

BUDAKA PROGRESSIVE HIGH SCHOOL

Uganda Certificate of Education

INTERNAL MOCK EXAMINATIONS 2020

800/1: Commerce

2 hour 30 minutes

INSTRUCTIONS TO CANDIDATES:

This paper consists of two sections, **A** and **B**

Attempt all questions in Section **A** and **four questions** from section **B**.

SECTION A (20 MARKS)

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

1. Retail outlets which specialize in selling products of Mukwano Enterprises are classified under
 - A. Supermarkets.
 - B. Multiple shop.
 - C. Departmental stores.
 - D. Tied shops.
2. Which one of the following activities is under primary production?
 - A. Coffee processing.
 - B. Car manufacturing.
 - C. Road construction.
 - D. Oil drilling.
3. An allowance a seller gives to a customer when payment is made within a specified period of time is called
 - A. cash discount.
 - B. commission.
 - C. trade discount.
 - D. quantity discount.
4. Given the following information, determine the value of current liabilities:

Stock	Shs 100,000
Trade creditors	Shs 80,000
Trade debtors	Shs 120,000
Bank overdraft	Shs 50,000

 - A. Shs 170,000
 - B. Shs 220,000
 - C. Shs 130,000
 - D. Shs 300,000
5. The principle of utmost good faith in insurance states that
 - A. the insured who suffers loss should be compensated.
 - B. the insured should reveal all the necessary information about the property when applying for an insurance policy.

- C. there must be a close relationship between the risk insured and the cause of the loss suffered.
- D. the insurer takes ownership of the scrap of the destroyed property.
6. The system of installment selling where the buyer takes ownership of the property immediately after paying the first deposit is known as
- A. hire purchase. C. credit sale.
- B. mortgaging. D. deferred payment.
7. Which **one** of the following is a function of the stock exchange?
- A. Buying and selling shares and other securities.
- B. Buying and selling of goods
- C. Exchanging different currencies.
- D. Buying and selling of treasury bills.
8. Given turnover worth Shs450,000 and cost of sales as Shs300,000, calculate the mark-up of the business.
- A. 33.3% C. 50%
- B. 66.7% D. 20%
9. Which one of the following documents helps the seller to find out the credit worthiness of the buyer who wants credit?
- A. Credit note. C. Letter of credit.
- B. Credit status inquiry. D. Trade credit.
10. A debenture which has a specific property pledged against it is called
- A. a mortgage debenture. C. a redeemable debenture.
- B. a naked debenture. D. an irredeemable debenture.
11. A bill of exchange payable after maturity date is called
- A. a sight bill. C. an usance bill.
- B. a retired bill. D. a documentary bill.
12. Assessors in insurance are responsible for
- A. determining the premium.
- B. taking the scrap of the destroyed asset.
- C. the calculation of the sum insured.
- D. estimating the extent of damage and the value of compensation.
13. The following are advantages of a customs union **except**
- A. greater volume of trade among countries. C. co-operation in other sphere like research.
- B. transfer of technological know-how. D. same currency and monetary system.

14. Given average stock at selling price Shs144,000 and turnover of Shs720,000. Calculate the rate of stock turn.
- A. 4 times.
 - B. 0.2 times.
 - C. 5 times.
 - D. 0.8 times.
15. Which one of the following services is not rendered by microfinance institutions?
- A. Giving credit facilities.
 - B. Accepting deposits.
 - C. Giving financial advice.
 - D. Issuing currencies.
16. The method of trade restriction used by a government to stop the importation of a particular product is
- A. total ban.
 - B. quota.
 - C. tariffs.
 - D. exchange control.
17. The principle of cooperatives which emphasizes one man one vote is
- A. interest on share capital.
 - B. repayment of dividends.
 - C. democratic management.
 - D. open and voluntary membership.
18. The turnover of a business was Shs360,000 and cost of sales was Shs280,000. Find the margin.
- A. 22%
 - B. 28.6%
 - C. 28%
 - D. 23%
19. Which **one** of the following is a function of Uganda Chamber of Commerce?
- A. Reduce selling expenses for traders.
 - B. Set prices of consumer goods.
 - C. Encourage consumption.
 - D. Create and expand foreign markets.
20. Which **one** of the following is a feature of supermarkets?
- A. Credit sales.
 - B. Pre-pricing.
 - C. After sales service.
 - D. Automatic vending

SECTION B: (80 MARKS)

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

21. (a) Give two examples of:
- (i) consumer goods (02 marks)
 - (ii) producer goods. (02 marks)
- (b) Outline eight factors that influence the supply of a commodity in the market. (16 marks)
22. Explain any **five**:
- (a) features of small scale retailing. (10 marks)
 - (b) qualities of a good retailer. (10 marks)
23. (a) Distinguish between **sales promotion** and **advertising**. (04 marks)
- (b) Explain any **five** factors that should be considered when choosing a medium of advertising. (10 marks)
 - (c) Give **three** disadvantages of advertising to consumers. (06 marks)
24. (a) Define each of the following terms as used in banking:
- (i) Bank overdraft (02 marks)
 - (ii) Bank draft (02 marks)
 - (iii) Standing order (02 marks)
 - (iv) Credit transfer (02 marks)
- (b) Explain six methods used by a central bank to control the amount of money in circulation. (12 marks)
25. (a) Describe any six documents used in the formation of a public limited company. (12 marks)
- (b) Give four reasons why a company may wind up. (08 marks)
26. (a) State **six** contents of a partnership deed. (06 marks)
- (b) Give **seven** advantages of a partnership over sole proprietorship form of business. (14 marks)
27. (a) Explain the following terms as used in insurance:
- (i) Proposal form (02 marks)
 - (ii) Cover note (02 marks)
 - (iii) Insurance policy (02 marks)
 - (iv) Risk (02 marks)
 - (v) Surrender value (02 marks)
- (b) Describe the basic principles of insurance. (10 marks)

28. (a) Define the following terms as used in commerce:

(i) liabilities,

(02 marks)

(ii) stock taking.

(02 marks)

(b) Given the following information:

Stock on 01.01.2009 43,430,000

Net purchases 312,290,000

Mark-up 25%

Stock on 31.12.2009 26,000,000

Expenses for the year 35,850,000

Calculate:

(i) average stock,

(04 marks)

(ii) rate of stock turn,

(04 marks)

(iii) gross profit,

(04 marks)

(iv) net profit.

(04 marks)

END