

UNEB U.C.E COMMERCE 2008

SECTION A: (20 marks)

1. Which one of the following factors of production earns profits?
A) land
B) labor
C) Entrepreneurship
D) capital
2. Gross profit is expressed as a percentage of the sales and is known as
A) mark-up.
B) margin
C) rate of turnover
D) return on capital
3. The number of times a business replaces its stock in a trading period is referred to as
A) stock valuation
B) stock taking
C) stock turn
D) turnover
4. Which one of the following is an example of invisible trade?
A) lumbering
B) touring
C) fishing
D) mining
5. The sales of a business amounted to shs250,000, returns inwards valued at shs10,000 returns outwards shs8,000. Calculate the net sales.
A) shs248,000
B) shs252,000
C) shs242,000
D) shs240,000.
6. The regular payment an insured makes for insurance cover is called
A) premium
B) sum insured

- C) surrender value
- D) brokerage.
7. Which one of the following bridges the gap between a producer and a consumer?
- A) production
- B) trade
- C) industry
- D) commerce.
8. The demand for goods or services is, determined by the following factors except the
- A) level of incomes
- B) prices of other goods
- C) level of technology
- D) tastes of consumers.
9. The main function of insurance to a business is to
- A) make profits
- B) guarantee compensation
- C) ensure efficiency
- D) prevent risks.
10. A businessman has stock worth shs8,000,000 and insures it for shs4,800,000 against fire. If half of the stock is destroyed by fire, how much will the business be compensated?
- A) shs2,400,000
- B) shs4,000,000
- C) shs4,800,000
- D) shs6,400,000
11. A motor company that sells cars on behalf of a motor-vehicle manufacturing industry is a good example of a
- A) factor
- B) broker
- C) forwarding agent
- D) merchant
12. A person or firm in whose favor the payee transfer a cheque is known as
- A) the drawer
- B) an endorser
- C) the drawee

- D) an endorsee.
13. Which insurance policy would provide cover of goods stolen by factory workers?
- A) workman's compensation
 - B) public liability
 - C) fidelity guarantee
 - D) pilferage
14. A post office facility which is used to send money in case of an emergency is called
- A) registered post
 - B) postal order
 - C) expedited mail service(EMS)
 - D) telegraphic money order
15. Given the following record of a business transaction for a trading period ending Dec.31.2007:
- Debtors amount shs800,000
- Stock shs500,000
- Cash at hand shs250,000
- Creditors amount shs1,000,000
- Compute the working capital of the business,
- A) shs2,550,000
 - B) shs550,000
 - C) shs950,000
 - D) shs1,750,000
16. The generation of gas from animal manure can be classified under
- A) primary production
 - B) secondary production
 - C) tertiary production
 - D) direct production
17. The quantity of goods a person is willing to buy at a given price and time is known as
- A) demand
 - B) consumption
 - C) stock
 - D) supply

18. Which one of the following documents will a seller send to the buyer if payment for the goods is required before delivery?
- A) Delivery Note
 - B) Catalogue
 - C) Proforma invoice
 - D) Price list
19. A form of trade where imports are re-exported is called
- A) bilateral
 - B) customers draw back
 - C) entrepot
 - D) multi-lateral.
20. Identify the set of items which represents capital goods.
- A) Raw materials, tools, furniture, equipment.
 - B) Furniture, equipment, vehicles, tools.
 - C) Machines, tools, raw materials, radios.
 - D) Tools, machines, equipment, vehicles.

SECTION B: (80 MARKS)

21. a) Explain any five services a wholesaler offers to a manufacturer.
b) Give any five circumstances under which a wholesaler may not be necessary in the chain of distribution.
22. a) Outline any four advantages of large-scale retail outlets.
b) What are the features of the following retail outlets and traders?
- i) Departmental stores
 - ii) Multiple shops
 - iii) super markets
 - iv) Hawkers
23. a) Give five differences between a private limited company and a public limited company.
b) Explain five advantages of private limited company over other forms of business units.
24. a) What is the importance of transport in trade?
b) Explain six reasons why most businessmen in Uganda prefer road transport.
25. a) Explain five functions of the Bank of Uganda.
b) Describe five methods used by Bank of Uganda to control commercial Banks.
26. a) Differentiate between the following as used in insurance:
i) Endorsement policy and whole life policy.

- ii) Over insurance and under insurance.
- Iii) subrogation and proximate cause.
- b) Explain any four services which insurance companies offer to the business community in Uganda.
27. a) Distinguish between specialization and division of labour.
b) Give advantages and five disadvantages of specialization.
c) Describe the following types of specialization:
I) Specialization by process
ii) Specialization by craft/profession
iii) Specialization by area
- 28.

MR.FOX'S BALANCE SHEET AS AT 31st DEC, 2005

<u>Liabilities shs</u>	<u>Assets shs shs</u>
capital 110,000	motor-vehicle 100,000
<u>long-term liabilities</u>	<u>current assets</u>
loans (to firm) 50,000	stock 60,000
<u>current liabilities</u>	Debtors 28,000
creditors 60,000	Bank 24,000
<u>220,000</u>	Cash 8,000 120,000
	<u>220,000</u>

You are provided with the following information:

- # opening stock value at
- # purchase for the year was
- # returns outwards amounted to 2.5% of purchase.

Calculate the:

- I) net purchases,
- ii) cost of sales,
- iii) average stock,
- iv) rate of stock turn to nearest whole number,
- v) working.