

WAKISSHA JOINT MOCK EXAMINATIONS 2015
UGANDA CERTIFICATE OF EDUCATION
MARKING GUIDE
800/1
COMMERCE
PAPER 1
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SECTION A

- | | |
|-------|-------|
| 1. D | 11. A |
| 2. B | 12. D |
| 3. B | 13. D |
| 4. A | 14. B |
| 5. C | 15. C |
| 6. A | 16. C |
| 7. D | 17. A |
| 8. C | 18. D |
| 9. B | 19. B |
| 10. C | 20. A |

21. (a) Location of an industry refers to the setting /establishing of an industry in a particular area or it is a place or site which an industry is found while/whereas localization of an industry is the concentration of an industry or industries in a particular area (4marks)

Advantages of localization.

- (b) (i)
- i) Development of infrastructure.
 - ii) Establishment of interdependent industries.
 - iii) Attracts highly skilled labour.
 - iv) Growth of centralised markets.
 - v) Easy provision of utilities e.g. electricity, water etc.
 - vi) Economies of scale leading to reduced costs of production.
 - vii) Creation of employment opportunities.
 - viii) Promotes commercialized agriculture.
 - ix) Source of government revenue.
 - x)
 - xi)
 - xii)

Any 4x2 (08marks)

- (ii)
 - i) It leads to congestion/overcrowding of people.
 - ii) It leads to rural urban migration and its associated problems.
 - iii) It may lead to over exploitation of resources.
 - iv) It may lead to unemployment.
 - v) It leads to pollution and environmental degradation because of chemicals and gases released by localized industries.
 - vi) It leads to uneven distribution of industries/regional imbalance
 - vii) High cost of living in the localized areas
 - viii) Increased crime rate.
 - ix)
 - x)
 - xi)
 - xii)

Any 4x2= (08 marks)

22. (a) Factors that limit international trade.
- i) Difference in weights and measures whereby some countries use metric others use imperial etc.
 - ii) Language differences is also a problem that affect international trade.
 - iii) There are also many legal formalities involved which pose threat to traders.
 - iv) Differences in currencies also limits international trade especially when there are changes in exchange rates.
 - v) There is a problem of physical distance worsened by poor transport systems like poor roads.
 - vi) Political instabilities in some areas like Middle East, great lakes region of Africa also limit international trade.
 - vii) The kind of trade require a lot of capital hence becoming a limitation on some traders.
 - viii) Economic policies e.g. protectionism and trade embargoes.
 - ix) Small market size in some countries due to poverty leading to limited purchasing power.
 - x) Production of same products for example similar agricultural commodities for east African countries limit international trade.
 - xi) Political differences among countries.
 - xii)
 - xiii)
 - xiv)
 - xv)
- (b) Measures employed by customs authority control the flow of imports.
- i) Importing high import tariffs.
 - ii) Quotas

- iii) Foreign exchange control.
- iv) Fixing of total bans
- v) Regulating issue of import licenses.
- vi) Special deposits on imports.
- vii) Strict measures on sanitary requirements.
- viii) Advising government to devalue local currency.
- ix)
- x)
- xi)
- xii)

23. (a) The factors influencing the choice of a communication media include:-
- i) **Urgency** of the message: Telephones are faster than letters.
 - ii) **The distance involved:** letters and telephones are the best for long distance as compared to face to face communication.
 - iii) **Details:** Messages requiring a lot of details may be sent using letters.
 - iv) **Confidentiality:** Confidential message can be sent using letters not telephone.
 - v) **Reference:** Messages requiring records of reference should be sent using letters instead of telephone, radio or face to face communication.
 - vi) **Cost involved:** letters are cheaper than or face is cheaper than all.
 - vii) **Feedback:** Messages requiring immediate feedback should be sent using telephone or face to face communication.
 - viii)
 - ix)
 - x)
 - xi)
 - xii)

(Any 5x2=10mks)

- (b) Communication facilitates trade in the following ways:-
- i) It is possible to acquire information about goods and services e.g. prices, Quantities, quality.
 - ii) Instructions concerning delivery packaging can be sent to those concerned.
 - iii) It acts as a link between the suppliers and the businessmen and bridges the gap between suppliers and consumers.
 - iv) It facilitates the making of inquires orders quotations.
 - v) Written communication provides a permanent record/residence about a transaction.
 - vi) Contracts are made without movement hence time and money are saved.
 - vii) Written communication also acts as evidence of contract and agreements between traders.

- viii) It enable the producers to address the likes and dislikes of consumers and hence make them produce accordingly/complaints/preferences.
- ix) Saves life and property (goods) from being damaged when accidents occur /break down.
- x) Enables constant supply of goods in the market i.e. clearing shortages.
- xi)
- xii)
- xiii)
- xiv)
- xv)
- xvi)
- xvii)
- xviii)

(Any 5x2=10marks).

24. (a) Types of dealers in stock exchange.

- i) Brokers: These are dealers who sell shares or look for market for shares on behalf of others.
- ii) Bulls: These are sobers who buy shares when they are cheap with hope of selling them at a higher prize.
- iii) Bears: These sober who sell shares when prizes are high with hope of buying shares when prices reduce and stock more.
- iv) Stags: These are sobers who deal news is real shares with hope that prices will soon increase and sell them at a profit.

4x2 = 08

(b) Functions of stock exchange convince.

- i) It provides market for the company intending to sell shares or stock.
- ii) They enable investors to acquire shares from different companies.
- iii) It offers employment opportunities for the general publishing broker.
- iv) It publishes useful information in statistical and summary form from various companies.
- v) They achieve the public on the performance of different companies to make choices of investment accordingly.
- vi) It provides a platform for a new company to advertise the shares.
- vii) It connects the country to outside investors through publishing useful information.
- viii) It makes transfer of shares prices.
- ix) It is a source of government revenue.

- x) It is the easiest way of acquiring liquidity through sale of shares.
- xi) It is an indicator of economic progress of a country.
- xii)
- xiii)
- xiv)

Any 6x2 = (12marks)

25. (a)

- i) Utmost most good faith.
- ii) Insurable interest.
- iii) Indemnity
- iv) Proximate cause.
- v) Subrogation.
- vi)
- vii)
- viii)
- ix)

Any 5x2 = 10marks.

- (b) (i) Compensating the unfortunately ones.
- i) It creates confidence in businessmen.
- ii) Insurance is a means of savings. Life assurance policy holder saves for the future.
- iii) Source of employment opportunities.
- iv) Insurance promotes investment. Insurance companies set up business activities.
- v) The insured can use his insurance policy of life assurance as security to acquire a bank loan.
- vi) Insurance companies promote international trade.
- vii) It is a source of government revenue through taxation.

Any 6x2 = 10marks.

26. (a)

Forms of indirect taxes.

- i) Excise duty: This is a tax imposed on locally produced goods.
- ii) Customs tax: Tax levied on goods being imported or exported.

- iii) Advalorem tax: This is a tax levied according to the value of imports.
- iv) Specific tax: This tax is levied according to the weight or quality of the commodities.
- v) Ectori tax: This is a tax levied on goods in transit through the territory of another country.
- vi)
- vii)

Any 5x2 = (10marks)

(b)

- i) To raise revenue that can be used to finance public institutions/programmer.
- ii) Enable government to finance its budget.
- iii) Reduce income inequality.
- iv) Promotes national self-sufficiency to avoid scarcity of certain goods.
- v) To develop infrastructures like roads etc.
- vi) Control inflation.
- vii) Protect infant industries.
- viii) Correct balance of payment deficient through reduced export duties and increased import duties.
- ix)
- x)
- xi)
- xii)
- xiii)
- xiv)
- xv)

Any 5x2=10

27. (a)

- i) A minimum initial deposit is required at the time of opening up an account.
- ii) No minimum balance is required to be maintained on the account.
- iii) Account holders are issued with cheque books and they are supposed to use cheques when withdrawing money.
- iv) Money can be deposited and withdraw any time during working hours.
- v) Customers are issued with monthly bank statements showing their financial stands.

- vi) Normally no interest, is given to the account holder instead the account holder is charged for the services rendered to him.
- vii) Current account holders can be given ones draft facilitates loan.
- viii)
- ix)
- x)
- xi)
- xii)
- xiii)

Any 5x2 = 10marks.

(b)

- i) Presenting two letters of reference of which must be from the bank customer and another one him his employer/local council chair person.
- ii) Provision of an identification e.g. identity cards or registration certificate incase Parmer ships and joint stock companies.
- iii) Filling an appropriate account.
- iv) Signing two signature cards provided by the bank.
- v) The applicant is issued with account number.
- vi) The applicant then deposits a minimum amount as prescribed by the bank to his account whereby becoming a full account holder.
- vii)
- viii)
- ix)
- x)
- xi)
- xii)

28. (a) Insolvency. This is when the liabilities of a given firm are greater than the value of assets.

While

Bankruptcy is the situation where a business is not in position of paying its credits and it is supposed to sell off its assets and pay off its credits.

(4marks)

- (b) (i) Fixed capital = Total sum of fixed assets.
 = motor van+fixtures+buildings+machinery.
 = 3500000+2400000+2000000+1060000
 = Shs 8,960,000/=

$$\begin{aligned}
 \text{(ii)} \quad & \text{Borrowed capital} = \text{Capital inform of long-term liabilities.} \\
 & = \text{Bank loan} + \text{debentures} \\
 & = 3200000 + 2100000 \\
 & = \text{Shs } 5,300,000/=
 \end{aligned}$$

$$\begin{aligned}
 \text{(iii)} \quad & \text{Cost of sales} = \text{Opening stock} + \text{net purchase-closing stock.} \\
 & = 2300000 + 2100000 \\
 & = \text{Shs } 1,680,000/=
 \end{aligned}$$

$$\begin{aligned}
 \text{(iv)} \quad & \text{Rate of stock turnover} = \frac{\text{cost of sales}}{\text{Average stock.}}
 \end{aligned}$$

$$\begin{aligned}
 & \text{But average stock} = \text{Opening stock} + \text{closing stock} \\
 & = 2300000 + 400000 \\
 & = \underline{2700,000} \\
 & 2 \\
 & = 1350.000
 \end{aligned}$$

$$\begin{aligned}
 \text{(v)} \quad & \text{Rate of stock turnover} = \frac{1,680,000}{1,350,000} \\
 & = 1.2 \\
 & = 1 \text{ time.}
 \end{aligned}$$

END