

NAMEINDEX NO.....

UGANDA MARTYRS' S.S. NAMUGONGO
S.4 MOCK EXAMINATIONS 2004
800/1 COMMERCE
TIME: 2 ½ HOURS

Instructions:

- (i) This paper consists of two sections A and B
- (ii) Answer all questions in section A
- (iii) Answer **ONLY FOUR** questions from section B
- (iv) All questions in section B carry equal marks

FOR EXAMINER'S USE ONLY

Q	A					TOTAL	GRAD E
M							

SECTION A: (20 MARKS)

1		6		11		16	
2		7		12		17	
3		8		13		18	
4		9		14		19	
5		10		15		20	

QUESTIONS:

1. A motorcyclist bought five litres of petrol at Caltex Oils (U) Ltd, Mukono Petrol Station. Which term best describes the petrol station?
A: Dealer B: Retailer C: Wholesaler D: Trader
2. Which **ONE** of the following documents serves as a supplementary invoice?
A: Statement of account B: proforma invoice
C: Delivery note D: Debit note
3. Which **ONE** of the following is a reward to entrepreneurship in a production process?
A: Profit B: Interest C: Rent D: Salary

4. When is human effort described as labour? When it is ...
 A: highly specialised in a given field
 B: aimed at creating the desired utility
 C: aimed at production and paid for
 D: flexible to move to different occupations
5. Which type of business unit would be **best** for three Medical doctors with different specialities?
 A: partnership
 B: co-operative society
 C: private limited company
 D: public limited company
6. A company sold 10,000 ordinary shares of shs 5,000 each share. The shareholders were asked to pay only shs 3000 per share. Determine the called up capital.
 A: Shs 50 million
 B: shs 20 million
 C: shs 30 million
 D: shs 80 million
7. What type of tax is imposed on an individual's income?
 A: Advalorem tax
 B: Excise tax
 C: Corporation tax
 D: Direct tax
8. The following are advantages of localisation of industries EXCEPT:
 A: concentration of people with certain skills
 B: encourages fair distribution of income in a country
 C: attraction of specialist services in an area
 D: emergence of forward and backward linkages
9. An arrangement where firms producing related and non- competing commodities come together is known as ...
 A: conglomerate merger
 B: Horizontal merger
 C: Lateral merger
 D: Vertical merger
10. Telephone services rendered by a South African owned telecommunication company to the Government of Uganda is categorised as ...
 A: an invisible import for Uganda
 B: a visible export for Uganda
 C: an invisible export for Uganda
 D: a visible import for Uganda
11. The quantity of soap sold by Mukwano soap industries (U) Ltd is likely to **increase** when the government of Uganda...
 A: increases excise duty on soap
 B: decreases import duty on soap
 C: increases import tax on soap
 D: removes import quotas on soap

12. Which **ONE** of the following statements is correct about a POSTAL ORDER?
A: it is cashed at any post office when crossed
B: Issued in fixed denominations
C: It is issued when sending large sums of money
D: A sender pays a commission to a post office
13. Given a Turnover of shs 4,000,000, Gross profit of shs 1,000,000 and margin as **25%**. Find sales at cost
A: shs 3,750,000
B: Shs 1,250,000
C: shs 2,000,000
D: shs 3,000,000
14. Which **ONE** of the following warehouses facilitates collection of customs duties by Uganda Revenue Authority (**URA**)?
A: Public warehouses
B: Bonded warehouses
C: Private warehouses
D: Wholesalers' warehouses
15. Property worth shs 15,000,000 was insured against fire for shs 12,000,000. A fire occurred and the assessors valued a loss of shs 900,000. Determine the Insurer's compensation?
A: shs 9,000,000
B: Shs 6,000,000
C: shs 12,000,000
D: shs 7,200,000
16. The following are **long-term** sources of finance for a Business firm EXCEPT:
A: Share capital
B: Bank overdraft
C: Debentures
D: Bank loans
17. A bill of exchange payable at a future date is commercially called ...
A: sight Bill
B: Usance Bill
C: An accommodation Bill
D: Retired Bill
18. Which banking service is used to pay many employees through the bank using one cheque?
A: credit transfer
B: Direct debit
C: standing order
D: Bank draft
19. Which **ONE** of the following is stated in a **company's memorandum of Association**?
A: voting rights of shareholders
B: procedure of appointing company auditors
C: the liability of shareholders
D: powers and rights of Directors
20. Given that: Total Assets shs 5,500,000, Fixed Assets shs 2,500,000 and Trade Creditors shs 1,800,000. What is the value of working capital?
A: shs 3,00,000
B: Shs 4,800,000
C: shs 1,200,000
D: shs 3,700,000

SECTION B: (80 MARKS)

Attempt **ONLY FOUR** questions from this section

21. (a) What information is carried in the body of a “**Partnership Deed**”?
(10 marks)
- (b) Under what circumstances may a partnership be dissolved?
(10 marks)
22. (a) Distinguish between “**Informative Advertising**” and “**Competitive Advertising**”
(4 marks)
- (b) Outline any six examples (forms) of out-door advertising used in Uganda (6 marks)
- (c) Give and explain the factors which should be considered when choosing a medium of advertising
(10 marks)
23. (a) Differentiate between “**Hire purchase**” and “**Deferred payment**” as methods of instalment selling
(6 marks)
- (b) What are the advantages of instalment selling to a seller?
(14 marks)
24. “Market research is a very important form of sales promotion in a country”
- (a) Outline the major aims of market Research
(6 marks)
- (b) What problems do businessmen encounter while carrying out market research activities?
(14 marks)
25. (a) Differentiate between the following terms as used in commerce:
- (i) **Standing order** and **Credit transfer**
(4 marks)
- (ii) **Bank loan** and **Bank overdraft**
(4 marks)
- (b) Explain the factors considered by a ‘**Commercial Bank loans**’ department when giving out credit to borrowers.
(12 marks)
26. (a) Explain the essentials of a transport system
(8 marks)
- (b) (i) Define the term “**Containerisation**”
(2 marks)

- (ii) Explain the merits associated with the use of containers in transportation of certain products. (10 marks)

27. (a) Write short notes on the following

- (i) Closed indent (2 marks)
 (ii) Certificate of origin (2 marks)
 (iii) Letter of Hypothecation (2 marks)
 (iv) Advalorem tax (2 marks)

(b) Describe the factors that limit International trade (12 marks)

28. A business firm had the following records for **2002** and **2003**

	2002	2003
Total cost of sales	Shs	Shs
Average mark up	720,000	720,000
Expenses	25%	40%
Capital	shs 72,000	Shs
Average stock (at cost	shs 240,000	201,600
	shs 90,000	Shs 345,600
		Shs 144,000

- (a) Calculate for each year:
- (i) the turnover (6 marks)
 (ii) the Net profit (6 marks)
 (iii) the rate of return on capital (6 marks)

(b) Determine using the **rate of turnover**, the year the firm performed better

(2 marks)