UGANDA CERTIFICATE OF EDUCATION
COMMERCE
PAPER 1
2 ½ HOURS

INSTRUCTIONS TO CANDIDATES
- *Section A is Compulsory.*
- *Attempt any **FOUR** questions from Section B.*
- *All answers must be written on the answer sheets provided.*

SECTION A (COMPULSORY)

1. Goods which we used simultaneously with other goods are referred to as………………….

   A. Substitutes C. Complements
   B. Given goods D. Capital goods

2. A minor partner in partnership business is one:

   A. who takes an active role in the running of the business.
   B. who allows his/her name to be used as a partner.
   C. below the age of 18 years.
   D. With unlimited liability towards the debts of the business

3. The quantity of goods a person is willing to buy at a given price and time is known as:

   A. demand C. stock
   B. consumption D. supply

4. Which one of the following insurance policies is compulsory for all vehicles?

   A. Comprehensive C. Fidelity guarantee
   B. Accident policy D. Third party

5. Excise duty is imposed on goods,

   A. produced and consumed within a country.
   B. Produced for export
   C. Imported into a country for re- export.
   D. Considered to be harmful.

6. A debenture where some property is pledged against is called:
   - A. Irredeemable debenture
   - B. Mortgaged debenture
   - C. Naked debenture
   - D. Redeemable debenture

7. On receipt of goods returned by the buyer, a seller issues
   - A. a debit note
   - B. an invoice
   - C. a credit note
   - D. a receipt

8. A person or firm in whose favour the payee transfers a cheque is known as:
   - A. the drawer
   - B. an endorsee
   - C. the drawee
   - D. an endorser

9. Which of the following documents is issued by the supplier when goods are returned by the customer?
   - A. Credit note
   - B. Debit note
   - C. Delivery note
   - D. Dispatch note

10. The number of times goods are sold and replaced during a particular year is known as:
   - A. gross profit ratio
   - B. liquidity ratio
   - C. rate of turnover ratio
   - D. net profit ratio

11. A retail business that depends on extensive advertizing is the:
   - A. mail order shop
   - B. Multiple shop
   - C. departmental store
   - D. Self service stores

12. 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

13. Calculate the opening stock for a business whose closing stock was shs.3,600,000 and the average stock was shs. 3,000,000:

A. shs. 9,600,000
B. shs. 2,400,000
C. shs. 3,300,000
D. shs. 600,000

14. The government may set up a business enterprise to:
    A. earn more profits
    B. enlighten the public on how to conduct business
    C. provide essential services
    D. sell shares to members of the public.

15. The service provided by post office to visiting traders to receive their letters for a particular period is called:
    A. speed post
    B. business reply coupon
    C. telegraphic address
    D. poste restante

16. An entrepreneur is rewarded with:
    A. profits
    B. interest
    C. rent
    D. wages

17. A trader insured a stock of goods worth shs. 14,000,000 for shs. 10,000,000 against theft. If all the goods were stolen, how much would the insured be compensated?
    A. shs. 10,000,000
    B. shs. 4,000,000
    C. shs. 24,000,000
    D. shs. 14,000,000

18. The most suitable form of transporting ammunition, newspaper and gold from Kampala to Sudan is……………
    A. Road
    B. Air
    C. water
    D. railway

19. The following are principle of co-operatives except.
    A. Democratic administration
    B. Open and voluntary membership
    C. subrogation
    D. payment of dividends according to members contribution

20. A jobber who deals in new issues of shows is called:

A. stag C. bull

B. bear D. broker

SECTION B

(Attempt any FOUR questions)

21. (a) Give any five (5) characteristics of whole sale trade . (10mks)

(b) Explain any five conditions under which a wholesaler may be eliminated from the Chain of distribution. (10mks)

22. (a) What is ware housing? (2mks)

(b) State any four characteristics of a good ware house. (8mks)

(c) Explain five advantages of a bonded warehouse to the importer. (10mks)

23. (a) Give any four advantages of using mobile phones as a medium of communication. (8mks)

(b) Explain six factors influencing the choice of communication medium. (12mks)

24. (a) Define the following terms:

(i) Drawer (2mks)

(ii) Drawee (2mks)

(iii) Payee (2mks)

(b) State any seven circumstances under which a cheque may be referred to a drawer. (14mks)

25. (a) Give any four reasons for the continued existence of small firms alongside large scale firms. (8mks)

(b) Explain six factors that influence the location of an industry. (12mks)

26. (a) State five features of a public limited company. (10mks)

(b) Explain any five contents of a memorandum of Association. (10mks)

27. (a) Explain five functions of the Bank of Uganda. (10mks)

(b) Describe five methods used by Bank of Uganda to control commercial banks. (10mks)

28. The following information was extracted from the books of accounts of a given trader.

-	Capital	shs. 500,000
-	Total cost of sales	shs. 480,000
-	Average mark up	20%
-	Expenses	shs. 40,000

Calculate the trader's,

(i) Turnover (4mks)

(ii) Gross profit (4mks)

(iii) Net profit (4mks)

(iv) Margin (4mks)

(v) Return on capital (4mks)

END