

P230/2
ENTREPRENEURSHIP
EDUCATION
Paper 2
July / August 2015
3 hours



WAKISSHA JOINT MOCK EXAMINATIONS

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP EDUCATION

Paper 2

3 hours

INSTRUCTIONS TO CANDIDATES:

- Answer *four* questions only.
- All questions carry equal marks.
- Credit will be given for the use of relevant diagrams and illustrations.
- Any additional question(s) answered will **not** be marked.

1. You intend to start a market Gardening project dealing in the production and marketing of vegetables and fruits.
 - (a) What factors will you consider when determining the potential market for your products? (05 marks)
 - (b) Prepare an implementation plan for your project. (08 marks)
 - (c) How will your project endanger the natural environment? (05 marks)
 - (d) What measures will you put in place in order to win competition in business? (07 marks)

2. You are operating a supermarket. The National Environment Management Authority (NEMA) has passed a law banning the use of polythene bags (Kaveera) because of its dangers to the natural environment.
 - (a) Outline the alternative packaging materials you are to use following the NEMA directive. (05 marks)
 - (b) Design a label you will put on the packaging materials. (07 marks)
 - (c) What factors will you consider when choosing the packaging materials to use in your supermarket? (07 marks)
 - (d) Write a notice informing your staff of the NEMA directive. (06 marks)

3. You are operating a fruit processing project and you would like to recruit sales agents to carry out marketing.
 - (a) Prepare a job specification for the post of sales agent. (05 marks)
 - (b) Work out an Administrative plan for your project. (08 marks)
 - (c) Design a purchases order to be used when ordering materials for your business. (07 marks)
 - (d) Formulate policy guidelines for developing creative ability among your staff. (05 marks)

4. The following information relates to the business of MUSAAZI ENTERPRISES for the months of October, November and December 2012.
 - (i) Cash balance brought forward from the month of September Shs. 20,000,000.
 - (ii) Monthly cash sales were Shs 9,000,000.
 - (iii) Monthly credit sales were Shs 4,000,000 but payment would be made in the following month.
 - (iv) The business bought furniture in month of November 2012 worth Shs. 1,000,000.
 - (v) Monthly cash purchases were Shs. 500,000.
 - (vi) The business acquired a loan worth Shs. 12,000,000 in October to be paid in two equal instalments in the following months.

- (vii) Monthly salary bill was Shs. 700,000.
- (viii) Business received cash donation of Shs 750,000 during month of November.
- (ix) The business bought machinery worth Shs. 8,000,000 and paid Shs. 3,000,000 in the month of October and the remaining amount would be paid in two equal instalments in the following two months.

Required to:

- (a) Work out MUSAAZI ENTERPRISES cash flow statement for months of October, November and December. *(13 marks)*
- (b) Explain the cash position of the business. *(06 marks)*
- (c) Identify measures MUSAAZI ENTERPRISES can take to avoid deficits. *(06 marks)*

5. The following Trial balance was extracted from the books of DON MANZE, an entrepreneur on 31 December 2014.

ITEMS	DEBIT (SHS)	CREDIT (SHS)
Stock 1 January, 2014	5,000,000	
Premises	24,000,000	
Bills Receivable	3,000,000	
Purchases	28,000,000	
Salaries and wages	3,500,000	
Sales		52,000,000
Fixture and fittings	2,500,000	
Discount allowed	750,000	
Discount Received		450,000
Plant and Machinery	14,000,000	
Rates	560,000	
Advertising	1,040,000	
Insurance	380,000	
General expenses	720,000	
Provision for Bad debts		180,000
Sundry debtors	6,000,000	
Bills payable		1,500,000
Sundry creditors		4,300,000
Cash in hand	240,000	
Bank overdraft		1,860,000
Drawings	600,000	
Capital		30,000,000
	90,290,000	90,290,000

Additional information

- (a) Closing stock valued at Shs 6,000,000
- (b) Rates Accrued Shs 40,000
- (c) Prepaid insurance amount to Shs 50,000.
- (d) During the year DON Manze took goods worth Shs 200,000 for his personal use.
- (e) Increase provision for bad debts to 4% of Sundry debtors.
- (f) Provide for depreciation of plant and machinery at 10% per annum and fixtures and fittings at 15% per annum.

Required to work out DON MANZE's

- (a) Trading, Profit and Loss account for the year ended 31st December 2014. *(13 marks)*
- (b) Balance sheet as at that date. *(12 marks)*

6. Uganda Revenue Authority (URA) is a body in Uganda responsible for assessing, collecting and managing both local and foreign trade taxes. However, Uganda traders, especially the Kampala City Traders' Association (KACITA) members have complained about URA claiming that the body is unfair to them. This has forced many traders to either evade or avoid taxes. This however violates the tax law which requires all the traders to be tax compliant.

KACITA has approached you to;

- (a) Explain to the traders the meaning of the following terms.
 - (i) Tax evasion. *(02 marks)*
 - (ii) Tax avoidance. *(02 marks)*
 - (iii) Tax compliance. *(02 marks)*
- (b) Outline the;
 - (i) Foreign trade taxes collected by URA. *(03 marks)*
 - (ii) Local trade taxes collected by URA. *(03 marks)*
- (c) If Aganyira Caleb, an importer, imports a machine from china at CIF value of 500(USD) and the machine attracts import duty of 25%, excise duty of 50%, VAT 18% and withholding Tax of 6%.
Calculate:
 - (a) VAT payable. *(07 marks)*
 - (b) Withholding tax. *(03 marks)*
 - (c) Total amount of tax payable by Aganyira Caleb.
Exchange rate is Shs 2,500 per US dollar. *(03 marks)*

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