## EXTERNAL MOCK EXAMINATIONS - 2019 UGANDA CERTIFICATE OF EDUCATION COMMERCE

### PAPER 1

**Time: 2 Hours** 

#### **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 sheets provided
- All questions in Section **B** carry equal marks
- You may lose marks for untidy work

### **SECTION A (20 MARKS)**

- 1. The reason why people exchange goods and services is
  - A. Preferring what is produced by others.
- B. Over production

C. To get money

- D. Scarcity in production
- 2. In a free market economy, prices are determined by;
  - A. Forces of demand and supply
- B. Bargaining/haggling

C. Resale price maintenance

- D. Sale by Auction.
- 3. Delocalisation of industries is a process of
  - A. Forces industries are nationalised
  - B. All industries in the area are removed and reallocated
  - C. Industries are commercialised
  - D. Spreading out industries in different parts of the country.
- 4. The chief demerit of mail order business is;
  - A. Service are not widely spread.
  - B. Have no shops but warehouses
  - C. Do extensive advertising which is costly
  - D. Do not sell goods across the counter.
- 5. The retailer expects to earn a profit margin of  $33^{1}/_{3}$  % the cost price of his goods is shs 2,00,000 . What is his gross profit?
  - A. Shs 3,000,000B. Shs 1,000,000
  - C. Shs 4,000,000

- D. Shs 6,666,667
- 6. Consumer behaviours as used in commerce means;
  - A. How consumers react to market conditions
  - B. The way consumers advance
  - C. The way consumers approach sellers
  - D. The good response of consumers in paying debts
- 7. One of the reasons why countries are involved in trading BLOC is:
  - A. To restrict the flow of trade between countries which are members.
  - B. To publish imports and exports statistics
  - C. To protect industries in members countries from competition from other countries.
  - D. To generate free trade between member countries in a particular area.

	C. Warehousing D. Insurance
<ul><li>9. A document that assists a joint stoo share holders is</li><li>A. Prospectus</li><li>C. Memorandum of Association</li></ul>	Ek company in settling deputies among  B. Articles of Association  D. Resolution document.
<ul><li>10. The main purpose for denationalis</li><li>A. Encourage competition with the</li><li>B. Provide essential services to the</li><li>C. Make profits for the government</li><li>D. Provide entrepreneurship skills</li></ul>	e public sector. e public nt
<ul><li>11. Partnerships are preferred to priva</li><li>A. Earn more profits</li><li>C. Enjoy limited liability</li></ul>	3. Are easy to expand
0 1 1	another firm is called; 3. Horizontal merger D. Cartel.
	from which compensation is made is  Sum insured  Pool of funds
stock held is A. Turnover	in a trading period to cost of the average  B. Rate of turnover  D. Gross profit margin
A. Octoroi tax	goods according to their price is called B. Advalorem tax D. Sumptuary tax
16. Which of the following is a non-ve A. Journals B. Telephone C.	erbal method of communication? Interview D. Business meeting
e e	a new shoe that appeals to teenagers is Tradeshows D. News papers
<ul><li>18. A wholesaler offers the following s</li><li>A. Buying goods in bulk</li><li>C. Prompt cash payment</li></ul>	services to the manufacturers except B. Advertising the goods D. Giving credit facilities
<ul><li>19. "Calls in arrears" as used in relation</li><li>A. Issued capital</li><li>C. Uncalled up share capital</li></ul>	on to a company's capital means B. Paid up share capital D. Un paid up share capital
20. The exchange value of a commodit A. Demand B. Utility	ry in money terms is known as C. Price D. Cash

# **SECTION B (80 MARKS)**

21.(a) Describe the importance of levels of production (b) Explain any five methods used by traders to de		(10 mks)	
commodities in the market.	•	(10 mks)	
22.(a) State six contents of a delivery note as a busines (b) Describe seven benefits of documentation in business.		(06 mks)	
( )		(04 mks)	
23. (a) What is a consumer co-operative society?		(02 mks)	
(b) Describe the services of saving and credit co-or	perative societies.	(08 mks)	
(c)What barriers do thrift and loan co-operatives f		(10 mks)	
24.(a) Give four features in each case of the following	bank accounts.		
(i) Current Account		(04 mks)	
(ii) Savings Account		(04 mks)	
(iii) Fixed deposit Account		(04 mks)	
(b) Explain any four means of payment used by con	nmercial banks.	(08 mks)	
25. (a) Explain any five forms of direct taxes in Ugano	la.	(10 mks)	
(b) Identify any five challenges faced by tax author	rities in Uganda.	(10 mks)	
26.(a) Distinguish between "Market Research" and "I	Personal Selling"	(04 mks)	
(b) Describe five benefits of Personal selling		(10 mks)	
(c) State six reasons for carrying out market research	ch in business.	(06 mks)	
27.(a) Give four differences between "Transport " and "Communication" (08 mks) (b) What problems are faced by the transport industry in your country? 12 mks)			
28.(a) Distinguish between the following terms:			
(i) Quantity discount and Trade discount		(04 mks)	
(ii) Rate of Stock turn and Turnover		(04 mks)	
(b) The following financial information was extracted from the books of			
people power Enterprises for the year ended 31st December 2018.			
Details	shs		
Cost of sales	16,000,000		

Details	shs
Cost of sales	16,000,000
Closing stock	4,800,000
Net purchases	15,200,000
Gross profit	6,400,000
Net profit	5,000,000

# **Determine:**

(i)	Opening stock	(03 mks)
(ii)	Turnover	(02 mks)
(iii)	Average stock	(02 mks)
(iv)	Rate of stock Turn	(03 mks)
$(\mathbf{v})$	Expenses	(02 mks)