

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: 2015

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) Explain how Cooperatives help the agricultural development in Tanzania. Give five points.

Cooperatives play a crucial role in supporting agricultural development in Tanzania by providing access to credit and financial services. Many small-scale farmers struggle to obtain loans from banks due to lack of collateral, but cooperatives offer financial support through savings and loan schemes, allowing farmers to buy seeds, fertilizers, and equipment.

Another way cooperatives support agriculture is by improving market access for farmers. They help members sell their produce in bulk, negotiate better prices, and reduce exploitation by middlemen. This ensures that farmers receive fair compensation for their hard work.

Cooperatives also facilitate the distribution of farm inputs, such as seeds, fertilizers, and pesticides, at subsidized prices. This reduces production costs and improves crop yields.

Additionally, cooperatives offer training and technical support to farmers. They educate members on modern farming techniques, pest control methods, and climate adaptation strategies, helping them improve productivity.

Lastly, cooperatives advocate for farmers' rights and government support. They represent farmers' interests in policymaking, lobbying for favorable agricultural policies, subsidies, and rural infrastructure improvements such as roads and irrigation systems.

(b) Evaluate five common characteristics of both private and public limited companies.

Both private and public limited companies have a separate legal identity, meaning they can enter contracts, own property, and sue or be sued independently of their owners. This protects shareholders from personal liability.

Another characteristic is limited liability, where shareholders are only responsible for the amount they invested in the company. Their personal assets are not at risk if the company faces financial difficulties.

Both types of companies require legal registration before starting operations. They must comply with company laws and regulations, such as the Companies Act, and file annual financial reports.

They also operate with a board of directors, who are responsible for making strategic decisions, managing risks, and ensuring compliance with corporate governance rules.

Lastly, both private and public companies issue shares to raise capital. Private companies sell shares to a limited number of investors, while public companies can sell shares to the general public through stock exchanges.

2. (a) Differentiate the following documents used in international trade:

(i) Certificate of origin and An indent

A certificate of origin is an official document that certifies the country where a product was manufactured. It helps determine customs duties and trade agreements between nations. An indent, on the other hand, is an order placed by an importer with an exporter or manufacturer specifying the goods to be purchased, along with details like quantity and specifications.

(ii) Shipping note and Dock warrant

A shipping note is a document prepared by the exporter containing details of goods to be shipped, such as weight, quantity, and destination. It is submitted to the shipping company before loading. A dock warrant is a certificate issued by a warehouse or dock authority acknowledging that goods have been received and stored securely before export.

(iii) Letter of credit and Letter of hypothecation

A letter of credit is a guarantee issued by a bank on behalf of an importer, assuring the exporter that payment will be made once shipping conditions are met. A letter of hypothecation, however, is a document where a borrower pledges goods as collateral to a lender (bank) without transferring ownership.

(iv) Bill of lading and Airway bill

A bill of lading is a document issued by a shipping company acknowledging the receipt of goods for transportation by sea. It serves as a contract of carriage and proof of ownership. An airway bill is similar but applies to air freight, ensuring the transportation of goods by airline carriers.

(v) Proforma invoice and Freight note

A proforma invoice is a preliminary bill issued by an exporter to inform the importer about product costs, specifications, and shipping details before finalizing the transaction. A freight note is a statement issued by a transport company detailing the shipping charges for moving goods from one location to another.

(b) Explain five methods employed to correct deficit balance of payment.

One method is export promotion, where governments encourage local businesses to increase exports by providing incentives such as tax breaks, subsidies, and trade agreements. More exports generate foreign currency inflows, improving the balance of payments.

Another approach is import substitution, where a country reduces reliance on imported goods by investing in local production. Encouraging domestic industries to manufacture essential goods reduces the outflow of foreign exchange.

Governments may also use currency devaluation, where they reduce the value of their currency to make exports cheaper and more competitive in international markets. This increases foreign demand for locally produced goods.

Another strategy is foreign investment attraction, where countries encourage foreign companies to invest in local industries, creating jobs and boosting export earnings. This helps improve the trade balance.

Lastly, reducing trade restrictions by negotiating favorable trade agreements with other countries ensures smoother exports and fewer tariffs on locally produced goods, thereby improving the balance of payments.

3. (a) Analyse the tasks performed in staffing as a function of management in the firm. Give six points.

Staffing involves several critical tasks in an organization. One task is recruitment and selection, where the company identifies job vacancies, advertises positions, interviews candidates, and hires the most qualified individuals.

Another key task is training and development, where new and existing employees receive training to improve their skills and knowledge. This ensures productivity and efficiency in the organization.

Performance appraisal is another staffing function where managers evaluate employee performance, provide feedback, and identify areas for improvement.

The staffing function also includes employee motivation, ensuring that workers are encouraged through rewards, promotions, and benefits that improve job satisfaction.

Another important staffing task is workforce planning, where managers assess future staffing needs, ensuring the company has the right number of employees for current and future operations.

Lastly, employee retention strategies are applied to reduce turnover by improving working conditions, offering competitive salaries, and ensuring a good work environment.

(b) Why planning becomes an important function of management? Give four reasons.

One reason is that planning sets clear objectives for the organization, ensuring all departments and employees work toward common business goals.

Another reason is that it helps in risk management, allowing the company to anticipate potential challenges and prepare strategies to mitigate them.

Planning also improves resource allocation, ensuring that financial, human, and material resources are used efficiently without wastage.

Lastly, planning enhances decision-making, providing a structured framework that guides management in making informed choices about business operations.

4. (a) Describe four main types of office staff commonly found in business organizations.

One type is administrative staff, who manage office activities, handle correspondence, schedule meetings, and assist in organizing documents. Examples include secretaries and administrative assistants.

Another type is technical staff, who have specialized knowledge and skills related to the business operations, such as IT professionals, engineers, or accountants.

Clerical staff handle routine office tasks such as record-keeping, filing, and data entry. They ensure that documents are well organized and accessible when needed.

Lastly, support staff provide essential services such as cleaning, maintenance, and security. They ensure the office environment is clean, safe, and operational.

(b) Explain the five essentials of an efficient office organization.

One essential is a clear organizational structure, ensuring that roles and responsibilities are well-defined to avoid confusion.

Another essential is efficient communication channels, allowing employees to share information smoothly through emails, meetings, or reports.

Proper record-keeping is also important, ensuring that business documents are well-organized and easily retrievable.

An efficient office organization also requires technology integration, where offices use modern equipment such as computers, printers, and digital storage for efficiency.

Lastly, employee well-being should be prioritized by maintaining a safe, comfortable, and motivating work environment to enhance productivity.

5. (a) Analyse five importance of tax in the economy of a country.

Taxes play a crucial role in the economic development of a country. One importance is revenue generation, as governments collect taxes to finance public services such as healthcare, education, infrastructure, and security. Without tax revenue, a government would struggle to fund essential projects that contribute to economic growth.

Another importance is wealth redistribution, where progressive taxation ensures that higher-income earners contribute more to national revenue. This helps reduce income inequality by providing funds for social welfare programs such as subsidies for low-income families.

Taxation also regulates economic activities by influencing consumer and business behavior. For example, high taxes on harmful products like cigarettes and alcohol discourage consumption, while lower taxes on essential goods make them more affordable.

Another key importance of taxes is inflation control, as governments use tax policies to regulate money circulation. Higher taxes reduce disposable income, which can lower excessive spending and help control inflation.

Lastly, taxation encourages domestic production by imposing import duties on foreign goods, making local products more competitive. This protects domestic industries from foreign competition, creating jobs and boosting the national economy.

(b) Describe five problems that face tax authorities in Tanzania.

One major problem is tax evasion, where individuals and businesses deliberately underreport income or engage in illegal practices to avoid paying taxes. This reduces government revenue and makes it difficult to fund development projects.

Another problem is poor tax compliance, where many businesses and individuals fail to register for taxes or delay payments. This is often due to lack of awareness, inefficient enforcement, or corruption within tax agencies.

A large informal sector also poses a challenge. Many small businesses in Tanzania operate outside the formal tax system, making it difficult for tax authorities to track income and collect taxes. Since these businesses do not keep proper financial records, tax compliance is low.

Another problem is administrative inefficiencies, where outdated tax collection systems and lack of skilled personnel slow down the process of tax assessment and enforcement. This results in delays and revenue losses.

Lastly, political interference affects tax collection, as some influential individuals and businesses receive tax exemptions or avoid paying taxes due to their connections. This creates unfair taxation and reduces government income.

6. (a) Explain five rights of an unpaid seller of goods under contract of sale.

An unpaid seller has several rights under the contract of sale. One of these rights is the right to withhold delivery, meaning if the buyer has not paid, the seller can refuse to hand over the goods until payment is made. This helps protect sellers from financial losses.

Another right is the right to resell the goods, especially if the buyer has failed to pay within an agreed time. The seller can recover their money by selling the goods to another buyer, either at the same price or a lower price.

The seller also has the right to stop goods in transit if they realize that the buyer has become insolvent before receiving the goods. This allows the seller to regain control of the goods and prevent losses.

Another important right is the right to sue for the price, where the seller can take legal action against the buyer to recover the full payment of goods sold under the contract.

Lastly, the unpaid seller has the right to claim damages, meaning if the buyer breaches the contract, the seller can sue for compensation for any financial losses incurred due to non-payment.

(b) Briefly explain the term ‘Contract of sale’ and outline four rules for transfer of title under the Sales of Goods Act.

A contract of sale is a legally binding agreement in which a seller transfers or agrees to transfer ownership of goods to a buyer in exchange for money. The contract outlines terms such as payment, delivery, and conditions of sale.

The rules for transfer of title under the Sales of Goods Act include:

- Title passes when intended – The ownership of goods transfers when the parties intend it to, which is usually stated in the contract.
- Unconditional sale of specific goods – If goods are ready for delivery and no conditions are attached, ownership transfers immediately when the contract is made.
- Goods on approval – If the buyer is allowed to try the goods before purchase, ownership transfers only when the buyer accepts the goods or keeps them beyond the trial period.
- Unascertained goods – When goods are not specifically identified at the time of contract, ownership does not transfer until they are selected, measured, or delivered.

7. (a) Examine five methods involved in carrying out market research.

Market research involves different methods to collect information about consumer preferences, market trends, and competition. One method is surveys and questionnaires, where businesses ask potential customers about their opinions and preferences. This provides direct insights into consumer needs.

Another method is focus groups, where a small group of selected participants discuss a product or service in detail. Businesses use this to understand customer reactions before launching a product.

Observation is another method, where researchers study consumer behavior by monitoring shopping patterns, product choices, and purchasing habits. This is useful for gathering real-time data without direct interaction.

Businesses also use test marketing, where they introduce a new product in a small area or selected stores before launching it widely. This helps assess market response and make necessary improvements.

Lastly, secondary data analysis is a method where businesses use existing reports, trade publications, and industry statistics to analyze market trends. This saves time and resources compared to primary research.

(b) State five factors which affect the success of market research in developing countries.

One factor is lack of skilled researchers, as many businesses in developing countries lack professionals with the expertise to collect and analyze market data effectively.

Another factor is limited financial resources, where businesses cannot afford expensive research methods such as focus groups or test marketing.

Poor infrastructure is also a challenge, especially in rural areas where internet access and transport networks are inadequate, making it difficult to conduct large-scale surveys.

Low literacy levels affect market research because many potential respondents may not fully understand survey questions, leading to inaccurate data.

Lastly, cultural and language barriers make it difficult to conduct uniform research in regions with diverse languages and traditions, requiring additional resources for translation and adaptation.

8. (a) Analyse five functions of the chamber of commerce.

One function is promoting trade and investment by providing information on business opportunities, market trends, and trade policies to local businesses. This helps companies expand their operations.

Another function is business networking, where the chamber of commerce organizes trade fairs, business forums, and meetings to connect entrepreneurs, investors, and government officials.

The chamber of commerce also advocates for business interests, lobbying the government to create favorable policies, reduce taxes, and improve infrastructure for businesses.

Training and capacity building is another function, where the chamber of commerce offers workshops and educational programs to improve the skills and knowledge of business owners and employees.

Lastly, the chamber of commerce provides arbitration services, helping to resolve disputes between businesses, suppliers, and customers without going to court, saving time and legal costs.

(b) Identify three intermediaries used in import trade and two intermediaries used in export trade.

In import trade, one intermediary is freight forwarders, who manage the transportation and logistics of imported goods. They ensure smooth shipping and customs clearance.

Another intermediary is customs brokers, who help importers handle taxes, tariffs, and legal documentation required by the government.

The third intermediary is warehousing companies, which store imported goods before distribution to retailers or consumers.

In export trade, one intermediary is export agents, who connect exporters with international buyers and negotiate trade agreements.

Another intermediary is trade finance institutions, such as banks, that provide financial support to exporters through loans, letters of credit, and insurance for overseas shipments.