

Instructions:

Answer all questions in section A.

Choose any 2 questions in section B.

All answers must be written on a separate answer sheet.

SECTION A :(20 Marks)

Write the letter corresponding to the correct answer for each question in the answer booklet provided.

1. The main purpose of production is to;

- A. Create utility
- B. Increase consumption
- C. Improve output
- D. Improve specialization

2. After –sales service is important because;

- A. It makes salesmen popular
- B. It enhances the quality of a company’s product
- C. It enhances the quantity of a company’s product
- D. It motivates consumers to buy the products.

3. Human wants can be classified into:-

- A. Basic and tertiary wants
- B. Basic and secondary wants
- C. Tertiary and secondary wants
- D. Basic, secondary and tertiary wants.

4. People exchange goods and services because:-

- A. Some commodities are in short supply while others are abundant
- B. It is a source of employment
- C. Preference of what others produced
- D. Producers specialize in one or a few commodities which they produce in surplus

5. Mr Mukasa was offered the following terms of sale,

A price of shs 2,000 less 10% trade discount and 5% cash discount after one month, 4% two months, thereafter net. If he paid at the end of the first month, how much did he pay?

- A. Shs 1,800
- B. Shs 2,000
- C. Shs 1,728
- D. Shs 1, 710

6. Which of the following is an example of secondary production?

- A. University education
- B. Teaching at a secondary school
- C. Oil refining
- D. Transportation

7. A tied shop is

- A. A shop which sells goods to a selected number of customers
- B. A shop which sells goods to a selected age group
- C. A shop which sells only one variety of goods
- D. A shop which sells goods from only one manufacturer

8. The main branches of commerce are

- A. Production and exchange
- B. Production and consumption
- C. Buying, selling and Aids to trade
- D. Home trade and foreign trade

9. The ability of a good to satisfy a human want is termed as

- A. Production
- B. Utility
- C. Consumption
- D. Demand

10. A retailer may be defined as a trader who

- A. Sells goods in small quantities
- B. Buys goods from a wholesaler
- C. Sells goods to a consumer
- D. Buys in large quantities

11. Land and capital are two factors of production. Which of the following provides a third factor?

- A. Staff
- B. Premises
- C. Machinery
- D. Vehicles

12. An example of specialization by commodity is

- A. Factory worker
- B. Machine repairer
- C. Cotton producer
- D. A producer in Jinja

13. Producers will offer more goods for sale when prices are

- A. Low
- B. Stable
- C. Fluctuating
- D. High

14. If an increase in the price of a commodity leads to a decrease in demand for another commodity, the two goods are said to be;

- A. Complementary goods
- B. Substitute goods
- C. Consumer goods
- D. Inferior goods

15. An establishment where one class of goods under one management is stocked is called;

- A. Departmental store
- B. Hyper market
- C. Multiple shops
- D. Supermarket

16. Wholesalers may be eliminated from the chain of distribution if the

- A. Goods are very cheap
- B. Manufacturers use their agents
- C. Demand for goods increases
- D. Manufacturers are far from the consumers

17. The practice by large scale retailers to keep prices as low as possible is called

- A. Resale price maintenance
- B. Minimum price legislation
- C. Loss
- D. Maximum price legislation

18. Which one of the following activities is an example of primary production?

- A. Road construction
- B. Manufacturing
- C. Teaching
- D. Fishing

19. The bearing of risks in the production process falls on

- A. Capital owners
- B. Labourers
- C. Land owners
- D. Entrepreneurs

20. Shell petrol stations in Uganda are examples of

A. Tied shops

B. Departmental stores

C. Discount stores

D. Supermarkets

SECTION B (40 Marks)

*Answer any **two** questions from this section*

21. a) Who is an itinerant trader? (02marks)
- b) State the Characteristics of itinerant traders. (08marks)
- c) What are the qualities of an itinerant trader? (10marks)
22. a) Mention and explain what you would include under trade and Aids to trade. (10marks)
- b) Give five reasons why the study of commerce is important. (10marks)
23. a) Differentiate between consumer goods and producer goods (04marks)
- b) Explain eight factors that influence the supply of a commodity on the market (16marks)
24. a) Distinguish between division of labour and specialization. (08marks)
- b) As the last link in the chain of distribution of goods from the producer, what possible services could a retailer give to:-
- i) a wholesaler
- ii) a consumer