**800/1**

**COMMERCE**

**August, 2019**

 

**JINJA JOINT EXAMINATIONS BOARD**

## Uganda Certificate of Education

**MOCK EXAMINATIONS – AUGUST, 2019**

**COMMERCE**

2 hours 30 minutes

**INSTRUCTIONS TO CANDIDATES**:

*This question paper consists of* **two** *sections* **A** *and* **B***.*

*Answer all questions in section* **A** *and any* ***FOUR*** *questions from section* ***B****.*

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

*Each question in section* **B** *carries equal marks.*

**SECTION A: (20 MARKS)**

1. The ability of a product to satisfy human wants is known as

A. satisfaction

B. utility

C. consumption

D. commerce

2. Mr. Kiranda Fred hired a welding machine and a vehicle from Kasakya to use them for one month. Kasakya charged Kiranda shs 1,000,000. How do we term this amount charged by Kasakya?

A. hire purchase

B. hiring charges

C. rent

D. interest

3. When the Uganda’s exports exceed her imports, then Uganda is said to have

A. an unfavourable balance of trade

B. an unfavourable terms of trade

C. a favourable balance of trade

D. a favourable balance of payments

4. Frank is a producer of shoes. He produced 100 pairs of shoes in the first month when the price for each pair was shs 50,000. In the second month the price for each pair went to shs 20,000. What happened to his supply in the second month.

A. the supply of shoes increased

B. the supply of shoes remained constant

C. the supply of shoes declined

D. he completely stopped supplying shoes

5. ………………… is a document used by a supplier as a request for payment in advance before goods are supplied?

A. Proforma invoice

B. Consular invoice

C. Dispatch note

D. Delivery note

6. The profits in a producers’ co-operative society are shared among members according to:

A. the quantity of produce transported through the society.

B. amount of goods that a member sales to the society

C. quantity of goods that a member purchases from the society

D. savings of each member with the society

7. The bank account which earns the highest interest rates on deposit is called?

A. fixed deposit account

B. current account

C. savings account

D. joint account

8. Wanduda Demiano insured his whole sale shop worth shs 50,000,000 for

shs 30,000,000 against fire. If a quarter of his whole sale shop is destroyed by fire, how much would he be compensated with?

A. shs 12,500,000

B. shs 30,000,000

C. shs 50,000,000

D. shs 7,500,000

9. Sinani is a trader who deals in buying and selling of milk. He buys milk from Fort portal and sells it in Jinja every day. What mode of transport is most suitable for his business?

A. road transport

B. pipeline transport

C. water transport

D. air transport

10. Accumulative preference share holder has missed dividends for the last four years because they have been not declaring dividends for those years. He holds 20 shares of shs10,000 each at the rate of 7%

How much dividends will he get this year if they declare dividends

1. shs 14,000
2. shs 70,000
3. shs 56,000
4. shs 214,000

11. Furniture, machinery and vehicles for a business are examples of;

A. Working capital

B. Fixed capital

C. Current assets

D. Current liability

12. Given the following information extracted from Kawala Lydia’s books of account

Furniture shs 200,000

Cash at hand shs100, 000

Cash at bank shs 150,000

Creditors shs 350,000

Determine the value of Kawala’s capital owned

1. shs 400,000
2. shs450,000
3. shs 250,000
4. shs 100,000

13. In foreign trade the term F.O.B means that

A. the quotation includes all transport and insurance costs up to loading on board

B. the exporter is a Fellow of the Organization of Brokers

C. the price includes freight charges on board

D. the importer has freedom of buying at the quoted price

14. Kenya imported vehicles from Japan and it later exported them to Uganda. How do we call this kind of trade that Kenya did?

A. barter trade

B. balance of trade

C. invisible trade

D. entrepot trade

15. Personal selling is used by many business people. Three of the following are reasons why business people prefer this method. Which one is not?

A. The salesman can get immediate feedback on the project

B. The sales man can create confidence in the commodity

C. The salesman can sell a person any where

D. The sales man can directly demonstrate the use of product.

16. Which one of the following is a method the government uses to protect consumers?

A. Fixing maximum prices

B. Fixing minimum prices

C. Fixing minimum profits traders can earn

D. Fixing maximum profit traders can earn

17. The type of warehouse where goods from abroad are kept until the import duties are cleared is called.

A. Whole salers’ ware house

B. Private Ware house

C. Bonded ware house

D. Public ware house

18. A trader bought a photocopying machine at shs 5,00,000 and used shs 200,000 to transport it from Kampala to his shop in Namwendwa. At how much should he sell the machine so that he can get a profit of 25% of the cost price.

A. shs 6,500,000

B. shs 6,450,000

C. shs 5,750,000

D. shs 5,200,000

19. The deliberate refusal by a tax payer to pay the tax assessed on him or her is known as

A. Tax avoidance

B. Tax exemption

C. Tax evasion

D. Incidence of tax

20. In buying and selling, a transaction is said to have taken place if the seller sends to the buyer a document called?

A. An order

B. An invoice

C. A quotation

D. A letter of inquiry

**SECTION B:( 80 MARKS)**

21. Differentiate between **location** and **localization** of industries. *(04marks)*

b) Explain **eight** factors that should be considered by a trader who is finding out where to locate his business. *(16marks)*

22. a) Explain the meaning of the following terms as used in stock exchange.

i) Gilt edged securities *(02marks)*

ii) Blue chips *(02marks)*

iii) Bulls *(02marks)*

iv) Stags *(02marks)*

b) Outline the differences between **shares** and **debentures**  *(04marks)*

c) Explain any **four** roles of stock exchange in the development of a country. *(08marks)*

23. a) What is meant by the term **consumer protection** *(02marks)*

b) Explain any **five** reasons why the government of Uganda protects the consumers. *(10marks)*

c) Outline any **four** methods employed by the government of Uganda to protect consumers. *(08marks)*

24. a) Describe the **major** types of ware houses. *(06marks)*

b) Farmers from Kyomya west Budondo who produce maize have agreed to construct a ware house in their village to store maize however they don’t know the key things that a good ware house should have. Advise them on what it should have to make it good. *(14marks)*

25. a) Distinguish between **standing order** and **credit transfer**. *(04marks)*

b) What are the factors a commercial bank manager may consider before giving a loan to any member of the public? *(10marks)*

c) Mutaka was given a cheque by Nkolwa and Mutaka took it to Stanbic bank. However, the bank refused to pay Mutaka. What could have gone wrong? *(06marks)*

26. a) Explain any **six** factors considered when choosing a means of transport. *(12marks)*

b) A trader wants to transport gold and glasses from Uganda to United States of America (U.S.A)

i) Identify a suitable form of transport that he can use. *(01mark)*

ii) Outline **four** advantages and **three** disadvantages of using that form of transport*. (07marks)*

27. a) Explain the following terms as used in international trade

i) Certificate of origin *(02marks)*

ii) Consular invoice *(02marks)*

iii) Letter of credit *(02marks)*

iv) Letter of hypothecation *(02marks)*

v) Proforma invoice *(02marks)*

b) Explain **five** reasons why Uganda decides to trade with other countries *(10marks)*

28. The information below was extracted from the books of Namugwere and sisters’ retail business for the period ending 31/12/2018

Rate of stock turn 5 times

Stock on 1/1/2018 shs 655,000

Stock on 31/12/2018 shs 253,000

Gross profit shs130, 000

Calculate:

1. Cost of sales *(04marks)*
2. Net purchases *(04marks)*
3. Turnover *(04marks)*
4. Margin *(04marks)*
5. Mark up  *(04marks)*