800/1
COMMERCE
Paper 1
Nov. 2018
$2^1/_2$ hours

GERSHIBON CHRISTIAN HIGH SCHOOL

COMMERCE

Paper 1

2 hours 30 minutes

INSTRUCTIONS TO SEMI-CANDIDATES:

This paper consists of **two** sections**; A** and **B**

Answer all questions in section **A** and any **four** questions from Section **B**

Any addition(s) answered will **not** be marked.

Answers to all questions **must** be written in the answer booklet provided.

All questions in section **B** carry equal marks

Question **28** is compulsory.

You may lose marks for untidy work.

 Turn Over

SECTION A (20 MARKS)

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

1. The distribution, exchange of goods and services, and the activities that help in the movement of goods from the producer to the consumer is known as,

A. Production.
B. Aids to trade.
C. Trade.
D. Commerce.

2. Which factor of production is responsible for bearing the risks of the business?

A. Land.
B. Labour.
C. Capital.
D. Entrepreneurship.

3. The following factors affect the demand for a commodity except.

A. income of consumers.
B. price of the commodity
C. income of the producer.
D. price of substitute goods

4. Identify the document issued by the seller to the buyer when goods are sold on credit.

A. Invoice.
B. Credit note.
C. Receipt.
D. Debit note.

5. A retail unit which sells only products from one manufacture is called a ,

A. Single shop.
B. Tied shop.
C. Super market
D. Mobile shop.

6. When a company is limited by shares, it means that,

A. the shares sold by the company are limited.

B. the shareholder's liability is limited to the amount of capital contributed to the company
C. each shareholder guarantees to pay a fixed sum of money to a company in case of debits.
D. shareholders can sell their to the public to pay the company debits.

7. The difference between the country's total receipts and total payments abroad in one year is known as

A. balance of trade.
B. visible trade.
C. balance of payments.
D. terms of trade.

8. Which partner contributes capital, shares profits of partnership but does not participate in the day to day management of the business?

A. Minor partner.
B. Dormant partner.
C. Quasi partner.
D. General partner.

9. Choose the document which acknowledges receipt of the goods by the shipper.

A. Bill of lading.
B. Freight note.
C. Airway bill.
D. Bill of exchange.

10. The organization responsible for controlling the quality of goods produced and imported in Uganda is,

A. Uganda National Chamber of Commerce.
B. Uganda Investment Authority.
C. Uganda National Bureau of Standards.
D. Uganda Revenue Authority.

11. A current account holders can instruct the bank to make regular monthly payments of electricity bills through a .

A. credit transfer.

B. bank draft
C. post- dated cheque.
D. standing order.

12. The amount charged by the commercial bank on loans extended to it’s customers is termed as;

A. interest.
B. bank rate.
C. commission
D. discount rate.

13. The spreading of a risk among several insurance companies such that each takes only a portion of the risk in case of loss is called,

A. co-insurance.
B. contribution.
C. re-insurance.
D. under insurance.

14. Which document is filled with a person applying for an insurance cover?

A. Policy.
B. Cover note.
C. Proposal note
D. Claim form.

15. The place where goods are loaded and off-loaded is called the,

A. way.
B. terminal.
C. method of propulsion.
D. unit of carriage.

16. Given :

Opening stock	410,000.
Closing stock	230,000.
Sales	970.000.

Purchases 740,000

Determine the value of goods available for sale.

A. Shs.1,150,000.
B. Shs. 920,000.
C. Shs. 1,480,000.
D. Shs. 1,380,000.

17. Which of the following types of warehouse is owned by private individuals but can be used by anybody to store their foods temporarily?

A. public warehouse.
B. wholesalers warehouse
C. private warehouse
D. bonded warehouse

18. What medium of advertising is suitable for solar lamps in rural areas?

A. Magazines.
B. Internent.
C. Televions.
D. Radio.

19. The use of legal means by a tax payer to stop paying a tax for using a particular product is called tax,

A. incidence
B. avoidance
C. burden.
D. evasion.

20. The value of unsold goods at the end of a trading period is called,

A. opening stock.
B. rate of stock turn.

C. average stock.
D. closing stock.

SECTION B (80 MARKS)

Answer any **four** *questions in this section, of which question* **28** *is compulsory*.

21. (a) Describe **five** difference between sole proprietorship and partnership form of business units. (*10marks*)

(b) Under what **five** circumstances may a partnership be dissolved? (*10marks*)

22. (a) Give **eight** reasons why the government of Uganda control the volume of imports? (*08marks*)

(b) Explain any **six** methods why the government of Uganda controls its imports. (*12marks*)

23. (a) Differentiate between **advertising** and **personal selling**. (*04marks*)

(b) Explain **five** advantages of personal selling as a form of sales promotion. (*10marks*)

(c) Advise a trader on any **six** ways of making personal selling an effective form of sales promotion.

24. Explain any **five**:

(a) Benefits of insurance to a trader. (*10 marks*)

(b) Circumstances under which the insurance company may refuse to compensate the insured. (*10 marks*)

25. (a) Identify any **four** taxes collected by Uganda Revenue Authority (URA) (*04 marks*)

(b) Explain any **five** role of URA in the administration of taxes. (*10marks*)

(c) State any **six** measures used by URA to encourage traders pay taxes. (*06 marks*)

26. (a) State **eight** advantages of using telephones as a medium of communication in trade. (*08 marks*)

(b) Explain **six** factors that limit effective communication among traders in Uganda.

27. (a) Define the term **localization** of industry.

(b) Explain any **five** advantages and four disadvantages of localization of industry.

28. (a) State the purpose of each of the following to a trade:

(i) Income Statement, (*02 marks*)

(ii) Balance Sheet, (*02 marks*)

(b) Jane a retailer had the following records as at 30th June 2018.

	Shs
Sales	1,500,000
Average stock	120,000
Returns inwards	75,000
Rate of stock turn	6 times
Expenses	90,000
Purchases	600,000
Returns inwards	45,000.

Determine:

(i) Turnover, (*03 marks*)

(ii) Net purchases, (*03 marks*)

(iii) Cost of sales, (*03 marks*)

(iv) Gross profit, (*03 marks*)

(v) Net profit, (*03 marks*)

END.