

COMMERCE
SENIOR FOUR MOT.1 2020
PAPER 800/1
TIME: 2:00 HRS.

INSTRUCTIONS;

- Attempt all numbers in section **A** and any four from section **B**.
- **NUMBER 28** is compulsory.
- Answers must be written in the answer booklets provided.
- Numbering points and untidy work will lead to loss of marks.

SECTION.A (20 MARKS)

1. The system of instalment selling where the buyer takes ownership of the property immediately after paying the first portion is known as.
 - A. Hire purchase.
 - B. Mortgaging.
 - C. Credit sale.
 - D. deferred payment.
2. A cheque can only be safe if?
 - A. payee is not named on its face.
 - B. It is crossed on its face.
 - C. Payee is named on its face
 - D. Payee and drawee are the same.
3. An unlimited partnership is a business in which,
 - A. At least one partner enjoys limited liability
 - B. There is no liability.
 - C. Partners enjoy limited liability.
 - D. Partners are liable to the debts to an extent of selling personal property.
4. The means of payment in which payments are made in small denominations through the post office is known as?
 - A. Credit transfer.
 - B. Money order
 - C. Travellers cheque
 - D. Postal order
5. Which of the following would influence consumers to buy goods from traders?
 - A. Objective of the firm.
 - B. Tastes and preference
 - C. Number of producers
 - D. Gestation period.
6. Large quantities purchased may be rewarded with,
 - A. Cash discount.
 - B. Trade discount.
 - C. Market served.
 - D. Capital employed.
- 7.....guarantee payment against goods to the principle whether the goods are sold or not.
 - A. Factor
 - B. Broker
 - C. Jobber

- D. Del credere.
8. The loss in value of a computer is called.
- A. Depletion
 - B. Devaluation
 - C. Appreciation
 - D. Depreciation
9. The alternative foregone as a result of making choice is called?
- A. Consumption.
 - B. Opportunity cost
 - C. Choice.
 - D. Specialisation.
10. The sum total of all the activities from production to when the goods reach the final consumer.
- A. Retail Trade
 - B. Wholesale Trade.
 - C. Commerce.
 - D. Aids to trade.
11. A stale cheque refers to?
- A. An out dated cheque
 - B. An insufficient cheque
 - C. A post-dated cheque
 - D. A forged cheque
12. The following are ways through which the manufacturers differentiate between their products from others except
- A. Blending
 - B. Packaging
 - C. Exhibiting
 - D. Branding
13. Prompt payments may be rewarded with,
- A. Cash discount.
 - B. Trade discount
 - C. market served.
 - D. capital employed.
14. We tend to find more direct production in?
- A. Highly developed countries
 - B. Industrialized countries
 - C. Temperate countries
 - D. Backward countries.
15. Which one of the following documents does a buyer receive when he has been under charged in the invoice?
- A Advice note
 - B Credit note
 - C Debit note
 - D Delivery note
16. An agent in international trade who connects the exporters and importers is called?
- A Broker
 - B Factor
 - C Dealer
 - D Del creder

17. A drawee on a bill of exchange is?
 - A. A person who pays money on a bill of exchange.
 - B. A person who demands payment on a bill of exchange.
 - C. A person who writes a bill of exchange.
 - D. A bank where money is to be paid.
18. One of the following reasons explains the existence of instalment selling,
 - A. A decrease cost of selling.
 - B. Enabling consumers buy goods offered at low prices.
 - C. Enabling consumers buy high priced goods.
 - D. Encourages consumers to buy items that they do not require.
19. In business, a loss arising from debts where the seller is doubting payment is called?
 - A. Doubtful Date.
 - B. Bad debt.
 - C. Dead stock.
 - D. Dead weight debt.
20. In Hire purchase agreement.
 - A. The product becomes the property of the buyer as soon as first instalment is paid.
 - B. The product remains the property of the seller until the last instalment is paid.
 - C. The goods are hired by buyer and returned to the seller after use.
 - D. The goods are not repossessed by the seller if the buyer fails to complete payment.

SECTION.B (80 MARKS)

21. a) Define a “cheque” (02 marks)
- b) What measures should a drawer take to ensure the safety of his cheque? (10 marks)
- c) Give five reasons as to why a bank draft is preferred as a method of payment? (10 marks)
22. a) Give reasons why a country like Uganda impose taxes. (08 marks)
- b) Explain any five principles of a good tax system. (08 marks)
- c) Explain any two forms of taxes. (04 marks)
23. a) Explain any six reasons for government getting involved in trade. (12 marks)
- b) Explain any four ways in which government gets involved in business. (08 marks)
24. a) Define consumer protection (02 marks)
- b) Explain any five ways in which consumers are protected (10 marks)
- c) Give any five problems faced in protecting consumers (08 marks)
25. a) Explain any five principles of insurance (10 marks)
- b) Explain any five terms used in insurance (05 marks)

- c) Give the factors considered when determining the premium paid for any property to be insured. (05 marks)
26. a) State the difference between **natural growth** and **amalgamation** of firms. (4 marks)
- b) Describe **four** ways in which companies may amalgamate. (08 marks)
- c) Give **four** advantages of amalgamation of firms. (08 marks)
27. a) Give the advantages of using mobile phones as a medium of communication. (08 marks)
- b) Explain six factors influencing the choice of communication medium. (12 marks)
28. a) Distinguish between a debtor and a creditor. (04marks)
- b) The following records were extracted from the books of Kabiswa traders for the year ending 31st Dec 2018.
- Turnovers (sales).....Shs 16,000,000/=
- Margin..... 20 %
- Expenses.....Shs 1,800,000/=
- Required to calculate**
- (i) Gross profit (03 marks)
- (ii) Cost of sales (03 marks)
- (iii) Net profit (03 marks)
- (iv) Net profit as a percentage of his sales (04 marks)
- (v) Markup (03 marks)

END