

800/1
COMMERCE 800/1
JULY – AUGUST 2013
2 HOURS 30 MINUTES

BUGIRI DISTRICT SECONDARY SCHOOLS EXAMINATIONS BOARD

Uganda Certificate of Education

MOCK EXAMINATIONS

COMMERCE 800/1

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
- Answers to all questions must be written in the answer booklet provided
- Each question in section B carries equal marks

SECTION A

- If import prices rise faster than export prices, a country is said to be experiencing unfavourable
 - A. terms of trade
 - B. Terms of payment
 - C. balance of trade
 - D. Balance of payment
- Monica's total sale during 2010 was shs 160,000. if her gross profit was 20% of sales, what was the cost of goods sold during the year
 - A. shs 20,000
 - B. shs 128,000
 - C. shs 110,000
 - D. shs 32,000
- What are the financial institutions that facilitate the negotiation of bills of exchange?
 - A. Discount houses
 - B. investment trust
 - C. Building facilities
 - D. Finance houses
- Which of the following explains why import trade is some times restricted because it
 - A. generates money to the exporting country
 - B. creates employment in the exporting countries
 - C. discourages growth of infant industries in importing country
 - D. hinder standard of living in importing country
- An accumulative preference share holder has missed dividends over the last three years due to lack of profits. If he holds fifty shares of shs 10,000 each at a rate of 6%, how much dividend will he get this year?
 - A. shs 18,000
 - B. shs 30,000
 - C. 25,000
 - D. shs 90,000
- Which of the following documents does a buyer receive when he has been over charged in the invoice?
 - A. advice note
 - B. debit note
 - C. credit note
 - D. proforma invoice
- When estimates for cost of supplying a certain product are required, a buyer may invite a supplier to submit
 - A. contract
 - B. tender
 - C. invoice
 - D. proforma invoice
- A drawer of a bill of exchange is
 - A. a person who owes money on a bill of exchange
 - B. a person demanding payment on a bill of exchange
 - C. the place where the bill of exchange must be kept safely
 - D. a drawing showing a person who draws a bill of exchange
- The arguments for protectionism in international trade excludes
 - A. infant industry argument
 - B. revenue argument
 - C. dumping argument
 - D. mobilizing a factor of production argument
- Waiswa bought 100 bars of white star soap from Mukwano Enterprises. Cost per bar is shs 300. Trade discount is 20%. What price shall be shown in the invoice as net amount due?
 - A. shs 24,000
 - B. 30,000
 - C. shs 800
 - D. shs 28,000
- The difference between what we pay and for the visible imports and what we receive for the visible export is called
 - A. terms of trade
 - C. foreign exchange

B. balance of trade

D. balance of payment

12. If two brothers each invests shs 500,000 in general partnership. What would be the liability of each, assuming none of them is a limited partner
A. shs 250,000 B. shs 500,000 C. un limited D. 1,000,000
13. A retailer paid 19,000 for goods on which 5% cash discount has been allowed. What was the price before the discount?
A. shs 18,000 B. shs 18,500 C. shs 19,500 D. shs 20,000
14. What do you call a bank policy used by a person who pays many people at a time
A. pay roll C. an over draft
B. a bank loan D. credit transfer
15. Legal tender is a term used to mean
A. money C. a country's bank note and coins
B. currency D. a country's earnings from her exports
16. Of what significance is a deposit account to the banker?
A. he earns interest C. he uses it as a loan finance
B. he uses it to get loans D. he uses it for setting his debts
17. The relationship between the value of the visible and invisible exports and visible and invisible imports for a particular period is called
A. balance of trade C. balance of visible trade
B. balance of invisible trade D. balance of payment
18. is a financial involvement capable of being insured
A. indemnity C. insurable interest
B. subrogation D. Contribution
19. Which one of the following is not considered as a productive activity?
A. looking after cattle C. preparing food for the school
B. hunting for leisure D. playing football for a soccer club
20. In the following sets, which one is the correct order of use of the documents?
A. Price current, Order, Advice note, Invoice and Debit note
B. Order, Price current, Invoice, Advice note and Debit note
C. Price current, Invoice, order, Advice note and Debit note
D. Price current, Order, Advice note, Debit and Invoice

SECTION B: (80 MARKS)

Answer any four questions from this section

21. (a). Distinguish between the terms exchange and specialization (04 marks)
(b). How are the two terms mentioned in (a) above inter-related? (06 marks)
(c). Give;
i). three advantages of barter exchange (06 marks)
ii). two disadvantages of specialization (04 marks)

22. (a). Distinguish between deferred payment and hire purchase (08 marks)
- (b). what are the advantages of installment purchase to;
- i). the sellers (06 marks)
 - ii). the buyer (06 marks)
23. (a). Differentiate between;
- i). Subrogation and contribution. (04 marks)
 - ii). Re-insurance and over-insurance. (04 marks)
 - iii). Sum insured and surrender value (04marks)
- (b). what is the significance of insurance to a manufacturer? (08 marks)
24. Briefly distinguish between the following;
- (a). a deposit account and a current account (04 marks)
 - (b). a bank over draft and a bank loan (04 marks)
 - (c). an open cheque and a crossed cheque (04 marks)
 - (d). 'Refer to drawers and effect not cleared' (04 marks)
 - (e). Credit transfer and standing order (04 marks)
25. The purchasing manager Mr. Kombe Fancy Store P.O. Box 476 Jinja. Wishes to order from Tonga Enterprises, Ltd P. O. Box 1000 Kampala the following;
- 20 iron sheets 28 gauge
 - 40 sleepers of size 8 Bata
- (a). What document will be prepared before making the order? (04 marks)
 - (b). what is the main use of the document? (04 marks)
 - (c). Prepare an order from the information give above
Use today's date and order No. 003 (08 marks)
 - (d). in which ways can the errors in invoices be corrected (04 marks)
26. (a). Write in full the abbreviations given below;
- i). CIF (02 marks)
 - ii). E or OE (02 marks)
 - iii). FOB (02 marks)
 - iv). IOU (02 marks)
 - v) C.O.D (02 marks)
- (b) explain the meaning of each abbreviation. (10 marks)
27. Of what advantage is advertising to
- i). consumer (10 marks)
 - ii). producers (10 marks)
28. Mr. Boona had an opening stock of shs 20,000/= and closing stock of shs 25,000/=. His net purchases for the year amounted to shs 150,000/= and his gross profit margin is 4% on cost. His expenses for the year more shs 28,000/=. Calculate;
- i). Cost of sales (04 marks)
 - ii). Rate of stock-turn (04 marks)
 - iii).Gross profit (04 marks)
 - iv). Total sales four the year (04 marks)
 - v). Net profit or Net loss (04 marks)

End