

KAMSSA MOCKS 2020

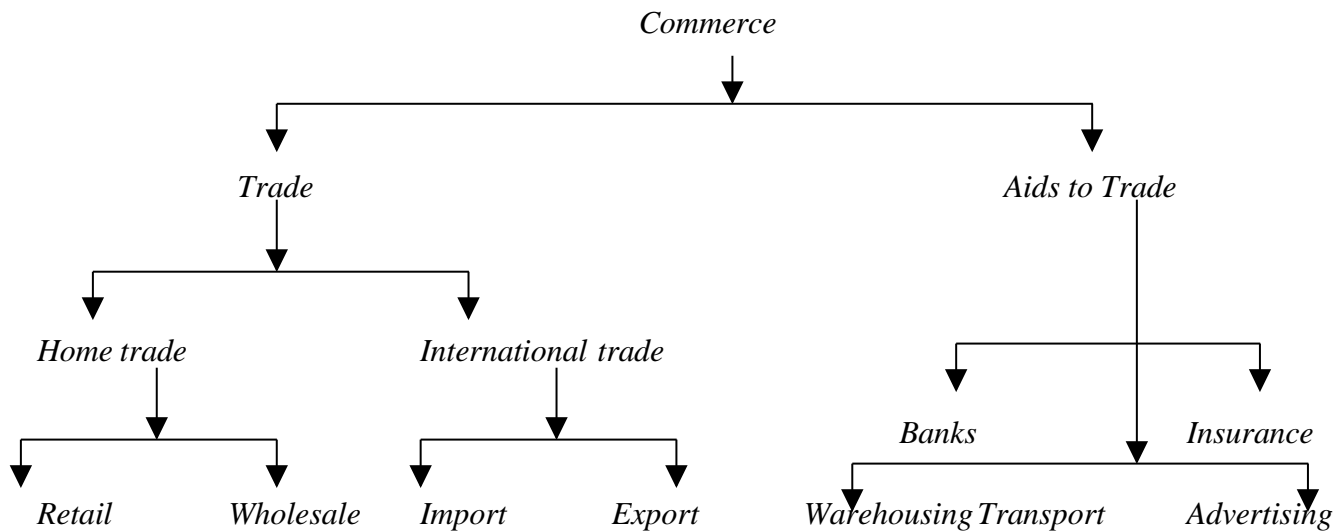
COMMERCE MARKING GUIDE

SECTION A

1.B	2.D	3.A	4. B	5.B	6.D
7.A	8. FREE	9. A	10. D	11.A	12.FREE
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19.A	20.D				

SECTION B

21. (a) *Division of Commerce.*



(b) *The following factors influence a buyer to choose a particular commodity in the market?*

- *Tastes and preferences of the consumer.*
- *Income of the people*
- *Changes in prices of the related goods*
- *Advertisement Expenditure*
- *The number of consumers in the market*
- *Consumers' Expectations with regard to future prices.*

6 x 2

22. (a)

- (i) *Single shops. These are shops usually owned and run by one person selling related range of good and with fixed premises.*
- (ii) *Tied shops. These are shops dealing in products of one manufacturer for example fuel stations.*
- (iii) *Mobile shops. These involve trader moving from place to place carrying their merchandise on vans/lorries following a set time.*
- (iv) *Itinerant traders. These are traders without fixed premises and sell a range of goods moving on bicycles or foot from one place to another e.g Hawkers.*
- (v) *Market traders. These are traders with permanent stalls in market centres from where they sell their goods.*
- (vi) *Road side sellers. These are found alongside routes where many people pass. They deal in items like fresh fruits, food stuffs, sweets etc.*

Any 5 x 2

(b)

- *There is a limited choice of goods.*
- *The goods they sell may not be fresh.*
- *They can be slow at serving customers.*
- *Small scale traders usually sell goods at higher prices.*
- *Do not normally offer guarantees.*

23. (a) *Services a wholesaler offers to a manufacturer.*

- *He buys goods, in bulk from the manufacturer thus financing him.*
- *He ware houses the products of the manufacturer thus saving the manufactures from storage costs.*
- *He advertises the manufacturer's product thus reduces his marketing expenses.*
- *Wholesalers often transport products of manufacturers and retailers or other traders.*
- *He provides useful information to the manufacturer about the market i.e assist the manufacturer in market research.*
- *Prompt and large payments by a wholesaler ensure a regular working capital and a quick return on the investment for the manufacturer.*

Any 5 x 2

(b) *Circumstances under which a wholesaler may not be necessary in the chain of distribution.*

- *The financial position of the manufacturer.*
- *If the goods manufactured have been standardized and branded.*
- *When customers form a consumer cooperative society.*
- *When products need after sales services.*
- *Mail order shops / system is in operation*
- *Expensive goods,*
- *Sale by contract*
- *The position of transport and communication facilities in a country.*
- *Local demand.*
- *If the retailers in a particular field of trade are small sized.*
- *Incase goods are fragile.*

Mention – 1mk

Explanation - 1mk

Any 5 x 2

24. (a) Differences between private limited company and public limited company.

- Shares of private limited companies are not freely transferable yet for public limited companies they are transferable.
- A private limited company is not required to publish its accounts to the public yet this is mandatory for a public limited company.
- Private companies don't call-upon the public for funds inform of shares yet public companies do so through prospectus.
- Membership in private limited companies is from 2-50 whereas in public limited companies any it is from 7 to infinity.
- A private limited company commences business on receiving a certificate of incorporation whereas a public limited company commences business on receiving a certificate of trading.
- In private limited company the owners have direct control over their affairs while in public limited companies' directors have control over the company's affairs.
- The size of a private limited company is often smaller when compared to a public limited company.

Any 5 x 2

(b) Advantages of private limited company over other types of business Units.

- Members enjoy limited liability thus their properties cannot be sold to meet the debt of company beyond their capital contribution.
- A company can raise more capital which enables it to operate on large scale due to big membership.
- The absence or death or bankruptcy of one member does not affect the business as compared to other forms like partnership and proprietorship.
- Due to large capital invested, higher profits are realized.
- There is specialization and division of labour due to many members.
- The company is in proper management done by appointed directors who are experts elected by shareholders.

Any 5 x 2

25. (a) Functions of Bank of Uganda.

- Currency issue
- Banker to the Government
- Lender to the Government
- Advisor to the Government
- Exchange control
- Banker to the international Agencies.
- Banker to commercial Banks.
- Lender of last resort
- Control commercial Banks
- Control money in circulation

Mention – 1mk

Explanation -

1mk Any 5 x 2

(b) Methods used by Bank of Uganda to control commercial banks.

- Open Markets Operation (OMO)
- Bank rate
- Selective credit control
- Margin requirement
- Legal reserve requirement
- Cash ratio/liquidity ratio
- Special deposits
- Direct intervention
- Moral suasion

Rationing of credit

Any 5 x 2

26. (a)

- (i) *Endorsement policy. This is where a premium is paid for a specific period and claims are made at the expiry date.*

While

Whole life policy. This is where a premium is paid for the whole life of the insured and compensation is done to the family when the insured dies. (4mks)

- (ii) *Over insurance. This is where the insured overstates the value of the property being insured.*

While

Under insurance. This is where the insured states the value of the property to the insured lower than its actual value. (4mks)

- (iii) *Subrogation. It states that, after compensation, the totally destroyed property should not be left with the insured.*

While

Proximate cause. This states that, there must be close connection between the policy which was taken and the risk which has occurred in order to be compensated. (4mks)

(b)

- *It compensates the unfortunate business people who may suffer a loss as a result of the assurance of the risks.*
- *It gives businessmen confidence to carryout business activities.*
- *Insurance policy can be used as security to get loans.*
- *Provides revenue to the government through taxes which can be used for other social and economic development.*
- *It is a means of saving e.g life assurance.*
- *It helps to overcome critical hardship as a result of death of income earner in a family.*

Any 4 x 2

27. (a)

- (i) *Wholesalers ware houses. These are located at the wholesaler's premises. They are owned by wholesalers.*
- (ii) *Public ward houses. These are owned by individual or privately.*
- (iii) *Manufacturers ware house. These are located near manufacturing or production points. They are owned by manufacturers.*
- (iv) *Bonded ware houses. These are special types of rooms where people especially importers keep goods which have not fulfilled customs dues. They are found near ports, air ports and other handling terminals.*

Any 4 x 2

(b)

- *Storage of goods, they enable traders to store goods as they look for markets and producers to continue producing as they await demand for goods.*
- *Stable prices, they endure that there is neither excess nor shortage of goods in the market and this helps in stabilizing prices.*
- *Security, they protect goods from being lost through theft or pilferage.*
- *Protection of goods from damage goods in the ware house are protected by bad weather, pests or pollution.*
- *Preparation of goods, traders are able to blend pack, grade or sort goods while in the warehouse.*
- *Inspection of goods, they enable the traders to inspect goods before buying them.*
- *Steady flow of goods, ware housing helps in enduring that there is steady flow of goods in the market.*
- *Maintain quality for goods, the ware house provides storage facilities which are able to maintain quality of goods stored.*

Any 6 x 2

(b)

- It (i) *Net purchases = purchase – Return out wards (purchases return)*

$$\text{Purchases} = 120,000$$

$$\begin{aligned}\text{Return outwards} &= 2.5\% \text{ of purchases} \\ &= \underline{2.5} \times\end{aligned}$$

$$120,000$$

$$100 = \text{Shs } 3,000$$

$$\begin{aligned}\therefore \text{Net purchase} &= 120,000 - 3,000 \\ &= \underline{\text{Shs } 117,000}\end{aligned}$$

$$\text{(ii) Cost of sales} = \text{Opening stock} + \text{Net purchase} - \text{Closing stock}$$

$$(32,000 +$$

$$117,000) - 60,000$$

$$149,000 - 60,000$$

$$\text{Cost of sales} = \underline{\text{Shs } 89,000}$$

$$\text{(iii) Average stock} = \frac{\text{Opening stock} + \text{closing stock}}{2}$$

$$= \frac{32,000 + 60,000}{2}$$

$$\frac{92,000}{2}$$

$$\text{Average stock} = \text{Shs } 46,000$$

$$\text{(iv) Rate of stock turn to the nearest whole number.}$$

$$\begin{aligned}\text{Rate of turnover} &= \frac{\text{cost of sales}}{\text{Average stock}}\end{aligned}$$

$$\frac{62,000}{46,000}$$

$$\text{Rate of turn over} = \underline{1.93 \text{ times.}}$$

$$\text{(v) Working capital} = \text{Current Assets} - \text{current liabilities}$$

$$120,000 - 60,000$$

$$\text{Working capital} = \underline{\text{shs } 60,000.}$$

END