

**WAKISSHA JOINT MOCK EXAMINATIONS 2015**  
**UGANDA ADVANCED CERTIFICATE OF EDUCATION**  
**MARKING GUIDE**  
**P230/2**  
**ENTERPRENEURSHIP**  
**Paper 2**  
**JULY/AUGUST 2015**



1. a) Factors to consider when determining the potential market for a market gardening project include:-
- The current demand for vegetables and fruits in the market.
  - The level of competition in the market i.e. High competition means low potential market.
  - The income levels of the potential market customers i.e. higher income levels means high potential market.
  - The location of the project i.e. strategic location means high potential market.
  - Size of population in the target market i.e. high population means high potential market.
  - The population capacity of the project i.e. the amount of the fruits and vegetables to be produced.
  - Consumers behaviours i.e. addiction and habits.

Any 5x1 = 5marks

- b) An implementation plan for a market gardening project.

01 marks

TIME FRAME	ACTIVITY	IMPLEMENTER	RESOURCES NEEDED	REMARKS
	Generation of the Business idea			
	Conducting market Survey			
	Selecting the business opportunity			
	Preparing the business plan			
	Sourcing Business Finance			
	Choosing the site for the project			
	Registering the business			
	Showing Business operations			

Any 5x1 = 5marks

- c) How the project will endanger the natural environment.
- By deforestation i.e. the natural cover bush, vegetable trees e.t.c will be cut down.
  - Through swamp/ wetland reclamation to allow the project.
  - By drawing water for irrigation which will reduce the water level of the nearby water source.

- iv) Through displacement of aquatic life e.g. frogs, snakes e.t.c. will be forced to work for other places once the project start.
- v) By spraying or applying fertilizers, herbicides and pesticides, living organisms and bacteria will be killed.
- vi) By leading to soil infertility due to chemical applied on the vegetable and fruits.
- vii) Through bush burning, land degradation will be caused.

Any 5x1 = 5marks.

d) Measures to put in place in order to win competition in business.

- i) By carrying out intensive advertising of the product.
- ii) By ensuring good customer relationship in order to build good public image.
- iii) By charging competitive prices for the fruits and vegetables.
- iv) By ensuring customer convenience and services.
- v) Through producing high quality vegetables and fruits.
- vi) Through delivering the products to the customers' premises.
- vii) By extending credit facilities to the loyal and credit worthy customers.
- viii) By ensuring steady production and supply of products (being reliable)
- ix) Fulfilling contractual obligations made with customers.

Any 7x1= 07marks

2 a) The following are the alternative packaging materials.

- i) Paper bags
- ii) Metallic tins and containers.
- iii) Plastic containers such as bottles.
- iv) Laminates such as Aluminium Foil, plastic films e.t.c
- v) Polyester materials.
- vi) Carton boxes and packaging cases.
- vii) Glass materials.

Any 5x1 = 05marks

b) A label to be put on the new packaging materials should contain the following elements.

- i) Business details i.e. name, location, address and contact.
- ii) Product name.
- iii) Quantity of the product.
- iv) Illustration/diagram showing the product.
- v) Bar code of the product
- vi) Ingredients (contents) of the product.
- vii) Precautions/ warning information
- viii) Manufacture and expiry dates.
- ix) Frame
- x) Title

Title	= 1mk
Frame	= 1mk
Business details	= 1mk
Product name, quantity / illustration	= 1mk
Any other	3x1
Total = 07mks	

- c) The following factors will be considered when selecting/ showing the packaging materials to use.
- i) The cost of the packaging material i.e. should choose cheap packaging materials
  - ii) Reputation of the supplier of the packaging material.
  - iii) The nature of the product to be packed e.g. perishable, fragile, awkward, farmable e.t.c.
  - iv) The availability of the packaging material in the required quantities.
  - v) The purpose of packaging of the products e.g. promotion, logistical e.t.c.
  - vi) Type of the products to be packed e.g. solid products, liquids.
  - vii) Quality of the products to be packed.
  - viii) Quantity of the products to be packed i.e. large quantities need durable packaging materials.
  - ix) Impact of the packaging material on the environment.

Any 8x1= 08mks

- d) A notice informing staff of the NEMA inactive should have the following elements.
- i) Title.
  - ii) Name, address and location of the Business.
  - iii) Date of the notice i.e. date when the notice is written.
  - iv) Recipient of the notice i.e. staff.
  - v) Document identity i.e. notice.
  - vi) Message of the notice i.e. manning polythene bags.
  - vii) Person writing the notice.
  - viii) Frame.

Any 6x1= 06mks

3. a) A job specification for the post of sales Agent include:-  
Title

- i) Name address contact of the business.
- ii) Document identity i.e. job specification.
- iii) Job title.
- iv) Physical requirements.
- v) Qualifications
- vi) Working experience.
- vii) Remuneration.
- viii) Other competition.
- ix) Prepared by.
- x) Frame.

Award 07marks:

1mark for the name of business

1mark for identity

Any 3x1= 03marks.

Total = 05marks.

- b) Administrative plan to show the following.  
Title

- i) People working in the organisation
- ii) Duties/tasks of each person.
- iii) Qualification/experience of the workers.
- iv) Fringe benefits given to workers.

- v) Workers' remuneration
- vi) Administrative expenses.
- vii) Organization chart.

Mark avocation.

Title 01mark

7x1= 07marks

Total = 08marks

c) A purchase order for use to reflect the following elements.

- i) Title i.e. purchases order
- ii) Business name, address contact e.t.c.
- iii) Order number
- iv) Date.
- v) Inside address i.e. customer / supplier.
- vi) Introduction.
- vii) Analysis table i.e. quality deception rate, amount.
- viii) Terms and conditions.
- ix) Signature/ prepared by.
- x) Frame.

Allocation

01 title

01 name

01 identity

01 address.

Any 3x1= 03marks

Total = 07marks.

d) Policy guidelines for development creative ability among staff workers to include:-

- i) Workers shall think beyond the invisible frame work that surround problem.
- ii) Employers shall be recognized when assumption are being made and challenge them.
- iii) Workers shall stop narrow minded thinking and widen the field of vision.
- iv) Workers shall develop ideas from more than one source.
- v) Workers shall transfer technology from one field to another.
- vi) Workers shall be prepared to use unpredictable events to their advantages.
- vii) Workers shall carryout valuable and agreeable things when not particulary seeking them.

Any 5x1 = 05marks

Language used: shall

Shall be...

Is/are...

Total: 5+8+7+5= 25marks

4. a)

**KAWUUTA ENTERPRISES**  
**CASH FLOW STATEMENT**  
**FOR MONTH OF OCTERBER, NOVEMBER, DECEMBER 2012**

DETAILS	OCTOBER	NOVEMBER	DECEMBER
<b><u>CASH IN FLOWS</u></b>			
Cash balance b/f	20,000,000	36,800,000	39,850,000
Cash sales	9,000,000	9,000,000	9,000,000
Credit sales	-	4,000,000	4,000,000
Loan acquired	12,000,000	-	-
Donation received		750,000	
<b>TOTAL CASH INFLOW</b>	<b>4,100,000</b>	<b>50,550,000</b>	<b>52,850,000</b>
<b><u>CASH OUT FLOWS</u></b>			
Furniture bought	-	1,000,000	-
Cash purchases	500,000	500,000	500,000
Loan repayment	-	6,000,000	6,000,000
Salary bill	700,000	700,000	700,000
Bought generator	3,000,000	2,500,000	2,500,000
<b>TOTAL CASH OUTFLOW</b>	<b>42,000,000</b>	<b>10,700,000</b>	<b>9,700,000</b>
Net cash position	36,800,000	39,850,000	43,150,000

26 X ½ = 13marks

b) Explaining the cash position of business.

- i) During October business had cash position surplus Shs. 36,800,000 hence was able to meet its expenditure. 02marks
- ii) During November business had cash position surplus Shs. 39,850,000 hence able to pay for its expenditure. 02marks
- iii) During December business had cash position of surplus Shs. 43,150,000 hence able to meet expenditure. 02marks

c) Measures that can be taken to avoid deficit in cash flow: By/through.

- i) Increasing cash sales through sales promotion.
- ii) Postponing some expenditure.
- iii) Reducing credit period.
- iv) Selling off old fixed assets.
- v) Asking for grows and donations.
- vi) Making payment using postdated cheques.
- vii) Seeking to extend loan repayment period.
- viii) Borrowing money to eject in business.
- ix) Contracting credit collectors for efficient management debt collection.
- x) Preparing a budget and working with its limits to avoid extravagance use of cash.

Any 6x1= 06 marks.

Total 13+6+6= 25marks

5. (a) HORIZONTAL FORMAT

**DON MANZE'S  
TRADING, PROFIT AND LOSS ACCOUNT  
FOR YEAR ENDED 31<sup>ST</sup>. DEC. 2014.**

DR.				CR
		SHS.		SHS.
Opening stock		5,000,000	Sales	52,000,000
Add purchases	28,000,000			
Less goods	200,000			
Net purchases		27,800,000		
Goods available for sale		32,800,000		
Less closing stock		6,000,000		
		26,800,000		
Gross profit c/d		25,200,000		
		52,000,000		52,000,000
Salaries and wages		3,500,000	Gross profit bill	25,200,000
Discount allowed		750,000	Add discount	450,000
Rates paid	560,000		Gross income	25,650,000
Add accrued	40,000			
		600,000		
Advertising		1,040,000		
Insurance paid	380,000			
Loan prepaid	50,000			
		330,000		
General expenses		720,000		
Increase in provision		60,000		
Depreciation:				
Plant and machinery		1,400,000		
Fixture and fillings		37,500		
Net profit		16,875,000		
		25,650,000		25,650,000

26 X ½ = 13marks

b) VERTICAL      FORMAT

**DON MANZE'S  
TRADING PROFIT AND LOSS ACCOUNT  
FOR YEAR ENDED 31<sup>ST</sup> DEC. 2014.**

DETAILS	AMOUNT (SHS)	AMOUNT (SHS)	AMOUNT (SHS)
Sales			52,000,000
Less cost of sales			
Opening stock		5,000,000	
Purchases	28,000,000		
Less goods withdrawn	200,000		
Net purchases		27,800,000	
Goods available		32,800,000	
Less closing stock		6,000,000	
Cost of sales			26,800,000
Gross profit			25,200,000
Add discount received			450,000
GROSS INCOME			25,650,000
Less expensive: discount all		750,000	
Salary and wages		3,500,000	
Rates paid	560,000		
Add accrued	40,000		
		600,000	
Advertising		1,040,000	
Insurance paid	380,000		
Less paid	50,000		
		330,000	
General expenses		720,000	
Increase in provision of debts		60,000	
Depreciation: Plant		1,400,000	
Fixtures		375,000	
Total expenses			8,775,000
Net profit			16,875,000

26 X ½ = 13marks

b) HORIZONTAL FORMAT:

**DON MANZE'S  
BALANCE SHEET  
AS AT 31<sup>ST</sup> DEC 2014.**

<b><u>Fixed Assets</u></b>	<b><u>Shs.</u></b>	<b><u>Shs.</u></b>		<b><u>Shs.</u></b>	<b><u>Shs.</u></b>
Premises		24,000,000	Capital		30,000,000
Plant/ machinery	14,000,000		Net profit		16,875,000
Less Depn.	<u>1,400,000</u>	12,600,000			46,875,000
Fixture and fillings	2,500,000		Less drawings		
Less Depn.	<u>375,000</u>	2,125,000	(600,000+ 200,000)		800,000
					46,075,000
Currents Assets			Current Liabilities		
Stock		6,000,000	Creditors	4,300,000	
Debtors	6,000,000		Accrued rates	40,000	
Less production	<u>240,000</u>	5,760,000	Bills payable	1,500,000	
Bills renewable		3,000,000	Bank over draft	<u>1,360,000</u>	7,700,000
Prepaid insurance		50,000			
Cash in hand		240,000			
		<u>53,775,000</u>			<u>53,775,000</u>

24 X ½ = 12marks



b) VERTICAL FORMAT

**DON MANZE'S  
BALANCE SHEET  
AS AT 31<sup>ST</sup> DEC 2014**

DETAILS	AMOUNT (SHS)	AMOUNT (SHS)	AMOUNT (SHS)
<u>Fixed Assets</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Net book value</u>
Premises	24,000,000	-	24,000,000
Plant and machinery	14,000,000	1,400,000	12,600,000
Fixture of fillings	2,500,000	375,000	2,125,000
Total Fixed Assets			38,725,000
<u>Current Assets</u>			
Stock		6,000,000	
Prepaid insurance		50,000	
Debtors	6,000,000		
Less Provn. for bad debts	240,000	5,760,000	
Bills received		3,000,000	
Cash in hand		240,000	
Total current Assets		15,050,000	
<u>Less current Liabilities</u>			
Creditors	4,300,000		
Bills payable	1,500,000		
Accrued rates	40,000		
Bank over draft	1,860,000		
Total Current Liabilities		7,700,000	
Working capital			7,350,000
Capital employed			46,025,000
<u>Financed by</u>			
Capital	30,000,000		
Add net profit	16,875,000		
		46,875,000	
Less drawings		800,000	
OWNER'S EQUITY			46,075,000

24 X ½ = 12mks

- 6 a)
- i) Tax evasion refers to the situation where the tax payer deliberately mis present or conceal the true state of affairs to the tax authority in order to reduce the tax liability. 2marks
  - ii) Tax avoidance refers to taking advantage of the loop holes in the tax laws to reduce or defer one's tax liability. 2marks
  - iii) Tax compliance refers to the degree to which the tax paying community meets the tax obligations as set out in the appropriate legal and regulatory provisions. 2marks

b)

- i. The foreign trade taxes collected by URA include
- Valuable Added Tax (VAT)
  - With holding tax.
  - Excise duty
  - Environmental tax.
  - Import duty (custom)
  - Export duty.

Any 3X1= 03marks

- ii. The local trade taxes collected by URA include:
- Corporate tax
  - Individual income tax
  - PAYE (pay as you Earn)
  - Rental Fax.

Any 3X1= 03marks

c)

- i. VAT = 18% of (customs value + import duty+ excise duty).

But

$$\begin{aligned}\text{Customs value} &= \text{CIF} \times \text{Exchange rate} \\ &= 500 \times 2500 \\ &= \underline{\text{Shs. 1,250,000}}\end{aligned}$$

And

$$\begin{aligned}\text{Import duty} &= 25\% \text{ of customs value} \\ &= \frac{25}{100} \times 1,250,000 \\ &= \underline{\text{Shs. 312,500}}\end{aligned}$$

Therefore

$$\begin{aligned}\text{VAT} &= \frac{18}{100} \times (1,250,000 + 312,500 + 781,250) \\ &= \frac{18}{100} \times 234,3750 \\ &= \underline{\text{Shs. 421,875}}\end{aligned}$$

03marks

- ii. With holding tax = customs value x with holding rate
- $$\begin{aligned}&= 1,250,000 \times 6\% \\ &= \underline{\text{Shs. 75,000}}\end{aligned}$$

03marks

- iii. Total Amount of tax payable
- $$\begin{aligned}&= \text{import duty} + \text{excise duty} + \text{VAT} + \text{With holding tax} \\ &= 312,500 + 781,250 + 421,875 + 75,000 \\ &= \underline{\text{Shs. 1,590,625}}\end{aligned}$$

03marks

**END**