

800/1
COMMERCE
Paper 1
2¹/₂ hours

WAKISSHA

Uganda Certificate of Education

COMMERCE

Paper 1

2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES:

- This paper consists of **two** sections, *A* and *B*.
- Answer **all** questions in section *A* and any **four** from section *B*.
- Any additional question(s) answered **will not** be marked.
- Answers to all questions must be written in the answer booklet/sheets provided.
- **Each** question in section *B* carry equal marks.
- You may lose marks for untidy work.

SECTION A (20 MARKS)

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

1. Which of the following bridges the gap between the producers and consumers?
 - A. Trade
 - B. Production
 - C. Commerce
 - D. Consumption
2. The following factors may lead to high demand of a given commodity except.
 - A. Low price of a substitute
 - B. High price of a substitute
 - C. Low price of a complement
 - D. High levels of consumers income
3. The extraction of crude oil in Bulisa in Bunyoro sub region is classified under.
 - A. Secondary production
 - B. Primary production
 - C. Direct production
 - D. Indirect production
4. The selling of goods on wheel barrows from place to place is a good example of
 - A. Tied shops.
 - B. Multiple shops.
 - C. Large scale retailers.
 - D. Itinerant traders.
5. Which of the following is **not** a possible method of protecting local industries from foreign competition?
 - A. Import quotas
 - B. Total ban
 - C. Privatization
 - D. High import duty
6. A cheque without the amount in words and figures is called.
 - A. Forged cheque
 - B. Blank cheque
 - C. Dishonored cheque
 - D. Stale cheque

7. The excess of cost price over selling price in a business is termed as
 - A. Net profit
 - B. Gross loss
 - C. Net loss
 - D. Gross profit
8. Which of the following is a good example of remittance service offered by Uganda post limited to the general public?
 - A. Postal orders
 - B. Speed post
 - C. Express mail
 - D. Post restante
9. Holding a debenture means that a person has
 - A. lent money to the company.
 - B. borrowed money from the company.
 - C. received dividends from a company.
 - D. bought shares in a company.
10. The type of warehouses owned by private individuals but used by other traders who lack storage facilities are called.
 - A. private warehouses
 - B. public warehouses
 - C. bonded ware houses
 - D. traders warehouses
11. What is the appropriate formula for calculating the rate of turn over?
 - A. $\frac{\text{Opening Stock}}{\text{Closing stock}}$
 - B. $\frac{\text{Turn over}}{\text{Gross profit}}$
 - C. $\frac{\text{Cost of sales}}{\text{Average stock}}$
 - D. $\frac{\text{Gross profit}}{\text{Cost of sales}}$
12. Which of the following is the most important advantage of specialization.
 - A. It allows the use of machines.
 - B. It leads to improved quality of commodities.
 - C. It saves time and energy.
 - D. It led to increased out put.
13. The principal of insurance which aims at restoring the insured to the original position is known as
 - A. Subrogation.
 - B. Indemnity.
 - C. Proximate cause.
 - D. Utmost good faith.

Turn Over

14. The rate at which a country's exportable goods are exchanged for her importable goods is referred to as
- A. balance of payments.
 - B. barter terms of trade.
 - C. balance of trade.
 - D. term of trade.
15. Which of the following documents gives a public limited company a legal entity of existence?
- A. Memorandum of association
 - B. Certificate of trade
 - C. Certificate of incorporation
 - D. Articles of Association
16. The type of tax levied on goods being transported through the sovereign of another country is called.
- A. Octroi tax
 - B. Sumptuary tax
 - C. Advalorem tax
 - D. Specific tax
17. The main reason for setting up parastatal bodies is to
- A. make profits.
 - B. provide essential goods and services.
 - C. collect taxes.
 - D. provide employment opportunities to the general public.
18. A jobber who sells shares when the prices are high with hope of buying them back when prices decrease is called
- A. Bear
 - B. Bull
 - C. Stag
 - D. Broker
19. Which of the following may **not** be used as a method for collecting data in market research?
- A. Consumer surveys
 - B. Area retail test
 - C. Consumer behaviours
 - D. Producers' behaviours
20. If the turnover of Bulemezi traders was shs 240,000 and cost of sales was shs. 200,000. What was their mark up?
- A. 17%
 - B. 40%
 - C. 20%
 - D. 16%

SECTION B (80 MARKS)

Answer any four questions.

21. (a) Distinguish between **commerce** and **production**. (4 marks)
(b) Why is indirect production more popular than direct production? (6 marks)
(c) Explain the factors of production giving a reward to each. (10 marks)
22. (a) Define **demand**. (2 marks)
(b) Explain **nine** factors that, may influence consumers to demand less of a given commodity. (18marks)
23. (a) Explain **four** types of itinerant trades. (8marks)
(b) Why are itinerant trades on the increase in Uganda? (12 marks)
24. (a) Distinguish between **monetary** and **Barter** systems of trade. (4 marks)
(b) What are the advantages and disadvantages of barter system of trade? (16 marks)
25. (a) Explain the following terms as used in insurance
(i) Re-insurance (2 marks)
(ii) Co-insurance (2 marks)
(iii) Surrender value (2 marks)
(iv) Contribution (2 marks)
(b) What factors may, an insurance company consider before issuing a policy to the applicant? (12 marks)
26. (a) Differentiate between **a share** and **a debenture** (10 marks)
(b) What are the advantages of a public limited company over a private limited company? (10 marks)
27. (a) Define **consumers protection**. (2 marks)
(b) (i) Why should a country like Uganda protect consumers? (10 marks)
(ii) How can the government protect consumers? (8 marks)
28. (a) Define the following terms as used in business calculations.
(i) Stock taking (1 mark)
(ii) Stock valuation (1 mark)
(iii) Insolvency (1 mark)
(v) Bankruptcy (1 mark)

Turn Over

- (b) The following records were extracted from the books of Wakiso traders Association for the year ending 31st Dec. 2019.

| | Shs. |
|---|-----------|
| Stock on 1 st January 2019 | 5,600,000 |
| Creditors | 700,000 |
| Capital | 900,000 |
| Year purchases | 2,800,000 |
| Cash at hand | 900,000 |
| Return outwards | 200,000 |
| Return inwards | 300,000 |
| Year sales | 7,200,000 |
| Debtors | 720,000 |
| Bank overdraft | 400,000 |
| Express | 60,000 |
| Stock as at 31 st Dec 2019 | 1,500,000 |

You are required to calculate;

- | | |
|---------------------------------|-----------|
| (i) Cost of sales. | (4 marks) |
| (ii) Average stock. | (4 marks) |
| (iii) Rate of turn over. | (4 marks) |
| (iv) Rate of return on capital. | (4 marks) |

END