**KING’S COLLEGE – BUDDO**

**UGANDA CERTIFICATE OF EDUCATION**

**INTERNAL MOCK EXAMINATIONS 2020**

**COMMERCE**

**TIME:2 HOURS : 30 MINUTES**

**Instructions.**

1. Section A and Question 21 in section Bare compulsory.
2. Answer four questions from Section B including question 21.
3. Answers to all questions must be written in the answer booklets or Answer sheets provided.
4. Any additional question(s) answered shall not be marked.
5. You may lose marks for presenting untidy work.

**SECTION A: (20 MARKS)**

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

1 Which one of the following is a set of secondary occupations?

A: Food processing, Metal fabrication and Quarry work.

B: Metal fabrication, Mining, Grain milling.

C: Textile milling, Metal fabrication and Food processing.

D: Road construction, Mining and Food processing.

2 The capital resources used on an agricultural farm include the   
following **except**

A: tractors B: farm supervisor

C: generator D: spraying machines

3 Which factor price is paid for the use of land in the production   
 process?

A: Interest B: Wages

C: Rent D: Profit

4 Which business unit would be the most appropriate for five specilised doctors who intent to start a business

A: Private limited company.

B: Public limited company.

C: Partnership.

D: Company limited by share.

5 The practice of giving manufactured goods distinctive trade names by   
 which they are marketed is called:

A: blending B: preparing C: branding D: profit

6 Before setting up a retail unit, one should consider the following   
 except;

A:size of the market. B: profitability of suppliers.

C: pricing policy. D: shop lay out.

7 Identify the most appropriate advertising medium for a company which   
 produces and sells Dental Surgery/Equipment?

A: Radio B: Newspapers   
 C: Trade fairs D: Specialized journal

8 A trader bought goods subjected to VAT of 18% at shs. 900,000.If all   
 the goods were sold at shs.1,400,000. Calculate his VAT liability.

A: shs.90,000 B: shs.162,000

C: shs. 252,000 D: shs. 414,000

9 A business enterprise whose existence is recognized by the law to be   
 separate from its owners is called

A: Sole proprietorship. B: Partnership.

C: Co-operative society. D: Joint stock company.

10 Which one of the followingitems is stated in the memorandum of   
 Associationof a company?

A: Methods of voting at company meetings

B: The liability of shareholders

C: The powers and rights of shareholders

D: The procedure of appointing company auditors,

11 A company sold 10,000 ordinary shares each at a per value of shs   
 5,000. The shareholders were asked to pay shs 3,000 per shares.   
 Calculate the Called up capital share capital

A: shs 50,000,0000 B: shs 30,000,000

C: shs 20,000,0000 D: shs 80,000,000

12 A market where short term assets and securities are traded is called

A: Central Bank B: Capital market

C: Money market D: Development bank

13 An arrangement which allows business enterprises to share the   
 market through a central selling agency is called a;

A: Consortium B: Absorption

C: Cartel D: Conglomerate

14 Which document should an importer use to oblige his agent abroad   
 to obtain goods from a specified manufacturer?

A: Open indent B: Certificate of origin

C: Bill of landing D: Closed indent

15 Which one of the following is the safest and fastest means of money   
 remittance offered by commercial banks?

A: Cash B: E.F.T C: Bill of landing D: Money gram

16 A shipping company based in Japan delivered cargo at the port of   
 Mombasa destined for Uganda.

Which document does the Ugandan importer use to claim cargo at the

Port of discharge?

A: Charter party B: Letter of credit

C: Bill of landing D: Ship manifest

17 A bill of exchange payable at a stated future date is called.

A: Retired bill B: Usance bill

C: Sight bill D: Accommodation bill

18 Which of the following documents marks the end of a commercial   
 credit transaction ?

A: Invoice B: Statement of account

C: Receipt D: Goods returned note

19 A trader paid shs 468,000 for a consignment of goods after taking advantage of a trade discount of 20% and a cash discount 21/2%. Calculate the value on the price list.

A: shs 480,000 B: shs 120,000

C: shs 600,000 D: shs 588,000

20 Which business organization has a feature of one man one vote?

A: Sole proprietorship B: Co-operative society

C: Partnership D: Public corporation

**SECTION B: 80 MARKS**

21a) Explain any five (5) roles played by the entrepreneur in the   
 production process (10 marks)

b) What benefits does a farmer enjoy by producing only one crop on  
 his/her farm? (10 marks)

22a) Give any five differences between Home trade and Foreign trade   
 (10marks)

b) What measures are being employed by the government of Uganda to

promote trade with other countries? (10 marks)

23a) Why do traders advertise their products? (4 marks)

b) Apart from advertising, explain any other eight(8) methods   
 employed by traders to increase sales in their businesses (16marks)

24a) Explain the four types of cheques (8 marks)

b) Under what circumstances may a bank honor a cheque? (12 marks)

25a) Give any four similarities between private limited companies and   
 public limited companies (8 marks)

b) What are the advantages of sole proprietorships over other forms of businesses? (12 marks)

26a) Of what benefits is insurance to traders? (10 marks)

b) Explain any five insurance policies a school owner can take on?  
 (10marks)

27a) Why do consumers need protection? (6 marks)

b) Explain the different ways of protecting consumers (14 marks)

28a) Distinguish between a Balance sheet and an Income statement

(4 marks)

b) The following balances were available in records of BAKIDAWO TRADERS for the year ended 31/12/2018.

Stock on 1/1/2018 shs. 800,000

Total purchases shs. 4,250,000

Sales for the year shs. 5,980,000

Returns inwards shs. 280,000

Returns outwards shs. 250,000

Stock on 31/12/2018 shs. 600,000

Expenses for the year 10% of Net purchases

Calculate:

1. Cost of sales(4marks)
2. Gross profit (4 marks)
3. Net sales (4 marks)
4. Rate of stock turn (4 marks)

**END.**