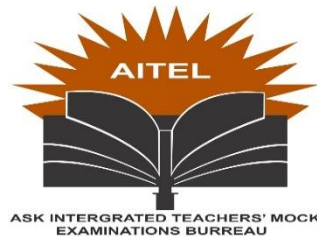


**800/1**  
**COMMERCE**  
Paper 1  
**July/Aug. 2022**  
**2 ½ hours**



# **AITEL 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** 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*

## SECTION A

1. An Itinerant trader is the one who
  - A. Sells good in bulk
  - B. Stocks goods of one producer
  - C. Enjoys limited liability
  - D. Has no specific premises
2. The unit of a loan to a public limited company is known as
  - A. Stock
  - B. Debenture
  - C. Mortgage
  - D. Share
3. A contract by which a ship is leased is called a
  - A. A bill of lading
  - B. Consignment note
  - C. Charter party
  - D. Freight note
4. A document showing the duty payable and kept by the collector of the goods from the bonded warehouse is called?
  - A. Memorandum
  - B. Customs warrant
  - C. Consignment note
  - D. Warehouse keeper's order
5. Middlemen who sell products on behalf of foreign manufacturers in a home market are called
  - A. Import merchants
  - B. Import commission agents
  - C. Import brokers
  - D. Import del- credere agents
6. Which of the following is an advantage of registered letters to the sender.
  - A. Compensated in case of a loss
  - B. Payment is on delivery
  - C. Lower charges
  - D. Fast delivery

7. A price quotation which includes all expenses to the nearest railway station is known as;
- A. F.A.S
  - B. F.O.B
  - C. C.I.F
  - D. F.O.R
8. Which one of the following is not a reason for privatizing government owned enterprises? To;
- A. reduce government expenses
  - B. reduce foreign control of the economy
  - C. improve service delivery
  - D. increase tax revenue
9. “Cigarette smoking is dangerous to your life”. This warning on cigarettes is a form of
- A. consumer survey
  - B. sales promotion
  - C. consumer protection
  - D. persuasive advertisement
10. What principle of insurance is abused when the insured undervalues the property insured?
- A. Utmost good faith
  - B. Subrogation
  - C. Insurable interest
  - D. Proximate cause
11. The refund of customs duty to a manufacturer who imports raw materials to produce goods for exports is called
- A. Export duty
  - B. Customer draw back
  - C. Import duty
  - D. Value added tax
12. A cheque against which the bank refuse to make payment is known as
- A. Past dated cheque
  - B. Crossed cheque
  - C. Stale cheque
  - D. Dishonored cheque

13. What organization is responsible for the selling and buying of share and stocks in Uganda?
- A. Uganda revenue authority
  - B. Capital markets authority
  - C. National bureau of standards
  - D. Uganda insurance regulatory authority
14. Which of the following discounts is given to encourage debtors to pay promptly?
- A. Cash discount
  - B. Trade discount
  - C. Commission
  - D. Quantity discount
15. The ware house where imported goods are kept until custom duties are paid is known as
- A. Private ware house
  - B. Bonded warehouse
  - C. Public warehouse
  - D. Manufacture's warehouse
16. The difference between the value of visible exports and visible imports of a country is termed as
- A. balance of payment
  - B. terms of trade
  - C. balance of trade
  - D. visible trade
17. The event against which an insurance is taken out is called a
- A. premium
  - B. loss
  - C. risk
  - D. pool
18. An instruction by an account holder to the bank to regularly pay a specified sum of money to a named person for a given period of time is called
- A. Overdraft
  - B. Bank draft
  - C. Credit transfer
  - D. Standing order

19. Par value of a share refers to its  
 A. Market price  
 B. Resale price  
 C. Exact price  
 D. Fixed price
20. The force which drives a given unit of carriage in transport is referred to as  
 A. Method of propulsion  
 B. Unit of carriage  
 C. Demurrage  
 D. Terminal

### SECTION B (80 MARKS)

*Answer any **four** questions from this Section.*

21. (a) Explain the **factors** considered when choosing a bank account to open up. (10 marks)  
 (b) Describe any **five** reasons why most business men prefer current account over other types of bank accounts (10 marks)
22. (a) With illustrations, explain the law of demand and supply (08 marks)  
 (b) What influences a supplier to put more of a certain commodity on the market? (12 marks)
23. (a) Distinguish between **Advertising appeal** and **advertising media** (04 marks)  
 (b) Give **six** reasons why traders advertise (06 marks)  
 (c) What are the **factors** considered when making a choice for an advertising medium (10 marks)
24. (a) Why is there an increasing number of street traders in Uganda today? (10 marks)  
 (b) Explain the problems itinerant traders face today (10 marks)
25. (a) Write short notes on the following terms as used in insurance  
 (i) Cash in transit policy (02 marks)  
 (ii) Aviation policy (02 marks)  
 (iii) Ship owner's liability (02 marks)  
 (iv) Assurance (02 marks)

- (v) Renewal advice (02 marks)
- (b) Describe any **five** doctrines of insurance (10 marks)
26. (a) Describe the documents involved in the formation of a public liability company (12 marks)
- (b) Under what circumstance may a company voluntarily winds-up (08 marks)
27. (a) Define the following terms
- (i) Prompt cash (02 marks)
- (ii) Cash with order (02 marks)
- (iii) Cash on delivery (02 marks)
- (iv) Spot Cash (02 marks)
- (b) Nabatanzi is a business lady in Gulu district, she would like to receive goods for her wholesale shop from Ssegirinya in Kikuubo kampala. Explain the documents she would involve (12 marks)
28. (a) Distinguish between **Carriage out wards** and **Returns out wards** (02 marks)
- (b) Nabunnya's books of accounts revealed the following information on 31<sup>st</sup> Dec 2019
- |                       |                 |
|-----------------------|-----------------|
| Opening stock         | shs. 3,500,000  |
| Closing stock         | shs. 2,800,000  |
| Net sales             | shs. 35,000,000 |
| Rate of stock turn    | 8 times         |
| Fixed Assets          | shs. 5,500,000  |
| Current assets        | shs. 2,500,000  |
| Long term Liabilities | shs. 1,500,000  |
| Un-paid rent          | shs. 300,000    |
| Creditors             | shs. 900,000    |
- Calculate;
- (i) Cost of sales (03 marks)
- (ii) Net purchases (03 marks)
- (iii) Gross profit (03 marks)
- (iv) Goods available for sale (03 marks)
- (v) Capital owned (03 marks)
- (vi) Capital employed (03 marks)

**END**

