

800/1
COMMERCE
PAPER ONE
JULY/AUG 2022
2½ Hrs



NATIONAL EDUCATION RESEARCH & EXAMINATIONS BUREAU
UCE NEREB NATIONAL MOCKS 2022
COMMERCE
Paper 1
2 HOURS 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**.
- Any additional question(s) answered **will not** be marked.
- Answers to all questions **must be** written in the answer booklet provided.
- All questions in section B carry equal marks.
- You may lose marks for untidy work

TURN OVER

SECTION A (20 MARKS)

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

1. Which of the following insurance policies is compulsory for all vehicles
A. Comprehensive B. Accident policy
C. Fidelity guarantee D. Third party
2. Which one of the following is a set of direct services?
A. Building , teaching, nursing B. Teaching, Building, insurance
C. Teaching , insurance , nursing D. Insurance, farming, nursing
3. Which of the following statements is correct about Co-operatives?
A. Profits are shared according to participation
B. Members share profits equally
C. Decision making is according to the number of shares held.
D. The number of membership is limited to 50
4. A partner who contributes capital, shares profits and losses but does NOT take part in the day-to-day running of a business is a:
A. Limited partner B. General partner
C. Quasi partner D. Dormant partner
5. If a trader is given 20% trade discount and 5% cash discount for goods purchased at Sh.100,000/=, how much will he pay?
A. Sh. 75,000 B. Sh. 80,000 C. Sh. 76,000 D. Sh. 60,000
6. The documents that acknowledges settlement of debt is.
A. An order B. An invoice
C. A statement of a account D. A receipt
7. An example of business organizations that belong to public sector in Uganda is
A. Corporation B. Limited companies
C. Marketing Boards D. Co-operatives
8. How will the consumer react when there is decrease in the price of a commodity
A. Increase quantity supplied B. Increase quantity demanded
C. Decrease quantity demanded D. Decrease quantity supplied
9. Which one of the following organization is responsible for consumer protection in Uganda?
A. Uganda revenue authority B. Uganda human rights association
C. Uganda investment authority D. Uganda bureau of standards
10. Which one of the following is true of marketing boards
A. Only sale to local market
B. Buy from farmers through cooperative societies
C. Only sale for foreign market
D. Buy good directly from small scale farmers.
11. A business is said to be a solvent when it has.....
A. More assets than liabilities
B. More liabilities than assets
C. Equal amount of assets and liabilities
D. More fixed assets than current liabilities

- 3

SECTION B (80 MARKS)
Answer any four questions from this section.

- 21.(a) Distinguish between demand and supply. (04 marks)
 (b) What factors may influence producers to supply a given commodity? (16 marks)
- 22.(a) Why are small – scale retail businesses on the increase in Uganda? (12 marks)
 (b) What are the disadvantages associated with small – scale retail business? (08 marks)
- 23.(a) Give reasons why there is need for the government to protect consumers? (10 marks)
 (b) How can the government of Uganda protect consumers? (10 marks)
- 24.(a) Define containerization. (02 marks)
 (b) What are the advantages and disadvantages of containerization? (18 marks)
- 25.(a) Explain the following as used in insurance.
 (i) Re – insurance (02 marks)
 (ii) Co – insurance (02 marks)
 (iii) Surrender value (02 marks)
 (iv) Contribution (02 marks)
 (b) Explain six policies that can be acquired by the members of the public under accident department. (12 marks)
- 26.(a) Differentiate between a central bank and commercial banks. (08 marks)
 (b) Explain six monetary tools used by the Bank of Uganda to regulate credit. (12 marks)
- 27.(a) Define denationalization. (02 marks)
 (b) What are the advantages and disadvantages of denationalization? (18 marks)
- 28.(a) Distinguish between liquid capital and fixed capital. (04 marks)
 (b) The following records were extracted from the books of Nalongo traders association for the year ending 31st / 12 / 2018
- | | |
|------------------------|--------------|
| Stock 01/01/2018 | 4,6000,000/= |
| Creditors | 1,100,000/= |
| Debtors | 3,000,000/= |
| Capital | 8,000,000/= |
| Year purchases | 3,720,000/= |
| Stock 31st / 12 / 2018 | 1,600,000/= |
| Cash at hand | 1,800,000/= |
| Return inwards | 150,000/= |
| Expenses | 1,080,000/= |
| Year sales | 10,000,000/= |
| Return outwards | 200,000/= |
- You are required to calculate;
- (i) Cost of goods sold. (03 marks)
 (ii) Average stock (03 marks)
 (iii) Markup (03 marks)
 (iv) Rate of turn over. (04 marks)
 (v) Profit margin (03 marks)