800/1
COMMERCE
Paper 1
July/August 2019
2 ½ hours

UGANDA TEACHERS' EXAMINATIONS SCHEME
Uganda Certificate of Education
JOINT MOCK EXAMINATIONS
COMMERCE

Paper 1
Time: 2 ½ hrs

INSTRUCTIONS TO CANDIDATES
This paper consists of two sections **A** *and* **B.**
Answer **all** *questions in section* **A** *and any* **four** *questions from section* **B**.
Any additional questions 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.*
You may lose marks for untidy work.

SECTION A (20 marks)

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

1. Indirect production means that
   - A. Everyone sells the goods and services one produces.
   - B. Every household produces goods and services directly for other house hold
   - C. Goods and services must be produced
   - D. one produces goods and services for ones own consumption

2. The law of comparative advantage in International trade encourages countries to
   - A. Produce goods suitable to their natural resources.
   - B. Dump in each other's country.
   - C. Increase co operation between countries.
   - D. Set up limited trade barriers.

3. The principle of "one man, one vote" is commonly used in
   - A. marketing boards.
   - B. Parastatal bodies.
   - C. insurance companies.
   - D. co-operative societies.

4. What impact will drawings have in the business? They
   - A. Reduce on the value of sales.
   - B. Increase on the value of purchases.
   - C. Reduce on the value of capital.
   - D. Increase on the value of capital.

5. The amount of money charged by commercial banks on loans advanced to public is.
   - A. Bank charge
   - B. Interest rate
   - C. Bank rate
   - D. Bank commission

6. A consignment of goods is worth shs 480,000, if a trader is given 10% trade discount and 5% cash discount, how much is paid to the seller?

A. Shs 432,000 B. Shs 21,600

C. Shs 410,400 D. Shs 69,600

7. The type of bank account suitable for business people is known as

A. Joint account

B. Savings account

C. Fixed deposit account

D. Current account

8. A firm invested shs 3,000,000 and after one year it had earned shs 900,000 as profit. Shs 300,000 was spent as expense. Calculate the rate of return on capital

A. 25%

B. 20%

C. 15%

D. 13%

9. Who of the following holds an account in the bank?

A. The drawee

B. The payee

C. The drawer

D. An endorsee

10. The method of trade restriction where the government charges taxes on imported goods is known as

A. Trade embargo

B. Tariffs

C. Import license

D. Transport discrimination

11. The following characteristics are suitable to a form of large scale business known as

1. They sell the same type of goods
2. Goods are sold at the same price
3. They have central control

17. Gross profit expressed as a percentage of the sales is called

A. Mark up.

B. Margin.

C. Rate of turn over.

D. Return on capital.

18. A type of debenture where security is attached can be called

A. Mortgaged debenture

B. Redeemable debenture

C. Naked debenture

D. irredeemable debenture

19. Mining , fishing and lumbering activities belong to a category of production called

A. Primary production

B. Tertiary production

C. Secondary production

D. Mass production

20. A business whose assets is shs 15,000,000 and liabilities shs 5,000,000 will hav capital

A. Shs 20,000,000

B. Shs 15,000,000

C. Shs 5,000,000

D. Shs 10,000,000

SECTION B (80 MKS)

Answer any 4 questions from this section

21. (a) Explain the services a whole seller offers to a manufacturer. (10 marks)
    (b) What are the circumstances under which a whole seller may not be necessary in the chain of distribution? (10marks)

22. (a) Distinguish between hire purchase agreement and deferred payment (4 marks)

    (b) Explain four advantages and four disadvantages of hire purchase agreement to the buyer (16 marks)

23. (a) Differentiate between the following as used in insurance:
    (i) Insurance and assurance (4 marks)
    (ii) Partial loss and total loss (4 marks)
    (iii) Life insurance and general insurance (4 marks)

    (b) Describe any four principles of insurance (8 marks)

24. (a) Give any **four** major forms of transport used in your country (4 marks)

    (b) Explain the role played by transport in Uganda (16 marks)

25. (a) Distinguish between sole proprietorship and partnership (4 marks)

    (b) Explain the advantages and the disadvantages of sole proprietorship as a form of business unit (16 marks)

26. (a) Describe the following types of cheques
    (i) Bearer cheques (02 marks)
    (ii) Post dated cheques (02 marks)

(iii) Crossed cheques (02 marks)

(iv) Dishonoured cheques (02 marks)

(v) Stale cheques (02 marks)

(b) Explain any five advantages of using cheque payment when conducting a business transaction. (10 marks)

27. (a) Explain the following documents as used in International trade

(i) Charter party (02 marks)

(ii) Consular invoice (02 marks)

(iii) Closed indent (02 marks)

(iv) Certificate of origin (02 marks)

(v) Certificate of inspection (02 marks)

(b) Give any five disadvantages Uganda gets by trading with other countries (10 marks)

28. (a) Distinguish between the following terms

(i) Solvency and insolvency (02 marks)

(ii) Fixed capital and working capital (02 marks)

(b) A trader's books of accounts showed the following records at the end of year 2018

	Shs
Stock on 1/1 /2018	700,000
Sales	950,000
Stock on 31/ 12/ 2018	50,000
Purchases	200,000
Sales returns	10,000

Calculate;-

i. Cost of sales (04 marks)

ii. Gross profit (04 marks)

iii. Margin (04 marks)

iv. Average stock (04 marks)