

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

**052/2**

**COMMERCE 2**

(For Both School and Private Candidates)

**Time: 3 Hours**

**ANSWERS**

**Year: 2012**

**Instructions**

1. This paper consists of Eight questions.
2. Answer five questions, choosing at least two questions from each section. question number one is compulsory

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1. (a) Outline six differences between Public Corporations and Para-statal Organizations.

A Public Corporation is a government-owned business that operates independently, providing essential services like water, electricity, and rail transport. A Para-statal Organization, on the other hand, is a semi-governmental entity that operates under both government and private sector influence, such as state-owned banks and insurance companies.

Public Corporations are fully owned by the government, while Para-statal Organizations may have private investors owning shares alongside the government. This makes para-statals more flexible in operations and funding sources.

The main objective of Public Corporations is public service, meaning they prioritize affordability and accessibility over profit. Para-statal Organizations, however, operate for both profit and service, ensuring they sustain themselves financially while meeting public needs.

In Public Corporations, government policies control operations, meaning decisions must align with government plans. Para-statal Organizations have more managerial independence, allowing them to operate competitively.

Public Corporations receive government funding through taxes and subsidies, while Para-statal Organizations generate their own income through sales and services, although they may receive government support in difficult times.

A major difference in employment is that Public Corporations follow government salary structures and regulations, while Para-statal Organizations set their own salaries and working conditions based on industry standards.

Lastly, Public Corporations rarely face competition, as they provide monopoly services like electricity or railway transport. Para-statal Organizations face competition from private businesses, such as government-owned insurance companies competing with private insurers.

(b) Identify seven reasons for the existence of Public Enterprises.

One reason is to provide essential services such as water, electricity, and healthcare that private businesses might neglect due to low profitability. Public enterprises ensure that all citizens have access to these necessities.

Another reason is to protect national interests, as some industries, like energy production and defense, are too important to be left in private hands. The government ensures these sectors remain under state control for security and economic stability.

Public enterprises help create employment, especially in sectors where private companies are unwilling to invest. This contributes to reducing unemployment and improving living standards.

Governments establish public enterprises to regulate prices and prevent exploitation. For example, state-owned energy companies can control fuel prices to prevent inflation caused by private monopolies.

Public enterprises support economic development by investing in infrastructure and industrial projects that attract foreign investments and stimulate local businesses.

Another reason is to control natural resources, ensuring that valuable resources like minerals, oil, and forests benefit the entire nation rather than just private investors.

Lastly, Public Enterprises help in generating government revenue, as profits from these businesses contribute to national income, reducing reliance on taxation.

## 2. (a) Describe five filing systems.

One filing system is Alphabetical Filing, where documents are arranged according to names in A-Z order. This is commonly used for customer records, employee files, and supplier lists.

Another system is Numerical Filing, where documents are assigned unique numbers and stored in numerical order. This system is useful for tracking invoices, legal cases, and financial transactions.

Chronological Filing organizes documents based on dates, making it useful for storing contracts, letters, and meeting records. The latest files are placed in front for quick access.

Subject Filing groups documents based on topics or categories. This is useful in law firms and research institutions where files on different cases or studies need to be categorized separately.

Geographical Filing arranges documents based on locations. Businesses with multiple branches use this system to store records based on cities or countries.

## (b) Explain five features of a good filing system.

A good filing system must be easily accessible, meaning employees should quickly locate and retrieve documents when needed. Well-labeled folders and digital indexing enhance accessibility.

It must be simple and easy to use, ensuring that employees can file and retrieve documents without complex procedures. Complicated filing systems lead to confusion and wasted time.

Another important feature is security and confidentiality, ensuring that sensitive business records are protected from unauthorized access or damage. Digital filing should have passwords, and physical files should be kept in locked cabinets.

A good filing system must be flexible and expandable, allowing businesses to add more files as operations grow. If a system becomes too rigid, it creates difficulties when new records need to be stored.

Lastly, it should ensure cost-effectiveness, meaning the system should be affordable to maintain. Businesses should not overspend on unnecessary storage solutions when simpler alternatives exist.

3. (a) Elaborate five principles practiced by cooperative societies.

One principle is voluntary membership, meaning anyone willing to join a cooperative can do so without discrimination based on gender, religion, or political beliefs. Membership is open to all.

Another principle is democratic control, where every member has equal voting rights regardless of the amount of capital invested. Decisions are made collectively to benefit all members.

Cooperatives follow the principle of mutual help, meaning members work together for the common good rather than personal gain. Profits and benefits are shared among members.

Limited interest on capital is another key principle, ensuring that cooperative funds are reinvested for the members' benefit rather than maximizing returns for investors.

Lastly, cooperatives practice education and training, ensuring that members are informed about their rights, responsibilities, and economic activities to enhance productivity.

(b) Explain five benefits of partnership.

One benefit is shared financial resources, where partners contribute capital to start and expand the business. This reduces the financial burden on any single individual.

Another benefit is combined expertise and skills, as each partner brings different knowledge and abilities, improving business efficiency and innovation.

Partnerships also provide better decision-making, as partners can consult and make collective choices, reducing errors and increasing business success.

Another advantage is profit-sharing, where all partners benefit from the company's earnings, motivating them to work hard and grow the business.

Lastly, partnerships allow for flexibility in operations, as partners can adjust strategies, change roles, and expand into new markets more easily than a sole proprietorship.

4. (a) Mention and explain five functions of money.

One function of money is medium of exchange, meaning it is widely accepted as payment for goods and services, replacing the barter system that required direct product exchanges.

Another function is unit of account, allowing goods and services to be valued in standardized monetary terms. This makes pricing and economic comparisons easier.

Money also serves as a store of value, meaning it retains its worth over time, allowing individuals to save and spend later without losing purchasing power.

Another function is standard of deferred payment, where money enables transactions on credit, allowing buyers to purchase goods and pay later.

Lastly, money functions as a measure of value, providing a common standard to compare the worth of different goods and services in an economy.

(b) Elaborate five characteristics of good money.

One characteristic is durability, meaning money should last long without getting damaged. Paper notes and metal coins are designed to withstand wear and tear.

Another characteristic is divisibility, meaning money should be easily broken down into smaller units to facilitate transactions of different values.

Money must also have portability, meaning it should be easy to carry and transfer, allowing individuals to conduct transactions conveniently.

Another important feature is stability of value, ensuring that money does not lose its worth rapidly due to inflation. A stable currency promotes economic confidence.

Lastly, acceptability is crucial, meaning money should be widely recognized and trusted as a means of payment in an economy.

5. (a) What is meant by the term Public Limited Company?

A Public Limited Company (PLC) is a business organization that allows its shares to be publicly traded on the stock market. It is owned by multiple shareholders and has limited liability, meaning investors are only responsible for the money they invest. A PLC is required to disclose financial statements and operate under government regulations.

(b) Why such types of companies are becoming the predominant form of organization in this country?

One reason is access to large capital, as public limited companies can raise funds from stock markets, making them ideal for large projects.

Another reason is limited liability, attracting investors since their personal assets are protected from business debts.

PLCs also offer business continuity, as ownership transfers easily through share trading, ensuring stability even when shareholders change.

Lastly, higher credibility attracts customers, suppliers, and partners, making public limited companies more competitive.

6. (a) Briefly explain the term marketing research.

Marketing research is the process of gathering, analyzing, and interpreting data related to market trends, consumer preferences, competition, and business opportunities. It helps businesses make informed decisions regarding product development, pricing, promotion, and distribution. By understanding customer needs and market conditions, companies can adjust their strategies to increase sales and profitability.

(b) Describe six marketing research processes.

The first step is problem identification, where businesses determine what they need to research. This could be declining sales, changing customer preferences, or new market opportunities. Defining the research problem helps set clear objectives.

The second step is developing a research plan, which involves choosing the appropriate research methods, selecting data collection techniques, and deciding the sample size. The plan ensures that data collection is systematic and reliable.

The third step is data collection, where researchers gather primary data (through surveys, interviews, or experiments) and secondary data (from government reports, trade publications, or industry statistics). Accurate data collection is crucial for obtaining meaningful insights.

The fourth step is data analysis, where collected information is processed, classified, and interpreted to identify patterns, trends, and relationships. Statistical tools and software are often used to analyze large amounts of data.

The fifth step is reporting findings, where researchers present the results in the form of charts, tables, and written reports. The information is shared with decision-makers to guide business strategies.

The final step is decision-making and implementation, where businesses use research findings to improve products, adjust pricing, modify marketing strategies, or enter new markets.

(c) Identify three main methods of collecting primary data.

One method is surveys, where businesses distribute questionnaires to customers or conduct online polls to gather opinions on products, pricing, or brand perception.

Another method is observations, where businesses monitor consumer behavior in stores, websites, or social media to understand buying patterns and preferences.

A third method is focus groups, where small groups of customers discuss their opinions on a product or service in a guided discussion. This provides in-depth insights into consumer attitudes.

7. (a) Analyse five measures to be taken by a nation in order to control imports.

One measure is imposing tariffs, where the government places taxes on imported goods to make them more expensive compared to locally produced products. This encourages consumers to buy domestic goods, protecting local industries.

Another measure is import quotas, where the government sets limits on the quantity of certain goods that can be imported. This restricts excessive imports that may harm domestic businesses.

Subsidizing local industries is another approach. The government can provide financial aid, tax incentives, or cheaper raw materials to local producers to help them compete with foreign goods.

A nation can also control imports through strict quality standards, requiring imported goods to meet high regulatory and safety standards. This discourages the entry of low-quality products that might harm consumers.

Lastly, currency devaluation can be used to make imports more expensive while making exports cheaper. This encourages consumers to purchase local goods and increases export revenue.

(b) Elaborate five advantages of international trade.

One advantage is access to a wider variety of goods and services. Countries can import products they do not produce locally, ensuring consumers have access to diverse and high-quality goods.

Another advantage is economic growth, as international trade increases national income by boosting export earnings and attracting foreign investments.

Improved diplomatic relations is another benefit. Trade fosters positive relationships between countries, encouraging peace and cooperation through mutual economic benefits.

International trade also promotes technology transfer, where businesses adopt advanced production techniques, modern machinery, and better management practices from global partners.

Lastly, trade enhances competition and efficiency, forcing local businesses to improve their quality and reduce costs to compete with foreign producers, benefiting consumers with better products and prices.

8. (a) Briefly explain the term tax.

A tax is a mandatory financial charge imposed by the government on individuals, businesses, and goods to generate revenue for public services such as healthcare, education, infrastructure, and security. Taxes are collected at different levels, including income tax, corporate tax, value-added tax (VAT), and customs duties.

(b) Explain the objectives for imposing taxes on individuals and firms.

One objective is to raise government revenue. Taxes provide funds for public projects such as roads, schools, and healthcare, ensuring economic development and welfare.

Another objective is to reduce income inequality. Progressive taxation ensures that high-income earners pay higher taxes, redistributing wealth and supporting low-income groups through social programs.

Taxes also regulate economic activities. For example, high taxes on harmful goods like cigarettes and alcohol discourage excessive consumption, while tax reductions on essential goods make them more affordable.

Governments impose taxes to control inflation, as higher taxes reduce consumer spending, preventing excessive demand that could lead to rising prices.

Lastly, taxes protect domestic industries by imposing tariffs on imported goods, making local products more competitive and encouraging economic self-reliance.

(c) State four types of tax administered by Tanzania Revenue Authority (TRA).

One type is Income Tax, which is charged on individuals and businesses based on their earnings, including salaries, profits, and dividends.

Another type is Value-Added Tax (VAT), a consumption tax applied to goods and services at different stages of production and distribution.

Customs and Excise Duty is also administered by TRA, where taxes are charged on imported and exported goods as well as specific products like fuel and alcohol.

Lastly, Corporate Tax is imposed on company profits, requiring businesses to contribute a percentage of their earnings to the government.