

TERM II EXAMS, 2019
S.3 COMMERCE

TIME: 2 HOURS 30 MINS

Instructions:

- Section A is compulsory
- Answer any 4 questions from section B

SECTION A

1. A document which shows a summary of transactions between a seller and a buyer for a particular period is called?

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|---------------------------|------------------|
| A. An invoice | B. a consignment |
| C. A statement of account | D. A credit note |

2. Antre-pot trade refers to

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|--------------------|--------------------------------|
| A. re-export trade | B. trade between two countries |
| C. barter trade | D. multi-lateral trade |

3. If import prices rise faster than export prices, a country is said to be experiencing unfavourable

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|---------------------|-----------------------|
| A. terms of trade | B. terms of payment |
| C. balance of trade | D. balance of payment |

4. A retailer paid shs 19,000 for goods for which 5% cash discount was offered. What was the price before the discount?

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|---------------|---------------|--------------------|----------------|
| A. shs 18,000 | B. shs 18,200 | C. shs. Shs 19,500 | D. shs. 20,000 |
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5. An order by the importer placed with an agent to purchase goods from a named exporter is

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| A. proforma invoice | B. closed indent |
| C. open indent | D. bill of lading |

6. When estimates for the cost of supplying a certain product is required, a buyer may invite suppliers to submit

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|---------|------------|--------------|---------------------|
| A. Bids | B. Tenders | C. Contracts | D. Proforma invoice |
|---------|------------|--------------|---------------------|

7. Which of the following expenses will the importer not incur if his supplier quotes an F.A.S price?

- A. shipping freight
- B. insurance
- C. dock handling charges
- D. ship loading expenses

8. The two barriers that are placed in the way of foreign trade are

- A. physical barriers and monetary barriers
- B. home trade barriers and foreign trade barriers
- C. wholesalers and retailers
- D. proforma invoice and quotation.

9. The purpose of “knowing his customers” by a retailer is to

- A. to avoid gossiping with those who don’t want to buy
- B. to ensure proper record keeping
- C. to enable him know who to invite and who not to invite when he is giving a party
- D. to enable him give special terms to the big ones and credit terms to the trustworthy

10. An invoice is

- A. a receipt for a sale made on credit
- B. a receipt for a sale made on cash
- C. a document demanding payment
- D. a note demanding correction of payment on a bill

SECTION B

11. (a) What is the significance of a proforma invoice when sent to the following?

- (i) Headteacher of a school together with textbooks
- (ii) An importer who buys goods from abroad.
- (iii) A wholesaler buying goods from a producer for the first time (2 marks)
- (iv) A central bank by an importer

(b) Explain the circumstances when trade is carried out without the services of a wholesaler (12 marks)

12. (a) Distinguish between the following terms as used in foreign trade

- (i) bi-lateral trade and multi-lateral trade
- (ii) balance of trade and terms of trade
- (iii) a bill of lading and a bill of exchange

(b) Describe the factors that limit international trade (14 marks)

13. (a) How are prices determined in your country (6 marks)

(b) Explain the factors influencing demand of the commodity (14 marks)

14. (a) Mention and explain 4 types of large scale retailers and small scale retailer operating in Uganda (10 marks)

(b) What are the qualities of a good retailer? (10 marks)