

**800/1  
COMMERCE  
PAPER 1  
JUNE/JULY  
2 HOURS 15 MINUTES**

**MOCK EXAMINATIONS SET 1 2019**  
**Uganda Certificate of Education**

**COMMERCE  
PAPER 1**

**2 HOURS 15 MINUTES**

**INSTRUCTIONS TO CANDIDATE:**

- ★ *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.

- Which agent of production undertakes the management, co – ordination, control and direction of the production process to achieve maximum efficiency on behalf of an entrepreneur?  
A. entrepreneurship                      B. organization  
C. labour                                      D. market research
- Identify a factor that is considered by an insurer when determining the amount of premiums to be paid by the insured.  
A. Number of customers reached by the company  
B. Economic group reached by the company  
C. Geographical area of the insured  
D. Nature of the property to be insured.
- Manda and Ahiza enterprises limited had the following financial information as at 31<sup>st</sup> December 2014.

	Shs
Working capital	4,600,000
Annual turnover	360,000
Annual cost of sales	280,000

Determine the Gross profit margin for the year.  
A. 22%                  B. 28.6%                  C. 28%                  D. 23%
- Ssemamda wholesales returned 250 boxes of soap which were previously charged to their account. They would therefore be sent.  
A. a credit note                              B. a debit note  
C. an acknowledgement letter        D. a reduction charge note
- If a sender wants to be provide with proof of posting and delivery, he uses:  
A. the reply – paid services              B. a telex  
C. express letter                              D. a registered letter
- Limited companies are owned by:  
A. general managers                      B. Shareholders  
C. debenture holders'                      D. board of directors

7. Given the features below:
- i) No withdrawals before the expiry of the stated period.
  - ii) No minimum balance is required on the account.
  - iii) Payment of a higher interest.
  - iv) No deposits are allowed before the expiry of the stated period.
- The above features apply to a:
- A. savings account
  - B. time deposit account
  - C. current accounts
  - D. salary account
8. A document used in foreign trade to determine the shipping charges for the goods is termed as:
- A. weight note
  - B. freight note
  - C. letter of hypothecation
  - D. ship manifest
9. Luswabi enterprises limited had the following financial records for the year 2009.
- |               |                |
|---------------|----------------|
| Opening stock | Shs 700,000    |
| Cost price    | Shs 6,400,000  |
| Closing stock | Shs 900,000    |
| Capital owned | Shs 17,000,000 |
- Required:  
Compute for stock turn.
- A. 12 times
  - B. 06 times
  - C. 18 times
  - D. 8 times
10. What form of integration is created when a University joins a secondary school and a primary school to operate as a single entity?
- A. forward vertical integration
  - B. backward vertical integration
  - C. forward horizontal integration
  - D. backward horizontal integration
11. A public sale where by buyers bid against each other and the sale is made to the highest bidder is called:
- A. a public sale
  - B. an exchange
  - C. a dealing
  - D. an auction
12. Bank of Uganda may regulate the volume of money in circulation by:
- A. accepting deposits from the public
  - B. registering debentures and shares of companies
  - C. calling for special deposits from commercial banks.
  - D. carrying out an exchange control system.

13. Which one of the following is not a set of compliments?
- A. bread and butter                      B. tea and coffee  
C. book and pen                          D. car and fuel
14. A sole trader can increase his capital by:
- A. issuing shares                          B. spending less of his profit  
C. buying more fixed assets              D. obtaining a loan from the bank
15. Which one of the following is not often carried by aircraft?
- A. newspaper and mail                  B. flowers  
C. coffee                                      D. gold
16. Government trading organization that handle a particular agricultural produce and they obtain their name from that produce are termed as:
- A. commodity marketing boards      B. produce marketing boards  
C. export marketing board              D. advisory marketing boards
17. Which one of the following is not an advantage of large scale retailing?
- A. large turnover                          B. ability to buy in bulk  
C. limited liability                        D. huge profits
18. Kasomyo enterprises limited had the following financial records for the period ending 30<sup>th</sup> December 2011.

	Shs
Stock	20,000
Cash	15,000
Trade debtors	5,000
Motor vehicle	25,000
Computer	30,000
Unpaid expenses	8,000
Trade creditors	3,000

Determine the amount of working capital

- A. Shs 74,000                              B. Shs 27,000  
C. Shs 29,000                              D. Shs 15,000
19. The total sale of all shares in a public entity by the government without the intention of retaining them back is:
- A. divesture                                B. mortgaging  
C. contracting                              D. joint venture.

20. The main purpose of a stock exchange is to allow traders to:
- A. barter one item for another
  - B. exchange slow moving stocks of goods
  - C. enables the exchange or transfer of written messages and payments.
  - D. buy or sell shares and or other securities

**SECTION B: (80 MARKS)**  
***Attempt any four questions.***

21. a) Mention the **merits** and **demerits** of merging of firms. (12 marks)  
b) Give **reasons** that explain the existence of small scale firms alongside big firms. (8 marks)
22. a) Describe the **principles** of insurance. (10 marks)  
b) Explain the various **insurance policies** under the section of accident. (10 marks)
23. a) Outline the **features** of a sole proprietorship business. (6 marks)  
b) Mention the **disadvantages** of a sole proprietorship business **over** a partnership business. (14 marks)
24. a) Mention the various **services** provided by the post office to facilitate trade. (14 marks)  
b) Give reasons as to why traders are running away from post offices. (6 marks)
25. a) Write short notes on the following  
i) Specialization. (2 marks)  
ii) Exchange (2 marks)  
iii) Division of labour (2 marks)  
b) Explain the merits and demerits of specialization. (14 marks)
26. a) Mention the **contents** of an advert. (8 marks)  
b) Give the **advantages** and **disadvantages** of newspaper advertising. (12 marks)
27. a) Define the following as used in commerce.  
i) Firm (2 marks)  
ii) Industry (2 marks)  
iii) Location (2 marks)  
iv) Localization (2 marks)  
b) Explain the **merits** and **demerits** of localization of industries. (12 marks)

28. a) Giving examples, explain the following as used in Business calculations.
- i) Fixed assets. (2 marks)
  - ii) Current assets (2 marks)

- b) Tumukunde and Tumwebaza enterprises limited had the following financial records as at 31<sup>st</sup> December 2012.

	Shs
Opening stock	1,800,000
Net purchases	260,000
Closing stock	1,200,000
Mark up at cost	20%
Expenses	440,000

Required, compute for:

- i) Cost of sales (4 marks)
- ii) Turn over (3 marks)
- iii) Average stock at cost (2 marks)
- iv) Rate of stock turn over (3 marks)
- v) Net profit / loss (4 marks)

**END**