

BISHOP'S SENIOR SCHOOL MUKONO
S.3 COMMERCE PAPER
TIME: 2 HOURS.

INSTRUCTIONS:-

- Answer all questions in section A and any three from section B.
- All answers must be written on the answer sheets provided.

SECTIONS A: (20 Marks)

1. What type of merger is created when a tea processing firm and a fish processing plant combine?
A. Lateral. B. conglomerate. C. vertical. D. Horizontal.
2. Under what circumstances is a cash discount given to a customer?
When a customer;
A. Pays within an agreed period. B. buys in large quantities.
C. pays before delivery. D. buys goods regularly.
3. Middlemen who sell goods on behalf of foreign manufacturers in a home market are called;
A. important merchants. B. important commission agents.
C. important brokers. D. del-credere agents.
4. A consignment of goods invoiced at Shs.200,000 carried a trade discount of 10% and a cash discount of 5%. What amount was paid to the seller?
A. Shs. 170,000. B. Shs.180,000. C. Shs.190,000. D. Shs. 171,000.
5. A situation where a country buys more goods from trade partners than it sells is called ;
A. unfavourable balance of trade. B. favourable balance of trade.
C. unfavourable terms of trade. D. favourable balance of payment.
6. Services of the Uganda Police are examples of;
A. secondary production. B. primary production.
C. tertiary production. D. direct production.
7. Producers will increase the production of a commodity when;
A. demand is constant. B. demand is greater than supply.
C. supply is equal to demand. D. supply is greater than demand.
8. The type of large scale retail trade in which there is central control over shops working under different units is known as;
A. multiple shops. B. super markets.
C. departmental stores. D. tied shops.

9. The ability of a good to satisfy human wants is called;
A. consumption. B. production. C. utility. D. exchange.
10. Which one of the following documents acknowledges the receipt of goods by the shipper?
A. receipt. B. insurance certificate. C. bill of lading. D. certificate of origin.
11. A document which shows a summary of transactions between a seller and a buyer for a particular period is called;
A. an invoice. B. a consignment.
C. a statement of account. D. a credit note.
12. If two brothers each invests Shs.500,000 in a general partnership, what would be the liability of each?
A. Unlimited. B. Shs.250,000. C. Shs. 500,000. D. Shs.1,000,000.
13. A retailer paid Shs.19,000 for goods for which 5% cash discount was offered. What was the price before the discount ?
A. Shs.18,000. B. Shs.18,500. C. Shs. 19,500. D. Shs.20,000.
14. A trader purchased goods worth Shs.2,000,000 and was allowed 20% trade discount. Calculate how much was paid;
A. Shs.1,520,000. B. Shs.1,600,000. C. Shs.1,500,000. D. Shs.1,700,000.
15. Which of the following will not normally be shown in an invoice?
A. The name of the buyer. B. The discount allowed to the buyer.
C. The value of the credit notes issued. D. The name of the seller.
16. Which of the following is not a home trade document?
A. credit note. B. debit note. C. letter of credit. D. quotation.
17. Prices in a free market are determined by;
A. forces of demand and supply. B. government control of prices.
C. marketing agencies. D. level of income of buyers.
18. The rewards for labour, land, entrepreneurship and capital are respectively;
A. Rent, profit, wage and interest. B. profit, wage, rent and interest.
C. wage, profit, rent and interest. D. wage, rent, profit and interest.
19. A buyer who buys goods in large quantities and pays after four months receives only;
A. cash discount. B. trade discount. C. credit discount. D. sales discount.
20. On receipt of goods returned by the buyer, the seller sends;
A. a debit note. B. a credit note. C. an invoice. D. a receipt.

SECTION B: (60 Marks)

- 21.a) Draw a diagram showing the divisions of commerce. (8mks)
- b) What six factors will influence a buyer to choose a particular commodity in the market? (12mks)
- 22.a) What are the agents of production? (4mks)
- b) What factors would entice a person into buying a given commodity? (16mks)
- 23.a) Outline any six forms of protection used in international trade. (6mks)
- b) What are the reasons for and against protection in international trade? (14mks)
- 24.a) Distinguish between the following;-
- i) Multiple shops and Tied shops. (2mks)
 - ii) Hire purchase and credit purchase. (2mks)
 - iii) Invoice and preform invoice. (2mks)
 - iv) Credit note and Debit note. (2mks)
 - v) Cash discount and Trade discount . (2mks)
- b) Under what circumstances may a middle man be eliminated from the chain of distribution? (10mks)
- 25.a) Differentiate between the following terms as used in international trade;
- i) Bi-lateral trade and multi-lateral trade. (2mks)
 - ii) Balance of trade and Terms of trade. (2mks)
 - iii) Open indent and closed indent. (2mks)
 - iv) Proforma invoice and consular invoice. (2mks)
- b) Explain any six limitations to traders who deal in international trade. (12mks)

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