

800/1
COMMERCE
Paper 1
2½ hrs.

STANDARD HIGH SCHOOL ZZANA
Uganda Certificate of Education
COMMERCE

Paper 1
2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES:

*This paper consists of **two** sections **A** and **B**.*

*Answer **all** the questions in section **A** and any **four** questions from section **B**.*

*Any additional question (s) answered will **not** be marked.*

*Answers to **all** questions **must** be written in the answer booklet provided.*

***All** questions in section **B** carry **equal** marks.*

Untidy work will be penalized.

Turn Over

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 final stage in the process of production is termed as
 - A. trade.
 - B. distribution.
 - C. exchange.
 - D. consumption.
2. Which of the following is not true?
 - A. An increase in demand leads to increase in price.
 - B. Shortage in supply increases price.
 - C. Demand and supply are equal at equilibrium point.
 - D. An increase in supply increases price.
3. Traders always regulate supply of goods on the warehouses in order to
 - A. pay low customs duty.
 - B. stabilise prices.
 - C. encourage re - export.
 - D. discourage dumping.
4. Stock taking can be defined as
 - A. buying of goods for sale.
 - B. an act of making list of stock held.
 - C. a period during which old stock is cleared at low prices.
 - D. an act of finding out the value of stock held.
5. Pooling of risks in insurance is intended to mean
 - A. investing all the premium.
 - B. a collection of premium into a fund.

- C. a refund made as compensation.
D. compensation money to the insured.
6. A document that governs the company's relationship with the public is known as
A. memorandum of association.
B. prospectus.
C. articles of association.
D. certificate of incorporation.
7. The following information was available
- | | |
|----------------|-------------|
| Stock | shs 100,000 |
| Creditors | shs 80,000 |
| Bank overdraft | shs 50,000 |
| Debtors | shs 120,000 |
- Determine the value of current liabilities
- A. Shs 130,000.
B. Shs 170,000.
C. Shs 220,000.
D. Shs 300,000.
8. What effect will drawings have on a business? They
A. increase on the value of purchases.
B. increase on the value of capital.
C. reduce on the value of capital.
D. reduce on the value of sales.
9. Which one of the following may not reply the letter of inquiry?
A. An invoice.
B. A catalogue.
C. A quotation.
D. A price list.

Turn Over

10. The main reason why the government gets involved in business activities is
- A. to sell shares to the public at low prices.
 - B. to provide essential goods and services to the public at low prices.
 - C. to enlighten the public on how to conduct business.
 - D. to maximize profits from the distribution of goods and services to the public.
11. Cumulative preference shares have
- A. first claim on the profits after the claims of ordinary shares have been met.
 - B. first claim on the profits of the company.
 - C. a claim on profit any arrears of dividends.
 - D. the same claim on profits as ordinary shares.
12. What can an insurer do in order to reduce the liability on property, which is too expensive to insure?
- A. Increase premium.
 - B. Re - insure.
 - C. Over - insure.
 - D. Under - insure.
13. A loss arising from irrecoverable debt is known as
- A. net loss.
 - B. net profit.
 - C. mark up.
 - D. bad debt.
14. What is the amount payable to the seller if products are worth shs 400,000 with 10% trade discount and 5% cash discount?
- A. Shs 342,000.
 - B. Shs 380,000.
 - C. Shs 360,000.
 - D. Shs 340,000.

15. This is a partner who makes others to believe is a partner but when he is not
- A. active partner.
 - B. sleeping partner.
 - C. partner by estoppel.
 - D. senior partner.
16. Which document gives a limited company legal existence?
- A. Certificate of incorporation.
 - B. Prospectus.
 - C. Memorandum of association.
 - D. Certificate of trading.
17. The term “current assets” is used to mean
- A. current assets ratio.
 - B. working capital.
 - C. capital employed.
 - D. circulating capital.
18. An arrangement made by companies to sell products at an agreed price is known as
- A. merger.
 - B. cartel.
 - C. consortium.
 - D. trust.
19. A businessman wishing to insure a water vessel for a specific journey would take a
- A. voyage policy.
 - B. fleet policy.
 - C. time policy.
 - D. mixed policy.

Turn Over

20. The turn over of a business is shs 360,000 and cost of sales is shs 280,000. Find the margin
- A. 22%.
 - B. 28.6%.
 - C. 28%.
 - D. 23%.

SECTION B: (80 marks)

*Answer any **four** questions from this section.*

21. (a) Distinguish between producer goods and consumer goods. (04 marks)
- (b) Clearly explain factors that affect supply of a given product. (16 marks)
22. (a) State any **four** advantages of each of the following forms of communication.
- (i) Mobile phones, (04 marks)
 - (ii) Letters. (04 marks)
- (b) Explain the importance of communication in the business world. (12 marks)
23. (a) Why is the government of Uganda selling off some of her enterprises? (10 marks)
- (b) Explain any **five** methods used to protect consumers in your country. (10 marks)
24. (a) Explain **five** principles of co-operatives. (10 marks)
- (b) Outline any **four** functions of a consumer co-operative society. (04 marks)
- (c) Give reasons why consumer co-operative societies are not popular in Uganda. (06 marks)
25. (a) State the main features of the following large scale retail business.
- (i) Multiple shops (05 marks)
 - (ii) Supermarkets (05 marks)

- (b) Explain reasons for the existence of small scale business despite the advantages of large scale. (10 marks)
26. (a) Explain the following types of warehouses.
- (i) Producers' warehouses, (02 marks)
 - (ii) Wholesalers warehouses, (02 marks)
 - (iii) Bonded warehouses. (02 marks)
- (b) State any **four** silent features of a good warehouse. (04 marks)
- (c) Explain the importance of warehousing. (10 marks)
27. (a) Outline the characteristics of the following bank accounts.
- (i) Savings account, (04 marks)
 - (ii) Current account, (04 marks)
 - (iii) Fixed deposit account, (04 marks)
- (b) Under what conditions may centenary bank refer a cheque to the drawer? (08 marks)
28. The following details were extracted from the books of Katende.

	Shs
Cash at hand	65,000
Cash at bank	150,000
Purchases	420,000
Sales	740,000
Sales returns	10,000
Purchases returns	8,000
Electricity	60,000
Creditors	98,000
Debtors	120,000
Opening stock	135,000
Machinery	150,000
Closing stock	70,000
Furniture	120,000

- (a) Calculate the;
- (i) Cost of sales. (04 marks)
 - (ii) Gross profit. (03 marks)
 - (iii) Rate of turn over. (04 marks)
- (b) Determine;
- (i) Fixed capital. (03 marks)
 - (ii) Capital employed. (03 marks)
 - (iii) Net profit ratio. (03 marks)

END