**800/1**

**COMMERCE**

**August 2019**

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**Community**

UNNASE MOCK EXAMINATIONS

**2 ½ hrs**

***Uganda Certificate of Education***

**COMMERCE**

**TIME: 2 HOURS 30 MINUTES**

**INSTRUCTIONS**

* *This paper consists of two sections* ***A*** *and B.*
* *Answer* ***all*** *questions in section* ***A*** *and any* ***four*** *from section* ***B.***
* *Answers to* ***all*** *questions* ***MUST*** *be written in the answer sheets provided.*

**SECTION A (20 MARKS)**

1. Which of the following is true about commerce?
2. It links specialization, trade and aid to trade
3. It links transport, warehousing and producers
4. It links producers to consumers
5. It links producers to traders
6. Which of the following is a feature of direct production?
7. Production is mainly for sale
8. Production is mainly for consumption
9. Encourages large scale production
10. Encourages division of labour
11. When the supply of rice increases but the demand remains the same, the price is likely to;
12. Decrease
13. Increase
14. Remain constant
15. Fluctuate
16. The rate at which a country’s exportable goods are exchanged for importable goods is referred to as
17. Balance of trade
18. Balance of payment
19. Terms of payment
20. Terms of trade
21. Which of the following is not a delivery service offered by the Uganda post office?
22. Registered post
23. Express marks
24. Post restante
25. Money order
26. Terminal as an element of transport involves the
27. Vessel used to transport goods and services
28. Channel on which the different vessels move
29. Place where goods are loaded and offloaded
30. Power which drives vessels to more goods
31. A business is said to be solvent when it has
32. More assets than liabilities
33. Equal value of assets and liabilities
34. More liabilities than assets
35. More fixed assets than current assets
36. The method of trade protectionism where producers are given financial or material support to reduce on their costs of operation is.
37. Subsidization
38. License
39. Revaluation
40. Ban
41. Which of the following is true about co-operative society
42. Members share profits equally
43. Decision making is done according to number of shares
44. Profits are shared according to participation
45. Membership is limited to fifty
46. Profit is payable to
47. Entrepreneurship
48. A labour
49. Land owner
50. Capital
51. Which of the following is an example of an itinerant trader
52. Street vendor
53. Tied shop
54. Kiosks
55. Wheel barrow operators

12. An invoice is

1. A receipt for sale of goods on credit
2. A receipt for sale of goods made on cash
3. Document demanding for payment
4. A note demanding correction of payment on a bill of exchange

13. The excess of cost price over selling price is described as

1. Gross profit
2. Net loss
3. Net profit
4. Gross loss

14. A cheque without the amount of money being paid is called

1. Forged cheque
2. Blank cheque
3. Postdated cheque
4. Stale cheque

15. Which of the following is true about general insurance

1. The principle of indemnity does not apply
2. It has no surrender value
3. It is always a long term contract
4. It covers insurance of life for a specified period of time

16. Calls in arrear when used in relation to a company’s capital refer to;

1. unauthorized shared capital
2. un called up share capital
3. un paid up share capital
4. un issued up share capital

17. Traders always regulate the supply of goods on the market from warehouses in order to

1. pay law custom goods
2. encourage re export of goods
3. stabilise prices of certain commodities
4. discourage dumping

18. A business has stock worth Shs 8,000,000 and insures it for shs 4,800,000 against fire, if half of the stock is destroyed by fire, what is the percentage rate of the insurance company to compensate?

1. 50% B. 75%

C. 100% D. 60%

19. A document where an importer specifies the manufacturer of goods to be imported is called

1. Customs duty
2. Closed indent
3. Open indent
4. Closed invoice

20. A business had the following information

Opening stock shs 230,000

Net purchases shs 370,000

Closing stock shs 120,000

Using the above information, calculate the rate of stock turn

1. 4 times C. 2.7 times
2. 2 times D. 1.9 times

**SECTION B (80 MARKS)**

1. (a) Distinguish between land and capital . *(4 marks)*

(b) What is the importance of capital in business? *(16 marks)*

22. (a) Define the term demand. *(2marks)*

(b) What factors may influence consumers to demand for a given commodity in the market? *(18 marks)*

23. (a) Define containerization.  *(2 marks)*

(b) Explain five advantages and four disadvantages of containerization *(18 marks)*

24. (a) State five features of current account and savings account .

*(10 marks)*

(b) Explain five advantages of paying by cheque. *(10 marks)*

25. (a) What is meant by consumer protection? *(2 marks)*

(b) (i) Why should the government protect consumers? *(08 marks)*

(ii) How can the government protect consumers? *(10 marks)*

26. (a) What factors are considered while determining the amount of premium of a motor policy? *(10marks)*

(b) Explain five policies that may be granted by the insurer under accident department.  *(10marks)*

27. (a) Differentiate between a public limited company and a private limited company.  *(12 marks)*

(b) How can the government of Uganda promote the joint stock companies? *(8 marks)*

28. (a) Distinguish between turn over and rate of turnover . *(4 marks)*

(b) The following information was extracted from the books of Nababi for the year 2017.

|  |  |
| --- | --- |
|  | **Shs** |
| Stock on 1st /Jan/2017 | 4,000,000 |
| Sales | 8,000,000 |
| Sales return | 500,000 |
| Purchases returns | 600,000 |
| Over head | 600,000 |
| Closing stock | 3,000,000 |
| Purchases | 5,000,000 |

You are required to calculate:

1. Cost of sale *(4marks)*
2. Gross profit *(4marks)*
3. Goods available for sale *(4marks)*
4. Net profit  *(4marks)*

**\*\*\*\* END \*\*\*\***