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: 2009**

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

1. (a) Explain the meaning of the term “Certificate of Incorporation”.

A Certificate of Incorporation is a legal document issued by the government or relevant company registration authority that confirms the formation of a company as a separate legal entity. This certificate signifies that a company has completed all the necessary registration requirements and is now recognized by law as an independent business structure. It provides the company with legal status, allowing it to operate, enter contracts, sue or be sued, and own assets in its own name. Without this certificate, a company cannot legally conduct business as a corporate entity.

(b) State four differences between cooperative societies and public limited companies.

One major difference is in ownership structure. Cooperative societies are owned and controlled by their members, who contribute capital and share profits equally or according to their participation. In contrast, public limited companies are owned by shareholders who invest in the company through the purchase of shares, and profits are distributed as dividends based on shareholding.

Another key difference is profit motive. Cooperative societies operate primarily to serve the interests of their members, focusing on providing goods, services, or financial benefits rather than maximizing profits. Public limited companies, on the other hand, aim to generate profits for shareholders and are driven by investment returns.

The decision-making process also differs. In cooperative societies, every member has equal voting rights regardless of their capital contribution, promoting democratic management. In public limited companies, voting rights are determined by the number of shares owned, giving larger shareholders more influence in decision-making.

Additionally, capital raising methods vary. Cooperative societies raise funds through member contributions and government grants, while public limited companies raise capital through the sale of shares to the public and listing on stock exchanges. This allows public limited companies to access larger amounts of funding compared to cooperatives.

2. (a) What is cellular containership?

A cellular containership is a specialized type of cargo ship designed for the transportation of standardized shipping containers. The ship has built-in vertical container slots, known as “cells,” where containers are securely stacked and locked in place. These ships maximize efficiency by allowing rapid loading and unloading using cranes, reducing turnaround times at ports. Cellular containerships are widely used in global trade due to their ability to transport large volumes of goods efficiently and securely.

(b) Explain the benefits and limitations of using containers in transportation of goods.

One benefit of containerization is efficient handling and transport, as standardized container sizes allow for easy loading, unloading, and transfer between different transport modes, such as ships, trucks, and trains. This reduces delays and labor costs.

Another advantage is cargo security, as containers provide a sealed and locked environment that protects goods from theft, damage, and weather conditions. This is especially important for high-value or perishable goods.

Containerization also enables bulk transportation, as large volumes of goods can be shipped in one trip, reducing overall transportation costs. This makes it a cost-effective solution for international trade and large-scale logistics.

However, a limitation of container transport is high initial investment costs, as purchasing or leasing containers and investing in infrastructure such as cranes and specialized ports require significant capital. Small businesses may find it difficult to afford containerization.

Another drawback is size restrictions, as not all ports or transport facilities can accommodate large containers or container ships. Some regions lack the necessary infrastructure, making container transport less practical in certain areas.

Additionally, container imbalances can occur, where some ports receive more containers than they export, leading to logistical challenges in repositioning empty containers for reuse. This inefficiency increases operational costs.

3. (a) Distinguish between ante-dated and post-dated cheques.

An ante-dated cheque is a cheque that is issued with a date earlier than the actual date it is written. This is often done when a payer wants to reflect an earlier financial transaction or comply with an agreement that required payment on a previous date. Such cheques are legally valid as long as they are presented within the allowed clearing period.

A post-dated cheque, on the other hand, is a cheque that is issued with a future date, meaning it cannot be cashed or deposited until that specified date arrives. Post-dated cheques are commonly used for installment payments, rent, or future financial obligations, ensuring that the payer has sufficient funds by the time the cheque becomes valid.

(b) What are the essentials for valid endorsement of a cheque?

One essential requirement for a valid cheque endorsement is proper signature, where the payee or holder signs the back of the cheque to authorize its transfer or collection. The signature must match the one recorded with the bank to prevent fraud.

Another requirement is clarity and completeness, meaning the endorsement should be written clearly and include necessary instructions, such as "Pay to the order of [New Payee]" if the cheque is being transferred to another person.

The endorsement must also be done on the correct space, usually on the back of the cheque, as specified by banking regulations. Writing outside this space may result in rejection by the bank.

A valid endorsement requires the endorser to have legal ownership of the cheque. Only the rightful payee or an authorized representative can endorse it. Endorsing a cheque without proper authority can lead to legal disputes.

Lastly, the endorsement must be within the cheque's validity period, as banks do not process expired cheques. Most cheques have a validity of six months from the date of issuance.

4. Explain the advantages and disadvantages of using a telegram.

One advantage of using a telegram is speed in communication, as telegrams were historically one of the fastest ways to send urgent messages across long distances, especially before the development of telephones and emails. This made them essential for business transactions and emergency communications.

Another benefit is official record-keeping, since telegrams provided written confirmation of messages, making them useful for legal and business documentation. Unlike verbal conversations, telegrams could serve as evidence of agreements or instructions.

Additionally, telegrams ensured accurate message delivery, as they were typically concise and direct, reducing the chances of misinterpretation or communication errors. Messages were carefully transmitted by telegraph operators, ensuring clarity.

However, one disadvantage of telegrams is high costs, as sending a telegram was often more expensive than making a phone call or sending a letter, particularly for long-distance messages or lengthy text. This made telegrams less affordable for personal use.

Another drawback is limited message length, as telegrams charged by the word, forcing users to keep messages short and sometimes sacrificing important details. This limitation made it difficult to convey complex information.

Lastly, telegrams required a telegraph office for sending and receiving, making them less convenient compared to modern digital communication methods. Users had to visit a telegraph office to send a message and wait for the recipient to receive it at another office, causing delays compared to instant communication methods like email or mobile phones.

5. (a) What is a progressive tax system?

A progressive tax system is a taxation method where the tax rate increases as an individual's or business's income rises. This system is designed to ensure that higher-income earners contribute a larger percentage of their earnings compared to lower-income earners, promoting economic fairness and wealth redistribution. Progressive taxation helps reduce income inequality by requiring the wealthy to pay more, while lower-income individuals are taxed at a lower rate. This system is commonly used for income taxes and corporate taxes in many countries.

(b) Enumerate the effects of a progressive tax system.

One effect of a progressive tax system is income redistribution, as it reduces wealth concentration by requiring the rich to contribute more. The tax revenue collected from high-income earners is often used to fund social programs that benefit low-income individuals, such as education and healthcare.

Another effect is economic stability, as progressive taxes help regulate inflation and economic fluctuations. By reducing disposable income at higher income levels, excessive spending is controlled, preventing rapid inflation.

A progressive tax system also encourages government revenue generation, as higher tax rates on wealthy individuals and corporations provide funds for infrastructure projects, social security, and public services. This ensures that essential services are maintained without excessive borrowing.

Additionally, consumer spending patterns are influenced, as lower-income earners retain more of their earnings due to lower tax rates, allowing them to spend more on basic needs, which stimulates economic growth.
Lastly, progressive taxation reduces the tax burden on the poor, ensuring that individuals with lower earnings have enough disposable income to meet their essential needs, preventing poverty and social unrest.

6. (a) What is an office layout?

An office layout refers to the arrangement of furniture, equipment, and workspace within an office to maximize efficiency, productivity, and comfort for employees. A well-designed office layout ensures that employees can move freely, collaborate effectively, and access necessary resources without difficulty. Office layouts can vary depending on the nature of work, with common designs including open-plan layouts, private offices, and cubicle-based workspaces. The goal of an office layout is to create a work environment that enhances communication, minimizes distractions, and promotes a smooth workflow.

(b) Explain the benefits of a good office layout.

A good office layout improves workflow efficiency, as employees can access their workstations, files, and equipment with minimal effort. This reduces unnecessary movement and saves time, leading to increased productivity.

Another benefit is better communication and teamwork, especially in open-plan offices where employees can easily interact and share ideas. This fosters collaboration and enhances problem-solving within teams.

A well-organized office layout also improves employee comfort, reducing stress and fatigue. Proper spacing, ergonomic furniture, and good lighting contribute to a healthier work environment, leading to higher job satisfaction.

Space utilization is another key advantage, as a good office layout ensures that available space is used effectively without overcrowding or wasted areas. Proper planning allows businesses to accommodate more employees and equipment efficiently.

Additionally, a good office layout enhances safety and organization by minimizing hazards such as tangled wires, misplaced files, and blocked emergency exits. A structured workspace reduces accidents and ensures compliance with workplace safety regulations.

Lastly, an attractive and professional office layout helps impress clients and visitors, creating a positive business image. A well-maintained workspace reflects a company's commitment to professionalism, boosting trust and credibility.

7. (a) Distinguish between managerial directing and managerial controlling.

Managerial directing is the process of guiding, leading, and motivating employees to perform their duties effectively. It involves setting goals, assigning tasks, providing instructions, and ensuring that employees stay focused on organizational objectives. Directing requires strong leadership, communication skills, and the ability to inspire workers to achieve high performance.

Managerial controlling, on the other hand, is the process of monitoring and evaluating employee performance to ensure that business activities align with company goals. Controlling involves setting performance standards, measuring actual performance, identifying deviations, and implementing corrective actions if necessary. While directing focuses on leading and influencing employees, controlling ensures that tasks are completed as planned and that organizational targets are met.

(b) What is the importance of managerial directing?

Managerial directing ensures that employees understand their roles and responsibilities, preventing confusion and inefficiency in the workplace. Clear instructions and guidance help workers stay focused and productive.

Another important aspect of directing is employee motivation. Effective leadership encourages employees to put in their best efforts, leading to increased job satisfaction and higher performance. Managers achieve this by providing incentives, recognition, and opportunities for growth.

Directing also plays a key role in coordinating business operations. Managers ensure that different departments work together smoothly, preventing conflicts and ensuring that company objectives are met efficiently.

Another benefit is faster decision-making, as managers actively guide and supervise employees, allowing them to address challenges quickly. This helps the business remain adaptable and responsive to changing market conditions.

Additionally, managerial directing contributes to employee development, as continuous feedback and guidance help workers improve their skills and grow professionally. Well-directed employees are more likely to contribute positively to the company's success.

Finally, directing enhances business efficiency, as managers ensure that employees use resources effectively, reduce wastage, and focus on tasks that generate value for the organization.

8. (a) What is meant by the term "advertising media"?

Advertising media refers to the various communication channels used by businesses to promote their products or services to potential customers. These media include television, radio, newspapers, magazines, billboards, social media, and online platforms. The choice of advertising media depends on factors such as target audience, budget, product type, and market reach. Effective advertising media help businesses create brand awareness, attract customers, and increase sales.

(b) Describe the advantages and disadvantages of television as a broadcast media.

One advantage of television advertising is its wide reach, as TV broadcasts can reach millions of viewers across different regions, making it an effective platform for promoting products on a large scale. This makes it particularly useful for national and international brands.

Another benefit is visual appeal and engagement. Television advertisements combine sound, motion, color, and storytelling to capture audience attention and make messages more memorable. Unlike print or radio ads, TV commercials create a strong emotional connection with viewers.

Television also provides targeted advertising, allowing businesses to air commercials during specific programs that appeal to their intended audience. For example, a sports brand can advertise during live sports events, ensuring they reach sports enthusiasts.

However, one major disadvantage of television advertising is its high cost. Producing high-quality commercials and purchasing prime-time advertising slots can be very expensive, making TV ads less accessible to small businesses.

Another drawback is limited audience attention, as many viewers switch channels or use digital streaming services, reducing the effectiveness of traditional TV commercials. Additionally, people often engage in other activities during commercial breaks, reducing message retention.

Lastly, television advertising has short exposure time, as commercials are typically brief and require repetition to be effective. Unlike print or online ads that remain accessible for longer, TV ads disappear once the commercial ends, requiring businesses to invest in frequent broadcasts to maintain visibility.