

**THE UNITED REPUBLIC OF TANZANIA**

**PRESIDENT'S OFFICE**

**REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT**

**DODOMA REGION FORM SIX MOCK EXAMINATIONS**

**COMMERCE 2**

**Code: 152/2**

**November, 2023**

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**Marking Guide**

**1. Multilateral trade has led to the growth and development of trade in the world. Currently most economies are unable to exclude themselves from this trade. With reference to Tanzania, provide six views on how this trade is essential towards economic growth and development.**

Multilateral trade; refers to trade that involves more than two countries. A country may import or export goods from or to many countries e.g., Japan, China, Italy among others.

***(Introduction 2.5 Mrks)***

Multilateral trade is essential towards economic growth and development of Tanzania in the following ways: -

- i. Encourages the inflow of foreign resources like technology which helps to develop a country. Thus, international trade enables a country to get what cannot be produced. For example, Tanzania imports vehicles and other goods from other countries.
- ii. Widens the market since the number of people consuming the commodity continues to increase due to high demand from other countries.
- iii. Promotes healthy competition among local and foreign producers. This helps to improve on the quality of goods in order to be accepted in various countries.
- iv. Promotes friendship among nations since people move from one country to another which lead to international understanding.
- v. Encourages the supply of a variety of goods from the various counties.
- vi. Provides employment opportunities since it encourages many people to be involved in trade; for example, the importers and exporters.

- vii. Promotes specialisation which leads to greater output; since it is easy for countries to exchange their goods by selling.
- viii. Enables the citizen of the country to have a wider choice of goods and services, which helps to improve their standard of living.
- ix. Enables a country to dispose of its surplus goods, which would otherwise have to be destroyed due to lack of a market at home. This enables it to earn foreign exchange which is used to develop projects in the country.
- x. Earns revenue for the government through import and export duties. This enables the country to fund its development projects.
- xi. Domestic entrepreneurs are able to acquire skills from high quality modern technology from developed countries. This improves the quality of goods produced.

*(Any 6 well explained points = 15 Marks)*

*Conclusion = 2.5 Marks*

*Total = 20 Marks*

**2. You are required to prepare a presentation to the businessmen in Singida town on how they can recognize the common salient features of both private and public limited companies. (Provide six points).**

Private limited company refers to the business entity which limits the owners' liabilities to their shares. It is a company which restricts the right of its members to transfer its shares and it does not send the invitation to the public for subscription of its shares. It restricts/limits the number of shareholders from 2 to 50, and restricts shareholders from public trading shares. *(1.25 Marks)*

**WHILE**

A Public Limited company is a business unit with a minimum of seven (7) members and no specific maximum membership with the intention of carrying on business and sharing of profits accrued. The maximum membership is normally determined by the number of authorised shares of the company. The public limited company may have its name ending with "PLC" i.e., Public Limited Company (in Britain) or "Inc" i.e., incorporated (in US). Its name must however end with the word "Limited". *(1.25 Marks)*

The following are the common salient features of both private and public limited companies.

- i. They both have property which belongs to the Company; shareholders do not own company property privately.
- ii. Both have common company seal that must appear on documents.
- iii. They are both separate entities differing from members; thus, they can sue or be sued.
- iv. In both, liability of the shareholders is limited to their capital contribution.
- v. There is perpetual existence.
- vi. There is separation of management from owners.
- vii. Capital is divided into equal units called shares.

*(Any 6 well explained points = 15 Marks @ 2.5)*

*Conclusion 2.5 Marks*

*Total = 20 Marks*

**3. Developing countries have failed to collect taxes effectively because of poor techniques used. Suggest six strategies which can be adopted to improve tax collection in your country.**

A tax is a compulsory contribution to the state in form of money by an individual or company to help the government finance its recurrent and development expenditures.

*(Introduction 2.5 Marks)*

The following are the strategies which can be adopted to improve tax collection in Tanzania:

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- i. Introduction of comprehensive tax payers registration in which every tax payer is assigned a tax indication number (TIN). This minimises the incidence of tax evasion.
- ii. Developing employment policies by creating more jobs; these can be intended to have many people to get gainful employment which will help to widen the tax base
- iii. Educating and sensitising the masses about the importance of paying taxes and keeping of business records.
- iv. Introduction of Agro-based industries that add value to agricultural products. This will widen the tax base.
- v. Modernising and monetising the agricultural sector to promote commercial agriculture which would increase agriculture incomes as well as taxable incomes.

- vi. Smuggling can be checked by creating anti-smuggling units, ensure fair tax assessment and incentives for compliance in paying taxes.

*(Any 6 well explained points = 15 Marks @ 2.5)*

*Conclusion 2.5 Marks*

*Total = 20 Marks*

4. The commercial club in your school arranged a debate with a motion “Open office is better than traditional office.” In six points, oppose the motion.

An open/landscape office refers to an office which is large whereby many workers/officers can work together with their management. In an open-office environment, employee workstations are located together rather than in individual cubicles or private offices. *(1.25 Mrks)*

### **WHILE**

The traditional office is a type of office system whereby different rooms are given to various divisions of a department in an organization such that each staff has his/her own office. It is the opposite of the open plan office. *(1.25 Marks)*

An open office is not better than the traditional office because of the following reasons:-

- i. May lead to noise, the high level of everyday interaction that takes place in an undivided work space may lead to noise and distractions that make it difficult for employees to focus on their work and conduct business.
- ii. Open-plan layouts also facilitate the spread of disease such as cough and flue, so if a colleague comes to work, such diseases can affect the health of the entire staff. Business output also may be reduced by the higher rate of absenteeism associated with open-plan environments in which disease spreads more easily.
- iii. Distractions; one of the biggest drawbacks of an open office is the amount of distractions. Multiple conversations occurring in the office throughout the day can be heard, both in person and on the phone. You may even start to notice a co-worker’s annoying little habits, which can draw your attention away from your work. The distractions caused by frequent interactions among staff members and high levels of noise can result in decreased productivity. In addition, the lack of privacy inherent in open-plan designs may give rise to legal or ethical issues stemming from compromised confidentiality in regard to clients or colleagues.

- iv. Lack of Privacy; most people in favour of cubicles tend to dismiss the open-office concept because it doesn't offer any privacy. Lack of privacy is a potential problem, whereby computer screens are easily visible by those walking by and telephone conversations are likely to be overheard. When you are working next to several other people in close quarters, it is true that you cannot make a private phone call without someone overhearing.
- v. Stress; given their lack of privacy and increased distractions, open-office spaces can be more stressful on employees. When this happens, they quit. Older candidates are also more likely to be passed over for younger applicants in open-office environments.
- vi. It is expensive in terms of buying furniture for each and every employee. For instance each employee requires a table and a chair, and if there 20 employees sharing the same office, the organization incurs a lot of expenses in purchasing the furniture needed.

*(Any 6 well explained points = 15 Marks @ 2.5)*

*Conclusion 2.5 Marks*

*Total = 20 Marks*

- 5. “Whenever business contracts are made, they must adhere to their validity.” Support this statement by explaining four salient features of a valid contract, and explain four points how contracts are important in modern commerce.**

A contract is an agreement which has legal binding by which one or several persons bind themselves, towards one or several others, to transfer, to do or not to do something. It is an agreement of wills by which one or several persons obligate themselves to one or several persons to perform a given task enforced by the law. *(Introduction 02 Marks)*

The following are the salient features of a valid contract

- i. Offer and acceptance; there must be an offer by one party and acceptance by the other. An offer refers to an invitation by the offeror to the offeree to accept. The offer may have conditions attached for the offeree to accept provided that the latter had reasonable notice of such conditions. For example, the goods bearing marked prices displayed in a shop or catalogue or an advertisement on particular product which are only invitation for an offer to be made by the buyer.

- ii. Legal Relationship; the parties to an agreement must create legal relationship. It arises when parties know that if one of them does not fulfil his part of promise, he/she'll be liable for the failure of the contract.
- iii. Lawful consideration; there must be something valuable whether tangible or intangible which is given in exchange for another valuable thing; for example, giving money (50000 Shs) in exchange of a watch; therefore, a watch is consideration for money. A consideration means something in return.
- iv. Contractual capacity; the parties must be legally capable of entering into a contract i.e. the ability to understand the consequences of particular transaction. For example, people below the age of 18 years should be prohibited by the law to enter into a contract because they are minors; also people who are drunk, insane should be prohibited since they are lacking the contractual capacity.
- v. Forms of contract; the contract may be in writing or may be orally, or it may be partly in writing and partially made in words of mouth. Thus, it may be implied or explicit, and it may be verbal or in writing.
- vi. Definite term (contents of contract); terms of the contract must be clear; if they are ambiguous and difficult to understand, the courts of law will not enforce them. Terms of contract are issues which have to be discussed while negotiating a contract and have to be agreed upon before the contract is made. The terms of contracts specify the rights and duties of the parties to the contract. Terms of contract can be express or implied.
- vii. Legal objectives; the subject matter must be of legal nature; any agreements which are contrary to the public policy are not allowed since they do not have any legal force. For example, all types of agreement to commit crime are not valid and if one party fails to perform his part, the other party has no alternative.
- viii. Genuine consent; this means that the parties must have freely reached agreement and there has been no fraud, misinterpretation, mistake, threat or under pressure exerted upon to one of the parties. None of the parties should be forced to enter the contract.

*(Any 4 well explained points = 08 @ 02 Marks)*

The following are the importance of contracts in modern Commerce: -

- i. **Helps to safeguard individuals** and their resources against risks. In business, for instance to have trust that employees will get paid, this makes sure that employees get paid. And also for employers to have trust to their employees that they will work accordingly.

- ii. **Define the Scope of Work;** when performing the job, it helps to have a clearly defined scope of work. During the course of the relationship. For instance, the tasks given to each employee.
- iii. **Contracts Help to Avoid Misunderstandings;** a business contract states the terms and conditions of any business transaction, including product sales and delivery of services. This helps the parties involved to avoid any type of misunderstanding that may arise in the absence of a written contract.
- iv. **Increases sales in the business;** a written contract/document is not only a legal document; it can also be used as a marketing tool for instance the receipts obtained from different business units. It provides evidence to your client that you are in control and once the scope of works has been defined in writing, it could lead the client broadening the services to be provided.
- v. **Indicates negotiation and parts of a contract; a contract consists of an offer and acceptance, and sometimes, a counteroffer. The offer constitutes a statement that specifies that a person or business is ready to enter into an agreement on some specific terms and conditions. The acceptance comes from the person who accepts the offer on the basis of those terms and conditions.**
- vi. **Provides proof for transactions;** a contract signed by two parties is also a valid proof that a specific transaction has to take place as per the conditions laid down in it. If the other party involved in the deal tries to deny, the other party can rely on the contract to take the party to court and get justice.

*(Any 4 well explained points = 08 @ 02 Marks)*

*Conclusion 02 Marks*

*Total = 20 Marks*

6. **Consumers are always exposed to the consumption of sub-standard and expired goods despite the Government's efforts to promote consumerism. Assess the initiatives that can be adopted by both the consumers and Government to promote consumerism. (Give four points for each case)**

Consumerism refers to the deliberate, conscious policies taken up by the government law to protect consumers from being exploited by the business world. The policies are aimed at safeguarding consumers from dangerous, inferior commodities and from misleading

advertisements and other forms of exploitation by the sellers, and producers.

***(Introduction 02 Marks)***

**The following are the initiatives that can be adopted by consumers to promote consumerism: -**

- i. Consumers can gather enough information about the price of product before doing the actual purchase. This can be by moving around several shops and reading various prices which provide such information.
- ii. Consumers should claim for necessary documents such as receipts, invoices, warranty and so on when doing purchases. These documents help during the period of complication.
- iii. Obtaining necessary advise from other people about a product which has been advertised in order to protect from being cheated by unfaithful traders.
- iv. By providing information to government and non-government commercial consumer organizations in market.
- v. Forming consumers' associations like the Tanzania consumers' protection Association (TCPA). This body protects the consumers (public) from any kind of exploitation. It protects the consumers (public) against high prices, poor quality products and also warns the public about the dangers of consuming low quality products by putting warning messages on newspapers, radios, TV, etc.
- vi. Conducting seminars through which to advise the consumers. In such seminars, the consumers are sensitized about the various ways through which traders can exploit them. These seminars can also be facilitated by TCPA.
- vii. Consumers can also stage demonstrations and boycott against a particular commodity when they are dissatisfied.
- viii. Setting up consumers' cooperatives societies. These societies buy the requirements for their members in large quantities and sell at lower prices. Therefore, they assist the consumers to get their requirements at lower prices instead of buying from other traders who charge at high prices.

***(Any 4 points = 08 Marks @ 02 Marks)***

**The following are the initiatives that can be adopted by government to promote consumerism: -**

- i. Weights and measures department; the ministry of commerce and industries ensures that the use of accurate weights and measures i.e., standard weights and measures to enable consumers acquire the products of right quantity. Traders are required to use exact weights and measurements. They must be indicated on the goods packed.
- ii. Health inspection; the health inspectorate through the ministry of health is charged with the duty to ensure provision of high standard health services in different health centres, hospitals, clinics, drug shops among others to ensure quality drugs and services are provided to consumers.
- iii. Fixing prices by setting minimum price or maximum prices; the minimum price is the price set by government that is above the equilibrium, below which it is legal to sell. It is intended to protect weak producers from exploitation by strong buyers. The maximum price is the price set by government below the equilibrium price, in which it is illegal to sell. It is intended to protect consumers from profit minded traders and producers and minimise unnecessary price likes.
- iv. Administrative regulations; for instance, there is licensing rules and regulations that should be observed. Licensing of firms involved in business including food stuffs, drugs among others. This is intended to ensure efficient usage of products and cleanliness.
- v. Product certification; Tanzania Bureau of Standards (tbs) carries out certification of goods proved to pass the set standards and certificates are issued to firms.
- vi. Consumer associations; the government encourages the formation of consumer associations to protect their interests.
- vii. Promotion of consumer information; producers of certain items like cigarettes and alcohol may be required by law to explicitly warn the consumers in their adverts about the dangers of their products. For example, “cigarette smoking is dangerous to your health”, “not allowed below 18 years”, “Do not drink and drive”, etc.
- viii. Legal measures; the government forms act to control the activities of traders including sale of goods act. This affords protection by setting down conditions and warranties expressly by the seller to the buyer.
- ix. Tanzania bureau of standards (TBS)

***(Any 4 points = 08 Marks @ 02 Marks)***

***Conclusion 02***

***Total = 10 marks***

**7. In case you happen to be employed by Bakhresa Ltd Company as the sales manager, explain how the functions of management will help you to improve the company's business achievements. (Explain 7 points)**

Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of group goals. Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way.

*(Introduction 1.5 Mrks)*

The functions of management will help me to improve the company's business achievements in the following ways: -

- |                |                   |
|----------------|-------------------|
| i. Planning    | v. Controlling    |
| ii. Organising | vi. Co-ordinating |
| iii. Staffing  | vii. Reporting    |
| iv. Directing  | viii. Budgeting   |

**(Any 7 well explained points = 17.5 Marks @ 2.5)**

**(Conclusion 01 Mrk)**

**Total = 20 Marks**

