



- A: Shs 80,000                      B: shs 100,000                      C: shs 20,000                      D: shs 60,000
6. Entrepot trade refers to  
A: Re-export trade.                      B: Import trade.                      C: Export trade.                      D: Home trade.
7. Which document does a seller send to a buyer to correct an undercharge in an invoice?  
A: Receipt.                      B: Invoice.                      C: Credit note.                      D: Debit note.
8. The event against which an insurance is taken out is called  
A: Premium                      B: Loss                      C: Risk                      D: Accident
9. Tools, machines and equipment are examples of  
A: Labour.                      B: Capital.  
C: Land.                      D: Entrepreneurship.
10. The price of a commodity is **shs 200,000**. How much does a customer pay after enjoying a Cash discount of **10%** and trade discount of **20%**?  
A: shs 180,000                      B: shs 160,000                      C: shs 140,000                      D: shs 144,000
11. Which one of the following is used to compute and obtain **Net capital employed**?  
A: Fixed assets + Working capital.                      B: Current assets – Current liabilities.  
C: Total assets – Total liabilities.                      D: Fixed assets + Current assets.
12. In case Roko Construction Company combines with Zimwe Construction Company to build a church in Namugongo, this is known as  
A: Vertical merger.                      B: Horizontal merger.  
C: Conglomerate merger                      D: Cartel.
13. The system of instalment selling where the buyer takes full ownership of the property after paying all instalments is known as  
A: Credit sale.                      B: Deferred payment                      C: Cash deposit.                      D: Hire purchase
14. When the government wants to protect consumers against being overcharged it  
A: extends subsidies to consumers.                      C: imposes high taxes on goods.’  
B: increases taxes on consumers’ income.                      D: eliminates imports completely.
15. An instruction by the account holder to his bank to make regular payment by deducting money from his account is called  
A: Credit transfer.                      C: standing order.

B: Cheque.

D: Promissory note.

16. Gross profit expressed as a percentage of turnover is known as

A: Margin.

B: Mark up.

C: Rate of turnover.

D: Rate of return on capital.

17. The loss of value by a Fixed asset is known as

A: Inflation

B: Devaluation

C: Deflation

D: Depreciation

18. A tax levied on locally produced goods is called

A: Specific tax.

B: Excise duty.

C: Advalorem tax.

D: Customs duty.

19. *“MTN airtime sold here.”* What form of advertising is this?

A: Persuasive.

B: Direct.

C: Informative.

D: Indirect.

20. Trade between two countries only is called

A: international trade.

B: bi-lateral trade.

C: home trade.

D: multi-lateral trade.

### SECTION B (80 MARKS)

21. (a) Distinguish between **“Demand”** and **“Supply”**

(02 marks)

(b) In each case state the laws of demand and supply.

(02 marks)

(c) Under what circumstances may a producer of a given commodity decide to supply more of a commodity?

(16 marks)

22. (a) Describe the following forms of amalgamation of companies:

(i) Consolidation

(02 marks)

(ii) Absorption

(02 marks)

(iii) Holding company

(02 marks)

(iv) Cartel

(02 marks)

(v) Consortium

(02 marks)

(b) What are the advantages of amalgamation of firms?

(10 marks)

23. (a) Describe the documents used when forming a Public limited company.

(12 marks)

(b) What are the advantages of a Public limited company over Sole Proprietorship?

(08 marks)

24. (a) Use a diagram to describe the chain of distribution. (08 marks)  
 (b) Write short notes about the different types of wholesalers that you know. (12 marks)
25. (a) Differentiate between **nationalization** and **Privatization** (04 marks)  
 (b) Outline the disadvantages of Nationalization. (04 marks)  
 (c) Describe any **six** different forms of privatization (12 marks)
26. (a) Communication is very important in any business. Describe the role of communication to the success of a business. (12 marks)  
 (b) What factors would you consider when choosing a medium of communication? (08 marks)
27. (a) Outline any **six** sources through which the government of Uganda may raise revenue. (06 marks)  
 (b) State the principles of taxation. (06 marks)  
 (c) Explain the importance of taxation in a country. (08 marks)
28. (a) Using formulas distinguish between **Mark- up** and **Margin** (02 marks)  
 (b) The information below was extracted from the books of **Mugisha and Co Limited** as at December 31<sup>st</sup> 2015.

Capital	Shs 12,000,000
Net profit	Shs 3,000,000
Drawings	Shs 4,000,000
Bank loan	Shs 3,000,000
Debentures	Shs 2,000,000
Creditors	Shs 3,500,000
Bank overdraft	Shs 2,500,000
Good will	Shs 8,000,000
Motor van	Shs 2,000,000
Salaries paid in advance	Shs 6,000,000
Cash	Shs 3,200,000
Stock	Shs 2,800,000

**Required to:**

**Calculate:**

- |                        |            |
|------------------------|------------|
| (i) Fixed capital      | (03 marks) |
| (ii) Working capital   | (03 marks) |
| (iii) Capital employed | (03 marks) |
| (iv) Borrowed capital  | (03 marks) |
| (v) Working capital    | (03 marks) |
| (vi) Current ratio     | (03 marks) |

**END**

*END*