

PRESIDENT’S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
KAGERA REGION
FORM FOUR MOCK EXAMINATION, 2023
MARKING GUIDE

061COMMERCE

SECTION A (16Marks)

1.

i	ii	iii	iv	v	vi	vii	viii	ix	x
D√	C√	D√	B√	B√	C√	B√	A√	C√	B√

@√1mark x10 =10marks

2.

LIST A	i	ii	iii	iv	v	vi
LIST B	G√	F√	B√	D√	A√	C√

@√1mark x 6= 6marks

SECTION B (54 Marks)

3. Importance of Entrepreneurship

- i. Creation of employment opportunities√
- ii. Promotes creativity, innovation and development of new product√
- iii. Promotes development of backward areas√
- iv. Improves standard of living of the people√
- v. Increases government revenue/income through payment of tax√
- vi. Improves individual’s income/revenue among the people√
- vii. Stimulates competition which results to high quality products and increase in quantity supplied in the market√
- viii. Encourages investment and enterprise development√

@√1.5 marks x any 6points = 9marks

4. SOLUTION

i. Cost of sales = (Opening stock + Net purchases) – Closing stock **1mark**
 = (555,700 + 3,842,000) - 424,200 **0.5mark**
 = 4,397,700 - 424,200 **0.5mark**

∴ cost of sales = 3,973,500 = **0.25mark**

ii. Average stock = $\frac{\text{Opening stock} + \text{closing stock}}{2}$ **1mark**

= $\frac{555,700 + 424,200}{2}$

20.5mark

= 979,900

20.5mark

∴ Average stock = 489,950 = **0.25mark**

iii. Stock turn rate = $\frac{\text{Cost of sales}}{\text{Average stock}}$ **1mark**

= $\frac{3,973,500}{489,950}$

0.5mark

∴ Stock turn rate = 8 times **0.25mark**

iv. Gross profit = Net sales – Cost of sales **1.25mark**

= 5,000,000 – 3,973,500 **0.5mark**

∴ Gross profit = 1,026,500 **0.5mark**

5. - Three advantages of consumer credits are:

- i. financial flexibility.
- ii. Convenience
- iii. Eliminates the need for collateral security
- iv. Helpful in time of emergence

-Disadvantages of consumer credits

- i. High interest rate
- ii. Temptation to overspending

- iii. Failure to meet obligation leads to credit damages
- iv. Reduce future purchasing power

@point = 1.5marks 6points =9marks

6. Importance/reasons of paying tax

- i. Raising government revenue
- ii. It reduces income inequalities among individuals
- iii. Provision of social services like medical services and education
- iv. Control of inflation
- v. Control importation of harmful products
- vi. Discourage production and consumption of harmful products.
- vii. Protects infant/home industries
- viii. Fostering economic development

@point, 1.5marks x 6=9marks

7. Importance of studying commerce:

- i. Developing business skills
- ii. Creates Employment opportunities
- iii. It promotes entrepreneurship among the people in the society
- iv. Networking
- v. Base for further studies

@point, 1.8marks x 5= 9marks

8. Distinction between the concepts given:

- a. A change in quantity demanded refers to an increase or decrease in quantity demanded due to change in price of a commodity while other factors remain the same WHEREAS Change in demand is an increase or decrease in quantity demanded due to change in other factors examples include population, consumer's income, taste and preferences while price remaining constant.
- b. A change in quantity supplied means an increase or decrease in quantity supplied due to change in price of a commodity WHEREAS a change in supply means an increase or decrease in quantity supplied due to change in other factors than price.

- c. An equilibrium price refers to the price level at which the quantity supplied and quantity demanded are the same WHEREAS equilibrium quantity refers to the quantity level where quantity demanded and quantity supplied are equal.

@item, 3marksx3=9marks

SECTION C (30Marks)

9. Introduction (meaning of insurance policy) **0.5marks**

Procedures for obtaining insurance policy/cover/contract/agreement:

- i. Making an inquiry/searching and identifying insurance companies
- ii. Filling a proposal form
- iii. Surveying of property
- iv. Determination of premium
- v. Paying for first premium
- vi. Receiving cover note
- vii. Insurance policy

@point with explanation= 2marks x7= 14marks

Conclusion 0.5mark

Total = 15marks

10. Introduction (meaning of sole proprietorship)**1.5 marks**

Features of Sole proprietorship

- i. Easy to form
- ii. Capital is provided by a single person (business owner)
- iii. Unlimited liabilities
- iv. No profit and loss sharing
- v. Stability
- vi. Flexibility
- vii. Single owner

@point 2marks x 6points = 12marks

Conclusion1.5 marks

11. Introduction (Meaning of barriers of communication) 1.5marks

- i. Language differences
- ii. Noise
- iii. Interference
- iv. Emotions and stress
- v. Failure to understand the message / words and signs used by the sender of the message
- vi. Improper medium selection by the sender of the message

@point 2marks x6points

Conclusion1.5marks

Total 15marks