

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



MATIGO MOCK EXAMINATIONS BOARD

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*

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. Demand can be defined as the quantity of goods and services that
 - A. satisfy human wants
 - B. are brought to the market at a given price
 - C. consumers are willing to buy at a given price
 - D. are desired by the consumers
2. Sole proprietorships are preferred to partnerships because they
 - A. earn more profits
 - B. are easy to set up
 - C. enjoy limited liability
 - D. are easy to expand
3. Which of the following is a long term liability?
 - A. Creditor
 - B. Capital
 - C. An overdraft
 - D. A bank loan
4. Given markup of 40% and the cost of sales of shs.2, 800,000. The gross profit will be
 - A. shs.3, 920,000
 - B. shs.1, 680,000
 - C. shs.800, 000
 - D. shs.1, 120,000
5. Excise duty is a form of
 - A. indirect tax
 - B. proportional tax
 - C. income tax
 - D. direct tax
6. Which of the following documents enables the correct calculation of the custom duties on the goods?
 - A. A bill of lading
 - B. Letter of hypothecation
 - C. Letter of credit
 - D. Certificate of origin
7. A situation where a business has more assets than liabilities is called;
 - A. bankruptcy
 - B. insolvency
 - C. solvency
 - D. liquidity

8. A company current's assets are shs.125, 000, fixed assets are shs.500, 000, long term liabilities are shs.300, 000 and current liabilities are shs.85, 000. Calculate its working capital
- A. shs.200, 000
 - B. shs.40, 000
 - C. shs.240, 000
 - D. shs.210, 000
9. The insurance policy that covers goods in ships or in ports is called;
- A. voyage policy
 - B. marine bull policy
 - C. floating policy
 - D. marine cargo policy
10. A document that empowers the public limited company to commence business is called;
- A. certificate of incorporation
 - B. memorandum of association
 - C. articles of association
 - D. certificate of trading
11. What form of integration is involved when Mbogo soap industries Ltd joins Luyanzi soap works to form one soap industry?
- A. Forward integration
 - B. Backward integration
 - C. Vertical integration
 - D. Horizontal integration
12. The following services are rendered by commercial banks except
- A. giving loans to customers
 - B. accepting deposits for custody
 - C. opening letters of credit to intending importers
 - D. replacing old bank notes in circulation
13. Sharing profits in a consumer cooperative society mainly depends on
- A. one's capital contribution
 - B. level of profits realized
 - C. ratio of purchases
 - D. the number of shares one owns

14. Which of the following means may the government employ to protect consumers?
- A. Fixing maximum prices for goods and services
 - B. Fixing minimum prices for goods and services
 - C. Collecting high taxes from traders
 - D. Allowing consumers to buy at any price they like
15. Suppose the turnover of a business was shs.240, 000 and the total cost of sales was shs.200, 000. What was the markup?
- A. 20%
 - B. 16.7%
 - C. 83.3%
 - D. 120%
16. The act of giving names to commodities is known as
- A. pre-packing
 - B. branding
 - C. trade mark
 - D. blending
17. Which **one** of the following does a buyer receive when he has been overcharged in the invoice?
- A. Advice note
 - B. Debit note
 - C. Proforma invoice
 - D. Credit note
18. Mr. Lumu bought goods on credit. He was allowed 20% trade discount and 4% cash discount. After utilizing all the discounts, he was required to pay shs.30, 720. What was the price indicated on the invoice?
- A. shs.38, 093
 - B. shs.38, 278
 - C. shs.38, 439
 - D. shs.40, 000
19. One of the following reasons explains the existence of installment selling. To....
- A. decrease costs of selling
 - B. enable consumers buy goods offered at low prices
 - C. enable consumers buy highly priced goods
 - D. encourage consumers buy items that they may not require

20. What is the purpose of Uganda Manufacturers' Association (UMA) show ground at Lugogo?

- A. reduce selling expenses
- B. reduce prices of goods
- C. discourage customers from purchasing imported goods
- D. create market for goods

SECTION B: (80 MARKS)

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

- 21.(a) Distinguish between **Consumer good** and **Producer goods**. (2 marks)
- (b) Give **two** examples of **Consumer good** and **Producer goods**. (2 marks)
- (c) Explain any **eight** factors that influence demand for a commodity. (16 marks)
22. (a) Define the term **Partnership** as used in Commerce. (2 marks)
- (b) Mention **eight** Pieces of information contained in a Partnership Deed. (8 marks)
- (c) Two sole traders in your community would wish to form a partnership. Advise them on the merits of a partnership form of business over sole proprietorship. (10 marks)
23. (a) What is meant by a **tax**? (2 marks)
- (b) Briefly explain any **four** Principles of taxation. (8 marks)
- (c) Explain any **five** problems faced by Uganda Revenue Authority during tax assessment and collection. (10 marks)
24. (a) What is **Warehousing**? (2 marks)
- (b) How is a warehouse of a large scale business enterprise organized? (8 marks)
- (c) Explain any **five** advantages that warehousing offers to traders in Uganda. (10 marks)

25. (a) Why is road transport more widely used than other forms of transport in Uganda? (10 marks)
- (b) Explain any **five** factors considered by traders when choosing the means of transporting goods. (10 marks)
26. (a) Distinguish between **bearer cheque** and **order cheque**. (2 marks)
- (b) Explain any **four** features of a cheque. (8 marks)
- (c) Under what circumstances may a bank dishonor a cheque? (12 marks)
- 27.(a) Distinguish between **insurable risks** and **non-insurable risks**. (2marks)
- (b) Explain any **four** principles of insurance. (8 marks)
- (c) Outline any **five** services of insurance companies in the economic development of your country? (10 marks)
28. The following information was extracted from the trader's books of accounts as at 31Dec 2014.
- | | |
|--------------------|----------------|
| Stock on 1.01.2014 | shs. 4,000,000 |
| Sales | shs. 8,000,000 |
| Sales returns | shs. 500,000 |
| Purchases returns | shs. 600,000 |
| Over heads | shs. 600,000 |
| Closing stock | shs. 3,000,000 |
| Purchases | shs. 5,000,000 |
- Determine;
- (i) Cost of sales. (4 marks)
- (ii) Gross profit (4 marks)
- (iii) Net profit. (4 marks)
- (iv) Average stock (4 marks)
- v) Cost of Goods available for sale (4 marks)

END