800/1
COMMERCE
Paper 1
June/July 2022
2 ½ hours

MWALIMU EXAMINATIONS BUREAU

UCE RESOURCE MOCK EXAMINATIONS 2022

COMMERCE

Paper 1

2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES:

*This paper consist of **two** sections **A** and **B.***

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

*Answer in section **B** carry equal marks.*

Answers to all questions must be written on the answer sheet provided.

SECTION A (20 MARKS)

1. Which one of the following factors of production undertakes risks of a business enterprises?
   - A. Labour
   - B. Organization
   - C. Capital
   - D. Entrepreneurship
2. A document that gives a legal status to a computer is known as:
   - A. Articles of association.
   - B. Cerficate of incorporation
   - C. Prospectus
   - D. Memorandum of association
3. A trader bought goats worth shs. 20,000,000. Calculate the mark- up?
   - A. 80%
   - B. 25%
   - C. C20%
   - D. 11.1%
4. Which one of the following is a feature of direct production?
   - A. Production for market
   - B. Production for personnel use.
   - C. Large scale production.
   - D. Apply division of labour
5. Which of following may not be solvent when it has; -
   - A. Consumer surveys
   - B. Producer's behaviors
   - C. Consumers behaviors
   - 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 assets and liabilities
   - D. More fixed assets than current assets
7. 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.
8. A method of trade protectionism where the producers are given financial or material help by the government to reduce on their cost of operation is called; -
   - A. License
   - B. Subsidization
   - C. Devaluation
   - D. Total ban
9. The excess of cost price over selling price is called; -
   - A. Gross profit
   - B. Net profit
   - C. Gross loss
   - D. Net loss
10. "Calls in arrears" when used in relation to a company's capital refers to; -
    - A. Unauthorized capital
    - B. Un called capital
    - C. Un issued capital
    - D. Un paid capital

11. 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. 141,400
B. Shs. 480,000
C. Shs. 154,000
D. Shs. 144,000

12. A cheque without the goods sold from the following details; -
A. Forged cheque
B. Blank cheque
C. Postdated cheque
D. Stale cheque

13. Unfavorable terms of trade in Uganda are due to; -
A. Increasing prices of Uganda's exports
B. Low quality of Uganda's exports
C. Favorable exchange rates
D. International market

14. A form of privatization where the government retains the ownership but leases the management to private sector is called; -
A. Joint venture
B. Cost sharing
C. Management by contract
D. Divestiture

15. Re-insurance is defined as; -
A. The taking out of more than one policy on the same property
B. The confirmation by the insured with the insurer in respect to property insured
C. The insurer also undertakes insurance of the consumers from a bigger firm.
D. Bigger insurance firms offering insurance services to small firms.

16. What type of merger is created when a tea processing firm and a fish processing firm combine?
A. Lateral
B. Conglomerate
C. Vertical
D. Horizontal

17. Middlemen who sell products on behalf of foreign manufactures in a home market are called; -
A. Import merchants
B. Import commission
C. Import brokers
D. Del credere agent

18. When the government wants to protect consumers against being overcharged, it; -
A. Extends subsidies to producers
B. Increases taxes on consumers
C. Imposes high taxes on goods
D. Eliminates imports completely

19. The amount of money the insured pays regularly to the insurer for an insurance policy is called; -
    A. Sum insured
    B. Surrender value
    C. Contribution
    D. Premium

20. The type of large-scale retail trade which is in control over shops working under different units is known as; -
    A. Multiple shops
    B. Super markets
    C. Tied shops
    D. Departmental shops

SECTION B (80 MARKS)

21. a). Draw a diagram to illustrate the levels of production. (10 marks)
    b). Describe any four factors of production and indicate a reward for each. (10 marks)

22. a). Give seven reasons why sole trade is preferred to other forms of business organizations in your country. (14 marks)
    b). State six problems faced by sole proprietors in Uganda. (6 marks)

23. a). Advise a retailer on any five services that can be obtained from a commercial bank. (10 marks)
    b). Explain any five problems faced by commercial banks in your country. (10 marks)

24. a). Define (i). Hire purchase (2 marks)
    (ii). Differed payment (2 marks)
    b). Explain the benefit of hire purchase form of installment selling to the people involved. (16 marks)

25. a). Distinguish between a partnership deed and a partnership Act. (4 marks)
    b). Outline the contents of; (i) Partnership Act (6 marks)
    (ii). Partnership Deed (10 marks)
26. a). What are the reasons for privatization? (10 marks)
    b). Outline the challenges faced by your country during the privatization process. (10 marks)
27. a). What factors are considered while determining the amount of premium to be paid for motor policy. (10 marks)
    b). Why should traders seek insurance services for their businesses? (10 marks)

28. The following list of assets, liabilities and capital was obtained from the books of Entebbe Traders as at 31st /12/2022.

Details	**shs.**
Capital	8,380,000
Land	6,000,000
Cash in hand	260,000
Cash at bank	300,000
Machinery	2,400,000
Furniture	1,400,000
2 years loan	260,000
5 years loan	2,000,000
Office equipment	1,600,000
Buildings	1,800,000
Creditors	800,000
Debtors	800,000
Bank over draft	700,000
3 years loan	1,200,000
Stock	400,000
Drawings	100,000

Calculate:

i. Fixed capital (3 marks)
ii. Circulating capital (3 marks)
iii. Liquid capital (3 marks)
iv. Working capital (4 marks)
v. Capital employed (3 marks)
vi. Net worth (4 marks)

END