

TIME: 2 ½ HOURS

11. The **main** function of state enterprises is to  
 A: provide skills to the public. B: make profit for government.  
 C: encourage competition. D: provide essential services to the public.
12. A business having more liabilities than assets is said to be  
 A: bankrupt B: insolvent C: solvent D: poor
13. The following are non-tariff barriers among countries **except**  
 A: trade embargo B: import quota C: currency devaluation D: import tax
14. A customer becomes the owner of a commodity after the down payment. This is true for  
 A: credit purchase. B: cash purchase.  
 C: hire purchase. D: deferred payment.
15. Which of the following abbreviations indicates that the seller reserves the right to correct errors in an invoice?  
 A: F.O.B B: C & F C: E & O. E D: C.I.F
16. To find out customers' opinions about a commodity producers carry out  
 A: sales promotion B: market research C: advertising D: insurance
17. A warehouse where goods are kept before paying import taxes is called  
 A: producer's warehouse B: retailer's warehouse  
 C: bonded warehouse D: wholesaler's warehouse
18. A jobber who deals in new shares issued is known as  
 A: Bear B: Bull C: Stag D: Broker
19. If demand increases and supply remains the same, price will  
 A: remain the same B: increase C: decrease D: fluctuate.
20. When Airtel Uganda Ltd took over Warid Telecom (U) Ltd , this is called  
 A: Cartel B: Absorption C: Consortium D: Franchising

### SECTION B: (80 MARKS)

21. (a) What do you understand by the term **utility** as used in commerce? (02 marks)  
 (b) Describe the different forms of utility. (08 marks)  
 (c) State and explain the **five** factors of production. (10 marks)
22. (a) Differentiate between **demand** and **supply**. (04 marks)  
 (b) Under what circumstances may a producer of a given commodity decide to supply more of that commodity? (16 marks)

23. (a) Explain what you understand by the following channels of distribution
- (i) Direct distribution channel (02 marks)
  - (ii) medium/retail distribution channel (02 marks)
  - (iii) Long/wholesale distribution channel (02 marks)
  - (iv) Agent distribution channel (02 marks)
- (b) What are the factors considered when choosing a channel of distribution? (12 marks)
24. (a) Briefly explain the **five** forms of restrictions in international trade. (10 marks)
- (b) What are the challenges faced by traders involved in international trade? (10 marks)
25. (a) Describe the factors considered when choosing a medium of communication. (10 marks)
- (b) What are the barriers to effective communication? (10 marks)
26. (a) What is a **tax**? (02 marks)
- (b) Why does the government impose taxes? (18 marks)
27. (a) Explain the different methods used to collect data for conducting market research. (10 marks)
- (b) Give the importance of carrying out market research (10 marks)
28. The following information was extracted from the books of a trader.
- |                       |               |
|-----------------------|---------------|
| Fixed assets          | Shs 2,500,000 |
| Current assets        | Shs 1,000,000 |
| Long term liabilities | Shs 2,000,000 |
| Current liabilities   | shs 500,000   |
- Calculate:
- (a) Capital owned (03 marks)
  - (b) Working capital (03 marks)
  - (c) Capital employed (04 marks)
- (ii) Given that rate of turnover is **two** times; average stock at cost is shs 600,000, turnover is shs 2,000,000. Calculate
- (a) Cost of sales (04 marks)
  - (b) Gross profit (03 marks)
  - (c) Mark- up (03 marks)

END