**UGANDA CERTIFICATE OF EDUCATION**

**Pre-registration examination 2016**

**COMMERCE**

**2 hours**

**INSTRUCTIONS TO CANDIDATES:**This paper consists of two sections A and B

Answer all questions in A and any three questions from B

Answers in section B carry equal marks

You may lose marks for untidy work

**SECTION A: (20 MARKS)**

1. Which **one** of the following factors of production earns profits?

A: land B: labour C: entrepreneurship D: capital

1. Gross profit expressed as a percentage of the sales and is known as

A: mark-up B: margin C: rate of turnover D: return on capital

1. The number of times a business replaced its stock in a trading period is referred to as

A: Stock valuation B: stock taking C: stock - turn D: turnover

1. Which **one** of the following is an example of invisible trade?

A: lumbering B: touring C: fishing D: mining

1. The sales of a business amounted to shs 250,000, returns inwards at shs 10,000 returns outwards shs 8,000. Calculate the net sales.

A: shs 248,000 B: shs 252,000 C: shs 242,000 D: shs 240,000

1. The **main** advantage of specialization is that it

A: saves time B: allows constant use of machinery

C: leads to production of more goods D: promotes development of skills

1. The demand for goods or services is determined by the following factors **except** the

A: level of incomes B: prices of other goods

C: level of technology D: tastes of consumers

1. Which **one** of the following types of accounts is **most** suitable for a business?

A: current account B: savings account

C: fixed deposit account D: salary account

1. Cash discount is allowed to all customers who

A: buy regularly B: buy in large quantities

C: pay promptly D: buy damaged goods

1. A motor company that sells cars on behalf of a motor vehicle manufacturing industry is a good example of a

A: factor B: broker C: forwarding agent D: merchant

1. Given the following records of a business for a trading period ending Dec. 31. 2000:

Debtors shs 800,000

Stock shs 500,000

Cash at hand shs 250,000

Creditors shs 1,000,000

Compute the working capital of the business.

A: shs 2,550,000 B: shs 550,000 C: shs 950,000 D: shs 1,750,000

1. Advertising is important because it

A: decreases costs of production B: creates the demand for goods and services

C: reduces the price of goods D: discourages competition

1. Which **one** of the following documents does a sellersend to the buyer if payment for the goods is required before delivery?

A: delivery note B: catalogue C: proforma invoice D: pricelist

1. A form of trade where imports are re-exported is called

A: bilateral B: customs draw back C: entreport D: multi-lateral

1. Identify the set of items which represents capital goods.

A: raw materials, tools, furniture, equipment

B: furniture, equipment, vehicles, tools

C: machines, tools, raw materials, radios

D: tools, machines, equipment, vehicles.

1. Which one of the following documents would be sent to a customer when the supplier discovers that some of the goods taken had been omitted during the calculation of the amounts due?
2. Credit note B. An invoice
3. Debit note D. Standing order
4. When initiating a commercial transaction the first document a buyer sends to a seller is called
5. an inquiry B. an order
6. an invoice D. a statement of account
7. Anything that a business owes to an outsider is called
8. an asset B. a liability
9. capital D. returns outwards
10. An instruction to the bank to pay regularly a fixed sum of money to a specified firm is known as
11. statement of account B. credit transfer
12. standing order D. bank statement
13. Which one of the following statements best describes a bank statement? It
14. shows that the customer of the bank is good
15. is a statement used for reconciliation
16. gives the details of the customer’s account with the bank
17. gives the details of the bank accounts of all customers with the bank

**SECTION B (60 MARKS) :**

**Attempt only three questions**

**Question 26 on business calculations is compulsory**.

Choose any other **two** questions from this section.

1. (a) Differentiate between chain stores and departmental stores.

(b) What are the advantages of large scale retail business over small scale retail business?

1. (a) Distinguish between:
2. Insurance and assurance,
3. Endowment policy and whole life policy,
4. Insurance brokers and insurance underwriters.

(b) What are the differences between insurance and gambling?

23. (a) Give four features in each case of the following Bank Accounts:

1. Bank current account,
2. Bank savings account.
3. Describe any six means of payment used by commercial banks.

24. (a) What is regional trade?

(b) Give six benefits of economic integration to traders in Uganda.

(c ) Give six disadvantages of economic integration.

25. (a) Describe the elements of transport

1. What is the role played by transport in your country?

26. (a) Distinguish between margin and mark-up

(b) Akot recorded the following information from her business:

**shs**

Stock (1.1.2010) 7,000,000

Capital 10,000,000

Purchases 8,000,000

Sales 15,000,000

Transport 500,000

Returns outwards 2½% of purchases

Returns inwards 2% of sales

Interest paid on loan 2,000,000

Stock (31/12/2010) 7,000,000

Rent 1,500,000

Calculate:

1. Average stock
2. Net Purchases
3. Net sales
4. Cost of sales
5. Gross profit ratio
6. Net profit ratio

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