

800/1
COMMERCE
Paper 1
July / August 2018
2½ hours



WAKISSHA JOINT MOCK EXAMINATIONS

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 from section B.*
- *Any additional question(s) answered will not be marked.*
- *Answers to all questions must be written in the answer booklet/sheets provided.*
- *Each question in section B carry equal marks.*
- *You may lose marks for untidy work.*

SECTION A (20 MARKS)

Answer all questions in this section by writing the letter corresponding to the most correct alternative in the answer booklet/sheets provided.

1. Which of the following is true about commerce?
 - A. It links specialization, trading and aids to trade.
 - B. It links transport, warehousing and producers.
 - C. It links producers to consumers.
 - D. It links producers and the government.
2. Which one of the following is a feature of direct production?
 - A. Production for market.
 - B. Production for personal consumption.
 - C. Large scale production.
 - D. Application of division of labour.
3. When the supply of ground nuts rises and demand remains the same, prices will;
 - A. rise.
 - B. fall.
 - C. remain constant.
 - D. fluctuate.
4. The discount the trader would miss if payment is made after due date is
 - A. trade discount.
 - B. quantity discount.
 - C. cash discount.
 - D. sur charge.
5. Which of the following MAY NOT be used as a method for collecting data in market research?
 - A. Consumer surveys.
 - B. Producers behaviours.
 - C. Consumer behaviours.
 - D. Area retail test.
6. 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.

7. If the government wants to protect consumers against being over charged by traders it should;
- A. fix prices of the goods.
 - B. increase taxes on consumer's income.
 - C. impose high taxes on the goods.
 - D. extend subsidies to consumers.
8. Time Utility refers to:
- A. storage of goods when they are produced until the time when they are needed.
 - B. transfer of ownership of the commodity to the final consumer.
 - C. transforming of raw materials into finished products.
 - D. transfer of the commodity from the area of production to the area of consumption.
9. A method of trade protectionism where the producers are given financial or material support to reduce on their costs of operation is:-
- A. licence.
 - B. subsidisation.
 - C. revaluation.
 - D. embargo.
10. Which of the following is not a delivery service offered by the Uganda post office?
- A. Registered post.
 - B. Express Mail
 - C. Post restante.
 - D. Money order.
11. 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 off loaded
 - D. power which drives the vessels to move goods.
12. The excess of cost price over selling price is termed as
- A. gross profit.
 - B. net profit.
 - C. gross loss.
 - D. net loss.

13. A cheque without the amount in words and figures is called
- forged cheque.
 - blank cheque.
 - post dated cheque.
 - stale cheque.
14. Which one of the following is true about general insurance?
- The principle of indemnity does not apply.
 - It has no surrender value.
 - It is always a long term contract.
 - It covers insurance of life for a specific period of time.
15. Which of the following statements is true about co-operative societies?
- Members share profits equally.
 - Decision making is according to the number of shares.
 - Profits are shared according to participation.
 - The number of membership is limited to fifty.
16. A business had the following information
- | | | |
|---------------|-----|-----------|
| Opening stock | Shs | 230,000/= |
| Net Purchases | Shs | 370,000/= |
| Closing stock | Shs | 120,000/= |
- Calculate the rate of stock turn
- 4 times.
 - 2 times.
 - 2.7 times
 - 1.9 times.
17. Unfavourable terms of trade in Uganda are due to;
- increasing prices of Uganda's exports.
 - low quality of Uganda's exports.
 - favourable exchange rates.
 - poor bargaining power of Uganda in international market.
18. A form of privatization where the government retains the ownership but leases the management to private sector is
- joint venture
 - cost sharing
 - management by contract.
 - divestiture.

19. "Calls in arrears" when used in relation to a company's capital refers to;

- A. unauthorised capital
- B. uncalled capital.
- C. unissued capital.
- D. unpaid capital.

20. Determine the cost of goods sold from the following details.

Rate of stock turn 3 times.

Average stock Shs. 48,000/=

Net Purchases Shs. 96,000/=

- A. Shs. 14,400/=
- B. Shs. 480,000/=
- C. Shs. 154,000/=
- D. Shs. 144,000/=

SECTION B (80 MARKS)

Answer any four questions from this section.

21. (a) Distinguish between specialisation and division of labour. (04 marks)
- (b) (i) Explain any five forms of specialisation. (10 marks)
- (ii) Outline six disadvantages of specialization. (06 marks)
22. (a) Distinguish between demand and supply. (04 marks)
- (b) What factors may influence consumers to choose a particular product. (16 marks)
23. (a) (i) State any four features of Itinerant traders (04 marks)
- (ii) Explain four types of Itinerant traders (08 marks)
- (b) What challenges do Itinerant traders face in your country? (08 marks)
24. (a) What are the functions of commercial banks to the farmers in Uganda? (10 marks)
- (b) Explain any five factors a bank manager may consider before giving a loan to a client. (10 marks)
25. (a) Why does the government of Uganda involve its self in commercial activities. (10 marks)
- (b) Explain the problems facing the public enterprises in Uganda. (10 marks)

Turn Over

26. (a) Differentiate between a public limited company and a private limited company. (12 marks)
- (b) Under what circumstances may a joint stock company wind up? (08 marks)
27. (a) What factors are considered while determining the amount of premium of a motor policy? (10 marks)
- (b) Why should traders seek insurance services for their businesses? (10 marks)
28. (a) Distinguish between income statement and balance sheet. (04 marks)
- (b) Below is a balance sheet of Bulemezi traders for the year ending 31/12/2017.

BALANCE SHEET AS AT 31/12/2017			
LIABILITIES	Shs.	ASSETS	Shs.
Capital	27,000,000	Furniture	18,000,000
Bank loan	12,000,000	Machinery	13,000,000
Debentures	8,000,000	Equipment	10,000,000
Bank overdraft	800,000	Stock	2,000,000
Unpaid Expenses	200,000	Debtors	4,760,000
Creditors	760,000	Cash	1,000,000
	48,760,000		48,760,000

The following information was also provided,

Stock as at 1 st January 2017	Shs.	4,000,000
Purchases	Shs.	3,200,000
Sales	Shs.	7,000,000
Returns outwards	Shs.	200,000
Returns inwards	Shs.	150,000
Expenses	Shs.	95,000

Required:

Determine;

- (i) Borrowed capital (03 marks)
- (ii) Capital employed (03 marks)
- (iii) Cost of sales (03 marks)
- (iv) Gross profit (03 marks)
- (v) Rate of return on capital (04 marks)

END

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Uganda Certificate of Education

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INSTRUCTIONS TO CANDIDATES:

This question paper consists of two sections, A and B.

Answer all questions in section A and any four from section B.

Any additional question(s) answered will not be marked.

Answers to all questions must be written in the answer booklet/sheets provided.

All questions in section B carry equal marks.

You may lose marks for untidy work.

SECTION A (20MARKS)

1. Which of the following may be regarded as a gift a nature?
 - A. Expertise of a craftsman.
 - B. Raw material.
 - C. Machinery.
 - D. Wealth.
2. Which of the following is NOT a basic factor of production?
 - A. Entrepreneurship.
 - B. Land.
 - C. Labour.
 - D. Capital.
3. All the following business units are state owned except.
 - A. Parastatal bodies.
 - B. Local authorities.
 - C. Cooperatives.
 - D. Public corporations.
4. Given stock Shs. 135.000, power and water bills due Shs. 120.000, creditors Shs. 185.000, cash Shs. 280.000 and debtors of Shs. 25.000. What is the working capital?
 - A. Shs. 305.000
 - B. Shs. 745.000
 - C. Shs. 440.000
 - D. Shs. 135.000
5. Which of the following is not a way of restricting imports?
 - A. Levying heavy import duties.
 - B. Fixing import quotas.
 - C. Putting a total ban on imports.
 - D. Encouraging exports.
6. Combination and coordination of land, labour and capital in the right proportions in order to achieve efficiency is the responsibility of?
 - A. Entrepreneurs.
 - B. Managers.
 - C. Workers.
 - D. Agents.
7. If a person has deposited more money than he has withdrawn from his current bank account, his bank statement will show ...
 - A. A debit balance.
 - B. A credit balance.
 - C. A nil balance.
 - D. An overdraft.
8. Why may the price of tomatoes increase with increasing demand?
 - A. Because of low supply of tomatoes.
 - B. Because of high demand for tomatoes.
 - C. Because of high supply of tomatoes
 - D. Because there is low demand for tomatoes.
9. A drawer of a bill of exchange is
 - A. A person who owes money on a bill of exchange.
 - B. A person demanding payment on a bill of exchange.
 - C. The place where the bill of exchange must be kept.
 - D. A drawing showing a person who draws a bill of exchange.
10. An economic union or community
 - A. reduces tariffs among member countries for selected items.
 - B. is the same as a common market.
 - C. eliminates all tariffs among member countries.
 - D. increases tariffs among member countries and reduces them for non-members.

11. An insurance policy which covers goods in ships is called
 - A. Voyage policy.
 - B. Marine hull policy.
 - C. Floating policy.
 - D. Marine cargo policy.
12. If Lutaaya purchased goods at Shs. 120,000 and sold them at Shs. 160,000, what was his margin?
 - A. 25%
 - B. 75%
 - C. 33.3%
 - D. 34%
13. The type of advertising media where suppliers send catalogues, brochures and other adverts in form of written matter to potential buyers is.
 - A. Screen media.
 - B. Television.
 - C. Recorded media.
 - D. Direct mail.
14. One of the advantages of pipeline transport is that
 - A. It carries all the categories of goods.
 - B. It is hardly affected by weather conditions.
 - C. It is a cheap means of transporting goods.
 - D. Goods cannot be demanded.
15. Quoted companies are
 - A. Companies whose shares are secured.
 - B. Companies whose shares are not secured.
 - C. Companies whose shares are bought and sold at a stock exchange market.
 - D. Companies whose shares are not traded on the stock exchange market.
16. Which of the following refers to the term "Telex"?
 - A. A technique of sending messages by means of teleprinter through the post office.
 - B. A telecast programme.
 - C. A method of sending messages by telefax through the post office.
 - D. A means of sending urgent messages by telegram through the post office.
17. A retailer paid Shs. 19,000 for goods on which 5% cash discount had been allowed. What was the price before the discount?
 - A. Shs. 18,000
 - B. Shs. 18,500
 - C. Shs. 19,500
 - D. Shs. 20,000
18. The type of ware house used by a trader who has imported goods but has no space of his goods is
 - A. private ware house.
 - B. public ware house.
 - C. personal ware house.
 - D. bonded ware house.
19. Goods available for sale – closing stock will lead to:
 - A. Turnover.
 - B. Cost of goods sold.
 - C. Gross profit.
 - D. Net purchases.
20. The term "tax compliance" as used in taxation means:
 - A. The person who ultimately bears the burden of a tax.
 - B. A situation where one uses illegal means of dodging or reducing the amount of tax payable.
 - C. The degree to which the tax paying community meets the obligations as set out in the appropriate legal and regulatory provisions.
 - D. The total amount of tax revenue collected from a given number of taxes.

SECTION B (80 MARKS)

Answer any four questions from this section.

21. a) What benefits will a given region enjoy if it decides to grow a particular commodity? (10 marks)
b) What regrets will such a region experience from that practice? (10 marks)
22. a) How do chain stores differ from departmental stores? (10 marks)
b) Why do most traders prefer small scale retailing to large scale retailing. Answer with reference to Uganda. (10 marks)
23. a) State any four features of a current account. (04 marks)
b) Explain the services offered by commercial banks to the general public. (16 marks)
24. a) Define consumer's protection? (2 marks)
b) Why is there a need of the government to protect consumers? (10 marks)
c) Explain four methods used by the government to protect consumers. (08 marks)
25. a) Differentiate between advertising and personal selling. (10 marks)
b) What are the advantages of personal selling in business? (10 marks)
26. a) How do private limited companies differ from public limited companies? (12 marks)
b) State eight advantages of joint stock companies over other types of business units. (08 mark)
27. a) Explain the following terms as used in insurance. (2 marks)
i) Insurance risks (2 marks)
ii) Premium (2 marks)
iii) Surrender value (2 marks)
iv) Settlement (2 marks)
v) No claim bonus (2 marks)
b) Explain the factors that are considered when determining premium in Life Insurance (10 marks)
28. Below are the financial transactions of Busiro traders as at 31st Dec 2013.

	Shs
Capital	1,810,000/=
Motor van	1,500,000/=
Closing stock	460,000/=
Bank loans	1,550,000/=
Bank balance	108,000/=
Debentures	1,200,000/=
Fixtures	1,400,000/=
Buildings	1,490,000/=
Creditors	1,360,000/=
Bank overdraft	1,400,000/=
Debtors	1,228,000/=
Cash balance	108,000/=

The following information was also compiled.

Opening stock as at 1 st January 2013	Shs. 1,732,000/=
Purchases for the year	Shs. 1,820,000/=
Return outwards	Shs. 1,082,000/=

Using the above information, you are required to calculate,

- (i) Fixed capital (4 marks)
(ii) Borrowed capital (4 marks)
(iii) Cost of sales (4 marks)
(iv) Average stock (4 marks)
(v) Rate of stock turn over (4 marks)

END

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INSTRUCTIONS

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- *Answers all questions in section A and any four from section B*
- *Answers of all questions must be written on the answer sheet provided.*
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SECTION A (20 MARKS)

1. Commerce is
 - A. A chain that links producers to consumers.
 - B. A chain of production of goods only.
 - C. The same as production.
 - D. A chain of auxiliary services.
2. What is meant by capital as a factor of production?
 - A. The wealth of the entrepreneur.
 - B. Already produced goods that are used for production of other goods.
 - C. Money deposited by a business in the bank.
 - D. Money invested by a businessman.
3. The budget for 2009 has provided for an increase in the price of fuel. How would the petroleum companies react to this?
 - A. Increase in demand.
 - B. Increase in supply.
 - C. Decrease in demand.
 - D. Decrease in supply.
4. A document that contains lists of goods offered for sale by a trader is known as,
 - A. A catalogue.
 - B. An invoice.
 - C. An order.
 - D. Delivery note.
5. The type of account offering the highest interest to customers is
 - A. Savings Account.
 - B. Fixed deposit account.
 - C. Current account.
 - D. Joint account.
6. Timothy would like to send to his sister who lives in United States her UNEB
Certificates. Which of the following postal services would be most appropriate
for him to use.
 - A. Insured mail.
 - B. Registered mail.
 - C. Express mail.
 - D. Expedited mail services.
7. Which of the following is an example of an indirect tax.
 - A. Hut tax.
 - B. Income tax.
 - C. Pay as you earn tax.
 - D. Entertainment tax.

7. Onzi bought 100 bags of cement 50 kgs, each at shs 250 per kg. He sold all the bags and realized a turn over of shs 2,000,000 calculate his gross profit.
- A. Shs 1,950,000
 - B. Shs. 2,000,000
 - C. shs 750,000
 - D. Shs 1,250,000
8. In some business, you can find writing like "on sale." This means that
- A. Prices are reduced.
 - B. All goods must be sold
 - C. He is willing to start another business.
 - D. The business is on sale.
9. Luyimbazi hired a printing machine from Zeki. Zeki charges him Shs 40,000/= per year for using the machine. How does Luyimbazi categorize that payment?
- A. Hire purchase
 - B. Hiring charges.
 - C. Rent
 - D. Interest.
10. One of the following is a reason for keeping business documents.
- A. To prove that a transaction took place.
 - B. To identify the strength of a worker.
 - C. To keep order in the business.
 - D. To inquire about different goods dealt in by the businessman.
11. Which of the following may not be used as a method for collecting data in market research?
- A. Consumer surveys
 - B. Producers behaviours
 - C. Consumers behaviours
 - D. Area retail test.
12. Which of the following information is not a content of a partnership deed?
- A. Name of partners
 - B. Profits and losses ratio
 - C. Balance sheet of the business
 - D. Rights and duties of partners.
13. Identify from the following a document drawn and signed by a person who owes money.
- A. Promissory note
 - B. Statement of account
 - C. Credit note
 - D. Bill of exchange.

7. The following information was extracted from the books of Mr. Mukasa.

Stock as at 1 st January 2008	shs	240.000
Closing stock	Shs	300.000
Purchases	Shs	1440.000
Total sales	Shs	964.000

What was the cost of sales?

- A. 1380.000
 - B. 1680.000
 - C. 270.000
 - D. 584.000
8. Prompt cash is
- A. When the buyer pays the supplier within the days of grace.
 - B. When the buyer pays the supplier across the counter.
 - C. When the buyer pays supplier in advance.
 - D. When the goods are being delivered.
9. Which of the following is not a reason as to why people would wish to hold cash.....
- A. For speculative motive
 - B. For transactional motives
 - C. For savings motive
 - D. For precautionary motive.
10. The relationship between the price of imports and the price of exports as seen in international trade is known as.....
- A. Balance of trade.
 - B. Balance of payments
 - C. Terms of trade
 - D. Favourable trade
11. A service where the post office under takes to compensate the sender if the document sent is lost is called.....
- A. speed post
 - B. telegram
 - C. Registered letter
 - D. Poste restante
12. One advantage of mail order purchasing is that
- A. The purchasing department is in direct touch with the seller
 - B. There is limited personal contact between the buyer and seller
 - C. The system allows the buyer to buy only a limited range of goods.
 - D. Orders are sent by post.

SECTION B (80 MARK)

7. (a) Distinguish between primary industries and secondary industries.(4 marks).
- (b) Explain the factors that limit Ugandan entrepreneurs in setting up manufacturing industries. (16 marks)
8. (a) Give the characteristics of life assurance policy. (6 marks)
- (b) What factors may the insurance company consider before issuing out a policy to the applicant? (14 marks)
9. (a) Distinguish between branding and packaging. (4 marks)
- (b) Give four qualities of a good wrapping material. (8 marks)
- (c) What are the merits and demerits of packed goods to a trader? (8 marks)
10. (a) Define the following terms as used in communication.
- (i) Certificate of posting. (2 marks)
 - (ii) S.T.D (subscriber Trunk Dialling). (2 marks)
 - (iii) Trunk call (2 marks)
 - (iv) Reversed charge (2 marks)
 - (vi) Registered post. (2 marks)
- (b) Give the different forms of written communication. (10 marks)
11. (a) Why should the government of Uganda promote the formation and development of Co-operative societies? (14 marks)
- (b) What were the aims of forming the Uganda co – operative savings and credit Union? (UCSCU) (6 marks)

7. (a) Differentiate between credit transfer and standing order. (4 marks).
- (b) What are the functions of the central bank? (8 marks)
- (c) Under what ways may the central bank control the activities of commercial banks? (8 marks)
8. (a) Why do firms combine? (8 marks)
- (b.i) Give the two lines of business combination. (4 marks)
- (ii) Explain the forms of amalgamation as a form of business combination. (8 marks)
9. (a) Distinguish between capital employed and borrowed capital. (4 marks)
- (b) The following information was extracted from the books of Kasangati traders' Association for the year ending 2008.

Stock on January	Shs	10.000.000/=
Purchases for the year	Shs	34.000.000/=
Sales for the year	Shs	45.000.000/=
Sales returns	shs	320.000/=
Purchase returns	shs	3.000.000/=
Stock as at Dec 31 st	Shs	700.000/=

You are required to determine.

- (i) Cost of sales (4 marks)
- (ii) Average stock (4 marks)
- (iii) Gross profit (4 marks)
- (iv) Profit margin. (4 marks)

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SECTION A (20 marks)

Write the letter of the most correct answer on the answer sheet provided.

1. Business occupations are...
A. activities aimed at making profit
B. primary production activities
C. secondary production
D. tertiary production activities
2. Time is one of the two major limited resources of man. Which of the following is the second one?
A. food
B. leisure
C. money
D. entertainment
3. Bank rate is the rate of interest charged by...
A. a commercial bank for short term loans.
B. a central bank on first class bills discounted by it.
C. a central bank to commercial banks
D. a lender to a borrower.
4. Fixed assets plus current assets are the same as...
A. working capital
B. gross capital employed
C. net capital employed
D. capital employed
5. The following are replies to an inquiry except...
A. quotation
B. catalogue
C. price list
D. debit note
6. "You can find delicious meals at Ivory Hotel". This is an example of...
A. direct advertising
B. persuasive advertising
C. informative advertising
D. appealing advertising.
7. Consumer protection is essential in advertising because...
A. it creates demand for goods
B. it checks the dangers of misleading advertising
C. it helps in reducing price
D. it promotes market research
8. The main purpose of stock exchange is to...
A. sell the stock of wholesalers
B. sell goods in an open market
C. sell or buy shares and securities
D. sell or buy goods and services.
9. If the turnover of the business is Shs. 240,000 and total cost of sales is Shs 200,000, mark up will be...
A. 20%
B. 16.7%
C. 83.3%
D. 120%
10. Marketing boards which are responsible for selling farmers produce to foreign markets are called...
A. produce marketing boards
B. statutory marketing boards
C. advisory marketing boards
D. export marketing boards

11. Why may government influence the location of an industry in a given area?
 - A. To fight corruption
 - B. To promote regional balance
 - C. To increase rural-urban movement of people
 - D. To promote income inequality
12. Which of the following is NOT a characteristic of multiple shops?
 - A. A number of shops under one roof.
 - B. A number of shops selling similar goods in different places.
 - C. goods are sold at uniform prices in all branches
 - D. have centralised purchase of goods.
13. Which of the following is the most important function of a wholesaler?
 - A. Extending credit facilities to retailers
 - B. Breaking bulk
 - C. Transporting goods from the producers to his premises.
 - D. Advertising products
14. Given the following information; creditors 1,340,000 Shs, Cash at bank Shs. 450,000, Cash at hand 80,000 Shs, debtors Shs. 530,000 and stock Shs. 620,000. What is the working capital?

A. 1,680,000 Shs.	C. 980,000 Shs.
B. 340,000 Shs.	D. 1,340,000 Shs.
15. A high demand for a commodity would...

A. lower the price	C. stabilize the price
B. increase the price	D. increase the supply
16. Production of goods for ones own consumption is known as

A. indirect production	C. direct service
B. direct production	D. complimentary production.
17. The type of business growth where a business expands naturally is known as

A. merging	C. external growth
B. amalgamation	D. internal growth
18. One reason why warehousing is important is that...
 - A. it enables continuous supply of goods even in non production periods.
 - B. it is made mainly to provide employment.
 - C. it helps the low income earners to get goods.
 - D. it is a source of revenue to the exporter.
19. A case in water transport where the shipper loads the container with his own cargo destined for one consignee is...

A. less container load	C. trade fares
B. consignment	D. full container load.
20. In buying and selling, a transaction is said to have taken place when the seller sends to the buyer a document called...

A. an order	C. a letter of inquiry
B. an invoice	D. a quotation

Turn Over
3

SECTION B (80MARKS)

21. a) State the law of demand. (2marks)
 b) What factors may influence consumers to demand a given commodity? (18marks)
22. a) Distinguish between hire purchase agreement and deferred payments (4marks)
 b) What are the advantages of hire purchase to;
 (i) the seller? (8 marks)
 (ii) the buyer? (8 marks)
23. a) Explain the benefits Uganda has enjoyed by trading with other countries. (10marks)
 b) What problems are faced by Ugandan traders participating in foreign trade? (10marks)
24. a) Describe the steps taken by an individual before acquiring a bank account. (8marks)
 b) What factors may the bank manager consider before extending credit to the applicant? (12marks)
25. a) Explain five factors considered when choosing a mode of transport. (10 marks).
 b) Why is road transport more popular in Uganda than other modes of transport? (10 marks)
26. a) How do private limited companies differ from public limited companies? (10 marks)
 b) What are the advantages of joint stock companies over partnerships? (10 marks)
27. a) Give the various sources of government revenue. (6 marks)
 b) What are the qualities of a good tax system? (14 marks)
28. a) Distinguish between a balance sheet and a trading account. (2 marks)
 b) The following records were extracted from the books of Kamwe – Kamwe Traders for the year ending 31st Dec 2010.

	Shs.
Stock 01/01/2010	4,600,000/=
Creditors	1,000,000/=
Capital	8,000,000/=
Year Purchases	3,720,000/=
Stock 31 st /Dec/2010	1,600,000/=
Cash at hand	1,800,000/=
Return outwards	200,000/=
Year sales	6,900,000/=
Debtors	760,000/=
Expenses	1,180,000/=

You are required to calculate:

- i) Cost of goods sold (4 marks)
 ii) Average stock (3 marks)
 iii) Mark up (4 marks)
 iv) Rate of turnover (3 marks)
 v) Profit margin (4 marks)

END

800/1
COMMERCE
July/August 2012
2½ hours



WAKISSHA JOINT MOCK EXAMINATIONS

Uganda Certificate of Education

COMMERCE

Paper 1

2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES:

This question paper consists of two sections, A and B.

Answer all questions in section A and any four (4) from section B.

Answers to all questions must be written on the answer sheets/booklet provided.

All questions in section B carry equal marks.

You may lose marks for untidy work.

SECTION A (20MARKS)

Write the letter corresponding to the correct answer for each question in this section on the answer sheets/booklet provided.

1. Goods which are used simultaneously with other goods are referred to as...
 - A. Substitutes
 - B. Giffen goods
 - C. Complements
 - D. Inferior goods.
2. Which of the following combinations of wants explain man's basic needs?
 - A. Food, Shelter, Medical Care
 - B. Education, Medical care, Shelter
 - C. Clothes, Education, Medical care
 - D. Shelter, food, a car
3. The most suitable form of transporting ammunition, newspapers and gold from Kampala to the Sudan is...
 - A. Road
 - B. Air
 - C. Water
 - D. Railway
4. Byansi bought 100 packets of Glucose biscuits at Shs. 3 per packet. She was allowed a trade discount of 20%. Her Net Invoice amount is...
 - A. Shs. 300
 - B. Shs. 2.40
 - C. Shs. 240
 - D. Shs. 60
5. Which of the following is true about marketing boards? They...
 - A. Sell goods only to local markets
 - B. Buy farmers produce through co-operative societies
 - C. Sell goods only to foreign markets.
 - D. Buy goods directly from small scale farmers

6. The term used under stock exchange to explain the rate of return on investment of a share holder is...
- A. Per value share
 - B. Market value share
 - C. Share certificate
 - D. Yield rate
7. Which of the following documents allows a public limited company to start business.
- A. Certificate of Incorporation
 - B. Memorandum of Association
 - C. Articles of Association
 - D. Certificate of Trading
8. Track Wholesalers are known for the following **except**
- A. dealing in a wide range of commodities
 - B. dealing in a limited range of commodities
 - C. delivering merchandise
 - D. collecting damaged and empty containers
9. Why is an insurance contract referred to as a contract of indemnity?...
- A. It compensates the insured
 - B. It is profitable to the insured
 - C. It gives confidence to the insured.
 - D. It ensures safety of property
10. Double coincidence of wants occurs when each party involved in barter trade has
- A. Exactly what the other one has
 - B. Exactly what the other one wants
 - C. Twice as much as the other.
 - D. Similar wants as the other.
11. Which of the following items will usually **NOT** be shown in an invoice?
- A. Gross price of the goods
 - B. Trade discount allowed
 - C. Amount due on previous sale
 - D. The name of the buyer

12. A form of indirect tax imposed according to the weight or quantity of imports is termed as...
- A. Excise tax
 - B. Advalorem tax
 - C. Sumptuary tax
 - D. Specific tax
13. The loss in value of an asset due to over use is called...
- A. depletion
 - B. devaluation
 - C. appreciation
 - D. depreciation
14. Three of the following statements are true of a sole trader.
- (i) he invests all the capital
 - (ii) he bears all the losses and takes all the profits
 - (iii) he must manage his business alone.
 - (iv) his liability is unlimited.
- A. (i), (ii) and (iv)
 - B. (ii), (iii) and (iv)
 - C. (i), (ii) and (iii)
 - D. (i), (iii) and (iv)
15. The extraction of oil in western Uganda falls in a stage of production called...
- A. Direct production
 - B. Primary production
 - C. Secondary production
 - D. Indirect production
16. Import trade is some times controlled because it...
- A. It protects infant industries
 - B. reduces government revenue
 - C. creates employment
 - D. hinders standard of living in the importing country

17. Government may set up a business enterprise to

- A. earn more profit
- B. enlighten the public on how to conduct business
- C. provide essential services
- D. sell shares to the stock exchange

18. How is the rate of turn over calculated?

- A. $\frac{\text{cost price of sales}}{\text{Average stock}}$
- B. $\frac{\text{Opening stock}}{\text{closing stock}}$
- C. $\frac{\text{Turn over}}{\text{gross profit}}$
- D. $\frac{\text{Gross profit}}{\text{Cost Price of sales}}$

19. Advertising is important to a business because it...

- A. Creates employment opportunities
- B. Increases the sale of goods and services
- C. Increases the supply of goods and services.
- D. Reduces the price of goods and services.

20. A head office clearing cheque is used when...

- A. the payee has his account at the head office of the bank
- B. the drawer and the payee bank in the same bank but in different branches
- C. the drawer and the payee bank in the same branch
- D. the drawer and the payee bank in different banks.

SECTION B (80MARKS)

Answer any **four** questions from this section.

- 21. (a) How can the public benefit when major industries are distributed in different parts of the country? (10marks)
- (b) What problems will the public face if such industries are distributed in different parts of the country? (10marks)
- 22 (a) Explain any **five** features of wholesale trade (10marks)
- (b) Under what circumstances may a wholesaler be eliminated from the chain of distribution. (10 marks)

23. (a) Define the term "Cheque" (02marks)
- (b) What measures should a drawer take to ensure the safety of his cheque? (10marks)
- (c) Give five reasons as to why a bank draft is preferred as a method of payment (10marks)
24. (a) What is a consumer co-operative society? (02marks)
- (b) What roles does consumer cooperative societies play in Uganda? (08marks)
- (c) Outline the major factors that hinder the performance of co-operative societies in Uganda? (10marks)
25. (a) Explain the following forms of privatization
- (i) cost sharing (02marks)
- (ii) Joint venture (02marks)
- (iii) Management contract (02marks)
- (iv) divestiture (02marks)
- (b) Why is it undesirable for the government to transfer ownership and management of her Enterprises to the private sector? (12marks)
26. (a) Give the advantages of using mobile phones as a medium of communication. (08marks)
- (b) Explain six factors influencing the choice of communication medium. (12marks)
27. (a) How does insurance differ from gambling? (12marks)
- (b) Describe the steps taken by the insured when claiming for compensation. (08marks)
28. (a) Distinguish between goods available for sale and cost of sales. (04marks)
- (b) The following records were extracted from the books of Mawokota traders for the year ending 31st Dec 2011.
- Turn over..... Shs 100,000,000/=
- Margin..... Shs 25%
- Expenses..... Shs 10,000,000/=
- Required to calculate**
- (i) Cost of sales (03marks)
- (ii) Gross profit (03marks)
- (iii) Net profit (03marks)
- (iv) Net profit as a percentage of his turnover (04marks)
- (v) Margin (03marks)

END

800/1
COMMERCE
July/August 2013
2½ hours



WAKISSHA JOINT MOCK EXAMINATIONS

Uganda Certificate of Education

COMMERCE

Paper 1

2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES:

This question paper consists of two sections, A and B.

Answer all questions in section A and any four (4) from section B.

Answers to all questions must be written in the answer booklet/sheets provided.

All questions in section B carry equal marks.

You may lose marks for untidy work.

SECTION A (20MARKS)

*Write the letter corresponding to the correct answer for each question in this section
On the answer booklet/ sheets provided.*

1. A situation in commerce where available resources are limited to satisfy man's unlimited ends is termed as...
 - A. Scarcity
 - B. Choice
 - C. Opportunity cost
 - D. Utility
2. A factor of production which takes the task of mobilizing resources required to set up a business is called;
 - A. capital
 - B. organization
 - C. entrepreneurship
 - D. labour
3. The practice where a valuable good is insured by a trader with more than one insurance company is called...
 - A. re-insurance
 - B. co-insurance
 - C. over insurance
 - D. under insurance
4. One characteristic of commercial banks is that
 - A. they are government owned
 - B. they offer saving accounts only
 - C. they are joint stock companies
 - D. they offer current accounts only
5. Which of the following terms refers to the company that takes a controlling interest in other companies.
 - A. Subsidiary company
 - B. Holding company
 - C. Public company
 - D. Privatized company
6. Kiberu used the service of postal order from the postal office. What commission was he charged?
 - A. Surcharge
 - B. Postal stamp
 - C. Demurrage
 - D. Poundage

7. Which of the following is a non tax barrier?
 - A. Import duty
 - B. Embargo
 - C. Excise duty
 - D. Sales tax
8. Under which factor of production do we categorize the head teacher of a school?
 - A. Labour
 - B. Entrepreneurship
 - C. Capital
 - D. Organization
9. An economic situation which explains the inability of a firm to pay off its debts is?
 - A. Insolvent
 - B. Solvent
 - C. Poverty
 - D. Bankruptcy
10. Loaded is a term of sale which includes...
 - A. cost of goods as they leave the factory
 - B. cost of goods and charges for carriage to the nearest railway station.
 - C. all costs to the port of destination plus unloading charges.
 - D. all charges up to and including delivery of goods to the importer's premise.
11. Kiggundu had an average stock of shs 24,000 and the rate of stock turn of 10. His cost of goods sold was....
 - A. 240,000 shs
 - B. 2,400 shs
 - C. 240,100 shs
 - D. 2,410 shs
12. Abalo drew up a cheque in favor of Birabwa. Birabwa used the same cheque to pay Bizibu by signing at its back. Bizibu is the ...
 - A. payee
 - B. endorser
 - C. drawer
 - D. endorsee
13. The main function of a state enterprise is to...
 - A. provide entrepreneurship skills to the public.
 - B. make the profit for the government.
 - C. encourage competition in the public sector.
 - D. provide essential services to the public.

14. What is the amount payable to the seller if goods are invoiced at shs 400,000 with 10% trade discount and 5% cash discount?
 - A. Shs 342,000
 - B. Shs 380,000
 - C. Shs 360,000
 - D. Shs 340,000
15. The type of tax levied on goods entering a country is known as.
 - A. direct tax
 - B. import duty
 - C. specific tax
 - D. advalorem tax
16. Which of the following is a unit for measuring the value of Uganda's shilling in terms of foreign currencies?
 - A. Special drawing right
 - B. Bank rate
 - C. Credit creation
 - D. Specific deposit right
17. A case in sea transport where the shipper loads the container with his own cargo destined for one consignee is?
 - A. full container load
 - B. less container load
 - C. consignees container load
 - D. consignors container load
18. If a demand for a given commodity increases and supply remains constant, the price of the commodity is likely to?
 - A. rise
 - B. decrease
 - C. fluctuate
 - D. remains the same
19. Luyima bought articles worth 120,000,000 and sold them at 160,000,000. His margin was?
 - A. 33.3%
 - B. 75%
 - C. 25%
 - D. 34%
20. Turn over is determined by...
 - A. $\frac{\text{Cost of sales}}{\text{Average stock}}$
 - B. Total sales – Returns inwards
 - C. Cost of sales – Net sales
 - D. $\frac{\text{Cost of sales}}{\text{Net sales}} \times 100$

SECTION B (80MARKS)

Answer any **four** questions from this section.

21. (a) Who is an itinerant trader? *(02 marks)*
(b) Give the characteristics of itinerant traders. *(08 marks)*
(c) What are the qualities of a good itinerant trader? *(10 marks)*
22. (a) Explain the following forms of written communication.
i) Memo *(02 marks)*
ii) Circular *(02 marks)*
iii) Report *(02 marks)*
iv) E-mail *(02 marks)*
v) Telex *(02 marks)*
(b) How is written communication necessary in business? *(10 marks)*
23. (a) What are the general functions of a central bank to the government of Uganda? *(10 marks)*
(b) Explain the major instruments the bank of Uganda can apply to increase the amount of money in circulation. *(10 marks)*
24. (a) Explain the major documents required when registering a public limited company. *(10 marks)*
(b) Why are public limited companies desired by many investors compared to private limited companies? *(10 marks)*
25. (a) What role does insurance play in the business world? *(10 marks)*
(b) (i) State the major problems faced by the insurance industry in Uganda. *(05 marks)*
(ii) Suggest the possible solutions to the above problems. *(05 marks)*
26. (a) Explain the following terms as used in international trade.
i) Balance of payment. *(02 marks)*
ii) Terms of trade. *(02 marks)*
iii) Balance of trade *(02 marks)*

- (b) What measures can the government of Uganda take to promote international trade? *(14 marks)*
27. (a) What are the advantages of indirect taxes over direct taxes? *(08 marks)*
- (b) Explain six forms of indirect taxes. *(12 marks)*

28. (a) Rafiki traders had the following records as at 31st -12-2012.

Opening stock.....	shs7, 000,000
Purchases.....	shs 2,000,000
Sales	shs 9,500,000
Purchase returns.....	shs 120,000
Sales returns.....	shs 95,000
Machinery.....	shs 2,000,000
Buildings	shs 4,000,000
Withdrawals	shs 200,000
Closing stock.....	Shs 500, 000
Capital.....	shs 2,500,000
General expenses.....	shs 350,000

From the above information you are required to calculate;

- i) Sales at cost *(04 marks)*
- ii) Rate of turn over *(04 marks)*
- iii) Margin *(04 marks)*
- iv) Mark up *(04 marks)*
- v) Rate of return on capital *(04 marks)*

END

800/1
COMMERCE
Paper 1
July/August 2015
2½ hours



WAKISSHA JOINT MOCK EXAMINATIONS

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 from section B.

Any additional question(s) answered will not be marked.

Answers to all questions must be written in the answer booklet/sheets provided.

Each question in section B carry equal marks.

You may lose marks for untidy work.

SECTION A (20 MARKS)

Answer All questions in this section.

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

1. Commerce can be best described as the buying and selling of
 - A. goods.
 - B. services.
 - C. goods and services.
 - D. goods and services for a profit.
2. Which of the following is true about cash and carry whole salers?
 - A. They provide goods in bulk.
 - B. They provide self-service facilities.
 - C. They provide delivery services.
 - D. They offer credit facilities.
3. Which of the following may a drawer use to pay rent to a landlord on monthly basis for a year?
 - A. Credit transfer.
 - B. Standing order
 - C. Bank draft
 - D. Money order.
4. The extraction of crude oil in Bunyoro by oil companies is classified under.
 - A. Primary production
 - B. Secondary production
 - C. Direct production
 - D. Tertiary production
5. The selling of pineapples and Onions using small vans along main roads is classified under:-
 - A. Truck wholesaling
 - B. Market vending
 - C. Mobile retailing.
 - D. Rack jobbers
6. Holding a debenture means that a person has
 - A. lent money to the company.
 - B. borrowed money from a company
 - C. bought shares in a company
 - D. received dividends from a company

7. A type of advertising which is intended for a particular group of customers is called.
- Informative advertising.
 - Persuasive advertising
 - Indirect advertising
 - Direct advertising.
8. How is the rate of turn over calculated?
- $\frac{\text{Opening stock}}{\text{closing stock}}$
 - $\frac{\text{Turn over}}{\text{Gross profit}}$
 - $\frac{\text{Cost price of sales}}{\text{Average stock}}$
 - $\frac{\text{Gross profit}}{\text{Cost price of sales}}$
9. A ware house department concerned with maintaining staff records is
- accounts department.
 - secretary's department.
 - publicity department.
 - administration department.
10. The principle of insurance which aims at restoring the insured to the original financial position is known as.
- subrogation
 - proximate cause
 - indemnity
 - utmost good faith.
11. An equilibrium point is when..
- demand and supply are equal.
 - supply is higher than demand
 - demand is higher than supply
 - demand and supply are increasing.
12. A production unit is a
- place from where goods are produced and sold.
 - place from where services are sold.
 - central place in a firm where production managers meet.
 - place from where goods and services are produced.
13. Quoted companies are those whose shares are,
- secured.
 - not secured.
 - sold and bought at any market.
 - bought and sold at the stock exchange market.

14. Nabugabo enterprises limited sold a machine to Mr. Otim for shs. 720,000 after allowing him 20% trade discount and 5% cash discount.
Calculate the list price of the machine.
- A. Shs. 547,200
 - B. Shs. 1,000,000
 - C. Shs. 900,000
 - D. Shs. 547,000
15. Identify a direct source of government revenue from the following activities.
- A. Farming
 - B. V.A.T
 - C. Sports betting
 - D. Construction.
16. An actuary is
- A. an employee of a Limited Liability Company.
 - B. an employee of an insurance company who accepts and refuses the nature of the risk presented for insurance.
 - C. an employee of an insurance company who determines the amount of premium to be paid by the insurer.
 - D. a document used in international trade.
17. An example of a business organization that belongs to the public sector in Uganda is a
- A. public corporation.
 - B. limited companies
 - C. partnership
 - D. cooperatives.
18. The rate at which a country's exportable goods are exchanged for her importable goods is referred to as
- A. Balance of payment
 - B. Barter terms of trade
 - C. Balance of trade
 - D. Terms of trade.
19. The efficiency of a business is indicated by its.
- A. Gross profit
 - B. Rate of turn over
 - C. Sales
 - D. Net profit.
20. A document prepared by the debtor as an evidence for payment to his creditor is called.
- A. Payment voucher
 - B. Receipt
 - C. Cash sale slip
 - D. Statement of account.

SECTION B (80 MARKS)

21. (a) Distinguish between location and localization of an industry. (4 marks)
(b) What are the advantages and disadvantages of localisation of an industry or industries? (16 marks)
22. (a) Outline any six factors that limit international trade. (6 marks)
(b) What measures can customs authorities employ to control the flow of imports? (14 marks)
23. (a) Explain the factors influencing the choice of communication medium. (10 marks)
(b) How does communication facilitate trade? (10 marks)
24. (a) Define the following types of dealers in stock exchange.
(i) Brokers (02 marks)
(ii) Bulls (02 marks)
(iii) Bears (02 marks)
(iv) Stags (02 marks)
(b) Explain six functions of stock exchange council in your country. (12 marks)
25. (a) Explain the major principles of insurance. (10 marks)
(b) What is the role played by insurance in the development of Uganda's economy? (10 marks)
26. (a) Explain the following forms of indirect taxes.
(i) Customs duty (02 marks)
(ii) Adualorem tax (02 marks)
(iii) Specific tax (02 marks)
(iv) Octori tax (02 marks)
(v) Excise tax (02 marks)
(b) Why is it necessary for citizens to pay taxes to the government? (10 marks)
27. (a) Explain five features of current accounts. (10 marks)
(b) Describe the steps taken by an applicant to acquire a current account. (10 marks)
28. (a) Distinguish between insolvency and bankruptcy. (04 marks)
(b) Central trader's Balance sheet as at 31st Dec. 2014.

LIABILITIES (SHS)		ASSETS (SHS)	
Capital	4,000,000	Motor van	3,500,000
Bank loan	3,200,000	Fixtures	2,400,000
Debentures	2,100,000	Buildings	2,000,000
		Machinery	1,060,000
Creditors	1,360,000	Closing stock	400,000
Bank overdraft	1,400,000	Bank balance	1,000,000
		Debtors	900,000
		Cash balance	800,000
	12,060,000		12,060,000

The following information was also provided.

Stock as at 1st January 2014 2,300,000

Purchases for the year 2,100,000

Purchases returns 20% of total purchases.

Using the above information you are required to determine.

- (i) Fixed capital (4 marks)
- (ii) Borrowed capital (4 marks)
- (iii) Cost of sales (4 marks)
- (iv) Rate of stock turn over (4 marks)

END

800/1
COMMERCE
Paper 1
July / August 2017
2½ hours



WAKISSHA JOINT MOCK EXAMINATIONS

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 from section B.
- Any additional question(s) answered will not be marked.
- Answers to all questions must be written in the answer booklet/sheets provided.
- Each question in section B carry equal marks.
- You may lose marks for untidy work.

SECTION A (20 MARKS)

Answer all questions in this section by writing the letter corresponding to the most correct alternative in the answer booklet/sheets provided.

1. The major importance of commerce is to bridge the gap between
 - A. the seller and buyer.
 - B. the producer and wholesaler.
 - C. the producer and retailer.
 - D. the producer and consumer.
2. Services of the Uganda police are examples of
 - A. secondary production.
 - B. primary production.
 - C. tertiary production.
 - D. direct production.
3. Opportunity cost refers to
 - A. the item that is foregone when the choice is made.
 - B. the item that is chosen from the set of alternatives.
 - C. the ability of a commodity to satisfy a buyer's need.
 - D. the ability of the consumer to choose among two or more alternatives.
4. Earnings made by Golden band in Denmark are
 - A. a visible import for Uganda.
 - B. an invisible import for Uganda.
 - C. a visible export from Uganda.
 - D. an invisible export from Uganda.
5. The drawer of a bill of exchange is a person
 - A. who retires the bill.
 - B. to whom the bill is addressed.
 - C. in whose favour a bill is endorsed.
 - D. demanding payment against the bill.
6. Water vessels built to carry vehicles are termed as
 - A. roll - on - roll off carriers
 - B. tramp steamers
 - C. bulk carriers
 - D. tankers
7. Which one of the following is a characteristic of direct production?
 - A. production for sale
 - B. production for personal consumption
 - C. specialisation
 - D. large scale production

8. One reason why warehousing is important is that
- it enables continuous supply of goods even in non – production periods.
 - it is made mainly to provide employment.
 - it helps low income earners to get goods.
 - it is a source of revenue to the exporter.
9. Dividends are paid in a producer cooperative society according to
- capital contributed to the society.
 - sales of produce to the cooperative.
 - purchases from the cooperative.
 - members participation in the cooperative activities.
10. Every year many people visit Uganda Manufacturers Association (UMA) show ground. Which channel of advertising is that?
- Trade fair.
 - Direct mail.
 - Exhibition.
 - Attractive display.
11. A form of intergration that may exist between Kakira Sugar works and Ntake bakery can be described as;
- conglomerate merging.
 - lateral merging.
 - cartel.
 - consolidation.
12. The net worth of the business is its
- capital employed.
 - capital owned.
 - fixed capital.
 - working capital.
13. Why does the government find it necessary to participate in commercial activities?
- To obtain profits from its enterprises.
 - To save the public from being exploited by private sector.
 - To gain monopoly over private businesses.
 - To charge the public for using its utilities.
14. Which one of the following, forms a better combination of major risks in insurance?
- Life and general.
 - Marine and accident.
 - Insurer and insured.
 - Insurable and Non – insurable.

Turn Over

15. Which one of the following documents is issued by the supplier when goods are returned by the customer?
- A. Delivery note.
 - B. Debit note.
 - C. Dispatch note.
 - D. Credit note.
16. A document that gives a company a separate legal existence from its promoters is called
- A. prospectus.
 - B. certificate of trading.
 - C. certificate of incorporation.
 - D. memorandum of association.
17. Calculate the value of goods available for sale, where opening stock is Shs. 50,000, purchases is Shs. 280,000 and closing stock Shs. 40,000.
- A. Shs. 330,000.
 - B. Shs. 240,000.
 - C. Shs. 290,000.
 - D. Shs. 370,000.
18. Sale of some goods at a lower price by traders to attract more customers is called
- A. installment selling.
 - B. re-sale price maintenance.
 - C. auctioning.
 - D. loss leader policy.
19. A form of tax levied on goods from Kenya to Rwanda through Uganda is Known as
- A. sumptuary tax.
 - B. lumpsum tax.
 - C. octoroi tax.
 - D. excise tax.
20. If the turnover of a business was Shs. 360,000 and cost of sale was Shs. 280,000. It's margin was
- A. 29%
 - B. 27%
 - C. 23%
 - D. 22%

SECTION B (80 MARKS)

Attempt any **four** question from this section.

21. (a) Distinguish between specialisation and division of labour. (04 marks)
(b) What are the advantages and disadvantages of specialisation? (16 marks)
22. (a) Give **four** features of the following; (04 marks)
(i) Super markets (04 marks)
(ii) Departmental stores
(b) Explain **six** factors considered before setting up a retail unit. (12 marks)
23. (a) Why is there a need for the government to promote export trade? (14 marks)
(b) State **six** problems faced by traders engaged in export trade in Uganda. (06 marks)
24. (a) Distinguish between Nationalisation and Denationalisation. (04 marks)
(b) What are the advantages and disadvantages of Denationalisation? (16 marks)
25. (a) Define Ware housing. (02 marks)
(b) (i) State the characteristics of a good ware house. (08 marks)
(ii) What is the importance of ware housing to an economy? (10 marks)
26. (a) Define the following terms as used in banking; (02 marks)
(i) Bank overdraft. (02 marks)
(ii) Bank draft. (02 marks)
(iii) Standing order. (02 marks)
(iv) Credit transfer. (02 marks)
(b) Explain **six** problems faced by the banking industry in Uganda. (12 marks)
27. (a) What is meant by;
(i) Bulls. (02 marks)
(ii) Bears. (02 marks)
(iii) Stags. (02 marks)

Turn Over

- (b) What is the role of stock exchange in the development of Uganda's economy? (14 marks)
28. (a) Distinguish between mark-up and margin (04 marks)
- (b) The books of Kalerwe traders Kampala showed the following transactions;
- | | |
|--------------------|--------------|
| Average stock | Shs. 114,000 |
| Average margin | 20% |
| Rate of stock turn | 5 times |
| Expenses | 10% of sales |
- You are required to calculate;
- (i) Sales. (04 marks)
- (ii) Gross profit. (04 marks)
- (iii) Expenses. (04 marks)
- (iv) Net profit. (04 marks)

END

800/1
COMMERCE
Paper 1
July / August 2018
2½ hours



WAKISSHA JOINT MOCK EXAMINATIONS

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 from section B.*
- *Any additional question(s) answered will not be marked.*
- *Answers to all questions must be written in the answer booklet/sheets provided.*
- *Each question in section B carry equal marks.*
- *You may lose marks for untidy work.*

SECTION A (20 MARKS)

Answer all questions in this section by writing the letter corresponding to the most correct alternative in the answer booklet/sheets provided

1. Which of the following is true about commerce?
 - A. It links specialization, trading and aids to trade.
 - B. It links transport, warehousing and producers.
 - C. It links producers to consumers.
 - D. It links producers and the government.
2. Which one of the following is a feature of direct production?
 - A. Production for market.
 - B. Production for personal consumption.
 - C. Large scale production.
 - D. Application of division of labour.
3. When the supply of ground nuts rises and demand remains the same, prices will;
 - A. rise.
 - B. fall.
 - C. remain constant.
 - D. fluctuate.
4. The discount the trader would miss if payment is made after due date is
 - A. trade discount.
 - B. quantity discount.
 - C. cash discount.
 - D. sur charge.
5. Which of the following MAY NOT be used as a method for collecting data in market research?
 - A. Consumer surveys.
 - B. Producers behaviours.
 - C. Consumer behaviours.
 - D. Area retail test.
6. 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.

7. If the government wants to protect consumers against being over charged by traders it should;
- fix prices of the goods.
 - increase taxes on consumer's income.
 - impose high taxes on the goods.
 - extend subsidies to consumers.
8. Time Utility refers to:
- storage of goods when they are produced until the time when they are needed.
 - transfer of ownership of the commodity to the final consumer.
 - transforming of raw materials into finished products.
 - transfer of the commodity from the area of production to the area of consumption.
9. A method of trade protectionism where the producers are given financial or material support to reduce on their costs of operation is:-
- licence.
 - subsidisation.
 - revaluation.
 - embargo.
10. Which of the following is not a delivery service offered by the Uganda post office?
- Registered post.
 - Express Mail
 - Post restante.
 - Money order.
1. Terminal as an element of transport involves the
- vessel used to transport goods and services.
 - channel on which the different vessels move.
 - place where goods are loaded and off loaded
 - power which drives the vessels to move goods.
2. The excess of cost price over selling price is termed as
- gross profit.
 - net profit.
 - gross loss.
 - net loss.

13. A cheque without the amount in words and figures is called
- forged cheque.
 - blank cheque.
 - post dated cheque.
 - stale cheque.
14. Which one of the following is true about general insurance?
- The principle of indemnity does not apply.
 - It has no surrender value.
 - It is always a long term contract.
 - It covers insurance of life for a specific period of time.
15. Which of the following statements is true about co-operative societies?
- Members share profits equally.
 - Decision making is according to the number of shares.
 - Profits are shared according to participation.
 - The number of membership is limited to fifty.
16. A business had the following information
- | | |
|---------------|---------------|
| Opening stock | Shs 230,000/= |
| Net Purchases | Shs 370,000/= |
| Closing stock | Shs 120,000/= |
- Calculate the rate of stock turn
- 4 times.
 - 2 times.
 - 2.7 times
 - 1.9 times.
17. Unfavourable terms of trade in Uganda are due to;
- increasing prices of Uganda's exports.
 - low quality of Uganda's exports.
 - favourable exchange rates.
 - poor bargaining power of Uganda in international market.
18. A form of privatization where the government retains the ownership but leases the management to private sector is
- joint venture
 - cost sharing
 - management by contract.
 - divestiture.

19. "Calls in arrears" when used in relation to a company's capital refers to;
- unauthorised capital
 - uncalled capital.
 - unissued capital.
 - unpaid capital.
20. Determine the cost of goods sold from the following details.
- Rate of stock turn 3 times.
- Average stock Shs. 48,000/=
- Net Purchases Shs. 96,000/=
- Shs. 14,400/=
 - Shs. 480,000/=
 - Shs. 154,000/=
 - Shs. 144,000/=

SECTION B (80 MARKS)

Answer any four questions from this section.

21. (a) Distinguish between **specialisation** and **division of labour**. (04 marks)
- (b) (i) Explain any **five** forms of specialisation. (10 marks)
- (ii) Outline **six** disadvantages of specialization. (06 marks)
22. (a) Distinguish between **demand** and **supply**. (04 marks)
- (b) What factors may influence consumers to choose a particular product. (16 marks)
23. (a) (i) State any **four** features of Itinerant traders (04 marks)
- (ii) Explain **four** types of Itinerant traders (08 marks)
- (b) What challenges do Itinerant traders face in your country? (08 marks)
24. (a) What are the functions of commercial banks to the farmers in Uganda? (10 marks)
- (b) Explain any **five** factors a bank manager may consider before giving a loan to a client. (10 marks)
25. (a) Why does the government of Uganda involve its self in commercial activities. (10 marks)
- (b) Explain the problems facing the public enterprises in Uganda. (10 marks)

Turn Over

26. (a) Differentiate between a public limited company and a private limited company. (12 marks)
- (b) Under what circumstances may a joint stock company wind up? (08 marks)
27. (a) What factors are considered while determining the amount of premium of a motor policy? (10 marks)
- (b) Why should traders seek insurance services for their businesses? (10 marks)
28. (a) Distinguish between income statement and balance sheet. (04 marks)
- (b) Below is a balance sheet of Bulemezi traders for the year ending 31/12/2017.

BALANCE SHEET AS AT 31/12/2017				
LIABILITIES		Shs.	ASSETS	Shs.
Capital	27,000,000		Furniture	18,000,000
Bank loan	12,000,000		Machinery	13,000,000
Debentures	8,000,000		Equipment	10,000,000
Bank overdraft	800,000		Stock	2,000,000
Unpaid Expenses	200,000		Debtors	4,760,000
Creditors	760,000		Cash	1,000,000
	48,760,000			48,760,000

The following information was also provided.

Stock as at 1 st January 2017	Shs.	4,000,000
Purchases	Shs.	3,200,000
Sales	Shs.	7,000,000
Returns outwards	Shs.	200,000
Returns inwards	Shs.	150,000
Expenses	Shs.	95,000

Required:

Determine;

- (i) Borrowed capital (03 marks)
- (ii) Capital employed (03 marks)
- (iii) Cost of sales (03 marks)
- (iv) Gross profit (03 marks)
- (v) Rate of return on capital (04 marks)

END