

BETHANY HIGH SCHOOL - NAALYA

S.3 COMMERCE

1 ½ hrs

INSTRUCTIONS:

Answer all questions in both sections on the answer sheets provided.

1. Retailers who sell only coca –cola products are examples of
A. Single shops (b) Tied shops (c) mobile shops (d) multiple shops
2. In a consumer's cooperative society, profits are shared according to each member's
(a) Role in the society (b) Initial contribution to the society
(c) mobile shops (c) multiple shops
2. In a consumers' cooperative society, profits are shared according to each member's
(a) Role in the society (b) Initial contribution to the society
(c) Purchase from society (d) Number of shares held
3. Calculate the cost of goods sold from the following information.
Opening stock shs 50,000
purchases shs 280,000
closing stock shs 40,000
(a) shs. 330,000 (b) shs. 240,000
(c) specialization (d) Large scale production
4. Which one of the following is a characteristic of direct production ?
(a) production for sale (b) production for personal consumption
(c) specialization (d) large scale production
5. The terms of payment where goods sold are paid for within a given period of time is called
(a) cash on delivery (b) spot cash
(c) prompt cash (d) cash with order
6. The ability of a good to satisfy a human want is termed as
Production (b) Utility (c) consumption (d) Demand
7. The main purpose of a cash discount to a seller is to
(a) sell in large quantities
(b) attract more customers
(c) encourage prompt settlement of bills
(d) Retain regular customers.
8. A debenture where some property is pledged against is called

- (a) irredeemable debenture (b) naked debenture
(c) redeemable debenture (d) mortgaged debenture
9. The government may set up a business enterprise to
- (a) Earn more profits
(b) Enlighten the public on how to conduct business.
(c) Provide essential services
(d) sell shares to members of the public
10. Calculate the opening stock for a business whose stock was shs 3,600,000/= and the average stock was shs 3,000,000.
- (a) shs 9,600,000 (b) shs 2,400,000 (c) shs 3,300,000 (d) 600,000
11. A partner who contributes capital , shares profits and losses but does not take part in the day – to –day running of a business is a
- (a) Limited partner (b) Quasi partner
(c) general partner (d) Dormant partner
12. Which of the following statements is correct about cooperatives?
- (a) members share profits equally.
(b) Decision making is according to the number of shares held.
(c) Profits are shared according to participation .
(d) The number of membership is limited to fifty.
13. A tax levied on goods produced within a country is called
- (a) specific tax (b) Ad valorem tax (c) excise duty (d) customs duty.
14. Government can best control imports through
- (a) Levying low excise duties
(b) Fixing import and export quotas
(c) Charging high taxes on foreign goods
(d) giving subsidies to local producers.
15. Which one of the following documents has to be prepared when a public limited company wishes to make a public issue of shares?
- (a) Prospectus (b) certificate of Trading
(c) Memorandum of Association (d) Certificate of incorporation
16. The principle of cooperatives which emphasizes one man one vote is
- (a) Interest on share capital (b) Repayment of dividends
(c) Democratic management (d) open and voluntary membership
17. The main purpose of fixing minimum prices by government is to
- (a) Increase consumer's satisfaction
(b) protect consumers against exploitation
(c) motivate producers
(d) Increase demand for certain goods

18. The service provided by post office to visiting traders to receive their letters for a particular period is called?
- (a) speed post (b) Business reply coupon
(d) post Restance (d) telegraphic address.
19. A bill of exchange payable after maturity date is called
- (a) A sight bill (b) A retired bill
(c) A usance bill (d) A documentary bill
20. The maximum number needed to form a public limited company is
- (a) Two (b) seven (c) fifty (d) Infinity

SECTION B

Answer all questions.

21. (a) What is communication as used in commerce. (2mks)
(b) Explain any five roles of communication in any business activity. (10mks)
(c) Explain any four factors to be considered when choosing a means of Communication. (8mks)
22. (a) Explain any six differences between private limited companies and public limited companies. (2mks)
(b) Explain eight advantages of limited liability companies over other types of business units. (8mks)
23. A firm had the following records as at 31st Dec 2007.
- | | |
|------------------------------------|---------------|
| stock at 1 st .10.2007 | shs 182,400 |
| stock at 31 st .12.2007 | shs 213,600 |
| purchases | shs 1,382,900 |
| Return outwards | shs 34,100 |
| Return in wards | shs 51,000 |

Determine

- (i) average stock (2mks)
(ii) Turn over (2mks)
(iii) Net purchases (2mks)
(iv) Goods available for sale (3mks)
(v) Cost of sales (3mks)
(vi) Rates of stock turn (3mks)
(vii) Gross profit (2mks)
(viii) Mark up (2mks)
(ix) Margin (2mks)

End