

UNEB U.C.E COMMERCE 2004

SECTION A: (20 marks)

1. The main purpose of a cash discount to a seller is to

- A) Sell in large quantities
- B) Attract more customers
- C) Encourage prompt settlement of bills
- D) Retain regular customers

2. Which of the following may a drawer use to pay rent to a landlord on monthly basis for a year

- A) Credit transfer
- B) Money order
- C) Bank draft
- D) Standing order

3. A commission agent is one who

- A) Links buyers and sellers for a fee
- B) Sells good on behalf of the manufacturer
- C) Sells goods by auction
- D) Guarantees payment for the principal

4. A credit transaction is one where payment

- A) Is done before goods and services are delivered
- B) For goods and services is done at a later date
- C) Is higher than the value of goods and services purchased
- D) And transfer of goods takes place at the same time

5. A trader purchased goods worth shs2, 000,000 and was allowed 20% trade discount. Calculate how much was paid.

- A) Shs1,520,000
- B) Shs1,600,000
- C) Shs1,500,000
- D) Shs1,700,000

6. A price quotation which excludes the buyer from all import expenses is referred to as

- A) Ex-works
- B) In-bond
- C) Franco
- D) Loco

7. The most suitable form of transporting ammunition, newspaper and gold from Kampala to Dar-es-Salaam is

- A) Road

- B) Air
- C) Water
- D) Rail

8. A debenture where some property is pledged against is called

- A) irredeemable debenture
- B) naked debenture
- C) redeemable debenture
- D) mortgaged debenture

9. Which one of the following insurance policies is compulsory for all vehicles?

- A) Comprehensive
- B) Accident policy
- C) Fidelity guarantee
- D) Third party

10. A firm invested shs.3, 000,000 and after one year it had earned shs.900,000 as profit. Only shs.300, 000 was spent on rent. Calculate the rate of return on capital invested.

- A) $81\frac{1}{3}\%$
- B) $161\frac{1}{3}\%$
- C) 25%
- D) $331\frac{1}{3}\%$

11. Identify from the following, a document drawn and signed by a person who owes money.

- A) Promissory note
- B) Statement of account
- C) Credit note
- D) Bill of exchange

12. Tertiary production includes

- A) Trading and hunting
- B) Retail trade and teaching
- C) Construction and oil refining
- D) Wholesaling and farming

13. Which one of the following statement is correct about co-operatives?

- A) Members share profits equality.
- B) Decision making is according to the number of shares held.
- C) Profits are shared according to participation.
- D) The number of membership is limited to fifty

14. The government may set up a business enterprise to

- A) Earn more profit
- B) Enlighten the public on how to conduct business.
- C) Provide essential services
- D) Sell shares to members of the public

15. The most common form of business in East Africa is

- A) Sole proprietorship
- B) Partnership
- C) Joint stock companies
- D) Co-operatives

16. Calculate the opening stock for a business whose closing stock was shs.3,600,000 and the average stock was shs.3,000,000.

- A) Shs.9,600,000
- B) Shs.2,400,000
- C) Shs.3,300,000
- D) Shs.600,000

17. A partner who contributes capital, shares profits and losses but does not take part in the day-to-day running of a business is a

- A) Limited partner
- B) Quasi partner
- C) General partner
- D) Dormant partner

18. The form of advertising commonly used by Uganda breweries ltd is

- A) Informative
- B) Mass
- C) Persuasive
- D) Indirect

19. The document that acknowledges settlement of a debt is

- A) An order
- B) An invoice
- C) A statement of account
- D) A receipt

20. An example of business organization that belong to the public sector in Uganda is

- A) Corporations
- B) Limited companies
- C) Marketing boards
- D) Co-operatives

SECTION B (80 marks)

21. a) What are the qualities of a good retailer?

b) State any three advantages of installment selling to a:

i) Seller,

ii) Consumer.

22. a) Define the following terms as used in insurance:

i) premium

ii) policy

iii) risk

iv) cover note

b) Explain the importance of any four principles of insurance.

23. a) Mention any four types of information a business should give to enable the advertising agent design a suitable advertisement.

b) Apart from advertising, what other methods may a trader use to promote sales of the business?

24. a) Name main features of a cheque.

b) Give five advantages of using a cheque as a method of payment.

c) Why are cheques not widely used in Uganda?

25. a) i) Define a partnership deed.

ii) State any eight items contained in a partnership deed.

b) What are the advantages of partnership over sole proprietorship?

26. a) Distinguish between the following:

i) consumer goods and producer goods

ii) primary production and secondary production

b) Explain any four factors of production indicating a reward for each.

27. a) What benefits do countries get from international trade?

b) Why do countries put restrictions on international trade?

28. a) Differentiate between margin and mark-up.

b) The following information relates to a retailer's business for the year ending 31st December, 2003:

Stock on 1st January shs.344, 300

Stock on 31st December shs.267, 200

Net purchases shs.2, 122,900

Mark -up 40%

Expenses shs.458, 000

Calculate i) cost of sales

ii) Average stock

iii) Rate of stock turn

iv) Net profit.

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