

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

152/2

COMMERCE 2

(For Both School and Private Candidates)

Duration: 3 Hours

ANSWERS

Year: 2025

Instructions

1. This paper consists of sections **seven (7)** questions.
2. Answer **five (5)** questions. Question number **one (1)** is compulsory.
3. Each question carries **twenty (20)** marks.
4. All writing must be in **blue or black** ink, **except** drawings which must be in pencil.
5. Communication devices and any unauthorised materials are **not** allowed in the examination room.
6. Write your **Examination Number** on every page of your answer booklet(s).



1. For the Tanzania Revenue Authority (TRA) to maximize tax collections, it is not necessarily to obey principles of taxation. Basing on the principles of taxation, criticize this statement by giving six points.

The principle of equity must be followed because it ensures fairness in tax collection. Every taxpayer should contribute to government revenue according to their ability to pay. Ignoring this principle may lead to overburdening the poor while favoring the rich, resulting in public dissatisfaction and tax evasion.

The principle of certainty requires that taxpayers know when, how, and how much tax they are supposed to pay. If TRA ignores this principle, confusion and corruption may arise since taxpayers may be uncertain about their obligations.

The principle of convenience states that taxes should be collected at a time and manner most convenient to the taxpayer. Disregarding this may cause difficulties for taxpayers and reduce compliance levels, leading to lower revenue collection.

The principle of economy ensures that the cost of tax collection is lower than the amount collected. Failure to follow this principle would mean spending more resources to collect taxes, reducing the overall benefit to the government.

The principle of productivity emphasizes that taxes should generate sufficient revenue for the government without discouraging economic activities. If TRA imposes excessive taxes, businesses may collapse or relocate, lowering total collections.

The principle of elasticity allows the tax system to adjust with changes in national income. Disregarding it would prevent TRA from responding effectively to economic changes, reducing the potential to maximize collections during periods of growth.

2. Tanzania is among the countries facing international trade barriers in its international trade operations. In six points, validate this statement by giving examples.

High import tariffs imposed by developed countries make Tanzanian products less competitive in international markets. For example, agricultural products like coffee and cotton face heavy tariffs in some European countries.

Non-tariff barriers such as strict quality standards also affect Tanzanian exports. Many exporters fail to meet these standards, leading to rejection of goods like fish and horticultural products.

Limited access to international markets due to poor infrastructure and logistics systems raises transport costs. This makes Tanzanian exports expensive compared to those from countries with better transport networks.

Currency exchange rate fluctuations also hinder international trade. When the Tanzanian shilling weakens, import costs rise, while unstable rates discourage long-term export contracts.

Trade quotas and subsidies in foreign markets reduce Tanzania's trade opportunities. For instance, farmers in developed nations receive government subsidies, making their products cheaper than Tanzanian goods in global markets.

Political and economic instability in some neighboring countries affects cross-border trade. Frequent conflicts and bureaucracy delay movement of goods and discourage foreign investors.

3. Different societies in Tanzania experienced the importance of cooperative societies in their community. However, most of the cooperatives had poor endings. Explain three

factors that lead to poor endings and suggest three ways for the success of the cooperatives.

One factor leading to poor endings is mismanagement of funds. Many cooperative leaders misuse resources for personal benefit, causing financial collapse and loss of trust among members.

Another factor is lack of transparency. When leaders fail to provide clear financial reports or include members in decision-making, mistrust and withdrawal of membership occur.

Poor education and training among members also contribute. Many members lack knowledge on cooperative principles and business management, leading to poor performance and inefficiency.

To ensure success, cooperatives should implement strong financial management systems. This includes regular auditing and accountability for all transactions.

They should also promote transparency by involving members in key decisions and providing frequent progress reports.

Finally, continuous education and training for both members and leaders should be provided to improve governance, entrepreneurship, and record keeping.

4. One of the organisations uses alphabetical order filing system in keeping its office documents. In three points, suggest how this system would simplify the organisation's work and give three challenges that the organization would face in using the system.

The alphabetical filing system simplifies the organization's work by making document retrieval faster. Files are arranged according to the first letters of names, allowing easy and quick access.

It also reduces confusion because the method is simple to understand and requires no specialized training for filing clerks.

Moreover, it promotes neatness and order in record keeping since all documents follow a clear sequence from A to Z.

However, one challenge is that similar names may cause confusion. For example, files for "John Mushi" and "John Mussa" could be misplaced.

Another challenge is misfiling errors. If one document is placed in the wrong position, it can be difficult to locate, wasting time and resources.

Lastly, alphabetical filing is unsuitable for large organizations with thousands of files because it becomes bulky and hard to manage efficiently.

5. Exporters include the expenses incurred in transporting the goods to the importers in determining the price for the exported goods. In nine points, suggest the terms of sale that exporters use in price quotation.

Free on Board (FOB) means the exporter is responsible for delivering goods on board the ship, after which the importer takes responsibility for transport and insurance.

Cost, Insurance, and Freight (CIF) indicates that the exporter covers shipping and insurance up to the importer's port.

Cost and Freight (CFR) means the exporter pays for shipping costs but not insurance.

Ex-Works (EXW) means the importer bears all transport and risk costs from the exporter's premises to the final destination.

Delivered Duty Paid (DDP) shows that the exporter bears all costs including import duty up to the importer's premises.

Delivered at Frontier (DAF) applies when goods are delivered to a border point before entering another country.

Free Alongside Ship (FAS) means the exporter places goods alongside the vessel at the port, and the importer handles loading and shipment.

Free Carrier (FCA) indicates that the exporter delivers goods to a specific carrier or place designated by the importer.

Delivered Ex-Ship (DES) means goods are delivered to the importer while still on board the ship at the destination port, with the exporter covering costs up to that point.

6. In modern business, packaging and packing are inevitable. Justify the validity of this statement by using six points.

Packaging protects goods from damage during transportation and storage, ensuring they reach consumers in good condition.

It helps in identification and differentiation of products, allowing consumers to recognize brands easily in competitive markets.

Packaging also serves as a marketing tool since attractive designs and colors attract customers and influence their purchasing decisions.

It provides important product information such as ingredients, usage instructions, and expiry dates, promoting safety and informed choices.

In modern business, packaging enhances convenience for handling, storage, and transportation, reducing wastage and costs.

It also contributes to environmental sustainability by using recyclable or biodegradable materials, which improves the company's image.

7. Imagine your school projects had a total of 20 million Tanzanian shillings and the school is planning to buy a school vehicle from Japan. Suggest to the school project committee six sources of information that would be useful to make the plan successful.

The committee can use the internet to access information about car models, prices, and shipping costs directly from Japanese manufacturers and dealers.

It can consult with car importation agencies in Tanzania who specialize in vehicle procurement and shipping processes.

The school can seek advice from the Tanzania Revenue Authority (TRA) to understand import duties, taxes, and clearance procedures.

The committee can obtain information from financial institutions such as banks about international payment methods and exchange rates.

They can communicate with other schools that have imported vehicles to learn from their experiences and recommendations.

Finally, the school can refer to the Ministry of Education or government procurement guidelines to ensure the process follows national regulations and transparency standards.