

UGANDA CERTIFICATE OF EDUCATION
S4 RESOURCEFUL EXAMINATION 2019
800/1 COMMERCE
TIME: 2 ½ HOURS

Instructions

- i). This paper consists of two sections **A** and **B**
- ii). Answer all questions in section **A** and any **FOUR** questions from section **B**.
- iii). All questions in section **B** carry equal marks.

SECTION A: (20 MARKS)

1. Which agent of production earns profit as a reward?
A. Land B. entrepreneurship C. labour D. capital
2. A type of production where peasant farmers produce to meet their family requirements is called
A. Tertiary B. commercial C. subsistence D. indirect
3. Goods worth shs 2,000,000 were bought. Trade discount of 10% and cash discount of 2% were offered to the buyer. The buyer paid
A. Shs 1,764,000 B. shs. 1,800,000 C. shs. 1,964,000 D. shs 1,760,000
4. Which ONE of the following pairs of human occupations is grouped under secondary production?
A. Quarry work and hotel catering C. metal welding and farming
B. Warehousing and advertising D. food processing and textile milling
5. What effect does a fall in the price of motor vehicles have on the demand for fuel?
Demand for fuel
A. Decreases B. is constant C. increases D. fluctuates
6. Which body in Uganda tests consumer goods to ensure that they conform to quality requirements?
A. Uganda National Bureau of Standards C. Uganda Manufacturers' Association
B. Consumers' Co-operative Society D. Uganda Chamber of Commerce and Industry
7. Which ONE of the following is a feature of supermarket?
A. They mainly sell capital goods C. Bargaining between sellers and buyers
B. Credit facilities are extended to buyers D. selling of pre-priced goods.
8. A seller's invoice total of shs 890,000 had value of goods worth shs 190,000 wrongly included on that invoice. A seller rectifies this error by sending a
A. Debit note of shs 700,000 C. credit note of shs 190,000
B. Debit note of shs 190,000 D. credit note of shs 700,000

9. Air transport is least used in East Africa because it is
 - A. Less convenient for bulky goods
 - B. Difficult to save lives and property in case of accidents
 - C. Expensive to operate and hire aviation services
 - D. Associated with time-tables and fixed routes.

10. A letter of inquiry which is written by a prospective buyer seeks information on the following **EXCEPT**

A. Prices charged	C. type of goods for sale
B. Method of sales promotion	D. the terms of payment

11. Who initiates and draws out a Bill of Exchange?

A. Creditor	B. discount house	C. notary public	D. debtor
-------------	-------------------	------------------	-----------

12. Stock worth shs 2,000,000 was insured against fire for shs 1,400,000. Some stock was destroyed by fire and shs 490,000 was paid in compensation. Determine the value of stock destroyed.

A. Shs 490,000	B. shs 600,000	C. 700,000	D. shs 950,000
----------------	----------------	------------	----------------

13. Which ONE of the following is a primary function of advertising in commerce?
 - A. Initiating competition among producers
 - B. Providing information on available products
 - C. Protecting consumers from exploitation
 - D. Creating market for goods and services

14. Which ONE of the following buys shares cheaply and then sells them at higher prices?

A. Stag	B. Bull	C. Bear	D. Broker
---------	---------	---------	-----------

15. The commercial services which Uganda renders to other countries of the world can be categorized as

A. Invisible imports	B. Visible exports	C. Invisible exports	D. visible imports
----------------------	--------------------	----------------------	--------------------

16. When Bank of Uganda sells treasury bills to the public, its aim is to
 - A. Withdraw old currency notes from the public
 - B. Increase loan funds in commercial banks
 - C. Promote private investment in Uganda
 - D. Reduce amount of money in circulation

17. Which ONE of the following documents serves as a company's guiding constitution?

A. Prospectus	C. Certificate of Incorporation
B. Articles of Association	D. Certificate of Trading

18. Gross profit expressed as a percentage of sales at cost refers to

A. Mark-up	C. rate of turnover
B. Margin	D. rate of return on capital

19. Determine Net capital employed where current liabilities are shs. 500,000; fixed assets shs 4,500,000 and current assets shs 1,500,000
A. Shs. 6,000,000 B. shs. 3,500,000 C. shs. 5,500,000 D. shs. 5,000,000
20. A service which allows letter and parcels to be delivered to a post office and await collection by the addressee is called
A. Money order B. postal order C. business reply D. poste restante

SECTION B: (80 MARKS)

21. (a) Explain the distinctive features of the following type of wholesalers.
 - i). Rack Jobbers (2mks)
 - ii). Specialty Wholesalers (2mks)
 - iii). Cash and Carry Wholesalers (2mks)
 - iv). Wagon Jobbers (2mks)(b) Explain the factors that determine the channel of distribution. (12mks)
22. (a) Distinguish between
 - i). Trade discount and cash discount (2mks)
 - ii). Spot cash and prompt cash (2mks)
 - iii). Credit note and debit note (2mks)(b) explain any seven importance of business documents in commerce. (14mks)
23. (a) (i) What is meant by '**Barter trade**'? (2mks)
(ii) Examine six shortcomings of barter system of exchange (6mks)
(b) Explain six qualities of good money. (12mks)
24. (a) Explain four elements of a transport system. (8mks)
(b) Explain the factors that a prudent businessman would take into account before deciding on the transportation of his goods from Jinja to Kisoro. (12mks)
25. (a) Account for the popularity of sole proprietorship form of business ownership in Uganda (6mks)
(b) Explain the shortcomings of sole proprietorship business in Uganda. (14mks)
26. (a) Mention any four types of information a business firm should give to enable an advertising agent design a suitable advertisement. (4mks)
(b) Apart from advertising, what other methods may a trader use to promote sales of the business? (16mks)

27. (a) Define the following terms as used in insurance:
- (i) Premium (2mks)
 - (ii) Sum-insured (2mks)
 - (iii) Cover note (2mks)
 - (iv) Loss (2mks)
 - (v) risk (2mks)
- (b) Explain the basic principles of insurance (10mks)

28. Iga's firm in Banda revealed the following on December 31, 2018

Opening stock	shs. 3,500,000
Closing stock	shs. 2,800,000
Net sales	shs. 35,000,000
Rate of turnover	8 times
Fixed asset	shs. 5,500,000
Current assets	shs. 2,500,000
Long term liabilities	shs. 1,500,000

You are required to:

Calculate the:

- i). Capital owned (3mks)
- ii). Capital employed (3mks)
- iii). Working capital (3mks)
- iv). Average stock (3mks)
- v). Cost of sales (3mks)
- vi). Net purchases (3mks)
- vii). Gross profit (2mks)

END

"Success is not a chance but a choice"