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COMMERCE
Paper 1
July 2019
2 HOURS 30 MINUTES



HGEB MOCK EXAMINATIONS 2019
Uganda Certificate of Education
COMMERCE
Paper one
TIME: 2 HOURS 30 MINUTES

INSTRUCTIONS TO CANDIDATES

- This paper consists of two Sections **A** and **B**.
- Answer all questions in Sections **A** and only **four** from section **B**.
- Answers for both Section **A** and **B** must be written on the answer sheets provided.

SECTION A: (20 MARKS)

Attempt all parts of this question

1. Commerce is necessary because
 - A. Everybody wants to sell the goods he produce
 - B. No household can produce all the goods it requires
 - C. Goods and services must be provided if we are to survive
 - D. Traders must be employed

2. Sharing profits in a co-operative society is according to;
 - A. Number of purchases made by the member
 - B. Type of shares hold by the member
 - C. The age of the members in the society
 - D. Capital contribution of the members in the co-operative.

3. If the sales of the business were shs 1,200,000 and its returns inwards were shs 20,000, then its turnover was
 - A. Shs 1,200,00
 - B. Shs 6,000
 - C. Shs 1,180,000
 - D. Shs 2,400,000

4. The unique feature of deferred payment system of buying is that
 - A. The payment is different
 - B. The seller remains the owner of the goods
 - C. One buys deferred shares
 - D. The buyer becomes the owner of the goods on paying the first installment

5. Which of the following media is least suitable for advertising a solar panel equipment?
 - A. Radio
 - B. Trade exhibition
 - C. Personal selling
 - D. News paper

6. Under what circumstances may a cheque be unsafe?
 - A. When the drawer has not signed
 - B. When the cheque is stale
 - C. When the payee is not named but the drawer signs
 - D. When the amount in figures does not correspond with the amount in words.

7. Why is an insurance contract referred to as a contract of indemnity? Because it
 - A. Is profitable to the insured
 - B. Compensates the insured
 - C. Gives confidence to the insured
 - D. Ensures safety of the property

8. Which of the following statements is NOT true about a sole trader?
- A. He provides all his capital for the business
 - B. He enjoys all the profits and suffers all the losses
 - C. His liability is unlimited
 - D. He is legally considered to be a separate entity from the business
9. Which of the following is a direct tax?
- A. Death duty
 - B. Excise duty
 - C. Sumptuary tax
 - D. Action tax
10. Resale price maintenance, as a form of consumer protection is initiated by
- A. Consumers
 - B. Government
 - C. Manufacturer
 - D. Foreigners
11. Which one of the following middlemen is employed to collect and deliver goods on behalf of his principal?
- A. Ware housing agent
 - B. Del-credere agent
 - C. Brokers
 - D. Forwarding agent
12. Baine paid shs 30720 having been allowed a 20% trade discount and 4% cash discount. What was the original price before discount?
- A. Shs 38093
 - B. Shs 38439
 - C. Shs 40,000
 - D. Shs 38278
13. Which of the following is an agreement for hiring a ship for a specific route?
- A. Voyage charter
 - B. Ship manifest
 - C. Floating policy
 - D. Time charter
14. Determine the working capital of the business whose;
- Cash is shs 5,600
 - Stock is shs 15,000
 - Creditors are valued at shs 4,200
 - Debtors are valued at shs 2,400
- A. Shs 20,600
 - B. Shs 18,800
 - C. Shs 22,400
 - D. Shs 23,000
15. Find the odd man out
- A. Multiple shops
 - B. Supermarkets
 - C. Mobile shops
 - D. Departmental stores

16. A cumulative preference shareholder with 200 shares of shs 10,000 each, carrying 5% rate of return on dividends has missed dividends for the last three years due to lack of sufficient profits. If the company is able to make sufficient profits this year, how much dividends will he share?
- A. Shs 2,000,000
 - B. Shs 100,000
 - C. Shs 2,300,000
 - D. Shs 300,000
17. An order by the importer placed with an agent to purchase goods from a named exporter is
- A. Pro-forma invoice
 - B. Letter of credit
 - C. Closed indent
 - D. Bill of lading
18. A debenture which has no property pledged against it is termed as a
- A. Redeemable debenture
 - B. Irredeemable debenture
 - C. Naked debenture
 - D. Mortgaged debenture
19. The terminal as an element of transport involves the
- A. Vessels used to transport goods
 - B. Channel on which the different vessels
 - C. Power which drives the vessels
 - D. Place for loading and offloading goods
20. Which of the following types of accounts is most suitable for businessmen in Uganda?
- A. Current account
 - B. Time account
 - C. Savings account
 - D. Salary account

SECTION B: (80 MARKS)

Attempt any four questions from this section

21. (a) Differentiate between demand and supply. **(04 marks)**
(b) Explain any four factors that affect demand and any four factors that affect supply of a commodity. **(16 marks)**
22. (a) Explain the reasons for consumer protection in your country. **(06 marks)**
(b) What are the methods of consumer protection used in your country? **(14 marks)**
23. (a) Differentiate between the following terms;
(i) Specialization by area and specialization by commodity. **(04 marks)**
(ii) Specialization by gender and specialization by process. **(04 marks)**
(b) Explain six advantages of specialization. **(12 marks)**
24. (a) Distinguish between Direct tax and Indirect tax. **(04 marks)**
(b) Briefly explain the principles of taxation. **(16 marks)**
25. (a) Why do countries put restrictions on international trade? **(10 marks)**
(b) Explain five methods of import restrictions employed by countries. **(10 marks)**
26. (a) Mention any four forms of transport used in your country. **(04 marks)**
(b) What is the role of transport in the development of trade? **(16 marks)**
27. (a) Explain the principles of insurance companies. **(10 marks)**
(b) State five problems faced by insurance companies in Uganda. **(10 marks)**
28. The following records were extracted from the books of Malaya Enterprises Ltd as at 31st December 2011.

	Shs
Stock on 1 st Jan 2011	22,800,000
Purchases	184,000,000
Sales	213,880,000
Returns outwards	6,800,000
Overheads	26,800,000
Returns inwards	3,200,000
Stock on 31 st Dec 2011	34,800,000

Calculate the

- (i) Cost of sales **(04 marks)**
(ii) Net sales **(04 marks)**
(iii) Mark up at cost **(04 marks)**
(iv) Net profit **(04 marks)**
(v) Rate of stock turn **(04 marks)**

END