

**845/1  
ENTREPRENEURSHIP  
EDUCATION  
PAPER 1  
JULY/AUGUST  
2 ½ HOURS**



**ELITE EXAMINATION BUREAU MOCK 2019**  
**Uganda Certificate of Education**

**ENTREPRENEURSHIP EDUCATION**  
**PAPER 1**

**2 HOURS 30 MINUTES**

**INSTRUCTIONS TO CANDIDATES:**

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

1. You have acquired a bank loan of Shs 10,000,000 to expand your supermarket.
  - a) Prepare a budget for expansion of your hotel (7 marks)
  - b) Write a job description for a sales supervisor. (6 marks)
  - c) Provided that a loan is to be paid in the next five years at an annual interest rate of 10% on reducing balance method, develop a loan repayment schedule. (6 marks)
  - d) Prepare a business card to be issued to your customers. (6 marks)
  
2. You intend to start a small scale fruit processing project.
  - a) Give the general description of your proposed project. (6 marks)
  - b) Describe the factors you will consider when locating the project. (6 marks)
  - c) Outline the factors you will consider when selecting the machinery and equipment for the business. (6 marks)
  - d) Write a business letter to a supplier requesting for purchase of goods on credit. (7 marks)
  
3. a) Kaddu sold goods at Shs 2,500,000 which cost him Shs 1,800,000 in the month of April 2019. The transactions were VAT exclusive.  
 Required:  
 Use 18% VAT rate to calculate;
  - i) VAT on purchases. (3 marks)
  - ii) VAT on sales (3 marks)
  - iii) VAT he paid to URA (3 marks)
  
- b) Identify any three taxes collected by URA and any two taxes collected by local authorities. (5 marks)
  
- c) Smith Roberts an employee earns a gross salary of Shs 9,600,000 per year. The employer uses the monthly PAYE tax rates below to calculate PAYE deductions.

Chargeable monthly income (Shs)		Tax rate
1.	Not exceeding Shs. 235,000	NIL
2.	Exceeding Shs 235,000 but not exceeding Shs 335,000	10% of the amount by which chargeable income exceeds Shs 235,000
3.	Exceeding Shs 335,000 but not exceeding Shs 41,000	Shs 10,000 plus 20% of the amount by which chargeable income exceeds Shs 335,000
4.	Exceeding Shs 410,000	Shs 25,000 plus 30% of the amount by which chargeable income exceeds Shs 410,000

**Required:**

Calculate the annual amount of PAYE deductions for Smith Roberts. (6 marks)

d) What are the benefits of paying taxes to an entrepreneur? (5 marks)

4. You intend to establish a large scale bakery project.

a) List the requirements for your project. (5 marks)

b) Explain the tasks you would perform as a manager of your project. (5 marks)

c) What factors would you consider when recruiting employees for your business? (5 marks)

d) Explain the factors that are likely to influence your decision when determining the prices for your products. (5 marks)

e) Prepare a sign post to direct potential customers to your business. (5 marks)

5. The following trial balance was extracted from the books of Kinsibye Enterprises Ltd, as at 31<sup>st</sup> December 2016.

Details	Debit (Shs)	Credit (Shs)
Stock 1.1.2016	200,000	
Purchases / sales	2,600,000	4,350,000
Transport	100,000	
Wages	80,000	
Cash at bank	500,000	
Cash at hand	350,000	
Rent	190,000	
Machinery	1,000,000	
Equipment	800,000	
Returns	150,000	100,000
Drawings	100,000	
Bank overdraft		400,000
Debenture loans		650,000
Debtors / creditors	750,000	700,000
General expenses	250,000	
Discounts	90,000	80,000
Buildings	2,000,000	
3 years loan (Equity)		1,500,000
Electricity	130,000	
Capital 1.1.2016		1,510,000
<b>Total</b>	<b>9,290,000</b>	<b>9,290,000</b>

Additional information.

- i) Stock as at 31.12.2016 was valued at Shs 300,000
- ii) Depreciate all fixed assets by 20% annually

**Required:s**

- a) Prepared Kinsibye Enterprises Ltd's trading, profit and loss accounts for the period ended 31<sup>st</sup> December 2016. (10 marks)
- b) Draw up Kinsimbye Enterprises Ltd's balance sheet as at 31<sup>st</sup> December 2016. (9 marks)
- c) Calculate his;
  - i) working capital (2 marks)
  - ii) borrowed capital (2 marks)
  - iii) rate of return on capital (2 marks)

**END**