

**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

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22. a) Give four features of itinerant traders. **(04 marks)**  
 b) Explain;  
 i) Four examples of Itinerant traders **(08 marks)**  
 ii) Factors that should be considered when setting up a saloon business **(08 marks)**
23. a) Describe five Principles of Co – Operative Societies **(10 marks)**  
 b) Explain the problems faced by Co-Operative Societies in Uganda. **(10 marks)**
24. a) Distinguish 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) Explain 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) What is the importance of conducting market research by the traders? **(08 marks)**  
 ii) Explain any five methods traders use when conducting market research. **(10 marks)**
26. a) With examples, Distinguish between direct taxes and indirect taxes. **(04 marks)**  
 b) Briefly, explain four Principles of taxation **(08 marks)**  
 c) Give any eight reasons why the government of Uganda collects taxes. **(08 marks)**
27. a) Explain any four factors that should be considered when choosing a medium of advertising. **(08 marks)**  
 b) Identify a suitable medium of advertising for each of the following commodities.  
 i) Advertising mosquito nets for general public **(01 mark)**  
 ii) Display of commodities by both local and international traders. **(01 mark)**  
 iii) Advertising a new brand of computers. **(01 mark)**  
 iv) Products that appeal to teenagers. **(01 mark)**  
 ii) Give two reasons for the choice of each of the Medium of advertising mentioned  
 in 27(b) (i) above **(08 marks)**

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

31<sup>st</sup> December 2017

	Shs
Stock on 1 <sup>st</sup> January 2017	32,000
Creditors	60,000
Capital	200,000
Loans	50,000
Purchase	116,000
Stock on 31 <sup>st</sup> 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        | <b>(03 marks)</b> |
| ii) Rate of stock turn | <b>(03marks)</b>  |
| iii) Average stock     | <b>(03 marks)</b> |
| iv) Turnover           | <b>(04 marks)</b> |
| v) Working Capital     | <b>(03 marks)</b> |

**End -**