

**800/1
COMMERCE
PAPER 1
JULY/AUGUST
2 ½ HOURS**



ELITE EXAMINATION BUREAU MOCK 2019
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 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.*
- *You may lose marks for untidy work.*

SECTION A (20 MARKS)

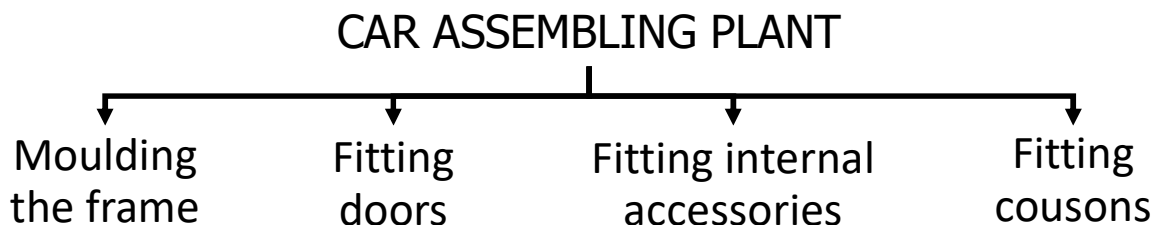
Write the letter corresponding to the correct answer for each question in the answer booklet provided.

1. Which one of the following provides a direct service?
A. a factory worker B. a nurse
C. a farmer D. a carpenter
2. Identify a function that is not performed by the central bank.
A. helping the central authorities carryout monetary policy.
B. issuing of bank notes and coins.
C. lending money to customers in need of financial assistance.
D. acting as the bankers' bank.
3. Investors in public companies who receive a fixed rate of interest on their investments are called
A. preference shareholders B. stock holders
C. stock jobbers D. debenture holders
4. Consumer goods refers to
A. All factories and means used by a country in order to satisfy the wants of its customers.
B. All commodities for which there is a high demand by all types of commodities.
C. All goods with the exception of free goods, whose use directly satisfies consumers' wants.
D. All tangible goods produced for consumption in a given economic system.
5. Hena and Nana enterprises limited had the financial records below.
Costs of sales Shs 589,000
Mark up 10%
Capital employed Shs 2,000,000

Determine the business turn over at the end of the financial period.
A. Shs 859,000 B. Shs 647,900
C. Shs 706,800 D. Shs 58,900
6. Mr. Kakuru takes out a life assurance policy and does not inform the insurance company that he suffers from a certain incurable disease. He dies five years later from the disease. What action is the insurance company most likely to take as a result of the claim made on the policy?
A. refuse to pay the claim B. refund all the premiums paid
C. pay the claim in full D. pay only 50% of the claim

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14. Below is an illustration of a car assembling plant.



This form of specialization is known as

- A. specialization by region
 - B. specialization by process
 - C. specialization by profession / craft
 - D. specialization by commodity
15. Given the following financial records of Mutundi enterprises limited.
- | | |
|--------------------|-------------|
| Capital | Shs 800,000 |
| Net profit | Shs 288,000 |
| Rate of stock turn | 5.5 times |
| Sales | Shs 120,000 |
- Compute for Net profit ratio:
- A. 24%
 - B. 3.6%
 - C. 32%
 - D. 5.9%
16. When goods are carried at "OWNER'S RISK", it means
- A. that the transporter is only liable if goods are destroyed or damaged by the negligence of the owner.
 - B. That the transporter is liable for the safety of the goods.
 - C. that the owner is liable to compensate the transporter if the vehicle carrying goods is destroyed.
 - D. That the transporter is liable if the goods are destroyed or damaged by the negligence of his employees.
17. Busoga growers co-operative and Banyankole kweterana co-operative where farmers grow and market their farm output are forms of
- A. thrift and loan co-operatives
 - B. consumer co-operative societies
 - C. producer co-operative societies
 - D. farmers' co-operative societies
18. Supermarkets increase their profits by
- A. Selling on credit terms
 - B. choosing high density sites
 - C. Selling expensive goods
 - D. using self service

19. Which one of the following is an example of vertical integration?
- individual beer sellers in an area combining to form one big bar.
 - a leather supplier, a shoe manufacturer and a shoe seller join together.
 - individual fish mongers in Owino market combine to form a co-operative society.
 - All tailors in Mbarara combining to form Mbarara tailors Co-operative society.
20. A tailor insured a stock of goods worth Shs 14,000,000 for Shs 10,000,000 against theft. If all the goods were stolen, how much would the insured be compensated?
- Shs 4,000,000
 - Shs 10,000,000
 - Shs 24,000,000
 - Shs 14,000,000

SECTION B: (80 MARKS)
Attempt any four questions

21. a) State the laws of
 i) Demand (3 marks)
 ii) Supply (3 marks)
 b) Explain the factors that lead to high quantity of goods supplied. (14 marks)
22. a) Distinguish between
 i) Promissory note and bill of exchange. (4 marks)
 ii) Standing order and credit transfers. (4 marks)
 iii) Bank draft and bank overdraft. (4 marks)
 b) Mention the conditions under which a drawee may honour a cheque. (8 marks)
23. a) Describe the principles of taxation. (14 marks)
 b) Explain the reasons as to why government imposes taxes. (6 marks)
24. a) Explain the various types of partners
 i) According to age. (4 marks)
 ii) According to capital contributions. (4 marks)
 iii) According to the liability towards the firm's debts (4 marks)
 b) Mention the demerits of operating a partnership business. (8 marks)
25. a) i) Define the term "ELEMENTS OF TRANSPORT" as used in Commerce. (2 marks)
 ii) Describe the various elements of transport. (8 marks)
 b) Mention the advantages of containerization. (10 marks)

26. a) i) Define branding. (2 marks)
 ii) Outline the features of branded goods. (6 marks)
 b) Mention the merits and demerits of branding goods. (12 marks)
27. a) Describe the organization of a warehouse. (12 marks)
 b) Explain the role of ware housing in Commerce. (8 marks)
28. a) How can a trader increase the profit of his business? (4 marks)
 b) Kamulasi enterprises limited had the following financial records as at 31st December 2015.

Liabilities		Assets	
	<u>Shs 000'</u>		<u>Shs 000'</u>
Capital	4,000	Motor Van	3,500
Bank loan	3,200	Fixtures	2,400
Debentures	2,100	Buildings	2,000
Creditors	1,360	Machinery	1,060
Bank overdraft	1,400	Closing stock	400
		Bank	1,000
		Debtors	900
		Cash	800
	<u>12,060</u>		<u>12,060</u>

The following information was also provided;
 Stock as at 1st January Shs 2,300,000
 Purchases Shs 2,100,000
 Purchases returns were 20% of total purchases.

Required:

- i) Average stock (3 marks)
 ii) Liquid capital (3 marks)
 iii) Rate of stock turn (4 marks)
 iv) Fixed capital (3 marks)
 v) Net purchases (3 marks)

END