END OF TERM ONE EXAMINATIONS 2018

S.2 COMMERCE

TIME: 1 HOUR 30 MINS

INSTRUCTIONS

Answer all questions in section A and B.

SECTION A

1. The main purpose of a cash discount to a seller is to
A. sell in large quantities
B. attract new customers
C. encourage prompt settlement of bills
D. retain regular customers
2. 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 take place at the same time
3. A trader purchased goods worth shs. 2,000,000 and was allowed 20% trade discount calculate how much was paid
A. shs 1,520,000
B. shs 1,600,000
C. shs 1,500,000
D. shs 1,700,000
4. A debenture where some property is pledged against is called
A. irredeemable debenture
B. naked debenture
C. redeemable debenture
D. mortgaged debenture
5. Tertiary production includes
A. trading and hunting
B. retail trade and teaching
C. construction and oil refining

D. wholesale and farming
6. A partner who contributes to capital where profits and losses bur doesnot take part in the day today running of a business is a
A. limited partner
B. quasi partner
C. general partner
D. dormant partner
7. The most common form of business in east Africa is
A. sole proprietorship
B. partnership
C. cooperatives
D. joint stock companies
8. Which one of the following is a feature of supermarkets?
A. Stocks goods from one producer
B. Goods are pre-priced
C. Sells goods in bulky only
D. Prices are negotiable
9. A sole trader is one who
A. Enjoys limited liability
B. Only sells goods through an agent
C. Enjoys all the profits of the business
D. Has an inflexible business
10. The reward for use of land is called
A. Profit
B. Wages
C. Interest
D. Rent
11. The bearing of risks in the production process falls on
A. Capital owners
B. Labour
C. Land owner
D. Entrepreneurs
12. A consumer will demand a commodity which
A. Satisfies his or her needs
B. Is often scarce

C. Is sold in bulk
D. Has been extensively advertised

13. Trade means
A. Buying and selling of manufactured goods only
B. Selling of goods and services to the customer
C. Buying and selling of goods and services withan intention of making a profit
D. Any activity undertaken to make a profit

14. What is retail establishment stocking one class of goods under one management called
A. Departmental stores
B. Hyper market
C. Multiple shop
D. Supermakets

15. A document sent to the buyer by the seller showing goods rturned and affecting a reduction in the invoice is called
A. Credit note
B. Delivery note
C. Debit note
D. Statement of account

SECTION B

16. a) what is sole proprietorship? (2mks)

b) What are the advantagd of sole proprietorship? (4mks)

17. a) state the advantages of transport as an aid to trade. (4mks)

b) Distinguish between trade and aids to trade. (2mks)

18. a) Give the difference between deferred payment and hired purchase. (3mks)

b) Explain the advantages of hired purchase. (3mks)

c) Define the term branding (2mks)

19. a) Define a joint stock company (2mks)

b) List the features of a memorandum of Association

20a) Distinguish between a share and a debenture.

a) b) Explain the four types of shares.
1. Distinguish between a memorandum of association and articles of association.

*******END*****GOOD LUCK********