# 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.*
- Question 28 is compulsory

## SECTION A (COMPULSORY)

1. specialization is an example of;
   A. direct production
   C. secondary production
   B. indirect production
   D. tertiary production

2. The following are advantages of hire purchase to the consumers except
   A. enable the low income to acquire assets
   B. as acquired can be used to acquire loans
   C. items acquired ar generally expensive
   D. encourage savings in durable assets

3. A business had an average stock of shs 12,000 and his rate of stock turn was 10 times. What was the cost of goods sold?
   A. shs 120,000
   C. shs 11,900
   B. shs 1,200
   D. shs 12,010

4. The reward for the use of land is called
   A. profit
   C. interest
   B. wages
   D. rent

5. Microscopes,thermometer and scientific calculators can be best advertised by
   A. radio
   C. journals
   B. television
   D. press

6. The main purpose of setting up public corporation is to
   - A. maximize profits
   - B. sell shares to the public
   - C. provide essential goods and services
   - D. advise the public on how to conduct business

7. At the end of the financial year Garvin a trader in Masindi had the following

| | |
|---|---|
| Opening stock | shs 500,000 |
| Purchases | shs 2,000,000 |
| Closing stock | shs 250,000 |
| Sales | shs 3,500,000 |

Calculate the gross profit for the year

| | | | |
|---|---|---|---|
| A. | shs 2,250,000 | C. | shs 2,500,000 |
| B. | shs 1,250,000 | D. | shs 3,500,000 |

8. A The following are the advantages of sole proprietorship except

| | | | |
|---|---|---|---|
| A. | enjoyment of limited liability | C. | enjoyment of all profits |
| B. | high level of flexibility | D. | quick decision making |

9. The bearing of risk in the production process falls on

| | | | |
|---|---|---|---|
| A. | capital owners | C. | Land owners |
| B. | labours | D. | entrepreneurs |

10. The number of times a business disposes of stock is called

| | | | |
|---|---|---|---|
| A. | turn | C. | rate of stock turn |
| B. | rate of average | D. | return on sales |

11. Given the following information

| | |
|---|---|
| Purchases | shs 700,000 |
| Return outwards | shs 50,000 |
| Return inwards | shs 75,000 |

Calculate the net purchases

| | | | |
|---|---|---|---|
| A. | shs 700,000 | C. | shs 650,000 |
| B. | shs 625,000 | D. | shs 62,500 |

12. Calculate the average stock where a business had stock of shs 2,400,000 as of Jan,2001 and stock of shs 3,600,000 as of 31st Dec,2001

A. shs 1.200,000
B. shs 3,000,000
C. shs 6,000,000
D. shs 12,000,000

13. Government can best control imports through

A. levying low excise duties
B. fixing import and export duties
C. charging high taxes on foreign
D. giving subsidies to local producers

14. Atrader bought an assortment of goods for shs 100,000, he was allowed a trade discount of 5% respectively. How much did he finally pay?

A. shs 90,000
B. shs 95,000
C. shs 85,500
D. shs 85,000

15. A wholesaler offers the following services to the manufacturers except

A. giving credit facilities
B. buying goods in bulk
C. prompt cash payment
D. advertising the goods

16. A debenture where some property is pledged against is called

A. irredeemable debenture
B. naked debenture
C. redeemable debenture
D. mortgaged debenture

17. The main advantage of specialization is that it

A. saves time
B. allows constant use of machinery
C. leads to production of more goods
D. promotes development of skills

18. An agent who guarantees payment of goods sold on behalf of the principal is called

A. broker
B. jobber
C. Del-Credere
D. factor

19. The following factors affect demand of a commodity except the.
  A. number of buyers
  B. number of sellers
  C. tastes of consumers
  D. incomes of the consumers

20. The generation of gas from animal manure can be classified under
  A. primary production    C. tertiary production
  B. secondary production    D. direct production

## **SECTION B**

***(Attempt any FOUR questions)***

21. (a) Distinguish between the following types of partners

  i) Active partner and dormant partner (4mks)
  ii) General partner and limited partner (4mks)
  iii) Major partner and quasi partner (4mks)

  (b) Outline the rights and duties of a business partner (8mks)

22. (a) Differentiate between the following
  i) Branding and packaging (4mks)
  ii) Self service and after sale services (4mks)

  (b) Explain six advantages small scale retailers have over large scale retailers in your country (12mks)

  c) state six features of a good wholesale business (6mks)

23. (a) What is wholesaling? (8mks)
  (b) Give six benefits of wholesaler to each of the following
  i) Manufacturer (6mks)
  ii) Retailer (6mks)

  c) state six features of a good wholesale business (6mks)

24. (a) Give any four forms of transport used in your country (4mks)
(b) Explain the role played by transport in your country (16mks)

25. (a) Name the main features of a cheque (4mks)
(b) Give five advantages of using a cheque as a method of payment (10mks)
c) Why are cheques not widely used in Uganda? (6mks)

26. (a) What benefits do countries get from international trade? (10mks)
(b) Why do countries put restrictions on international trade? (10mks)

27. (a) What is the difference between demand and supply? (4mks)
(b) Explain the factors that influence the demand of a commodity (16mks)

28. Atrader had an average stock at cost of shs 1,080,000 and the rate of turnover was 3 times. The gross profit was 25% of sales and the expenses were 5% of sales.

Calculate the,

(i) Cost of sales (3mks)
(ii) sales (8mks)
(iii) Gross profits (3mks)
(iv) Mark up (2mks)
(v) Net profit (4mks)

***END***