

# UNEB U.C.E COMMERCE 2010

## SECTION A: (20 Marks)

1. Retail outlets which specialize in selling products of Mukwano Enterprises are classified under
  - A. supermarkets.
  - B. multiple shops.
  - C. departmental stores.
  - D. tied shops.
  
2. Which one of the following activities is under primary production?
  - A. Coffee processing.
  - B. Car manufacturing.
  - C. Road construction.
  - D. Oil drilling.
  
3. An allowance a seller gives to a customer when payment is made within specified period of time called
  - A. cash discount.
  - B. commission
  - C. trade discount
  - D. quantity discount.
  
4. Give the following information, determine the value of current liabilities:  
stock shs 100,000  
trade creditors shs 80,000  
trade debtors shs 120,000  
Bank overdraft shs 50,000
  - A. shs 170,000
  - B. shs 220,000
  - C. shs 130,000
  - D. shs 300,000
  
5. The principle of utmost good faith in insurance states that,
  - A. the insured who suffers loss should be compensated.
  - B. the insured should reveal all the necessary information about he property when applying for an insurance policy.
  - C. there must be a close relationship between the risk insured and the cause of the loss suffered.
  - D. the insurer takes ownership of the scrap of the destroyed property.
  
6. The system of installation selling where the buyer takes ownership of the property immediately after the first deposit is known as
  - A. hire purchase.
  - B. mortgaging.
  - C. credit sale.
  - D. deferred payment.
  
7. Which one of the following is a function of the stock exchange?
  - A. Buying and selling shares and other securities.
  - B. Buying and selling of goods.
  - C. Exchange different currencies.
  - D. Buying and selling of treasury bills.

8. Given turnover worth shs450,000 and cost of sales as shs 300,000, calculate the mark up of the business.
- A. 33.3%
  - B. 66.7%
  - C. 50%
  - D. 20%
9. Which one of the following documents helps the seller to find out the credit worthiness of the buyer who wants credit?
- A. credit note
  - B. credit status inquiry.
  - C. letter of credit.
  - D. trade credit.
10. A debenture which has a specific property pledged against it is called
- A. a mortgage debenture.
  - B. a naked debenture.
  - C. a redeemable debenture.
  - D. an irredeemable debenture.
11. A bill of exchange payable after maturity date is called
- A. a sight bill.
  - B. a retired bill.
  - C. an usance bill.
  - D. a documentary bill.
12. Assessors in insurance are responsible for
- A. determining the premium.
  - B. taking the scrap of the destroyed asset.
  - C. the calculation of the sum insured.
  - D. estimating the extent of damage and the value of compensation.
13. The following are advantages of a customs union except
- A. greater volume of trade among countries.
  - B. transfer of technological know-how.
  - C. co-operation in other sphere like research.
  - D. same currency and monetary system.
14. Given average stock at selling price shs144,000 and turnover of shs720,000. Calculate the rate of stock turn.
- A. 4 times
  - B. 0.2 times
  - C. 5 times
  - D. 0.8 times.
15. Which one of the following services is not rendered by microfinance institutions?
- A. giving credit facilities.
  - B. accepting deposits.
  - C. giving financial advice
  - D. issuing currencies.
16. The method of trade restriction used by a government to stop the importation of a particular products is
- A. total ban
  - B. quota.

- C. tariffs.
- D. exchange control.

17. The principle of cooperatives which emphasises one man one vote is

- A. interest on share capital.
- B. repayment of dividends.
- C. democratic management.
- D. open and voluntary membership.

18. The turnover of a business was shs 360,000 and cost of sales was shs280,000. Find the margin

- A. 22%
- B. 28.6%
- C. 28%
- D. 23%

19. Which one of the following is a function of Uganda Chamber of Commerce?

- A. Reduce selling expenses for traders.
- B. Set prices of consumer goods.
- C. Encourage consumption.
- D. Create and expand foreign markets.

20. Which one of the following is a feature of supermarkets?

- A. Credit sales.
- B. Pre-pricing.
- C. After sales service.
- D. Automatic vending.

### **SECTION B: (80 MARKS)**

21. a) Give two examples of:

- I) consumer goods.
  - ii) producer goods.
- b) Outline eight factors that influence the supply of a commodity of a commodity in the market.

22. Explain any five:

- a) features of small scale retailing.
- b) qualities of a good retailer.

23. a) Distinguish between sales promotion and advertising.

- b) Explain any five factors that should be considered when choosing a medium of advertising.
- c) Give three disadvantages of advertising to consumers.

24. a) Define each of the following terms as used in banking:

- I) Bank overdraft
  - ii) Bank draft
  - iii) Standing order
  - iv) Credit transfer
- b) Explain six methods used by a central bank to control the amount of money in circulation.

25. a) Describe any six documents used in the format of public limited company.

b) Give four reasons why a company may wind up.

26. a) State six contents of a partnership deed.

b) Give seven advantages of a partnership over sole proprietorship form of business.

27. a) Explain the following terms as used in insurance:

i) proposal form

ii) cover note

iii) insurance policy

iv) surrender value

b) Describe the basic principles of insurance.

28. a) Define the following terms as used in commerce:

i) liabilities,

ii) stock taking

b) Given the following information:

Stock on 01.01.2009 43,430,000

Net purchases 312,290,000

Mark up 25%

Stock on 31.12.2009 26,000,000

Expenses for the year 35,850,000

Calculate:

i) average stock

ii) rate of stock turn,

iii) gross profit,

iv) net profit.