800/1 COMMERCE Paper 1 Jul/Aug 2019 2 ½ Hours



#### **MUKONO EXAMINATION COUNCIL**

# Uganda Certificate of Education COMMERCE

Paper 1

#### 2 Hours 30 Minutes

#### **INSTRUCTIONS TO CANDIDATES**

- This question paper consists of two sections **A** and **B**
- Answer all questions in section A
- Answer any **four** questions from section **B**
- All questions in section B carry equal marks.
- Any additional question(s) answered will not be marked.
- You may lose marks for untidy work.

## **SECTION A (20 MARKS)**

## Answer all questions in this section.

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

1.	The payment for hiring a piece of land to carry out agriculture is called.		
	A. Interest		
	B. Rent		
	C. Salary		
	D. Profit		
2.	Which one of the following situations may cause a decrease in the supply of cooking oil on market?		
	A. Arise in the price of cooking oil.		
	B. Increase in market size.		
	C. Increase in the cost of production.		
	D. Increase in the number of produce.		
3.	Identify a document which helps the seller to find out the credit worthiness of the buyer who wants credit		
	A. Credit status inquiry		
	B. Credit note		
	C. Letter of credit		
	D. Trade credit		
4.	The facilitators of trade are commonly referred to as		
	A. Commerce		
	B. Exchange		
	C. Distribution		
	D. Aids to trade		
5.	A retail outlet which sells Hima cement from Hima cement industry (U) Ltd are examples of.		
	A. Departmental Stores	C. Tied shops.	
	B. Mobile shops	D. Single shops	
6.	A debenture which has a specific property pledged against it is called.		
	A. A naked debenture	C. A redeemable debenture	
	B. A mortgage debenture	D. An irredeemable debenture	

7.	A tax which is charged on imported goods according to the price of the commodity is term		
	as.		
	A. Advalorem tax	C. Quantitative tax	
	B. Direct tax	D. Specific tax	
8.	oc, such as the East African Community?		
	A. To generate free trade between m	nember countries in a particular area.	
	B. To restrict the flow of trade between countries who are members.		
	C. To protect industries in member countries from competition from other countries.		
	D. To publish import and exports sta	atics.	
9.	. Two firms join together and both lose their identity. This is known as		
	A. Merge	C. Consolidation	
	B. Consortium	D. Holding company	
10	. A business undertaking where the go	overnment owns 49% shares and Private sector 51%	
	share is termed as.		
	A. Private sector	C. Joint venture	
	B. Public sector	D. Divestiture	
11	. Which one of the following is an exan	nple of a terminal in transport?	
	A. Petrol engine	C. Oil Pipeline	
	B. Sea Port	D. School bus	
12	. Insurance experts who determine the	e premium to be paid on insured property are called.	
	A. Actuaries	C. Re - insurers	
	B. Assessors	D. Under – writers	
13	. Given;		
	Stock	Shs 100,000	
	Trade creditors	Shs 80,000	
	Trade Debtors	Shs 120,000	
Bank over draft Shs 50,000		Shs 50,000	
	Determine the value of current liabilities		
	A. Shs 170,000	C. Shs 220,000	
	B. Shs 130,000	D. Shs 300,000	
14. The term used under stock exchange to explain the rate of return on investment of			
	shareholders is		
	A. Per value share	C. Yield rate	

B.	Market value share	D. Share certificate	
15. A	form of communication, which can transm	it drawings, and diagrams in their exact form is	
ca	lled.		
A.	radio	C. telegram	
B.	fax	D. e mail	
16. W	6. Which document in a Partnership indicates the terms and conditions of the business?		
A.	Partnership deed	C. Certificate of trading	
B.	Prospectus	D. Memorandum of Association	
17. Th	17. The deliberate government attempt to reduce the value of her currency in relation to other		
cu	rrencies is known as		
A.	Appreciation of the local currency		
B.	Revaluation of the local currency		
C.	Devaluation of the local currency		
D.	Depreciation of the local currency.		
18. Dividends are paid in a producer Co-operative Society according to			
A.	Capital contributed to the society		
B.	Purchases from the Co-operative		
C.	Members participation in the Co-operativ	re activities	
D.	Sale of produce to the Co-operative		
19. Ca	veat emptor as used in consumer Protection	on means	
A.	Let the seller know		
B.	Let the buyer be aware		
C.	Let the producer empty all the stores		
D.	Let the producer cover all the containers	after the production of dangerous goods.	
20. W	hat is the name for the Modern system whe	ere trade is carried out through the web?	
A.	Tele- conferencing	B. Video – conference	
C.	E – commerce	D. Computer	
CECTION D (OO MADYO)			
	SECTIO:	N B (80 MARKS)	

Answer any four Questions from this section.

21. a) Define "factors of Production" (02marks)
bi)Explain five factors of Production, giving a reward for each
ii) State four ways in which Utility is created (08 marks)

22. a) Give four features of itinerant traders.		(04 marks)
b) Exp	plain;	
i) Fou	r examples of Itinerant traders	(08 marks)
ii) Factors th	at should be considered when setting up a saloon business .	(08 marks)
23. a) Descril	pe five Principles of Co – Operative Societies	(10 marks)
b) Exp	plain the problems faced by Co-Operative Societies in Uganda.	(10 marks)
24. a) Disting	guish between the following terms as used in banking	
i)	Bank Account and A Statement of account.	(04 marks)
ii)	An open Cheque and a crossed Cheque.	(04 marks)
iii)	Credit transfer and standing order.	(04 marks)
b) Exp	plain any six services offered by Centenary Rural Development Bank to	its customers.
		(12 marks)
25. a) Define	the term "Market Research"	(02 marks)
b) i)W	That is the importance of conducting market research by the traders?	(08 marks)
ii) Exp	plain any five methods traders use when conducting market research.	(10 marks)
26. a) With e	xamples, Distinguish between direct taxes and indirect taxes.	(04 marks)
b) Bri	efly, explain four Principles of taxation	(08 marks)
c) Giv	e any eight reasons why the government of Uganda collects taxes.	(08 marks)
27. a) Explaii	n any four factors that should be considered when choosing a medium	of advertising.
		(08 marks)
b) Identif	y a suitable medium of advertising for each of the following commoditi	es.
i) Adv	ertising mosquito nets for general public	(01 mark)
ii) Dis	play of commodities by both local and international traders.	(01 mark)
iii) Ad	vertising a new brand of computers.	(01 mark)
iv) Pr	oducts that appeal to teenagers.	(01mark)
ii) Giv	re two reasons for the choice of each of the Medium of advertising ment	tioned
in 27(b) (i) a	bove (08 m	narks)

- 28. a) Give any four ways of improving turn over and profits of a business.
- b) The following information was obtained from the books of Rich Gangs Ltd on

## 31st December 2017

	Shs
Stock on 1st January 2017	32,000
Creditors	60,000
Capital	200,000
Loans	50,000
Purchase	116,000
Stock on 31st Dec. 2017	40,000
Cash in hand	8,000
Debtors	100,000
Cash at bank	34,000
Debtors	38,000
Gross profit margin	20%

## Calculate;

i)	Sale at cost	(03 marks)
ii)	Rate of stock turn	(03marks)
iii)	Average stock	(03 marks)
iv)	Turnover	(04 marks)
v)	Working Capital	(03 marks)

End -