

# BETHANY HIGH SCHOOL – NAALYA

## S.3 COMMERCE

2 ½ HOURS

### INSTRUCTIONS:

1. *Answer all questions on the answer sheet provided.*
2. *Write the correct alternative for section A and four questions in section B.*

### SECTION A ( 20 MARKS)

1. The payment for hiring as price of land to carryout agriculture is called  
(a) Interest (b) Rent (c) salary (d) Profit
2. Which one of the following situations may cause a decrease in the supply of cooking oil on market.  
(a) A rise in the price of cooking oil. (b) Increase in market size  
(c) increase in the cost of production (d) Increase in the number of produce.
3. Identify a document which helps the seller to find out the credit worthiness of the buyer who wants credit.  
(a) Credit status inquiry (b) Credit note  
(c) letter of credit (d) Trade note
4. The facilitators of trade are commonly referred to as  
(a) Commerce (b) Exchange (c) Distribution (d) Aids to trade
5. A retail outlet which sells Hima cement from Hima cement industry Uganda Ltd are examples of  
(a) Departmental stores (b) Mobile shops (c) Tied shops (d) single shops.
6. A debenture which has a specific property pledged against is called  
(a) A naked debenture (b) A mortgage debenture  
(c) a redeemable debenture (d) An irredeemable debenture
7. A tax which is charged on imported goods according to the price of the commodity is termed as.  
(a) Advalorem tax (b) Direct tax (c) Quantitative tax (d) Specific tax
8. What is the purpose of the trading bloc, such as the East African community?  
(a) To generate free trade between member countries in a particular area.  
(b) To resist the flow of trade between countries who are members.  
(c) To protect industries in member countries from competition from other countries.  
(d) To publish import and exports statistics

9. The form of installment selling where the seller owns the property until the final installment is paid is
- (a) Deferred payment (b) Credit transaction  
(c) Hire purchase (d) Future deal
10. Given stock shs 100,000  
Trade creditors shs 80,000  
Trade debtors shs 120,000  
Bank overdraft shs 50,000  
Determine the value of current liabilities  
(a) Shs 170,000 (b) shs 130,000 (c) shs 220,000 (d) shs 300,000
11. A form of communication which can transmit drawings and diagrams  
(a) Ratio (b) Fax (c) telegram (d) e- mail
12. Which document in a partnership indicates the terms and conditions of the business?  
(a) Partnership deed (b) Prospectus  
(c) Certificate of trading (d) Memorandum of Association.
13. The deliberate government attempt to reduce the value of her currency in relation to other currencies is known as  
(a) Appreciation of the local currency (d) Revaluation of the local currency  
(c) Devaluation of the local currency (d) Depreciation of the local currency
14. Dividends are paid in a producer cooperation society according to  
(a) Capital contributed to the society  
(b) Purchases from the cooperative  
(c) members participation in the cooperative activities  
(d) sale of produce to the cooperative.
15. Caveat emptor as used in consumer protection means  
(a) Let the seller know  
(b) let the buyer be aware  
(c) let the producer empty all the stores  
(c) Let the producer cover all the containers after the production
16. What is the name for the modern system where trade is carried out through the web?  
(a) Tele –Conference (b) Video – conference  
(c) E- commerce (d) computer
17. Which of the following forms of business units is an example of private enterprises?

- (a) Parastatals
- (b) Public corporation
- (c) Cooperatives
- (d) local authorities.

18. Identify the type of bank that provides banking and financial advice to the government of Uganda.
- (a) commercial bank
  - (b) Central bank
  - (c) Merchant bank
  - (d) Development bank
19. Tourism is an example of
- (a) visible trade
  - (b) entrepot trade
  - (c) balanced of trade
  - (d) invisible trade
20. The type of sales promotion used by Uganda manufacturers Association in October every year at Lugogo show ground is called
- (a) publicity
  - (b) exchange schemes
  - (c) Trade fair
  - (d) branding

**SECTION B (80 MKS)**

21. (a) (i) Distinguish between demand and supply. (4mks)  
 (ii) State the law of (i) Demand (2mks)  
 (ii) Supply (2mks)
- (b) Explain any six factors that influence quantity supplied of a commodity. (12mks)
22. (a) Explain any four types of distribution channels used by traders in Uganda. (8mks)  
 (b) State and explain the factors considered when selecting distribution channel (12mks)
23. (a) Explain any five methods used to control foreign trade. (10mks)  
 (b) Why does your country control foreign trade. (10mks)
24. (a) Differentiate between hire purchase and deferred payment form of installment selling. (4mks)  
 (b) Explain any five benefits and any three demerits of hire purchase to the buyer. (16mks)
25. (a) What are the functions of money. (10mks)  
 (b) Describe any five qualities of good money. (10mks)
26. (a) Identify the four types of capital used by traders.

- (b) The following information was extracted from the books of Mivule traders as at 31<sup>st</sup> December 2018.

	Shs
Vehicle	6,000,000
Debtors	1,200,000\
Bank overdraft	2,500,000
Creditors	1,400,000
Furniture and fittings	2,500,000
Cash	750,000
Stock	1,000,000
5 – year bank loan	4,000,000

Required

- (i) Prepare a Balance sheet for mivule traders as at 31<sup>st</sup> December 2018 (14mks)  
(ii) State the purpose of the Balance sheet to Mivule traders. (2mks)

**End**