

UNEB U.C.E COMMERCE 2006

SECTION A: (20 marks)

1. An evidence of agreements between the insurer and the insured is called
 - A) Cover note
 - B) Insurable interest
 - C) Policy
 - D) Fidelity guarantee
2. Import trade is sometimes controlled because it
 - A) Protects growth of infant industries
 - B) Reduces government revenue
 - C) Creates employment in the exporting countries
 - D) Hinders standard of living in importing country.
3. One major advantage of a partnership business over a sole proprietor business is that
 - A) There is quicker decision making
 - B) More capital is realized
 - C) Higher profits are enjoyed
 - D) There is more dedication to the business
4. A non-accumulative preference share holder, has missed each dividends for the last 3years due to lack of profit. If he holds 50 shares each of shs10,000 at a rate of 6%, how much dividend will he get this year?
 - A) Shs18,000
 - B) Shs60,000
 - C) Shs90,000
 - D) Shs30,000
5. Advertising is important because it
 - A) Decrease costs of production
 - B) Creates the demand for goods and services
 - C) Discourages competition.
6. An agent who guarantees payment for goods sold on behalf of the the principle is called
 - A) Broker
 - B) Jobber
 - C) Del-credere
 - D) Factor
7. Which of the following types of accounts is most suitable for a business?
 - A) Current Accounts

- B) Savings Accounts
- C) Fixed Deposit Account
- D) Salary Account

8. A trader buys 100 packets of sugar coated biscuits from a wholesale shop. The price per packet is shs300 and trade discount is 20%. How much will the wholesaler be paid?

- A) Shs36,000
- B) Shs6,000
- C) Shs30,000
- D) Shs24,000

9. The main advantage of specialization is that it

- A) Saves time
- B) Allows constant use of machinery
- C) Leads to production of more goods
- D) Promotes development of skills.

10. The spreading of risks by an insurance company among several insurers is referred to as

- A) Co-insurance
- B) Assurance
- C) Underwriting
- D) Subrogation

11. Cash discount is allowed to all customers who

- A) Buy regulary
- B) Buy in large quantities
- C) Pay promptly
- D) Buy damaged goods

12. The main purpose of commerce is to

- A) Enable traders to earn high profits
- B) Bridge the gap between producers and customers
- C) Help manufacturers to produce goods
- D) Enable customers to buy goods cheaply

13. The following are some records from the books of small scale retail business:

Premises shs200,000

Cash at hand shs16,000

Stock shs80,000

Creditors shs50,000

Bank overdraft shs20,000

Loan from bank shs150,000

Calculate the retailer's working capital

- A) Shs96,000
- B) Shs20,000
- C) Shs76,000
- D) Shs36,000

14. Which one of the following is a direct service?

- A) Insurance
- B) Farming
- C) Manufacturing
- D) Building

15. What is a closed indent? It is a document

- A) Which specifies the country of origin of goods.
- B) Which informs the import of the date when the goods will be at the port.
- C) Where the importer simply sends the other to an agent.
- D) Where the importer names the manufacturer or supplier of the goods.

16. Standing Order as used in banking is

- A) An instruction to the bank to pay a stated amount of money to the person named in the document.
- B) A document issued by the bank to its customers allowing them to purchase goods on credit up to stated amounts.
- C) An instruction by a customer to pay specified amounts of money to specified person(s) on regular basis for a specified period.
- D) An instruction by a customer which authorises the bank to pay a specified amount to each named person on given list.

17. A consignment was invoiced at shs400,000 at a trade discount of 10% and cash discount of 5%. What was the amount payable to the seller?

- A) Shs342,000
- B) Shs340,000
- C) Shs360,000
- D) Shs380,000

18. The following conditions apply to a limited partner except

- A) Liability for the firm's debts up to the amount of the capital contributed
- B) A right to act on behalf of the partnership
- C) Sharing profits and losses
- D) Contributes capital of the business

19. The main reason why Hot Loaf Bakery is located in Kampala is because

- A) There is cheap labour

- B) Some of its raw material is imported
- C) The production process requires plenty of water
- D) The product needs to be near the market.

20. Which type of insurance policy is compulsory to all commercial and private vehicles in Uganda?

- A) All risks
- B) Comprehensive
- C) Third party
- D) Road licence

SECTION B: (80 marks)

21. a) Give any six differences between private limited companies and public limited companies.

b) State eight advantages of limited liability companies over other types of business units.

22. a) Outline the factors influencing choice of communication media.

b) How does communication facilitate trade?

23. a) Define the term containerization.

b) Outline any five advantages and four disadvantages of containerization.

24. Explain the services a wholesaler provides to:

- a) A manufacturer
- b) A retailer

25. a) What is the difference between a central bank and a commercial bank?

b) Explain the services offered by commercial banks to traders.

26. a) Describe each of the following types of small-scale retailers:

- i) single shops
- ii) tied shops
- iii) mobile shops
- iv) itinerant traders

b) Explain the problems faced by small-scale retailers.

27. a) Explain any four factors considered when choosing a means of transport.

b) Why is road transport popular in Uganda?