**800/1**

**COMMERCE**

**Paper 1**

**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 f****our*** *questions from section* ***B****.*
* *Answers to* ***all*** *questions* ***must*** *be written in the answer booklet provided.*
* ***All*** *questions in section B carry equal marks*
* *Any additional question(s) answered will* ***not*** *be marked.*
* *Untidy work may lead to loss of marks.*

**SECTION A (20 MARKS)**

1. Which of the following statements is true?

A. Economics is part of commerce.

B. Commerce is part of Economics.

C. Commerce includes production.

D. A study of production excludes commerce.

2. A builder employed in a construction company who constructs a house for another company is engaged in

A. indirect service.

B. indirect production.

C. Direct service.

D. Direct production.

3. The type of production where specialization by process is applied is called;

A. secondary production.

B. direct production.

C. tertiary production.

D. primary production.

4. A credit note is issued to correct

A. an under charge on an invoice.

B. an over charge on an invoice.

C. an under charge on a statement.

D. an over charge on a statement.

5. Which of the following reasons justifies the existence of parastatal enterprises?

A. To provide goods and services not being provided by the private sector.

B. To enable the government control the distribution of certain commodities.

C. To enable government control monopoly exploitation.

D. To enable government provide essential goods cheaply.

6. The type of sales where a leading giant firm sets price and other firms follow is called;

A. price leadership.

B. haggling.

C. auctioning.

D. resale price maintenance.

7. James had the following records as on 31st December, 2017

Opening stock shs.700,000

Closing stock shs.500,000

Cost of sales shs.850,000

Calculate the rate of turnover.

1. 2.26 times
2. 22.6 times
3. 1.4 times
4. 3.6 times

8. Jude has to pay tax. He will put the following principles into consideration, except;

A. Principle of equality.

B. Principle of certainty.

C. Principle of economy.

D. Principle of simplicity.

9. Which of the following is a method the government uses to protect consumers?

A. Fixing minimum prices.

B. Fixing maximum prices.

C. Fixing minimum profit traders can earn.

D. Fixing maximum profits traders can earn.

10. Stock, cash, debtors, bank balance in a business constitute;

A. working capital.

B. current liabilities.

C. current assets.

D. fixed assets.

11. Advertising is important in business because it;

A. creates friendship among businesses.

B. creates employment opportunities.

C. creates sales of goods and services.

D. increases supply of goods and services.

12. Which of the following is a function of Uganda Chamber of Commerce?

A. Reduce selling expenses for traders.

B. Set price of consumer goods.

C. encourages consumption.

D. Create and expand foreign markets.

13. The method of trade restriction used by a government to stop the importation of a particular product is;

A. total ban

B. quota

C. tarrifs

D. exchange control

14. The channel of advertising where business firms offer special items to customers bearing trademarks and symbols is known as;

A. neon signs

B. speciality advertising

C. trade fairs

D. outdoor advertising

15. Which of the following is true about a public limited company?

A. Membership may be between 7 to 50.

B. Membership may be between 2 to 50.

C. Members have limited liability.

D. Shares are easily transferable.

16. A client in the stock exchange doesn’t need the service of

A. an insurer

B. a bear

C. a bull

D. a jobber

17. Monetary policies are applied by the central bank to;

A. increase money in circulation

B. reduce money in circulation

C. regulate a country’s expenditure

D. regulate money in circulation

18. Railway transport can be preferred by a trader instead on road transport because;

A. it delivers goods within a short time

B. it’s cheaper over long distances

C. it can transport highly valued goods

D. it is cheaper to establish.

19. The most advantage of using a telephone communication is that?

A. It keeps information for future reference.

B. It required an immediate feedback.

C. It gives detailed information.

D. It ensures confidentiality.

20. The government’s financial year commences from?

A. June to June.

B. January to December.

C. July to June.

D. September to August.

**SECTION B (80 MARKS)**

21. (a) Discuss the various auxiliary services that assist trade. (10 marks)

(b) What are the benefits of studying commerce? (10 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 free trade area and economic union. (04 marks)

(b) Give the merits and demerits of integration. (16 marks)

24. (a) Describe any six documents used in the formation of a public limited company.

(12 marks)

(b) Discuss four reasons why a company may wind up. (08 marks)

25. (a) Define the following terms as used in insurance

(i) The insured (02 marks)

(ii) Actuary (02 marks)

(iii) Re-insurance (02 marks)

(iv) Surrender value (02 marks)

(v) Assessor (02 marks)

(vi) Policy holder (02 marks)

(b) Joakim is a business man who wants to take up an insurance policy for his business. State the steps he should take in order to get that policy. (08 marks)

26. (a) What is containerization? (02 marks)

(b) Explain the merits and demerits of containerization. (18 marks)

27. (a) Why is the government encouraging privatization? (10 marks)

(b) Discuss five ways through which the government controls the private sector.

(10 marks)

28. The following information was extracted from the books of accounts of a trader

Shs.

Capital 1,000,000

Total cost of sales 960,000

Average markup 20%

Expenses 80,000

Calculate the trader’s

(i) Turnover (04 marks)

(ii) Gross profit (04 marks)

(iii) Net profit (04 marks)

(iv) Margin (04 marks)

(v) Rate of turn on capital (04 marks)

***END***