

**KING'S COLLEGE, BUDO**  
**HOLIDAY WORK TERM I 2020**  
**COMMERCE PAPER 2**  
**S.4**

**INSTRUCTIONS**

- Attempt **all** questions.
- You may lose marks for **untidy** work.

1. (a) Name any **four** forms of economic integration.  
 (b) Explain any **five**,
  - (i) benefits of economic integration
  - (ii) Conditions necessary for economic integration
 (c) Give **three** disadvantages of economic integration
2. (a) Describe the principles of insurance  
 (b) Advise a trader on the benefits of insurance companies in Uganda
3. You were consulted by a trader who wishes to open up a bank account;
  - (a) Mention the procedures for opening up an account
  - (b) Give **five** benefits of commercial banks to traders.
  - (c) Advise a trader on any **five** factors the bank may consider when giving a loan.
  - (d) Describe and illustrate the forms of general crossings on a cheque.
4. Study the following balance sheet and answer the questions below;

**K.B enterprises**  
**Balance sheet**  
**as at 31/12/2018**

	<b>Shs.</b>		<b>Shs.</b>
Drawings	1,000,000	Capital	7,000,000
Bank loan	1,500,000	Unpaid salaries	500,000
Debenture	500,000	Cash	2,500,000
Net profit	400,000	Bank	1,500,000
Land	5,000,000	Debtors	1,000,000
Creditors	2,000,000	Equipment	200,000
Bank overdraft	1,000,000	Furniture	800,000
Buildings	3,000,000	Stock	1,500,000
	<b>15,500,000</b>		<b>15,500,000</b>

**Required;**

- (a) Re-draft KB enterprises balance sheet as at 31/12/2018
  - (b) Determine the values of;
    - (i) fixed assets
    - (ii) long term liabilities
    - (iii) working capital
5. (a) Distinguish between income statement and a balance sheet (04marks)  
(b) Study the following balance sheet and answer the questions below

**BANYO TRADER'S  
Balance sheet  
as at 31/12/2018**

	<b>(shs.)</b>		<b>(shs.)</b>
Capital	27,800,000	Buildings	18,000,000
Bank loan	12, 000,000	Machinery	13,000,000
Debentures	8,000,000	Equipment	10,000,000
Creditors	760,000	Stock	2,500,000
Bills due	200,000	Debtors	4,760,000
		Cash	500,000
	<b>48,760,000</b>		<b>48,760,000</b>

The following information was also provided:

Stock 1/1/2018 .....	shs. 4,000,000
Purchases for the year .....	shs. 3,200,000
Sales.....	shs. 7,000,000
Returns outwards.....	shs. 200,000
Returns inwards.....	shs. 150,000
Expenses.....	shs. 95,000

**Determine:**

- (i) Borrowed capital (03marks)
- (ii) Capital employed (03marks)
- (iii) Cost of sales (03marks)
- (iv) Gross profit (03marks)
- (v) Return on capital (04marks)

**END**