

P230/2

**Entrepreneurship Education**

**Paper 2**

July/August, 2019

3 hours



WESTERN 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
- Untidy work may be penalized
- Any additional question(s) answers will not be marked.

1. You are a general manager of a business dealing in the manufacture of liquid soap.
  - (a) Propose rules and regulations for ensuring proper code of conduct for your employees (7 marks)
  - (b) Write a debit note to be used when correcting an undercharge on customers invoice (06 marks)
  - (c) Prepare guidelines to ensure proper inventory management (06 marks)
  - (d) Write a termination letter to an incompetent employee. (06 marks)
2. You have acquired a loan worth shs.60,000.000 for establishing a new branch of your metal works project. The loan is payable in six equal monthly instalments at a monthly interest of 2% on reducing balance methods.
  - (a) Prepare a loan repayment schedule (07marks)
  - (b) Prepare an action plan for the business expansion. (06marks)
  - (c) Develop a week's work schedule for your employees (06 marks)
  - (d) Formulate guidelines for proper loan management. (06 marks)
3. You have revived your meat packing factory by restocking the farm, installing new machinery and recruiting of new employees.
  - (a) Write a notice inviting share-holders for a meeting to discuss the future prospects of the revived factory. (06 marks)
  - (b) Design a programme for the induction of the newly recruited employees. (07 marks)
  - (c) Formulate guidelines to ensure cost minimization and profit maximization. (06 marks)
  - (d) Design a new stock card for proper stores management of your products. (06 marks)
4. You are operating a large scale bookshop in the centre of your town. You offer both cash and credit sales.
  - (a) Formulate guidelines for selling goods on credit. (07 marks)
  - (b) Make a radio advert to publicize your products. (05 marks)
  - (c) Develop a business card for a sales manager. (06 marks)
  - (d) Prepare a plan for taking an insurance policy. (07 marks)

5. The information below is extracted from the books of Kampala Traders Ltd as at 31/12/2016

Details	shs	
Cash	8,000	
Capital	15,700	
Furniture	30,000	
Debtors	20,000	
Machinery	12,000	
Creditors	13,000	
Sales	90,000	
Purchases	75,000	
Stock 1/1/2016	10,000	
Insurance	2,000	
Commission received	8,000	
Returns inwards	2,000	
Carriage on sales	1,000	
Rent	4,000	
Returns outwards	4,000	
Discount received	33,300	

Additional information;

- (a) Stock 31/12/2016 shs.30,000
- (b) Rent accrued 500
- (c) Insurance amounting shs.200Pre-paid
- (d) Make a provision for bad debts of 5% p.a
- (e) Depreciate machinery by 5% p.a
- (f) On the day of stock taking to close the trading period cash shs.2000 was taken by the entrepreneurs for personal uses.

*Required;*

- (a) Draft a trial balance for Kampala Traders Ltd (06 marks)
  - (b) Prepare the Trading profit and loss account and the balance sheet as at that date. (19 marks)
- N.B:(use vertical format only).

6. Messy holdings Ltd employs Jossy, Kentah, Goddy, Ketra and Moddy earning monthly income of shs.300,000, shs.400,000, shs.580,000, shs.610,000 and shs.700,000 respectively.

Monthly income (Shs)	Tax liability
0- 235,000	Nil
235,000 – 335,000	10% of the amount by which chargeable income exceeds shs. 235,000
335,000 – 410,000	Shs. 10,000 plus 20% of the amount by which chargeable income exceeds 335,000.
410,000- 10,000,000	Shs. 25,000 plus 30% of the amount by which chargeable income exceeds shs.,. 410,000

(a) Calculate the income tax payable by:

- (i) Jossy (03 marks)
- (ii) Kentah (03 marks)
- (iii) Goddy (03 marks)
- (iv) Ketra (03 marks)
- (v) Moddy (03 marks)

(b) Given the Value Added Tax (VAT) rate as 18%, Calculate the VAT charged at each stage in the table below:- (10 marks)

Stage	Activity	Purchase price (shs.)	Selling price (shs)	VAT payable (shs)
(i)	Producer	80,000,000		
(ii)	Producer to wholesaler	80,000,000	96,000,000	
(iii)	Wholesaler to retailer	96,000,000	120,000,000	
(iv)	Retailer to final consumer	120,000,000	160,000,000	
(v)	Final consumer	160,000,000		

**END**