**800/1**

**COMMERCE**

**Paper 1**

**Jul/Aug 2019**

**2 ½ Hours**



**MUKONO EXAMINATION COUNCIL**

**Uganda Certificate of Education**

**COMMERCE**

Paper 1

**2 Hours 30 Minutes**

**INSTRUCTIONS TO CANDIDATES**

* *This question paper consists of two sections* ***A*** *and* ***B***
* *Answer* ***all*** *questions in section* ***A***
* *Answer any* ***four*** *questions from section* ***B***
* *All questions in section B carry equal marks.*
* *Any additional question(s) answered will not be marked.*
* *You may lose marks for untidy work.*

**SECTION A (20 MARKS)**

***Answer all questions in this section.***

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

1. The payment for hiring a piece of land to carry out agriculture is called.
2. Interest
3. Rent
4. Salary
5. Profit
6. Which one of the following situations may cause a decrease in the supply of cooking oil on market?
7. Arise in the price of cooking oil.
8. Increase in market size.
9. Increase in the cost of production.
10. Increase in the number of produce.
11. Identify a document which helps the seller to find out the credit worthiness of the buyer who wants credit
12. Credit status inquiry
13. Credit note
14. Letter of credit
15. Trade credit
16. The facilitators of trade are commonly referred to as
17. Commerce
18. Exchange
19. Distribution
20. Aids to trade
21. A retail outlet which sells Hima cement from Hima cement industry (U) Ltd are examples of.
22. Departmental Stores C. Tied shops.
23. Mobile shops D. Single shops
24. A debenture which has a specific property pledged against it is called.
25. A naked debenture C. A redeemable debenture
26. A mortgage debenture D. An irredeemable debenture
27. A tax which is charged on imported goods according to the price of the commodity is termed as.
28. Advalorem tax C. Quantitative tax
29. Direct tax D. Specific tax
30. What is the purpose of the trading bloc, such as the East African Community?
31. To generate free trade between member countries in a particular area.
32. To restrict the flow of trade between countries who are members.
33. To protect industries in member countries from competition from other countries.
34. To publish import and exports statics.
35. Two firms join together and both lose their identity. This is known as
36. Merge C. Consolidation
37. Consortium D. Holding company
38. A business undertaking where the government owns 49% shares and Private sector 51% share is termed as.
39. Private sector C. Joint venture
40. Public sector D. Divestiture
41. Which one of the following is an example of a terminal in transport?
42. Petrol engine C. Oil Pipeline
43. Sea Port D. School bus
44. Insurance experts who determine the premium to be paid on insured property are called.
45. Actuaries C. Re - insurers
46. Assessors D. Under – writers
47. Given;

Stock Shs 100,000

Trade creditors Shs 80,000

Trade Debtors Shs 120,000

Bank over draft Shs 50,000

Determine the value of current liabilities

1. Shs 170,000 C. Shs 220,000
2. Shs 130,000 D. Shs 300,000
3. The term used under stock exchange to explain the rate of return on investment of shareholders is...............................................................
4. Per value share C. Yield rate
5. Market value share D. Share certificate
6. A form of communication, which can transmit drawings, and diagrams in their exact form is called.
7. radio C. telegram
8. fax D. e mail
9. Which document in a Partnership indicates the terms and conditions of the business?
10. Partnership deed C. Certificate of trading
11. Prospectus D. Memorandum of Association
12. The deliberate government attempt to reduce the value of her currency in relation to other currencies is known as
13. Appreciation of the local currency
14. Revaluation of the local currency
15. Devaluation of the local currency
16. Depreciation of the local currency.
17. Dividends are paid in a producer Co-operative Society according to
18. Capital contributed to the society
19. Purchases from the Co-operative
20. Members participation in the Co-operative activities
21. Sale of produce to the Co-operative
22. Caveat emptor as used in consumer Protection means
23. Let the seller know
24. Let the buyer be aware
25. Let the producer empty all the stores
26. Let the producer cover all the containers after the production of dangerous goods.
27. What is the name for the Modern system where trade is carried out through the web?

A. Tele- conferencing B. Video – conference

C. E – commerce D. Computer

**SECTION B (80 MARKS)**

*Answer any four Questions from this section.*

1. a) Define “factors of Production” ***(02marks)***

bi)Explain five factors of Production, giving a reward for each ***(10 marks)***

ii) State four ways in which Utility is created ***(08 marks)***

1. a) Give four features of itinerant traders. ***(04 marks)***

b) Explain;

i) Four examples of Itinerant traders ***(08 marks)***

ii) Factors that should be considered when setting up a saloon business . ***(08 marks)***

1. a) Describe five Principles of Co – Operative Societies ***(10 marks)***

b) Explain the problems faced by Co-Operative Societies in Uganda. ***(10 marks)***

1. a) Distinguish between the following terms as used in banking
2. Bank Account and A Statement of account. ***(04 marks)***
3. An open Cheque and a crossed Cheque. ***(04 marks)***
4. Credit transfer and standing order. ***(04 marks)***

b) Explain any six services offered by Centenary Rural Development Bank to its customers. ***(12 marks)***

1. a) Define the term “Market Research” ***(02 marks)***

b) i)What is the importance of conducting market research by the traders? ***(08 marks)***

ii) Explain any five methods traders use when conducting market research. ***(10 marks)***

1. a) With examples, Distinguish between direct taxes and indirect taxes. ***(04 marks)***

b) Briefly, explain four Principles of taxation ***(08 marks)***

c) Give any eight reasons why the government of Uganda collects taxes. ***(08 marks)***

1. a) Explain any four factors that should be considered when choosing a medium of advertising. ***(08 marks)***

b) Identify a suitable medium of advertising for each of the following commodities.

i) Advertising mosquito nets for general public ***(01 mark)***

ii) Display of commodities by both local and international traders. ***(01 mark)***

iii) Advertising a new brand of computers. ***(01 mark)***

iv) Products that appeal to teenagers. ***(01mark)***

ii) Give two reasons for the choice of each of the Medium of advertising mentioned

in 27(b) (i) above ***(08 marks)***

1. a) Give any four ways of improving turn over and profits of a business.

b) The following information was obtained from the books of Rich Gangs Ltd on

31st December 2017

Shs

Stock on 1st January 2017 32,000

Creditors 60,000

Capital 200,000

Loans 50,000

Purchase 116,000

Stock on 31st Dec. 2017 40,000

Cash in hand 8,000

Debtors 100,000

Cash at bank 34,000

Debtors 38,000

Gross profit margin 20%

Calculate;

1. Sale at cost ***(03 marks)***
2. Rate of stock turn ***(03marks)***
3. Average stock ***(03 marks)***
4. Turnover ***(04 marks)***
5. Working Capital ***(03 marks)***

***End -***