

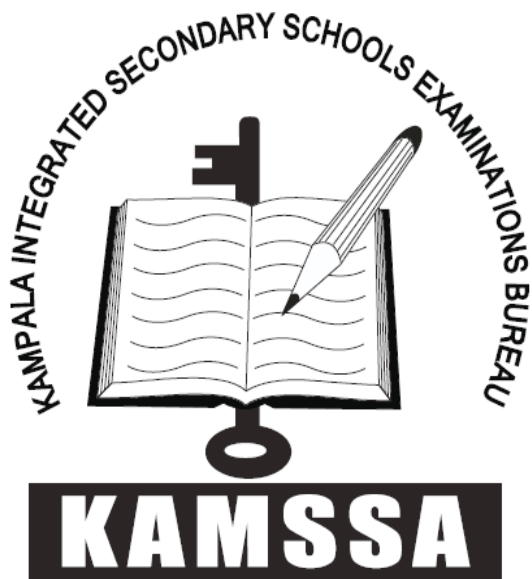
800/1

Commerce

Paper 1

July/ August 2022

2hours 30 minutes



KAMSSA JOINT MOCK EXAMINATIONS

Uganda certificate of education

COMMERCE

Pape 1

2hours 30minute

Instruction to candidates:

- *This paper consists of **two** sections **A** and **B**.*
- *Answer **all** questions in section **A** and **four** questions from section **B***
- *Answers to all questions must be written in the answer booklet provided.*
- *All questions in section **B** carry equal marks.*
- *Credit **will be** given for use of relevant diagrams and illustrations.*
- *Any additional question(s) answered will not be marked.*

SECTION A (20MARKS)

Answer all questions in this section

1. Generally, less goods will be supplied if,
A. The prices are competitive
B. The prices are stable
C. The prices are high
D. The prices are low.
2. A group of firms dealing in the production of a specific product or service is a/an..
A. Aid to trade
B. Industry
C. Firm
D. Factor of production
3. Which of the following is a characteristic of direct production?
A. Production for sale
B. Specialisation
C. Production for personal consumption
D. Large scale production
4. When estimates for the cost of supplying a certain product are required, a buyer may invite suppliers to submit.
A. Tenders
B. Contracts
C. Invoices
D. Proforma
5. A debtor can best be described as a person
A. Who has money
B. Who owes some one money
C. To whom money is owed
D. Who has saved money
6. A document which shows a summary of transactions between a seller and a buyer for a particular period is called a/an
A. Statement of account
B. Invoice
C. Receipt
D. Debit note
7. Sharing profits in a consumer cooperative society depends mainly on.
A. One's capital contribution
B. Level of profits realized
C. Number of shares
D. Ratio of purchases.
8. The major challenge affecting the development of tourist industry in Uganda is.
A. Poor hotel management
B. Hostile tribes
C. Poor road network
D. Destruction of wildlife
9. Why is it necessary to create a customs union?
A. Have one government and political union
B. Keep out foreign products
C. Create a large market for producers
D. Collect more money from import
10. Calculate the gross profit of the business where records are turnover Shs 16,600,000, goods available for sale Shs 14,700,000 and closing stock Shs 12,500,000.
A. Shs 14,100,000
B. Shs 14,400,000
C. Shs 12,200,000
D. Shs 19,000,000
11. Given that mark-up is 25%, use the relationship between markup and margin to calculate the margin of the business.
A. 10%
B. 15%
C. 25%
D. 20%
12. A cheque was drawn in favour of Anisha, who is Anisha in this case?
A. Drawer
B. Drawee
C. Payee
D. Endorser
13. Which of the following is an example of an overdraft?
A. When a current account shows higher withdrawals than deposits.
B. When a current bank account shows higher deposits than withdrawals.
C. Bank charges entered in bank account
D. When balance in a savings account fails below the specified minimum

14. What can an insurer do in order to reduce his liability on property which is too expensive to insure.
- Over-insure
 - Under –Insure
 - Co-insure
 - Re-insure
15. Fiduciary issue means that the central bank has issued currency notes.
- Without holding any reserves against the issue
 - Without any authority from the government
 - In more quantity than are required in the country
 - In place of old notes
16. A wholesaler may be defined as a trader who
- Sells goods to another trader
 - Buys goods in very large quantities
 - Buys goods from the producer
 - Sells goods to the consumer.
17. E & O.E is often written at the foot of an invoice. It means.
- The seller is sure that there is an error in the invoice
 - The seller reserves the right to correct any error or omission that may have been made in the invoice.
 - No error or omissions have been made in the invoice.
 - The seller accepts the responsibility for any error or omission that may have been made in the invoice.
18. Kalule's books of accounts revealed the following information.
- Capital employed Shs 7,200,000
 Current assets Shs 3,400,000
 Current assets Shs 2,000,000
- Determine for him fixed capital.
- Shs 5,400,000
 - Shs 5,800,000
 - Shs 1,400,000
 - Shs 5,200,000
19. Stock exchange specialists that buy shares when they are cheap with a hope of selling them in future at a profit are referred to as;
- Stags
 - Bears
 - Bulls
 - Stock brokers
20. Which of the following tax is imposed on expenditure?
- Pay as you earn
 - Corporation tax
 - Excise duty
 - Value added tax (VAT)

SECTION B (80 MARKS)

Answer any four questions from this section

- 21(a) Distinguish between specialization by commodity and specialization by process.
(04 marks)
- (b) Explain any four (4) advantages and four (4) disadvantages of specialization **(16marks)**
- 22(a) Outline any eight (8) main features of small scale retail businesses in Uganda.
(08marks)
- (b) Why is small scale retailing more popular than large scale retailing in Uganda?
(12marks)

- 23(a) Define the term trade restrictions (02marks)
 (b) Explain any eight (8) methods used by government to restrict trade. (08marks)
 (c) Give any five (5) reasons why government imposes trade restrictions in international trade. (10marks)
- 24(a) (i) Define a memorandum of association. (02marks)
 (ii) Name and explain six (6) clauses of a memorandum of association. (06marks)
 (b) Describe any six (6) steps involved in selling shares of a public limited companies. (12marks)
- 25(a) Distinguish between the following as used in insurance.
 (i) Whole life policy and endowment policy. (04marks)
 (ii) Indemnity and insurable interest. (04marks)
 (b) Explain any six (6) functions of insurance. (12marks)
- 26(a) Give any six (6) factors considered while choosing the mode of transport when transporting goods. (12marks)
 (b) Explain any eight (8) roles played by transport in the economic development of a country. (08marks)
- 27(a) What is ware housing? (02marks)
 (b) Describe the organization of a ware house of a large scale business. (10marks)
 (c) Under what circumstance may ware housing be required? (08marks)
- 28(a) (i) Define stock taking (02marks)
 (ii) Give any three (3) reasons why stock taking is conducted by traders? (03marks)
 (b) The following details relate to the records of a small scale retailer as at 31st December 2020.
- | | |
|-------------------------|-----------------|
| Stock 1.01. 2020 ----- | Shs 24,000,000 |
| Stock 31.12. 2020 ----- | Shs 30,000,000 |
| Purchases ----- | Shs 144,000,000 |
| Sales ----- | Shs 320,000,000 |
| Sales returns ----- | Shs 3,000,000 |
| Purchases returns ----- | Shs 4,000,000 |
| Over heads ----- | Shs 4,000,000 |
- Calculate
- (i) Cost of goods (03 marks)
 (ii) Gross profit (03 marks)
 (iii) Net profit (03 marks)
 (iv) Average stock (03 marks)
 (v) Rate of turnover (03 marks)

END