

800/1
COMMERCE
August 2019
2 ½ hrs



UNNASE MOCK EXAMINATIONS

Uganda Certificate of Education

COMMERCE

TIME: 2 HOURS 30 MINUTES

INSTRUCTIONS

- *This paper consists of two sections **A** and **B**.*
- *Answer **all** questions in section **A** and any **four** from section **B**.*
- *Answers to **all** questions **MUST** be written in the answer sheets provided.*

SECTION A (20 MARKS)

1. Which of the following is true about commerce?
 - A. It links specialization, trade and aid to trade
 - B. It links transport, warehousing and producers
 - C. It links producers to consumers
 - D. It links producers to traders
2. Which of the following is a feature of direct production?
 - A. Production is mainly for sale
 - B. Production is mainly for consumption
 - C. Encourages large scale production
 - D. Encourages division of labour
3. When the supply of rice increases but the demand remains the same, the price is likely to;
 - A. Decrease
 - B. Increase
 - C. Remain constant
 - D. Fluctuate
4. The rate at which a country's exportable goods are exchanged for importable goods is referred to as
 - A. Balance of trade
 - B. Balance of payment
 - C. Terms of payment
 - D. Terms of trade
5. Which of the following is not a delivery service offered by the Uganda post office?
 - A. Registered post
 - B. Express marks
 - C. Post restante
 - D. Money order
6. Terminal as an element of transport involves the
 - A. Vessel used to transport goods and services
 - B. Channel on which the different vessels move
 - C. Place where goods are loaded and offloaded
 - D. Power which drives vessels to more goods
7. A business is said to be solvent when it has
 - A. More assets than liabilities
 - B. Equal value of assets and liabilities
 - C. More liabilities than assets
 - D. More fixed assets than current assets
8. The method of trade protectionism where producers are given financial or material support to reduce on their costs of operation is.
 - A. Subsidization
 - B. License
 - C. Revaluation
 - D. Ban

9. Which of the following is true about co-operative society
- A. Members share profits equally
 - B. Decision making is done according to number of shares
 - C. Profits are shared according to participation
 - D. Membership is limited to fifty
10. Profit is payable to
- A. Entrepreneurship
 - B. A labour
 - C. Land owner
 - D. Capital
11. Which of the following is an example of an itinerant trader
- A. Street vendor
 - B. Tied shop
 - C. Kiosks
 - D. Wheel barrow operators
12. An invoice is
- A. A receipt for sale of goods on credit
 - B. A receipt for sale of goods made on cash
 - C. Document demanding for payment
 - D. A note demanding correction of payment on a bill of exchange
13. The excess of cost price over selling price is described as
- A. Gross profit
 - B. Net loss
 - C. Net profit
 - D. Gross loss
14. A cheque without the amount of money being paid is called
- A. Forged cheque
 - B. Blank cheque
 - C. Postdated cheque
 - D. Stale cheque
15. Which of the following is true about general insurance
- A. The principle of indemnity does not apply
 - B. It has no surrender value
 - C. It is always a long term contract
 - D. It covers insurance of life for a specified period of time
16. Calls in arrear when used in relation to a company's capital refer to;
- A. unauthorized shared capital
 - B. un called up share capital
 - C. un paid up share capital
 - D. un issued up share capital
17. Traders always regulate the supply of goods on the market from warehouses in order to
- A. pay law custom goods
 - B. encourage re export of goods
 - C. stabilise prices of certain commodities
 - D. discourage dumping

18. A business has stock worth Shs 8,000,000 and insures it for shs 4,800,000 against fire, if half of the stock is destroyed by fire, what is the percentage rate of the insurance company to compensate?
- A. 50% B. 75%
C. 100% D. 60%
19. A document where an importer specifies the manufacturer of goods to be imported is called
- A. Customs duty C. Open indent
B. Closed indent D. Closed invoice
20. A business had the following information
- | | | |
|---------------|-----|---------|
| Opening stock | shs | 230,000 |
| Net purchases | shs | 370,000 |
| Closing stock | shs | 120,000 |
- Using the above information, calculate the rate of stock turn
- A. 4 times C. 2.7 times
B. 2 times D. 1.9 times

SECTION B (80 MARKS)

12. (a) Distinguish between land and capital . (4 marks)
- (b) What is the importance of capital in business? (16 marks)

22. (a) Define the term demand. (2marks)
- (b) What factors may influence consumers to demand for a given commodity in the market? (18 marks)

23. (a) Define containerization. (2 marks)
- (b) Explain five advantages and four disadvantages of containerization (18 marks)

24. (a) State five features of current account and savings account . (10 marks)
- (b) Explain five advantages of paying by cheque. (10 marks)

25. (a) What is meant by consumer protection? (2 marks)
- (b) (i) Why should the government protect consumers? (08 marks)
- (ii) How can the government protect consumers? (10 marks)

26. (a) What factors are considered while determining the amount of premium of a motor policy? (10marks)
- (b) Explain five policies that may be granted by the insurer under accident department. (10marks)

27.(a) Differentiate between a public limited company and a private limited company. (12 marks)

(b)How can the government of Uganda promote the joint stock companies?
(8 marks)

28. (a) Distinguish between turn over and rate of turnover . (4 marks)

(b)The following information was extracted from the books of Nababi for the year 2017.

	Shs
Stock on 1 st /Jan/2017	4,000,000
Sales	8,000,000
Sales return	500,000
Purchases returns	600,000
Over head	600,000
Closing stock	3,000,000
Purchases	5,000,000

You are required to calculate:

- i. Cost of sale (4marks)
- ii. Gross profit (4marks)
- iii. Goods available for sale (4marks)
- iv. Net profit (4marks)

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