

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: 2022

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. Chapa and Kazi are sole traders who want to join their resources to form a partnership. In six points, assist Chapa and Kazi to differentiate the two forms of business units before implementing their decision.

A sole proprietorship is a business owned and operated by one person, while a partnership involves two or more people who agree to run a business together. In a sole proprietorship, the owner has full control over business decisions, whereas in a partnership, decisions are made jointly by all partners based on their agreement.

In terms of liability, a sole trader bears unlimited liability, meaning personal assets can be used to settle business debts. In a partnership, all partners share liability, but in some cases, they can limit their liability depending on the type of partnership. Profit distribution is another key difference, as a sole trader keeps all profits, while partners share profits according to their agreement.

Raising capital is often easier in a partnership because multiple partners contribute resources, whereas a sole trader relies solely on personal savings and loans. A partnership also benefits from shared responsibilities, where partners divide management tasks based on their expertise, while a sole trader handles everything alone.

Lastly, continuity is a challenge for sole proprietors, as the business ends if the owner dies or quits, while a partnership can continue if remaining partners agree to carry on with the business.

2. Suppose you are invited by the chairperson of Makushika village to educate the villagers about market classification. Explain to the villagers the classification of markets on the basis of the position of sellers, the volume of business transacted and the nature of transactions by giving example in each.

Markets can be classified based on different criteria. Based on the position of sellers, markets are divided into local markets and international markets. A local market is where goods and services are sold within a specific region, such as a village market for agricultural produce. An international market involves trade across national borders, like Tanzania exporting coffee to Europe.

When classified based on the volume of business transacted, markets are divided into wholesale and retail markets. A wholesale market involves bulk buying and selling, such as Kariakoo wholesale traders supplying goods to small shop owners. A retail market, on the other hand, involves direct sales to consumers, such as supermarkets and small shops.

Markets can also be classified based on the nature of transactions. In cash markets, goods and services are exchanged for immediate payment, such as buying groceries from a shop. In credit markets, payment is deferred, such as purchasing a car on installment payments.

3. Mr. Kipimo is a buyer and Ms. Kiwango is a seller and they entered into a contract of sale. They agreed that the seller will be paid after goods being delivered to the buyer. The buyer received the goods from the seller but refused to pay for the goods. In five points, justify Ms. Kiwango's rights in the defaulted contract.

Ms. Kiwango has several rights under the law of contract. One of her rights is to sue for the price of the goods, as the buyer has breached the payment terms agreed upon in the contract. She can take legal action to recover the amount owed.

Another right is to repossess the goods if the contract includes a clause allowing the seller to reclaim them upon non-payment. If this right exists, she can take back the goods delivered to Mr. Kipimo. She can also claim damages for breach of contract, seeking compensation for financial losses caused by the buyer's failure to pay.

Ms. Kiwango has the right to stop further deliveries if the contract involved multiple shipments. If the buyer has defaulted on payment, she can refuse to send additional goods. Lastly, she can apply for a court order to enforce payment, ensuring the buyer fulfills his contractual obligation.

4. The free trade policy practice is really harming the economic development in developing countries like Tanzania therefore, it should be discouraged. Use six points to validate this statement.

Free trade exposes local industries to stiff competition from foreign companies, making it difficult for domestic businesses to grow. Large multinational companies with advanced technology and capital can dominate the market, pushing local producers out of business.

Another disadvantage is the risk of economic dependency, as developing countries like Tanzania rely heavily on imports, reducing self-sufficiency. This can lead to a trade deficit, where the value of imports exceeds exports, weakening the country's economy.

Free trade also results in job losses, as local businesses struggle to compete with cheap imported goods. Many workers lose employment opportunities as industries shrink or close down. Additionally, the policy can lead to environmental damage, as unrestricted imports may include products that contribute to pollution and resource depletion.

It can also undermine government revenue, as the removal of tariffs and import duties reduces income that could be used for development projects. Lastly, free trade can harm local farmers and small businesses by flooding the market with cheaper foreign goods, leading to lower prices and reduced income for domestic producers.

5. Mnazi Enterprises does not classify its documents when keeping its records for reference purposes in the files. As a result, the customers have been complaining about delays in getting responses to their inquiries. In six points, suggest alternative filing classification systems that Mnazi Enterprises can adopt to solve the observed problem.

Mnazi Enterprises can adopt different filing classification systems to improve record-keeping. One method is alphabetical filing, where documents are arranged based on names, making it easy to retrieve records related to specific clients or suppliers.

Numerical filing is another system, where documents are assigned unique numbers and stored in numerical order. This is useful for invoices, receipts, and customer accounts. Mnazi Enterprises can also use chronological filing, where records are organized by date, ensuring quick access to the most recent or historical documents.

Another alternative is subject filing, where documents are grouped based on topics or departments. This is useful for businesses handling diverse categories of records. Mnazi Enterprises can also implement geographical filing, where documents are arranged according to location, helping businesses with multiple branches manage records efficiently.

Lastly, electronic filing can be adopted, where records are digitized and stored in a computer system for quick and secure retrieval. This reduces paperwork and improves efficiency.

6. Tanzania Trade Development Authority (TAN TRADE) is an important intermediary involved in export trade as it provides support to exporters. With reference to the roles played by TAN TRADE, show how it assists exporters in the country. Give six points.

TAN TRADE supports exporters by providing market research and trade information, helping businesses understand export opportunities and foreign market demand. It also facilitates trade fairs and exhibitions, allowing Tanzanian businesses to showcase their products to international buyers.

Another role is capacity building, where TAN TRADE offers training and workshops to improve export skills and compliance with international trade standards. The organization also assists in trade negotiations by advocating for favorable export policies and agreements that benefit Tanzanian businesses.

TAN TRADE helps exporters with certification and quality assurance, ensuring that their products meet international requirements for smooth access to foreign markets. Lastly, it provides business linkages by connecting local exporters with foreign buyers and investors, enhancing trade opportunities.

7. Suppose you have been employed by an export company and you are provided with an empty bill of lading to be filled for exporting the goods from Tanzania to the customer who is in Kenya, explain all necessary particulars that you will fill in to make a bill of lading complete.

To complete the bill of lading, I will first fill in the shipper's details, including the name, address, and contact information of the exporting company. Next, I will provide the consignee's details, which include the name and address of the buyer in Kenya.

The description of goods will be entered, specifying the type, quantity, weight, and packaging details of the shipment. I will also include the port of loading (Tanzania) and the port of discharge (Kenya) to indicate the shipment route.

The name of the vessel and voyage number will be recorded for tracking purposes. The bill of lading will also include terms of shipment, specifying whether it is freight prepaid or freight collect. Finally, I will sign and stamp the document to authenticate it before submission to the shipping line.