

**800/1**  
**COMMERCE**  
**Paper 1**  
**July/August 2015**  
**2½ hours**



## **WAKISSHA JOINT MOCK EXAMINATIONS**

**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** questions in section **A** and any **four** from section **B**.*

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

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

***Each** question in section **B** carry equal marks.*

*You may lose marks for untidy work.*

## SECTION A (20MARKS)

Answer **All** questions in this section.

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

1. Commerce can be best described as the buying and selling of .....
  - A. goods.
  - B. services.
  - C. goods and services.
  - D. goods and services for a profit.
  
2. Which of the following is true about cash and carry whole salers?
  - A. They provide goods in bulk.
  - B. They provide self-service facilities.
  - C. They provide delivery services.
  - D. They offer credit facilities.
  
3. Which of the following may a drawer use to pay rent to a landlord on monthly basis for a year?
  - A. Credit transfer.
  - B. Standing order
  - C. Bank draft
  - D. Money order.
  
4. The extraction of crude oil in Bunyoro by oil companies is classified under.
  - A. Primary production
  - B. Secondary production
  - C. Direct production
  - D. Tertiary production
  
5. The selling of pineapples and Onions using small vans along main roads is classified under:-
  - A. Truck wholesaling
  - B. Market vending
  - C. Mobile retailing.
  - D. Rack jobbers
  
6. Holding a debenture means that a person has
  - A. lent money to the company.
  - B. borrowed money from a company
  - C. bought shares in a company
  - D. received dividends from a company.

7. A type of advertising which is intended for a particular group of customers is called.
- Informative advertising.
  - Persuasive advertising
  - Indirect advertising
  - Direct advertising.
8. How is the rate of turn over calculated?
- $\frac{\text{Opening stock}}{\text{closing stock}}$
  - $\frac{\text{Turn over}}{\text{Gross profit}}$
  - $\frac{\text{Cost price of sales}}{\text{Average stock}}$
  - $\frac{\text{Gross profit}}{\text{Cost price of sales}}$
9. A ware house department concerned with maintaining staff records is
- accounts department.
  - secretary's department.
  - publicity department.
  - administration department.
10. The principle of insurance which aims at restoring the insured to the original financial position is known as.
- subrogation
  - proximate cause
  - indemnity
  - utmost good faith.
11. An equilibrium point is when..
- demand and supply are equal.
  - supply is higher than demand
  - demand is higher than supply
  - demand and supply are increasing.
12. A production unit is a
- place from where goods are produced and sold.
  - place from where services are sold.
  - central place in a firm where production managers meet.
  - place from where goods and services are produced.
13. Quoted companies are those whose shares are,
- secured.
  - not secured.
  - sold and bought at any market.
  - bought and sold at the stock exchange market.
14. Nabugabo enterprises limited sold a machine to Mr. Otim for shs. 720,000 after allowing him 20% trade discount and 5% cash discount.

**Turn Over**

- Calculate the list price of the machine.
- A. Shs. 547,200
  - B. Shs. 1,000,000
  - C. Shs. 900,000
  - D. Shs. 547,000
15. Identify a direct source of government revenue from the following activities.
- A. Farming
  - B. V.A.T
  - C. Sports betting
  - D. Construction.
16. An actuary is
- A. an employee of a Limited Liability Company.
  - B. an employee of an insurance company who accepts and refuses the nature of the risk presented for insurance.
  - C. an employee of an insurance company who determines the amount of premium to be paid by the insurer.
  - D. a document used in international trade.
17. An example of a business organization that belongs to the public sector in Uganda is a
- A. public corporation.
  - B. limited companies
  - C. partnership
  - D. cooperatives.
18. The rate at which a country's exportable goods are exchanged for her importable goods is referred to as
- A. Balance of payment
  - B. Barter terms of trade
  - C. Balance of trade
  - D. Terms of trade.
19. The efficiency of a business is indicated by its.
- A. Gross profit
  - B. Rate of turn over
  - C. Sales
  - D. Net profit.
20. A document prepared by the debtor as an evidence for payment to his creditor is called.
- A. Payment voucher
  - B. Receipt
  - C. Cash sale slip
  - D. Statement of account.

## SECTION B (80 MARKS)

21. (a) Distinguish between location and localization of an industry. (4 marks)  
 (b) What are the advantages and disadvantages of localisation of an industry or industries? (16 marks)
22. (a) Outline any **six** factors that limit international trade. (6 marks)  
 (b) What measures can customs authorities employ to control the flow of imports? (14 marks)
23. (a) Explain the factors influencing the choice of communication medium. (10 marks)  
 (b) How does communication facilitate trade? (10 marks)
24. (a) Define the following types of dealers in stock exchange.  
 (i) Brokers (02 marks)  
 (ii) Bulls (02 marks)  
 (iii) Bears (02 marks)  
 (iv) Stags (02 marks)  
 (b) Explain **six** functions of stock exchange council in your country. (12 marks)
25. (a) Explain the major principles of insurance. (10 marks)  
 (b) What is the role played by insurance in the development of Uganda's economy? (10 marks)
26. (a) Explain the following forms of indirect taxes.  
 (i) Customs duty (02 marks)  
 (ii) Adualorem tax (02 marks)  
 (iii) Specific tax (02 marks)  
 (iv) Octori tax (02 marks)  
 (v) Excise tax (02 marks)  
 (b) Why is it necessary for citizens to pay taxes to the government? (10 marks)
27. (a) Explain five features of current accounts. (10 marks)  
 (b) Describe the steps taken by an applicant to acquire a current account. (10 marks)
28. (a) Distinguish between insolvency and bankruptcy. (04 marks)  
 (b) Central trader's Balance sheet as at 31<sup>st</sup> Dec. 2014.

**Turn Over**

