**EXTERNAL MOCK EXAMINATIONS - 2019**

**UGANDA CERTIFICATE OF EDUCATION**

**COMMERCE**

**PAPER 1**

**Time: 2 Hours**

**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 question(s) answered will not be marked*
* *Answers to all questions must be written in the answer sheets provided*
* *All questions in Section* ***B*** *carry equal marks*
* *You may lose marks for untidy work*

**SECTION A (20 MARKS)**

1. The reason why people exchange goods and services is
2. Preferring what is produced by others. B. Over production

C. To get money D. Scarcity in production

1. In a free market economy, prices are determined by;
2. Forces of demand and supply B. Bargaining/ haggling

C. Resale price maintenance D. Sale by Auction.

1. Delocalisation of industries is a process of
2. Forces industries are nationalised
3. All industries in the area are removed and reallocated
4. Industries are commercialised
5. Spreading out industries in different parts of the country.
6. The chief demerit of mail order business is;
7. Service are not widely spread.
8. Have no shops but warehouses
9. Do extensive advertising which is costly
10. Do not sell goods across the counter.
11. The retailer expects to earn a profit margin of 331/3 % the cost price of his goods is shs 2,00,000 . What is his gross profit?
12. Shs 3,000,000B. Shs 1,000,000

C. Shs 4,000,000 D. Shs 6,666,667

1. Consumer behaviours as used in commerce means;
2. How consumers react to market conditions
3. The way consumers advance
4. The way consumers approach sellers
5. The good response of consumers in paying debts
6. One of the reasons why countries are involved in trading BLOC is:
7. To restrict the flow of trade between countries which are members.
8. To publish imports and exports statistics
9. To protect industries in members countries from competition from other countries.
10. To generate free trade between member countries in a particular area.
11. The protection offered to goods when they are not required is a function of;
12. Transport B. Advertising C. Warehousing D. Insurance
13. A document that assists a joint stock company in settling deputies among share holders is
14. Prospectus B. Articles of Association

C. Memorandum of Association D. Resolution document.

1. The main purpose for denationalisation is to;
2. Encourage competition with the public sector.
3. Provide essential services to the public
4. Make profits for the government
5. Provide entrepreneurship skills to the public
6. Partnerships are preferred to private companies because they;
7. Earn more profits B. Are easy to expand

C. Enjoy limited liability D. Are easy to set up.

1. One firm acquire full control over another firm is called;
2. Holding company B. Horizontal merger

C. Absorption D. Cartel.

1. The money that constitutes a pool from which compensation is made is known as
2. Surrender value B. Sum insured

C. Premium D. Pool of funds

1. The ratio of the cost of goods sold in a trading period to cost of the average stock held is
2. Turnover B. Rate of turnover

C. Return on turnover D. Gross profit margin

1. A tax which is levied on imported goods according to their price is called
2. Octoroi tax B. Advalorem tax

C. Specific tax D. Sumptuary tax

1. Which of the following is a non- verbal method of communication?
2. Journals B. Telephone C. Interview D. Business meeting
3. A suitable medium of advertising a new shoe that appeals to teenagers is.........
4. Cinemas B. Radios C. Tradeshows D. News papers
5. A wholesaler offers the following services to the manufacturers except
6. Buying goods in bulk B. Advertising the goods

C. Prompt cash payment D. Giving credit facilities

1. “Calls in arrears” as used in relation to a company’s capital means
2. Issued capital B. Paid up share capital

C. Uncalled up share capital D. Un paid up share capital

1. The exchange value of a commodity in money terms is known as..............
2. Demand B. Utility C. Price D. Cash

**SECTION B (80 MARKS)**

21.(a) Describe the importance of levels of production. ***(10 mks)***

(b) Explain any five methods used by traders to determine prices of

commodities in the market. ***(10 mks)***

22.(a) State six contents of a delivery note as a business document. ***(06 mks)***

(b) Describe seven benefits of documentation in business transactions.

***(04 mks)***

23. (a) What is a consumer co-operative society? ***(02 mks)***

(b) Describe the services of saving and credit co-operative societies. ***(08 mks)***

(c)What barriers do thrift and loan co-operatives face? ***(10 mks)***

24.(a) Give four features in each case of the following bank accounts.

(i) Current Account ***(04 mks)***

(ii) Savings Account ***(04 mks)***

(iii) Fixed deposit Account ***(04 mks)***

(b) Explain any four means of payment used by commercial banks. ***(08 mks)***

25. (a) Explain any five forms of direct taxes in Uganda. ***(10 mks)***

(b) Identify any five challenges faced by tax authorities in Uganda. ***(10 mks)***

26.(a) Distinguish between “Market Research” and “Personal Selling” ***(04 mks)***

(b) Describe five benefits of Personal selling ***(10 mks)***

(c) State six reasons for carrying out market research in business. ***(06 mks)***

27.(a) Give four differences between “Transport “ and “Communication” ***(08 mks)***

(b) What problems are faced by the transport industry in your country? ***12 mks)***

28.(a) Distinguish between the following terms:

(i) Quantity discount and Trade discount ***(04 mks)***

(ii) Rate of Stock turn and Turnover ***(04 mks)***

(b) The following financial information was extracted from the books of

people power Enterprises for the year ended 31st December 2018.

**Details shs**

Cost of sales 16,000,000

Closing stock 4,800,000

Net purchases 15,200,000

Gross profit 6,400,000

Net profit 5,000,000

**Determine:**

1. Opening stock ***(03 mks)***
2. Turnover ***(02 mks)***
3. Average stock ***(02 mks)***
4. Rate of stock Turn ***(03 mks)***
5. Expenses ***(02 mks)***

***END***