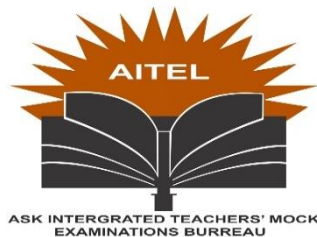


800/1
COMMERCE
Paper 1
July/Aug. 2023
2 ½ hours



AITEL JOINT MOCK EXAMINATION

Uganda Certificate of Education

COMMERCE

2 hours 30 minutes

INSTRUCTIONS TO CANDIDATES:

*This question paper consists of **two** sections **A** and **B**.*

*Answer all questions in section **A** and any **FOUR** questions from section **B**.*

*Answers to **all** questions must be written in the answer sheets provided.*

*Each question in section **B** carries equal marks.*

SECTION A: (20 MARKS)

1. The type of trade where goods and services are exchanged within a country's boundaries is called.
 - A. Retail trade
 - B. Home trade
 - C. Wholesale trade
 - D. Inter boundary trade.
2. The following are ways of determining prices in a market except;
 - A. Haggling.
 - B. Sales auction.
 - C. Re – sale price maintenance
 - D. Natural conditions
3. Economies of scale refers to;
 - A. The reduction in cost or advantages enjoyed as a result of large – scale operation.
 - B. The disadvantages which arise out of increase in cost of production.
 - C. A situation when a firm produces superior quality of goods as compared to its competitors.
 - D. A situation when a firm has good reputation.
4. Which one of the following documents helps the seller to find out the credit worthiness of the buyer who wants credit?
 - A. Credit note
 - B. Credit status inquiry
 - C. Letter of credit
 - D. Trade credit.
5. Assurance refers to a cover against
 - A. non – insurable risks
 - B. event that may or may not happen
 - C. damage by fire
 - D. events that are bound to happen
6. Sharing profits in a co – operative society differs from that of other business units in that it depends on,
 - A. One's capital contribution
 - B. One man one vote
 - C. The volume of transactions a member conducts with the society

- D. One share one vote
7. A statutory marketing Boarding is normally set up by;
- A. The producers to market their crops
 - B. Government under an act of parliament
 - C. To control all the other marketing Boards
 - D. By the registrar of co – operative societies.
8. A tax levied on profits of a joint stock company is known as;
- A. Corporation tax.
 - B. Graduated tax.
 - C. Value added tax.
 - D. Excise duty.
9. Mr. Waibi paid shs 450,000 for the goods that he bought from Mr. Waduda after benefiting from 10% cash discount and 20% trade discount. What price had been charged on the invoice?
- A. Shs 625,000
 - B. Shs 500,000
 - C. Shs 480,000
 - D. Shs 515,000
10. The term that describes the tendency for existing industries to remain located in an area even when the advantages of that are no longer existing is called.
- A. Industrial inertia
 - B. Localization
 - C. Location
 - D. industrialization
11. The following data was obtained from the books of Wantimba traders.
- Premises shs, 200,000
 - Cash at hand shs, 16,000
 - Stock shs 80,000
 - Creditors shs 50,000
 - Bank overdraft shs 20,000
 - and loan from Equity Bank shs 150,000
- Calculate the business' working capital
- A. Shs 96,000
 - B. Shs 76,000
 - C. Shs 26,000

D. Shs 36,000

12. The production process of goods as a means of increasing utility ends when the
- A. Manufacturing ends
 - B. Goods reach retailers shop
 - C. Goods are kept in the warehouse
 - D. Goods reach the final customer
13. One of the following is the main reason why road transport is the most used mode of transport in Uganda.
- A. It's the cheapest form of transport.
 - B. It's the most reliable form of transport.
 - C. It's the most widely available form of transport.
 - D. It's the quickest form of transport.
14. The surrender value of a life assurance policy is?
- A. The minimum value of an insurance cover in order to be acceptable by the insurance.
 - B. A penalty payable to the insurance company because of late payment of the premium.
 - C. The amount a person will receive if he cancels his life assurance policy before the date of its maturity.
 - D. The actual amount paid by the insurance company in case of a motor accident.
15. Which one of the following is a characteristic of direct production?
- A. Production to get money.
 - B. Production for personal consumption.
 - C. Production for leisure.
 - D. Production at a large scale
16. Mr Musimami bought 100 bags of sugar of 50 kgs each at shs 250 per kg. He sold all the bags and realized a turnover of shs 2,000,000. Calculate the gross profit
- A. Shs 1,950,000
 - B. Shs 750,000.
 - C. Shs 1,250,000
 - D. Shs 2,000,000

17. Trader hires an entire ship to carry his cargo for a voyage. Such an arrangement is made by signing a document known as.
- A. An Air way bill.
 - B. Bill of lading
 - C. Certificate of landing.
 - D. Charter party.
18. The type of integration where businesses producing similar goods at the same level come together to form a large firm is termed as.
- A. Horizontal merger.
 - B. Absorption.
 - C. Vertical merger.
 - D. Conglomerate.
19. Mr. Nkolwa paul instructed Finance Trust Bank Jinja branch to pay Mukyawe Paul a sum of shillings 10 million. Finance Trust Bank is known as,
- A. The drawee.
 - B. Payee
 - C. The banker
 - D. The drawer..
20. The main purpose of fixing minimum price by the government is to
- A. Increase consumers' satisfaction
 - B. Protect consumers against exploitation
 - C. Motivate producers
 - D. Increase demand for certain goods

SECTION B (80 MARKS)

- 21(a) What is a producer co – operative society? (4 marks)
- (b) What problems face co – operative societies in Uganda? (16 marks)
- 22(a) Why is foreign trade essential? (10 marks)
- (b) What measures is the government taking to promote regional trade? (10 marks)
- 23(a) What is meant by Barter trade? (2 marks)
- (b) Explain the short comings of barter system of exchange. (10 marks)
- (c) List any four qualities of good money. (8 marks)
- 24(a) Distinguish between.
- (i) Cash transaction and cash discount (4 marks)
- (ii) Price list and quotation (4 marks)
- (iii) Package note and delivery note. (4 marks)
- (b) Explain the qualities of a good retailer. (8 marks)
- 25(a) Define the following forms of communication
- (i) Oral communication (2 marks)
- (ii) Written communication (2 marks)
- (iii) Visual communication (2 marks)
- (b) What factors would a trader consider when choosing a communication media? (14 marks)
- 26(a) Mr. Kawanguzi wants to start producing organic fertilizers for farmers in his home district, Advise him on which methods he should use to get opinions from the public about the business. (8 marks)
- (b) List down the problems he is likely to face when getting opinions from the public about the business.
- 27(a) Explain five of the dogmas that form the foundation of insurance. (10 marks)
- (b) Briefly define the meaning of the following terms used in insurance.
- (i) Pooling of risks (2 marks)

- (ii) Fidelity insurance (2 marks)
- (iii) Assessors (2 marks)
- (iv) Re – insurance (2 marks)
- (v) Co – insurance. (2 marks)

28(a) Differentiate between the term mark up and margin. (4 marks)

(b) The Records of Kamwana Enterprises for the year 2016 showed the following.

Turn over shs 2,200,000

Margin shs 25%

Expenses shs 460,000

Calculate the business's

- (i) Total cost of sales (4 marks)
- (ii) Gross profit (4 marks)
- (iii) Net profit (4 marks)
- (iv) Net profit as a percentage of turnover. (4 marks)