S.4. COMMERCE PAPER 800/1

INSTRUCTIONS
All the numbers given MUST be done on the answer sheets provided
The Teacher will ONLY be taking the answer sheets for marking NOT circled question papers.

1 A quality of good money which makes coins to be more desirable than paper nc money is
A acceptability
B uniformity
C durability
D cognisability

2 The major draw back of sole proprietorship is
A uncertainty of business
B unlimited liability
C less capital for expansion
D over working

3 A reward received by high level decision maker in a production unit called.
A wage
B interest
C rent
D profit

4 A high demand for a commodity by the public normally result into
A a decrease in its supply
B stability in its prices
B an increase in its prices
D a decrease in its prices

5 Specialization results into the following advantages EXCEPT
A increased out put of goods and services
B reduction in the cost of production
C skills of workers is improved
D production of high quality goods

6 A charge which is paid by commercial banks on loans accessed from a central bank is called
A. surcharge
B. bank rates
C. commission
D. interest rates

7 The following information is included on a statement of account EXCEPT
A. discounts allowed to the buyers
B name of the buyer
C. value if invoice issued
D. value of credit notes issued

8 A business enterprise which the law recognizes as havin ing a separate existence from its owners is a
A. sole proprietorship
B. co-operative society
C. partnership
.D company

9 A document which a seller sends to a buyer to serve as a demand for payment is known as
A. receipt
B. an advice note
C. a statement of accounts
D. an invoice

10 A principle which gives equal rights to the members in a co-operative societies s is known as
A. democratic administration
B. limited interest on capital
C. voluntary membership
D. dividend repayment

11 A reward to a shareholder for contributing capital in a limited liability company is called
A. share
B. interest
C. poundage
D. dividend

12 A trader bought goods valued at shs 1,500,000. The seller offered a trade discount of 10% and a cash discount of 2 1/2 %. How much did the trader pay.

A. shs.1,316,250
B. shs. 1,350,000
B. shs.1,462,500
D. shs.1,312,500

13 A current account holder can pay out money from his account using the following EXCEPT
A crossed cheques
B money order
C bank rates
D credit transfer

14 A cheque is drawn in favor of Mugisha who later transfers the title in the cheque to Atwine. How is Atwine described?
A. a payee
B. a Drawee
C. an endorsee
D. an endorser

15 The significance of C.O.D as a means of payment is that the buyer
A. pays cash after deducting cash discount
B. sends cash to the seller before the delivery of goods
C. pays cash on receiving goods at his premises
D. pays cash as he collects goods from the seller's premises

16 When an invoice is overstated ,this discrepancy is corrected by sending a
A. receipt
B. debit note
C. proforma invoice
D. credit note

17 Manufacturers participate in the annual trade fairs mainly to
A. Provide entertainment to customers.
B. Share ideas with other manufacturers
C. Receive complaints from customers
D. Explain and create new market

18 Occupations which are concerned with the movement of goods from the producers to the consumers is known as
A. Constructive occupation
B. Extractive occupation
C. Commercial occupation
D. Manufacturing occupation

19 Installment selling by traders is beneficial to the consumers in such a way that consumers are
A. are able to buy highly priced goods
B. protected from exploitation by trades
C. offered delivery services by sellers
D. free to pick goods at their convenience

20 The government's deliberate action to lower the exchange value of its currency in relation to a given foreign currency is known as
A. dumping
B. currency depreciation
C. open market operation
D. devaluation

21 The rights of a share holder in a limited liability company are stated in a document called
A. Memorandum of association
B. Certificate of trading
C. Debenture certificate
D. Articles of association

22 The most appropriate method of protecting local infant industry is by
A. imposing heavy import duties
B. instituting total import ban.
C. decampaining quality of imports
D. fixing import quotas

23 Consumers normally t buy more of a commodity when the
A. price of the commodity is high
B. price of a commodity is low
C. price of its complement is high
D. price of its substitutes are low

24 A trader in Uganda who is ordering for computers from a specific manufacturer in Japan uses a document called
A. letter of hypothecation
B. Open indent

C. closed indent D. consular invoice

25 The East African customs union is important to the member countries because they
A. collect more revenue from the import dirty
B. create large market for the producers
C. keep out goods from member countries
D. are able to fight dumping

26 When a fruit growing f firm amalgamates with a juice processing firm this combination is called a
A. conglomerate B. cartel
C. Vertical integration D. Horizontal integration

27 The following are functions of a bill of lading EXCEPT it
A. acts as an agreement between the carrier and the consignor
B. serves as a title of the goods on the ship
C. acts as an agreement between an importer and the exporter
D. is a proof that goods have been received on the board

28 The purpose of a prospectus in a joint stock company is to
A. allow it to start the trading activities
B. enable it to be quoted on the stock exchange
C. invite subscribers to its share capital
D. enable it to have separate legal entity

29 The following are methods of controlling imports EXCEPT
A. import quota B. customs draw back
C. import duties D. Total ban

30 The payment to a person who supplies loan capital to an enterprise is known as
A. wage B. rent
B. interest D. profit

31 Retail outlets which sell products of only one manufacturer are called
A. super markets B. Multiple shops
C. Departmental stores D. Tied shops

32 A price quotation which covers only the cost of goods at factory site is called
A. Franco B. FOR
B. Ex works D. CIF

33 The process of distinguishing related products by producers is called
A. standardization B. branding
C. blending D. pre-packaging

34 Who sets a price under resale price maintenance
A. consumers B. Retailers
C. whole sellers D. Manufacturers

35 The retailers who move on foot selling their goods from door to door are called
A. hawkers B. mobile shops
C. automated vendors D. peddlers

36 The difference between the value of a country's visible imports and its visible exports is called
A. balance of payment B. terms of payment
B terms of trade D. balance of trade

37 The following are sent to reply an inquiry EXCEPT
A quotation B. a price list

C catalogue D. an order

38 Which one of the following is used to transfer money form one person's account to another one's accou unto?

A. a promissory note B. a cheque
C. A pass card D. a pass book

39 Which one of the following is NOT a negotiable instrume net?

A a cheque B. a bill of exchange
C. a promissory note D letter of hypothecation

40 Which one of the following is a direct service?

A Insurance B Farming
C Manufacturing D Building

41 Super markets are different from other large scale retail business because of

A selling one type of goods
B. self- service
C. selling to only registered members
D. extending credit facilities to customers

42 A document which contains a list of goods offered for sale by a trader is

A. an invoice B. a debit note
C. a receipt D. a price list

43 Sole proprietorship benefits the owner because

A. the business expands faster
B. quick decision can be made
C. the owner has a wider knowledge of the business
D. it promotes specialization

44 which one of the following partners does Not contribute capital but share the profits

A. Quasi B. Minor
C. Dormant D. Major

45 Which one of the following is the final stage of production?

A Retailing B. Manufacturing
C Consumption D Processing

46 Whole sellers may be eliminated from the chain of distribution if the

A. goods are very cheap B demand for the goods decrease
C. consumer associations are abolished D less quantity is bought

47 A trader bought goods from Tendon traders and was given 10% trade discount and 5% cash discount he later paid shs 171,000 .What was the original value of the goods before the discounts?

A. Shs 162,450 B. Shs 180,000
C. shs 196,650 D. shs 200,000

48 Which one of the following is a set of rewards to the factors of production

A Capital, Rent, Wage , Labour B. Rent, Capital ,Wage, Land
C. Land,Capital,Labour,Entreprenuer D. Rent, Interest, Profit, Salary

49 Which one of the following Retail businesses greatly depends on ad advertising?

A Mail order shops B. Departmental stores
B. Tied shops D. Single shops

50 The middlemen who sell goods in their possession and under their control are known as

A Del-credere B Factor
C Merchant D Forwarding agent

51 Which of the following is NOT a form of primary production ?
A hair dressing C Lumbering
B Farming D Hunting

52 A low supply of a given commodity would.
A Lower the demand . B Stabilize the demand
C Lower the price D Increase the price

53 What is the main purpose of sending a letter of inquiry?
A To obtain information about a suppliers product
B To inform the supplier to deliver the goods
C To ask when payment would bee made
D To ascertain the date of manufacture of goods

54 Monetary policies are the ones which
A increase credit C control credit
B reduce credit D promote credit

55 When the government acquires some or all the shares of private limited companies , this is termed as
A Denationalization C Delocalization
B nationalization D Privatization

56 If 20% import duty was levied on all cars of 1200 cc. Which type of t f tax would this be
A a direct tax C an advalorem tax
B indirect tax D a sumptuary tax

57 The major role of insurance is to,
A Make profit C Guarantee safety
B Guarantee D Guarantee efficiency

58 Sharing of profits in a consumer cooperative society mainly depends on,
A ones capital contributions C ratio of purchases
B level of profit realized D the number of shares one has

59 A public limited company may begin business as soon as it a cquires
A certificate of incorporation C Certificate of trading
B certificate of registration D Certificate of understanding

60 Henry bought an article at shs120,000 and sold it at shs 160,000. determine his margin,
A 33.30% C 25%
B 75% D 34%

61 Railway transport is preferred to road transport because,
A it is cheap over long distances C it is cheap over short distances
B does not follow a fixed time table D goods can be sold on the way

62 Given opening stock shs. 15,000, closing stock shs 25,000 , net purchases shs 900,000 and gross profit shs 20,000 . Determine the turnover of the business
A shs. 890,000 C shs 940,000
B shs 920,000 D shs 910,000

63 Which of the following documents is used to reduce the amount on the invoice sent to a customer ?
A Credit note C Statement of account
B Debit note D Receipt

64 Which of the following is a bill of exchange payable before its maturity date?

A	retired bill	C	usance bill
B	sight bill	D	conditional bill

65 Commodity X and Z are substitute goods . If the price of commodity X increases what will be the effect on the quantity demanded of com modity Z ?

A	decrease	C	be constant
B	increase	D	have no effect

66 Which one of the following is the most suitable method of paying monthly electricity bill by a by a busy bank customer ?

A	a cheque	C	standing or credit transfer
B	bank draft	D	credit note

67 A retailer bought goods worth shs 2,000,000 . He was offered a trade discount at 10% and a cash discount of 2, 1/2 % how much did he pay?

A	shs. 180,000	C	shs. 171,000
B	shs.175,000	D	shs 175,500

68 A retailer had a turnover of shs 500,000 and gross profit margin of 20%
calculate his markup

A.	25 times	C	25%
B	80 times	D	80%

69 Which of the following functions is NOT performed by the bank of Uganda ?

A	Lender of the last resort	C	Issuing of currency
B	Giving loans to individual	D	Exchange control

70 The satisfaction derived from the consumption of a good or service is known as

A	demand	C	choice
B	utility	D	desire

71 A firm had the following record for the financial year ended 31st .12.20112

Furniture and fittings	shs. 1,000,000
Trade debtors	shs . 280,000
Trade creditors	shs. 600,000
Cash at bank	shs. 420,000

Calculate the firms capital owned

A	shs. 1,060,000	C	shs 1,700,000
B	shs 500,000	D	shs.700,000

72 The maximum amount a company may raise by selling shares is termed as

A	Nominal capital	C	Called up capital
B	Paid up capital	D	Issued Capital

73 A jobber Who sells shares when the prices are high with a hope of buying them back when the prices decrease is known as

A	Bull	C	Stag
B	Bear	D	Broker

74 Which of the following debentures has a property pledged against it ?

A	Naked debenture	C	Redeemable debenture
B	Irredeemable debenture	D	Mortgaged debenture

75 The activities aimed at getting the goods within the access of the consumer are referred as

A	international activities	C	production activities
B	Commercial activities	D	Direct services

76 The system where the manufacturers fixe the prices at which the products are to be sold is called

A	Auctioning	C	Haggling
B	Resale price maintenance	D	Minimum price fixing policy

77 Sales psychology as scientifically applied is a feature of

A	Retail co-operatives	C	Chain stores
B	Supermarkets	D	Mail order business

78 Which one of the following eliminates possible disputes between partners in a partnership business?

A	Certificate of incorporation	C	Articles of Association
B	Memorandum of Association	D	Articles of Association

79 Which one of the following documents is not drawn by the debtor?

A	Cheque	C	Promissory note
B	Bill of exchange	D	I owe you (i.o.u)

80 The purpose of stock exchange is to allow people to

A	buy and sell live stock	C	buy or sell shares
B	exchange fast moving stock of goods	D	improve marketing strategies of stock

81 The abbreviation E & OE is usually printed on

A	a receipt	C	a local purchase order
B	an invoice	D	a consignment note

82 A faster increase in a country's prices of imports than its exports

A	Unfavorable terms of payment	C	Favourable terms of payment
B	Unfavourable terms of trade	D	Favourable terms of trade

83 In hire purchase agreement

A the items become the property of the buyer on payment of three installment
B the item remain the property of the seller until the last installment is paid
C the goods are hired by the buyer to be returned to the seller
D the seller sues the buyer on failure of payment

84 Given Opening stock shs 35,000 cost of sales shs 98,000 .Net Purchases shs 80,000 calculate the closing stock.

A	shs 17,000	C	shs 213,000
B	shs 53,000	D	shs 143,000

85 Given the sales of a business of shs 105,000,Return in wards shs 5,000.Gross profit shs 20,000. Calculate the gross profit mark up of the business

A	5%	C	20%
B	19%	D	25%

86 Work out the borrowed capital from the following information

stock	shs 490,000
creditors	shs 300,000
cash at hand	shs 500,000
bank loans	shs 200,000

A	shs 200,000	C	shs 500,00
B	shs 300,000	D	shs 990,000

87 A preformat invoice can act as

A	an invoice	C	a quotation
B	an order	D	a receipt

88 Which one of the following is not a party to a cheque?

A	drawer	C	payee
B	drawee	D	account

89 The excess of expenses over Gross profit is known as

A	Net profit	C	Gross loss
B	Gross profit	D	Net loss

90 A partner who contributes capital , shares profits and losses but does not take part in the day to day running of the business is a

A	quasi partner	C	general partner
B	limited partner	D	dormant partner

91 calculate the value of opening stock from the following information
closing stock shs 3,600,000 and average stock shs 3,000,0000

A	shs 9,600,000	C	shs 600,000
B	shs 2,4000,000	D	shs 3,300,000

92 Which one of the following is NOT a characteristics of a public limited company ?

A The liabilities of members is limited
B Has a minimum of seven members
C Has a minimum of two members
D The share are freely transferable

93 Why is a cheque crossed ? So that

A it may be endorsed
B payment is done through the payee's account
C it can be cashed through the counter
D it can bounce easily

94 Which of the following is a contract between a shipper and the ship-owner

A	Air way bill	C	Bill of exchange
B	Charter party	D	Bill of lading

95 A document sent to the buyer by the seller showing goods returned and effecting a reduction in the invoice

A	credit note	C	delivery note
B	debit note	D	statement of account

96 Mr. Kagga bought goods on credit , he was allowed 20% trade discount and 4% cash discount. After utilisi all the discounts he was required to pay shs 30,720. What was the invoice price?

A	shs 38,093	C	shs 38 439
B	shs 38,278	D	shs 400,00

97 The means of payments which enables businessmen a broad to make small payments is called

A	personal cheques	C	travelers cheques
B	money order	D	credit transfer

98 The account in the bank where withdraws are made by only cheques is called

A	fixed deposit account	C	Current account
B	Savings account	D	Joint account

99 Which one of the following does not influence a consumer's decision to buy a commodity

A	Tastes and preference	C	Price of the commodity
B	Income of the buyer	D	Income of the seller

100 Calculate the Working Capital of a business from the following information
Stock shs 135,000. power and water bills due shs 120,000 . Creditors shs 185,000 Cash shs 280,000 Debtors shs 25,000.

A	shs 745,000	C	shs 135,000
B	shs 440,000	D	shs 305,000

101 Which fact or production receives rent as its reward

A. capital C Entreprenuership
B Land D Labour

102 The process of distinguishing related goods by producers is called
A. pre packaging C. Branding
B blending D standadising

103 A farmer who produces maize for sale to a grain milling factory is engaaged in
A .t Tertiary production C. Secondery production
B. Primery production D Direct production

104 The following are examples of large scale retilin except
A Departmental stores C Super markets
B Multiple stores D Mobile shops

105 Which one of the following factors causes low demand for a good on the market
A High price of its complement C Low price of a good
B High income of the consumers D High price of substitutes

106 A quontitative limit in International trade is referred to as
A. Tariff C. Customerr draw back
B. Quota D Trade embargo

107 A situation where a country sells more goods to trading partners than it buya is known as
A. unfavvourbla terms of trade C unfavourable balance of payment
B favourable balance of trade D favourable balance of trade

108 In sea transport, a port is an example of
A terminal C method of propulsion
B way D unit of carriage

109 Which one of the following is an example of a direct tax
A Excise tax C Import tax
B Corporate tax D Value added tax

110 A tourist who has no post office address box can collect mails from a post office using a service called
A. Business repy service C. Selected post
B. Poste restant D. Postal orders

111 What is the most suitable medium for advertising new brand of desk computers on the market
A Radios C Bill boards
B Televisions D News papers

112 Bonded ware houses offerr the following EXCEPT
A Collecting customs duty C. ensuring safe custody of goods
B. verifing origin of goods D advertising good on behalf of the gove

113 Goods worth shs 18,000,000 were bought were bought by a trader . Trade discount and cassh discount of and 5% respectively weere offered by the seller. Determine the amount paid by the trader.
A. shs 16,200,000 C shs 15,390,000
B shs 17,100,000 D shs 15,300,000

114 The principle document in an insurance contract is called a
A. Cover note C Proposal form
B Claim form D Policy

115 The stock exchange dealer who buys shares in the hope that their prices will rise in the future is called
A Stag C Broker
B Bear D Bull

116 The financial records of a company are ;Stock shs 8,300,000. equipment shs 18,200,000. Debenture shs 3
shs 38,000,000; and buildings shs 14,500,000 Determine the value of fixed capital

A	shs 70,700,000	C	shs 41,000,000
B	shs 32,700,000	D.	shs 46,300,000

117 Which charge is paid to the port authorities when a ship is NOT off loaded with in the agreed lay days

A	Brokerage	C	Demurrage
B	Poundage	D	Commission

118 A company attains a separet legal existence when its directors are issued with a document called

A.	Certificate of incorporation	C	Articals of association
B	Memorandum of association	B	proposal form

119 The percentage of net profit to the owner's equity is known as

A	Net profit ratio	C	Margin
B	Return on capital	D	Markup

120 A bill of exchsnge payable after its maturity date is called

A.	an unsance bill	C	a retired bill
B	a sight bill	D	a dishonoured bill

121 Which one of the following factors of production undertakes the risks of a business?

A	labour	C	Capital
B	Organisation	D.	Entrepreneurship

122 Which one of the following is an example of a small scale retailer ?

A	Multiple shops	C	Tied shops
B	Surper markets	D	Departmental stores

123 When des the product become a propeerty of the buyer in Higher purchace
When the buyer pays

A	the fisrt instalment
B	cash upon delivery of goods
C	more than half the cost of the product
D	the last instalment

124 What term is used on an invoice when the exporter incurs carriege charges to the dock,dock handling due
dues and loading expenses

A.	Delivered Dock	C	Free on Rail
B	Free along side ship	D	Free on Board

125 Which insurance policy covers a manufacturer's goods against theft by workers ?

A	Fidelity guarantee policy.	C	workman's compensation policy
B	Goods in transit policy	D	Third party policy

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10%

38,000,000

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