorrect response.

In extract 10.2, the candidate mentioned insurance terminologies instead explaining the principle of insurance.

### 3.0 ANALYSIS OF CANDIDATES' PERFORMANCE PER TOPIC

The analysis shows that the topics which were well performed are: *Transportation, International Trade, Production, Business Management, Economics Basics, Marketing, Finance, Warehousing management, Taxation, Business Units, Domestic Trade, commerce Basics and Insurance* from which the multiple choice items were composed. This good performance (75.6%) on these topics could be attributed to adequate knowledge and correct interpretation of the requirements of the question. The averagely performed topics were; *Warehousing management (53.5%), Insurance (53.4%), Business communication (51.1%), Production (49.7%)* essay type questions and *Taxation (44.2%)* which was tested on short answer questions. This performance was due to partial knowledge of the topics examined and improper explanations to some concepts. However, the topics of Finance (29%), Economic basics 26.3%) and International trade (19.4%) were poorly performed. The reasons for poor performance were insufficient knowledge and skills of the concepts taught under these topics, poor English Language proficiency and incorrect interpretation of the demands of the questions. The candidates' performance in various topics examined is summarised in the *Appendix*.

### 4.0 CONCLUSION

The analysis shows that the candidates' general performance in Commerce subject in CSEE 2019 was average (51.57%). This performance was attributed by the number of reasons such as candidates' partial knowledge providing of the concepts examined, providing less number of the correct points than the required points, failure to observe the demands of some questions. Furthermore some candidates performed poorly due to their inability to identify tasks of the questions, incompetence of the tested topics and poor mastery of the English Language. On the contrary, a few candidates performed well because they had competence on the concepts tested, were able to identify the requirement of the questions and follow the instructions together with good mastery of the English Language.



## **5.0 RECOMMENDATIONS**

In order to improve the performance of the candidates in Commerce subject the following are recommended:

- (a) Teachers should be encouraged to use vivid sample of cheques and demonstrate to the students the parties to a cheque and use such cheque of a bill of exchange to explain to them about negotiable instruments and account payee only in the topic of finance.
- (b) The school management through commerce subject teacher should arrange study tours to visit commercial banks so as to enable students to learn more about cheque and different methods of payments adopted by these banks. Furthermore, the school management should invite guest speakers from commercial banks to emphasise on different matters relating to banks especially E-banking. Likewise, guest speakers from Tan trade to explain about agents in export and import of goods and services.
- (c) Teachers should arrange students in groups and prepare questions from different topics and ask them to answer the questions through presentation, especially on the topic of Finance, International trade, and Economic basics. Teachers should guide students in presentation. This will build confidence to students and also improve English Language proficiency.
- (d) Teachers/students should find different booklets and read about taxation and International trade.

**Summary of Candidates Performance per topic**

<b>S/n</b>	<b>Topic</b>	<b>No. of Questions</b>	<b>Percentage of Candidates who Scored 30% Marks or Above</b>	<b>Remarks</b>
1	Transportation, International Trade, Production, Business Management, Economics Basics, Marketing, Finance, Warehousing management, Taxation, Business Units, Domestic Trade, commerce Basics and Insurance.	1	75.6	Good
2	Warehousing Management	5	53.5	Average
3	Insurance	10	53.4	Average
4	Production	9	51.1	Average
5	Business Communication	8	49.7	Average
6	Taxation	4	44.2	Average
7	Finance	3	29	Poor
8	Economics Basics	6	26.3	Poor
9	International trade	2 and 7	19.8	Poor

