

800/1
COMMERCE
Paper 1
Jun./Jul. 2015
2 ½ hours

MOCK EXAMINATIONS, 2015
Uganda Certificate of Education
COMMERCE
Paper 1
2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES:

- (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). *Any additional question(s) answered will not be marked.*
- (iv). *Each question in section **B** carries equal marks.*

SECTION A: (20 MARKS)

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

1. We are all concerned with commerce because:
 - A. without commerce life would be much better than it is.
 - B. commerce takes our surplus and brings other people's surpluses.
 - C. commerce has links that are very attractive to us.
 - D. trade is the most important thing in our lives.

2. The main reason for creating a Customs Union is:
 - A. to keep out foreigners.
 - B. to collect more money from import duties.
 - C. to create larger markets for producers thereby lowering costs and prices.
 - D. to have one government and political union.

3. The cost of advertising will always be met in the end by:
 - A. the producer.
 - B. the retailer.
 - C. the government.
 - D. the consumer.

4. When we say that the underlying principle of insurance is one of "pooling risks", we mean that:
 - A. premiums are collected from all those wanting to be insured to pay the few that actually suffer loss.
 - B. premiums are only taken from those that suffer loss.
 - C. premiums are taken from all those wanting to be insured, and are given back to those that do not suffer loss.
 - D. those that suffer loss receive from the insurance company the same amount as they deposited.

5. If a business had the following record:

Cash	Shs. 3000/=
Stock	Shs. 13,500/=
Debtors	Shs. 2,200/=
Creditors	Shs. 4,300/=

its working capital would be:

- A. Shs. 14,400.
 - B. Shs. 23,000.
 - C. Shs. 18,600.
 - D. Shs. (8,400).
6. In hire purchase buying:
- A. payment for goods is made at once.
 - B. payment for goods is spread in a number of instalments.
 - C. the buyer becomes the owner of the goods on paying the first instalment.
 - D. the seller remains the owner of the goods until the last instalment is paid.
7. Which of the following is not an example of visible trade?
- A. Lumbering.
 - B. Tourism.
 - C. Fishing.
 - D. Mining.
8. To send money in an emergency, one of the following post office facilities can be used. Which is it?
- A. Registered post.
 - B. Postal order.
 - C. Telegraphic money order.
 - D. Expedited mail service (EMS).
9. Re-exporting of goods that were formerly imported is called:
- A. Import trade.
 - B. Export trade.
 - C. Entrepot trade.
 - D. Intra port.
10. The satisfaction derived from the consumption of goods and services is referred to as:
- A. satisfaction.
 - B. exchange.
 - C. utility.
 - D. consumption.

11. Surrender value, as a term used in insurance stands for:
- A. premiums paid.
 - B. outstanding premium.
 - C. premium in arrears.
 - D. The amount one gets on a life policy before the maturity date.
12. An agent who sells goods of his principal in his own name is called:
- A. Factor.
 - B. Del credere agent.
 - C. Commission agent.
 - D. Broker.
13. A cheque is not negotiable if:
- A. it must be presented for payment through the bank account of the payee.
 - B. it cannot be transferred or endorsed to another person.
 - C. it is crossed.
 - D. it is open.
14. Mutiso and Njuki have each invested Shs. 40,000 in a general partnership. What is the limit of Njoki's liability in the partnership?
- A. Unlimited.
 - B. Shs. 40,000.
 - C. Shs. 80,000.
 - D. None of the above.
15. If goods were listed at Shs. 8,000,000, how much would the customer pay if he were allowed a 30% trade discount and a 5% cash discount?
- A. Shs. 5,600,000.
 - B. Shs. 5,200,000.
 - C. Shs. 5,320,000.
 - D. Shs. 4,980,000.
16. An indent is
- A. a bill of lading.
 - B. an airway bill.
 - C. a certificate of inspection.
 - D. an order for goods used in international trade.

17. Stock, cash, debtors, bank balance in a business constitute
- A. working capital.
 - B. current liabilities.
 - C. current assets.
 - D. fixed assets.

18. The 'Articles of Association' of a company is important in that it
- A. defines the powers and limitations of a company.
 - B. indicates the number of shareholders in a company.
 - C. contains the capital clause of a company.
 - D. guides the day to day organization of a company.
19. Which one of the following methods can a drawer use to make several payments using one cheque?
- A. Money Order.
 - B. Credit Transfer.
 - C. Banker's draft.
 - D. Standing Order.
20. Given a margin of 20% and net sales worth Shs. 2,800,000, find the gross profit
- A. Shs. 560,000.
 - B. Shs. 2,800,000.
 - C. Shs. 2,240,000.
 - D. Shs. 3,360,000.

SECTION B: (80 MARKS)

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

21. Despite the problems associated with small scale retailers, they are the most common type of middlemen in the chain of distribution.

(a) Explain the reasons for this. (10 marks)

(b) Identify the various problems encountered when they are carrying out their business. (10 marks)

22. (a) Why might a country engage in international trade? (08 marks)

(b) Explain the factors that limit international trade. (12 marks)

23. (a) State the differences between partnerships and joint stock companies. (08 marks)

(b) Give **six** reasons why joint stock companies are preferred to other forms of business organizations in your country. (12 marks)

24. (a) Outline **four** advantages of the following retailing services to retailers:

(i) Branding. (08 marks)

(ii) Pre-packaging. (08 marks)

(b) Mention **two** disadvantages of branding in trade. (04 marks)

25. (a) Describe the following documents as used in water transport:

(i) Charter party. (02 marks)

(ii) Bill of lading. (02 marks)

(b) State **four** functions of the bill of lading in transport. (08 marks)

(b) Mention the factors affecting the choice of transport in trade. (08 marks)

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26. Property insurance is not a waste of money even though no refund is made when the risk insured does not occur.

(a) Give reasons to support this statement. (10 marks)

(b) Outline circumstances when accident insurance policies would be of benefit to manufacturers. (10 marks)

27. (a) What is meant by consumer protection? (02 marks)

(b) Explain **four** reasons for consumer protection. (08 marks)

(c) Outline any **five** methods used to protect consumers. (10 marks)

28. (a) State any **four** ways a retailer may use to improve his turnover and profit in the business. (04 marks)

(b) Ssekabira's books of accounts revealed the following records:

Opening Stock	Shs. 2,000,000.
Purchases for the period	Shs. 4,000,000.
Returns Inwards	Shs. 500,000.
Expenses	Shs. 200,000.
Closing stock	Shs. 800,000.
Sales	Shs. 8,000,000.

Calculate the:

(i) The Cost of Sales. (03 marks)

(ii) Gross Profit. (03 marks)

(iii) Average stock. (03 marks)

(iv) Mark up. (03 marks)

(v) Margin. (02 marks)

(vi) Net profit. (02 marks)

