

DEPARTMENT OF COMMERCE  
COMMERCE PAPER  
TIME: 2 HOURS

**Instructions**

Answer all questions in section A and any four in section b

**SECTION A**

1. An agent who has restricted power to contract for his principal is known as.....
  - A. Broker
  - B. A general Agent
  - C. A factor
  - D. A del-credere agent
  
2. If a retailer net profit is 51% of his turn over and his gross profit is 35% of his turn over. What Percentage of turnover are his trading expenses?
  - A. 20
  - B. 2
  - C. 50
  - D. 52.2
  
3. A stale cheque is one which is.....
  - A. Six weeks from the date of drawing
  - B. Six month from the date of drawing
  - C. One week from the date of drawing
  - D. Presented before the date which appears on its face?
  
4. With an overdraft a customer pays interest
  - A. Yearly
  - B. When the loan is prepaid
  - C. At a fixed rate every month
  - D. on the outstanding balance
  
5. If its liabilities are greater than its assets, a business is
  - A. Required to buy more Assets
  - B. Solvent
  - C. Profiteering
  - D. Insolvent
  
6. Inland water ways are suitable for transporting .....commodities
  - A. Small and light weight
  - B. Mails
  - C. Bulky and non-perishable
  - D. fruits and vegetables
  
7. Advertising could lead to lower prices because
  - A. Advertisements are in expensive

- B. Goods which are never advertised never sell
  - C. It could lead to increased output
  - D. The cost of advertising has to be added to the price of the product
8. A limited partner
- A. Takes an active part in the firm
  - B. Is not entitled to any profit
  - C. Bears losses only to a stated sum
  - D. Does not bear any losses
9. A marketing board may buy produce through three channels, which of the following is not a usual channel?
- A. Wholesalers
  - B. Large scale farmers
  - C. Cooperative societies
  - D. appointed buying Agent
10. Which of the following is not a responsibility of custom authorities?
- A. Provision of unloading equipments
  - B. Collection custom dues
  - C. Maintaining the dry dock
  - D. Providing re-fueling facilities
11. Nakimuli bought goods and paid Shs. 85,000/=. She was given a trade discount of 10% and a cash discount of 5%. What was the cost of goods
- A. Ss. 100,000/=
  - B. Shs 99,415/=
  - C. Shs 73,674/=
  - D. Shs 72,250/=
12. The gross profit expressed as a percentage of the selling price is known as
- A. Cost of sales
  - B. Margin
  - C. mark up
  - D. Rate of stock turn
13. Which one is the current order of flow of documents in home trade?
- A. Price current, order, Advice not, Invoice and Debit note
  - B. Order, Price current, Invoice, Advice note, Debit note
  - C. Price current, Invoice, Order, Advice note and Debit notes
  - D. Price current, Order, Advice note, Debit note and Invoice
14. The group of people who agree to act collectively for a common objectives is referred to as
- A. Partnership
  - C. Non-governmental organization (NGOs)

B. Community based Associations D. A cooperative society

15. The total of non-current Assets of a business organization is known as.....

- A. Fixed capital
- B. Borrowed capital
- C. capital owned
- D. capital employed

16. The post facility which used is used to send money in case of an emergency is called.....

- A. Registered post
- B. Postal order
- C. Telegraphic money transfer
- D. Expedited mail service

17. Which of the following accounts is suitable for a businessman?

- A. Current Accounts
- B. Savings Accounts
- C. Salary Account
- D. Time deposit Account

18. Assessors in insurance are responsible for;

- A. Determining premiums
- B. Estimating the extent of damage and value.
- C. Talking scrap of the destroyed property
- D. The calculation of the sum insured.

19. Mr. Roland wrote to Barclay main branch to pay Mr. Baguma a sum of 5,000,000 Uganda Shillings. Barclays bank main branch is referred to as .....

- A. Drawer
- B. Drawee
- C. Payee
- D. Banker

20. Calculate the cost of goods sold from the following information

	Shs
Opening stock	50,000
Purchases	280,000
Closing stock	40,000
A. Shs 330,000	C. Shs 240,000
B. Shs 290,000	D. Shs 370,000

21. Which of the following methods of trade restriction is being used by OPEC

- A. Quotas
- B. Tariffs
- C. Total ban
- D. Price controls

**SECTION B**

22. (a) Using illustrations, state the law of Demand. (4mks)

(b) Under what circumstances may a producer supply less of a given

- commodity. (16mks)
23. (a) Define the term partnership. (2mks)  
 (b) Explain the characteristics of a partnership. (8mks)  
 (c) Under what circumstances may a partnership be dissolved. (10mks)
24. (a) Define the term warehousing as used in commerce. (2mks)  
 (b) What role does warehousing play in promotion of trade? (9mks)  
 (c) Explain the characteristics of good warehouse. (9mks)
25. (a) Differentiate between the following terms  
 (i) Bi-lateral trade and multi-lateral trade. (2mks)  
 (ii) Open indent and closed indent. (2mks)
- (b) Explain the reasons why countries limit the volume of trade with other countries. (7mks)
- (c) Explain the measures taken by government to promote regional trade. (7mks)
26. (a) Define the term wholesale trade. (2mks)  
 (b) With a well labeled diagram illustrate the chains of distribution of goods. (8mks)  
 (c) Under what circumstance may the service of a wholesaler not be required? (10mks)
27. (a) Distinguish between the following terms  
 (i) Over insurance and co-insurance. (2mks)  
 (ii) Reinsurance and co-insurance (2mks)
- (b) Name and briefly explain the principles of Insurance. (10mks)
- (c) Explain the steps involved in taking out an insurance policy. (6mks)
28. Distinguish between the following  
 (i) Open cheque and crossed cheque  
 (ii) Bank loan and Bank overdraft
- (b) Explain the functions of commercial banks
- (c) Under what conditions may the bank refer the cheque to the drawer?
29. The following information was extracted from books of COLLINS Enterprises as on 31<sup>st</sup> December 2017

**COLLINS ENTERPRISES BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2016**

Capital	10,000,000	Premises	15,000,000
Loan	18,000,000	Machinery	14,000,000
Creditor	1,500,000	Furniture	1,600,000
Bank overdraft	2,000,000	Motor vehicle	8,600,000
Debentures	12,000,000	Stock	1,100,000
Accreted rent	500,000	Debtors	2,400,000
		Cash	900,000
		Prepared electricity	400,000
	<b>44,000,000</b>		<b>44,000,000</b>

### Addition information

(i)	Stock 1/1 2016	Shs 600,000
(ii)	Purchases	Shs 2,200,000
(iii)	Turnover	Shs 2,800,000
(iv)	Expenses	Shs 400,000

Required to calculate

(a)	Cost of sales	(3mks)
(b)	Gross profit	(2mks)
(c)	Net profits	(2mks)
(d)	Working capital	(3mks)
(e)	Rate of stock turn	(4mks)
(f)	Borrowed capital	(2mks)
(g)	Capital employed	(2mks)
(h)	Rate of return on capital	(2mks)

**END**

**I SEE GREATNESS IN YOU!!!**