

SECTION A (20 Marks)

1. The major purpose of commerce is to
 - A. produce goods and services
 - B. promote trade
 - C. satisfy human wants
 - D. protect consumers

2. The two major kinds of goods are
 - A. substitutes and complements
 - B. free goods and paid for goods
 - C. private goods and public goods
 - D. consumer goods and producer goods

3. The process of adding ingredients to a product to come up with a product of good favour is known as
 - A. branding
 - B. blending
 - C. packaging
 - D. auctioning

4. A trader had an average stock Shs.200,000, rate of stock turn of 4 times and a net sales of Shs. 1,200,000. Calculate his gross profit.
 - A. Shs 800,000
 - B. Shs.4,800,000
 - C. Shs.400,000
 - D. Shs.1,200,000

Which one of the following price quotations includes only the cost of goods at the factory?

- A. F.O.B
- B. Ex-works
- C. Franco
- D. C.I.F

Profits made by Kenya commercial bank in Uganda are

- A. invisible imports for Uganda
- B. visible exports for Kenya
- C. visible imports for Uganda
- D. invisible export for Uganda

- Document which forms a basis for correct calculation of the customs duty is called
- A. certificate of origin
 - B. letter of credit
 - C. indent
 - D. consular invoice
8. Marketing boards which deal in the marketing of a variety of commodities are called
- A. commodity marketing boards
 - B. advisory marketing boards
 - C. produce marketing boards
 - D. statutory marketing boards
9. Vessels which do not follow a specific route and time table are termed as
- A. liners
 - B. tramps
 - C. roll-on-roll-off
 - D. bulk carriers
10. Given that the business has closing stock of Shs. 50,000, cash at hand of Shs. 30,000, bank overdraft of Shs. 40,000 and Rent paid in advance of 20,000 calculate its working capital
- A. Shs. 20,000 B. Shs. 40,000 C. Shs. 80,000 D. Shs. 60,000
11. A situation where a firm allows other firms to use its brand name is called
- A. leasing
 - B. mortgaging
 - C. franchising
 - D. takeover
12. Which one of the following departments handles legal affairs of the warehouse?
- A. accounts department
 - B. secretary department
 - C. sales department
 - D. purchases department
13. Mr. Kasata of Lwaza holdings prepared one cheque to pay all his thirty employees. This bank service is called
- A. credit transfer
 - B. standing order
 - C. bank draft
 - D. bank overdraft

14. Which means of advertising should Bill gates suitably use to advertise a newly invented high speed computer?
- A. Radio.
 - B. Newspapers.
 - C. Neon signs.
 - D. Televisions.
15. A tax levied on goods which are produced and consumed within a country is called.
- A. specific tax
 - B. customs duty
 - C. excise duty
 - D. advalorem tax
16. The trader who buys and sells shares and other securities in his own name is referred to as
- A. broker
 - B. jobber
 - C. del-credere agent
 - D. commission agent
17. The following circumstances can lead to winding up of a company **except**
- A. court orders
 - B. acting ultra vires
 - C. death of a shareholder
 - D. bankruptcy
18. Which one of the following documents is a reply to a letter of inquiry?
- A. invoice
 - B. catalogue
 - C. dispatch note
 - D. proforma invoice
19. Insurance experts who determine the premium to be paid on insured property are called
- A. Assessors
 - B. Actuaries
 - C. Re-insurers.
 - D. Underwriters.
20. Net profit expressed as a percentage of net sales of a business is termed as
- A. rate of return on capital
 - B. markup
 - C. net profit ratio
 - D. margin

SECTION B (80Marks)

Answer any four questions in this section

- 21a) Distinguish between **demand** and **supply** (04marks)
 b) Mention **eight** factors that affect the producer's decision to offer a commodity for sale (16marks)
- 22a) Outline any **four** channels of distribution of goods in home trade (04marks)
 b) Under what circumstance may trade go on without the services of a wholesaler? (16marks)
- 23a) Distinguish between **divestiture** and **mortgaging** (04marks)
 b) Why has the government of Uganda continued to sell off its enterprises? (10marks)
 c) State six ways in which the government of Uganda controls the private sector (06marks)
- 24a) Explain any **four** types of warehouses (08marks)
 b) Mention the role played by warehousing in the development of trade (12marks)
- 25a) What role is played by commercial banks in development of trade in Uganda today? (10marks)
 b) Give the factors considered by a bank manager before granting a loan (10marks)
- 26a) Why is it necessary for consumers to be protected? (10marks)
 b) What methods are used by the government to guard consumers? (10marks)
- 27a) Explain the **four** different forms of amalgamation of firms? (08marks)
 b) Mention six advantages of amalgamating firms (12marks)
- 28a) Distinguish between **stock taking** and **stock valuation** (04marks)
 b) The following information was extracted from the books of Busagwa a famous trader in Ibulanku trading centre.

Capital	Shs. 3,550,000	Land	Shs. 3,000,000
Debentures	Shs. 1,500,000	Buildings	Shs. 1,200,000
Bank loan	Shs. 380,000	Good will	Shs. 800,000
Creditors	Shs. 40,000	Fixtures and fittings	Shs. 300,000
Bank overdraft	Shs. 60,000	Stock	Shs. 150,000
Accrued Wages	Shs. 20,000	Cash at bank	Shs. 100,000
		Debtors	Shs. 120,000
	Shs.5,550,000		Shs. 5,550,000

The following additional information is also available:-

Purchases	Shs. 1,000,000
Returns outwards	5% of purchases
Opening stock	Shs. 500,000

Calculate:-

- i) Cost of sales (04marks)
- ii) Rate of stock turn (03marks)
- iii) Working capital (03marks)
- iv) Borrowed capital (03marks)
- v) Liquid ratio (03marks)

END