

800/1
Commerce
Paper 1
July/August 2023
2½ hours

BUGANDA EXAMINATION COUNCIL MOCKS

Uganda Certificate of Education

COMMERCE

PAPER 1

2HOURS 30 MINUTES

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.
- Answers to all sections must be written in the answer booklet provided.
- All questions in section B carry equal marks.
- Credit will be given for use of relevant diagrams.
- Any additional question(s) answered will not be marked.

SECTION A (20 MARKS)

Answer all questions in this section.

1. Which of the following is a basic principle of co-operatives?
A. profit maximization B. democratic administration
C. restricted membership D. high interest on share capital
2. The following are functions of the central banks except
A. exchange control B. issuing currency
C. lender of last resort to commercial banks D. lending to individual persons
3. The loss of value of an asset due to over use is called
A. depreciation B. devaluation
C. depletion D. revaluation
4. A debt note will be issued
A. when there is no overcharge on the invoice
B. when there is an undercharge on the invoice
C. when goods have been damaged in transit
D. when goods have been over paid
5. Which of the following is not a basic factor when selecting the means of transport to use?
A. distance B. insurance
C. transport costs D. number of passengers
6. Which of the following documents will assist a seller to avoid losses through irrecoverable debts?
A. pro-forma invoice B. statement of account
C. debit note D. credit status inquiry
7. An exercise that is undertaken prior to launching a product with a view to assess its probable demand is called
A. loss leader B. market research
C. product development D. advertising campaign
8. Which document invites public members to subscribe for shares in a public limited company?
A. Articles of association B. Certificate of Incorporation
C. Prospectus D. Memorandum of association
9. The Principle of insurance which is abused when the insured overvalues the property insured is?
A. subrogation B. insurable interest
C. proximate cause D. utmost good faith

10. If import prices rise faster than export prices a commodity is said to be experiencing unfavourable
- | | |
|---------------------|-----------------------|
| A. balance of trade | B. balance of payment |
| C. terms of payment | D. terms of trade |
11. The financial institution that facilitates the negotiation of bills of exchange is called
- | | |
|----------------------|-----------------------|
| A. Investment trusts | B. Discount houses |
| C. Finance house | D. Building societies |
12. Calculate gross profit given a markup of 40% and the cost of sales of 3000,000 shillings
- | | |
|-------------------|-------------------|
| A. shs. 3,920,000 | B. shs. 2,600,000 |
| C. shs. 120,000 | D. shs. 900,000 |
13. A consumer will demand a good which
- | | |
|--------------------|------------------------------------|
| A. is scarce | B. satisfies his or her need |
| C. is sold in bulk | D. has been extensively advertised |
14. The total value of the shares that have been provided by the company are called
- | | |
|--------------------------|----------------------------|
| A. nominal share capital | B. paid up share capital |
| C. issued share capital | D. called up share capital |
15. Which bank account allows withdrawal only by a cheque?
- | | |
|--------------------|--------------------------|
| A. Current account | B. Fixed deposit account |
| C. Joint account | D. Savings account |
16. Informative advertising aims at
- | |
|--|
| A. persuading potential customers to buy |
| B. increase production of goods |
| C. collecting information about a good in market |
| D. increase awareness of customers about a good |
17. Which bill of exchange is payable at a future date?
- | | |
|---------------|-----------------|
| A. trade bill | B. usance bill |
| C. sight bill | D. retired bill |
18. Self services are common feature of a
- | | |
|------------------------|----------------|
| A. departmental stores | B. chain store |
| C. multiple shop | D. supermarket |
19. How will the producer react if the price of a commodity decreases?
- | | |
|-------------------------------|-------------------------------|
| A. increase quality supplied | B. decrease quality supplied |
| C. increase quantity supplied | D. decrease quantity supplied |
20. Which form of indirect tax is imposed according to the amount of goods imported?
- | | |
|------------------|------------------|
| A. Specific tax | B. Excise tax |
| C. Advolerum tax | D. Sumptuary tax |

Turn over

SECTION B (80 Marks)

- 21(a) Define wholesale trade. (02marks)
(b) What are the qualities of a good wholesaler? (04marks)
(c) Under what circumstances may a wholesaler not be necessary in the chain of distribution? (14marks)
- 22(a) Distinguish between the following;
(i) Bi-lateral and multi-lateral trade (04marks)
(ii) Open indent and closed indent. (04marks)
- (b) What benefits are enjoyed by countries that get involved in International Trade? (12marks)
- 23(a) What is meant by the term advertising? (02marks)
(b) Explain the role of advertising as aid to trade. (08marks)
(c) What factors should not be ignored when selecting an advertising medium? (10marks)
- 24(a) Explain any six features of a good warehouse. (12marks)
(b) What is the importance of ware housing in business? (08marks)
- 25(a) What is meant by consumer protection? (02marks)
(b) Explain five reasons for consumer protection. (10marks)
(c) Outline any four methods used to protect consumers. (08marks)
- 26(a) Define partnership deed. (02marks)
(b) Explain the advantages of forming a partnership type of business. (18marks)
- 27(a) Mention any four examples of direct taxes. (04marks)
(b) Explain any 8 benefits of imposing taxes in Uganda. (16marks)
28. Study the following business records extracted from MAPEMA enterprises Ltd and answer questions that follow.
- | | |
|--------------------|----------------|
| Capital | shs. 1,200,000 |
| Average stock cost | shs. 400,000 |
| Net profit | shs. 340,000 |
| Expenses | shs. 1,260,000 |
| Rate of turnover | 6 times |
- Determine;
- (i) Cost of sales (3marks)
(ii) Return on capital (4marks)
(iii) Sales (4marks)
(iv) Gross profit (3marks)
(v) Markup percentage (3marks)
(vi) Margin percentage (3marks)

END