

800/1  
COMMERCE  
PAPER 1  
2 ½ HRS

**Uganda Certificate of Education  
COMMERCE  
TIME: 2 hours 30minutes**

***Instructions to candidates;***

- *This paper consists of **two** sections **A** and **B**.*
- *Answer **all** questions in **A** and any **four** questions from **B**.*
- *Questions in section **B** carry **equal** marks.*
- *You may lose marks due to untidy work.*

## SECTION A (20 MARKS)

1. An itinerant trader is the one who;
  - A) sells goods in bulk
  - B) stocks goods from one producer
  - C) enjoys limited liability
  - D) has no specific premises
  
2. Which of the following function of the wholesaler benefits the consumer?
  - A) extending credit facilities to the consumers
  - B) buying goods in large quantities and selling them in small quantities
  - C) helping in keeping prices of goods stable
  - D) transporting goods to consumers' premises
  
3. The type of business where profits are shared according to members' participation is called a;
  - A) partnership
  - B) public limited company
  - C) co-operative
  - D) public corporation
  
4. Invisible trade refers to trading in;
  - A) smuggled goods
  - B) services
  - C) perishable products
  - D) intermediate goods
  
5. A limited partnership is a business in which;
  - A) at least one partner enjoys limited liability
  - B) there are no liabilities
  - C) all partners have unlimited liability
  - D) all partners enjoy limited liability
  
6. Miners are classified under;
  - A) tertiary producers
  - B) Secondary producers
  - C) direct producers
  - D) primary producers
  
7. Stock, cash, debtors and bank balances in a business are part of;
  - A) working capital
  - B) current assets
  - C) current liabilities
  - D) fixed assets

8. Kato bought 100 boxes of bread at shs 30,000 per box. Trade discount of 20% and cash discount of 10% were offered. How much did he pay?  
A) shs 1,680,000                      B) shs 2,400,000  
C) shs 2,160,000                      D) shs 3,000,000
9. Producers will offer more goods for sale when the prices are;  
A) low                                      B) stable  
C) fluctuating                            D) high
10. Which one of these business units is most appropriate for firms offering goods and services that call for personal supervision and tastes;  
A) partnership                            B) sole-proprietorship  
C) friendly society                        D) public limited company
11. Which of the following is a feature of cash and carry wholesale business?  
A) offers self-service facilities  
B) extends credit facilities  
C) provides delivery facilities  
D) sells goods in bulk
12. Determine the working capital of a business with the following assets;  
Cash is shs 5,600  
Stock is shs 15,000  
Creditors are valued at shs 4,200  
Debtors are valued at shs 2,400  
A) shs 20,600                              B) shs 18,800  
C) shs 22,400                              D) shs 23,000
13. The advantage of using telephone services in business transactions is that, they;  
A) allow face to face communication  
B) provide a record of communication  
C) enable detailed communication at a very low cost  
D) enable immediate feedback to be received
14. Which of the following is not an objective of a business firm?  
A) attainment of equitable distribution of a country's income  
B) profit maximization  
C) fulfillment of social obligations  
D) modernization of wealth



## SECTION B:

21. a) Define retail trade. (2marks)  
b) Describe four examples of large scale retailers. (8marks)  
c) Explain five distinguishing features between small scale retailers and large scale retailers. (10marks)
22. a) State four features of an open cheque. (4marks)  
b) Give any four benefits of a crossed cheque to a businessman. (4marks)  
c) Explain the functions of the Central bank in your country. (12marks)
23. a) Distinguish between direct and indirect taxes. (4marks)  
b) Explain four principles of a good tax system in your country. (8marks)  
c) Give four benefits of taxes in the development of your country. (8mark)
24. a) What is regional trade? (2marks)  
b) Explain six benefits of economic integration. (12marks)  
c) Give six disadvantages of economic integration. (6marks)
25. a) Explain the following policies as used in insurance:  
i) Employer's liability (2marks)  
ii) public liability (2marks)  
iii) Endowment (2marks)  
iv) Whole life (2marks)  
b) Explain any six factors to be considered when determining premium to be paid by the insured. (12marks)
26. a) List four differences between a private limited company and partnership business. (8marks)  
b) What are the advantages of a partnership business over other types of business units? (12marks)
27. a) Explain the following terms;  
i) Primary co-operative society (2marks)  
ii) Secondary co-operative societies (2marks)  
b) Give four principles of co-operative societies. (8marks)  
c) Explain the problems faced by co-operative societies in Uganda. (8marks)

28. a) Distinguish between working capital and circulating capital as used in commerce. (4marks)
- b) The following extracts are from the books of Mr. Konte a trader in Apac for the year ended 31<sup>st</sup> December, 2000.

	<b>Shs</b>
Stock 31 <sup>st</sup> Dec, 1999	122,000
Average stock for the year 2000	104,000
Purchases	1,480,000
Sales	1,840,000
Return outwards	38,000
Returns inwards	14,000
Year's expenses	114,000

Determine;

- |                         |          |
|-------------------------|----------|
| i) Cost of goods sold   | (3marks) |
| ii) Turn over           | (3marks) |
| iii) Gross profit ratio | (2marks) |
| iv) Net profit ratio    | (3marks) |
| v) Mark-up              | (2marks) |
| vi) Rate of stock turn  | (3marks) |

**\*\*END\*\***