

800/1  
COMMERCE  
Paper 1  
July / August  
2½ hours



## WAKISSHA JOINT MOCK EXAMINATIONS

Uganda Certificate of Education

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** from section B.*
- *Any additional question(s) answered **will not** be marked.*
- *Answers to all questions must be written in the answer booklet/sheets provided.*
- *Each question in section B carry equal marks.*
- *You may lose marks for untidy work.*

## SECTION A (20 MARKS)

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

1. Which of the following statements is correct?
  - A. Production is part of commerce.
  - B. Economics is part of commerce.
  - C. Trade is part of commerce.
  - D. Business is part of commerce.
2. The generation of gas from animal manure can be classified under
  - A. primary production.
  - B. secondary production.
  - C. tertiary production.
  - D. direct production.
3. Commodities X and Y are substitutes. If the price of commodity X increases, what will be the effect on the quantity demanded of commodity Y?
  - A. Increase.
  - B. Decrease.
  - C. First increase then decrease.
  - D. Remain constant.
4. The difference between visible and invisible exports and visible and invisible imports of a country is called,
  - A. terms of trade.
  - B. balance of payments.
  - C. balance of trade.
  - D. terms of payments.
5. The principal of insurance which aims at restoring the insured to the original position is called,
  - A. subrogation.
  - B. proximate cause.
  - C. utmost good faith.
  - D. indemnity.
6. The selling of goods on a wheel barrow from place to place is a good example of
  - A. tied shops.
  - B. multiple shops.
  - C. itinerant traders.
  - D. mobile shops.

7. Monetary policies are used by the central bank to.
- A. increase the amount of money in circulation.
  - B. regulate the amount of money in circulation.
  - C. reduce on credit creation.
  - B. stop credit creation.
8. A case in sea transport where the shipper loads the goods for one customer destined for a particular journey is called.
- A. full container load.
  - B. less container load.
  - C. consignees container load.
  - D. consignors container load.
9. "Not allowed to people under 18 years". This warning on bottles of beer is a form of
- A. consumer survey.
  - B. sales promotion.
  - C. advertising.
  - D. consumer protection.
10. Gross profit expressed as a percentage of turnover is known as,
- A. rate of return on turnover.
  - B. rate of turnover.
  - C. mark up.
  - D. margin.
11. The main branches of production are
- A. commodity industry, commerce and service industry.
  - B. direct and indirect production.
  - C. commodity industry and service industry.
  - D. industry trade and Aids to trade.
12. Middle men who sell products on behalf of foreign manufacturers in a home market are called
- A. import merchants.
  - B. del-credere agents.
  - C. import brokers.
  - D. import commission agents.
13. Which of the following is an advantage of registered mail to the sender?
- A. Payment is on delivery.
  - B. There is compensation in case of loss.
  - C. Lower charges.
  - D. Fast delivery.

14. Which of the following document gives details on how companies hold meetings?
- A. Prospectus.
  - B. Articles of association.
  - C. Memorandum of association.
  - D. Certificate of incorporation.
15. Which of the following is an agreement for hiring a ship for a specific route?
- A. Ship manifest.
  - B. Floating policy.
  - C. Time charter.
  - D. Voyage chartered.
16. The efficiency of a business is indicated by its
- A. rate of turnover.
  - B. gross profit.
  - C. net profit.
  - D. rate of return on capital.
17. Why is it necessary to create a customs union among nations?
- A. Have an agreement and political union.
  - B. Collect more money from imports.
  - C. Create large market for products.
  - D. To increase an internal market.
18. The type of business where profits are shared according to members participation is called
- A. public limited company.
  - B. private limited company.
  - C. co-operative society.
  - D. partnership.
19. The type of tax levied on goods being transported through another country is called
- A. Octroi tax.
  - B. Sumptycity tax.
  - C. Specific tax.
  - D. Advalorem tax.
20. A traders total sales was shs 480,000, gross profit was shs 54000 and expenses shs 24,000. What was the value of Net profit ratio.
- A. 39%
  - B. 32%
  - C. 27%
  - D. 47%

## SECTION B (80 MARKS)

*Answer any **four** questions.*

21. (a) Distinguish between location and localisation of an industry or industries. (4 marks)
- (b) Explain **eight** factors that may lead to localisation of an industry. (16 marks)
22. (a) Give **five** differences between chain stores and departmental stores. (10 marks)
- (b) State **five** advantages of large scale retail businesses over small scale retail businesses. (10 marks)
23. (a) Outline **four** characteristics of a good warehouse. (4 marks)
- (b) Explain **four** advantages of a bonded ware house to the;
- (i) Importer. (8 marks)
- (ii) Government. (8 marks)
24. (a) Give **five** differences between private and public limited companies. (10 marks)
- (b) Explain **five** advantages of a public limited company over other forms of business units. (10 marks)
25. (a) Explain the following terms as used in insurance:
- (i) Surrender value. (2 marks)
- (ii) Contribution. (2 marks)
- (iii) Assessor. (2 marks)
- (iv) Actuary. (2 marks)
- (b) Give **six** reasons why insurance services are not spread country wide. (12 marks)
26. (a) Define consumers protection. (2 marks)
- (b) Give **five** reasons why consumers should be protected. (10 marks)
- (c) State **four** ways under which consumers can be protected. (8 marks)
27. (a) State **four** methods a trader may apply to promote his sales. (4 marks)
- (b) Explain **five** factors a trader should consider when choosing a medium of advertising. (10 marks)
- (c) List **six** services offered by specialised agencies to traders in Uganda. (6 marks)

**Turn Over**  
5

28. (a) State **four** benefits of business calculations to a trader. (4 marks)

(b) The following records were extracted from the books of Mutekanga Joseph a trader in Wakiso town council for the year ending 31<sup>st</sup> December 2021.

Stock as at 1 <sup>st</sup> January 2021 .....	8,000,000
Year purchase .....	120,600,000
Year sales .....	155,700,000
Returns in wards.....	1,240,000
Return outwards.....	820,000
Stock at as at 31 <sup>st</sup> Dec 2021 .....	6,200,000

Using the above information calculate:

- (i) Turn over. (3 marks)
- (ii) Net Purchases. (3 marks)
- (iii) Goods available for sale. (3 marks)
- (iv) Cost of sales. (3 marks)
- (v) Rate of stock turn. (4 marks)

**END**