

S.6 ECONOMICS

P220/1

PAPER 1

TIME: 3 HOURS

Instructions to candidates

- Answer **FIVE** questions
- Section **A** is compulsory. Answers to this section should be concise and precise.
- Answer **four** questions from section B
- All questions in section B carry equal marks

SECTION A: (20 MARKS)

1. (a) (i) State the law of **diminishing marginal utility**. (01 mark)
(ii) What is the relationship between Marginal utility and price of a commodity? (03 marks)
- (b)(i) What is Gross domestic product at factor cost? (01 mark)
(ii) Given Net national product at market price, adjust it to Gross domestic product at factor cost. (03 marks)
- (c) (i) Distinguish between **cyclical** and **frictional** unemployment. (02 marks)
(ii) Give **two** solutions to cyclical unemployment. (02marks)
- (d) (i) Distinguish between “**Demand-pull** and **Cost-push**” inflation. (02 marks)
(ii) Give any **two** causes of demand -pull inflation in an economy. (02 marks)
- (e) (i) Distinguish between **comprehensive** planning and **perspective** planning. (02 marks)
(ii) State **two** merits of comprehensive planning. (02 marks)

SECTION B: (80 MARKS)

2. (a) Why is it necessary to interfere with the price mechanism? (10 marks)
(b) Examine the steps that may be taken to alleviate the defects of the price mechanism. (10 marks)
3. (a) Using illustrations show how profits are maximized by a firm under oligopoly in the short-run. (06 marks)
(b) What are the implications of the existence of oligopoly in an economy? (14 marks)
4. (a) Explain the process of computing price indices in an economy. (08 marks)
(b) What problems are encountered when computing price indices? (12 marks)
5. (a) Distinguish between **capital intensive** and **labour intensive** techniques of production (04 marks)
(b) Under what circumstances may capital intensive techniques of production be employed despite existence of surplus labour? (16 marks)
6. (a) Explain the various stages of economic integration (10 marks)
(b) What are the limitations to economic integration in developing countries? (10 marks)
7. (a) Explain the features of a good development plan. (10 marks)
(b) What problems do developing countries face in formulation and implementation of plans? (10 marks) **END**

Uganda Advanced Certificate of Education

ECONOMICS

Paper 2

3Hours

INSTRUCTIONS TO CANDIDATES

- ✓ Section A is compulsory. Answers to this section should be concise precise.
- ✓ Answer **four** questions from section B
- ✓ Credit will be given for use of relevant diagrams.

1.
 - (a)
 - (i) Define the term interest rate. (1mark)
 - (ii) Mention any three factors that influence the rate of interest in Uganda. (3marks)
 - (b)
 - (i) Distinguish between wage freeze and wage restraint (2marks)
 - (ii) State any two factors that influence the level of wages in Uganda.. (2marks)
 - (c)
 - (i) What is meant by the term tariff barrier? (1mark)
 - (ii) Mention any three uses of tariff barriers in Uganda.. (3marks)
 - (d)
 - (i) Distinguish between frictional unemployment and structural unemployment (2marks)
 - (ii) Give any two causes of frictional unemployment in developing economies (2marks)
 - (e)
 - (i) What is meant by instruments of credit? (1mark)
 - (ii) Mention any three instruments of credit in Uganda. (3marks)

SECTION B (80 MARKS)

2.
 - (a) Account for the instabilities in prices of agricultural products in Uganda. (10marks)
 - (b) What steps are being taken to reduce the fluctuation in prices of agricultural products in Uganda.? (10marks)
3.
 - (a) Account for the need to promote capital formation in Uganda. (10marks)
 - (b) Explain the factors that limit capital formation in Uganda. (10marks)
4.
 - (a) Distinguish between taxable base and taxable capacity. (4marks)
 - (b) Account for the recent increase in tax returns in Uganda. (16marks)
5.
 - (a) Why is it relevant to industrialize the economy of Uganda. (10marks)
 - (b) Explain the factors that are limiting the industrialization process in Uganda. (10marks)
6.
 - (a) What are the causes of persistent deficits in Uganda's balance of payment position? (10marks)
 - (b) What measures are being taken by the government of Uganda to improve the Country's Balance of payment position? (10marks)
7.
 - (a) Explain why countries carry out development planning. (10marks)

S.6 ENTREPRENEURSHIP EDUCATION

(Paper 1)

DURATION: 3 hours

INSTRUCTIONS TO CANDIDATES:

- Attempt *ALL* questions in section A.
- Choose *four* questions from section B. All questions carry equal marks.

SECTION A (20 MARKS)

- (i) What is meant by *effective communication* ? (01 mark)
 - (ii) Outline any three importance of effective communication in an enterprise (03 marks)
 - (i) Differentiate between *quality planning* and *quality policy*. (02 marks)
 - (ii) State any two elements of a quality policy in an enterprise (02 marks)
 - (i) Distinguish between *feasibility* and *viability of a business idea* (02 marks)
 - (ii) Give any two factors considered when determining the feasibility of a business idea (02 marks)
 - (i) Differentiate between *marketing plan* and *an action plan*? (02 mark)
 - (ii) Give any two elements of a marketing plan (02 marks)
 - (i) What is meant by a *sustainable competitive advantage*? (02 marks)
 - (ii) Mention any two ways of maintaining a sustainable competitive advantage (02 marks)

SECTION B (80 MARKS)

- (a) Explain the political factors limiting the entrepreneurial abilities and opportunity orientations in Uganda (10 marks)
 - (b) Suggest measures that can be taken by the government to improve on the political entrepreneurial environment (10 marks)
- (a) Discuss the rationale of writing a business plan in a business. (10 marks)
 - (b) Describe the components of a formal business plan. (10 marks)
- (a) Describe the procedure of taking out an insurance policy? (10 marks)
 - (b) Explain the benefits insurance offers to small and medium enterprise (10 marks)

5. (a) Explain the factors that influence the production decision of an enterprise. (12 marks)
- (b) Describe the process of purchasing raw materials in an enterprise? (08 marks)
6. (a) Describe the factors affecting business competition (08marks)
- (b) Discuss the ways an entrepreneur can maintain Sustainable competitive advantage? (16 marks)
7. (a) What barriers hinder women participation in business? (10marks)
- (b) Discuss the measures being taken to improve on gender equality in entrepreneurship (10 marks)

 End 

Uganda Advanced Certificate of Education

S.6 ENTREPRENEURSHIP EDUCATION

Paper 230/2

Instructions to the Candidates:

- Answer **four** questions only
 - **All** questions carry equal marks
 - Credit will be given for the use of relevant diagrams and illustrations
 - Any additional questions answered will **not** be marked
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1. Your grain milling plant has won a contract to supply maize to your school. You also want to establish competitive advantage of your business
 - a) Present the general description of the business (4marks)
 - b) design customer satisfaction survey form of your business (7marks)
 - c) Develop the terms and conditions for the contract you will sign with the school. (7marks)
 - d) write the guidelines to be followed when handling difficult customers (7marks)

2. You intend to start a carpentry workshop business in your home town
 - a) State the mission of your business (4marks)
 - b) Prepare a financial plan for your business (8marks)
 - c) Explain the marketing strategy you will use in the business (7marks)
 - d) Draft a stock card to be used in the business (6marks)

3. You have obtained a loan of shs 12,000.000 from Stanbic Bank to establish a new branch of a bakery project. The loan is payable in 4months equal installments at an interest of 10% p.a on reducing balance method
 - a) Prepare a loan repayment schedule (6 marks)
 - b) Write the policy guidelines for developing creative ability among employee. (7marks)
 - c) Describe the personal business skills you will use to make your business successful. (6marks)
 - d) Prepare an action plan for implementing the planned business activities. (6marks)

4. The following details were obtained from the books of KJS ENTERPRISES LTD in the first three months of 2014.
 - I. Cash sales shs. 1860000, shs 1395000 and shs 930,000 respectively
 - II. The business acquired a loan of shs 1450000 in January.
 - III. Receipts from debtors were shs 890,000 in February and shs 925000 in March
 - IV. Cash purchase of shs 720,000 shs 480,000 and shs.240000 respectively
 - V. Monthly direct wages were shs 480000
 - VI. Administrative expenses shs 63000, shs 63000 and shs 61000 respectively
 - VII. Electricity shs 30000 per month
 - VIII. Selling expenses shs 20000 and shs 15000 in January and March respectively

- IX. Taxes shsh 226900 to be paid in March
- X. Purchase of assets shs 2,900,000 in January
- XI. Credit purchases shs 250000 in February to be paid in the following month
- XII. Cash deficit offset by getting a debenture in the following month

Required;

- a)) A cash flow statement for the given period. **(2marks)**
- b) Comment on the net cash position of the business. **(05marks)**

5) The following trial balance was taken from the book of Nkambwe as at 31/12/2013

DETAILS	DEBIT(SHS)	CREDIT(SHS)
Stock	600,000	
Purchases and sales	3,600,000	4300,000
Rent	250,000	
Insurance	300.000	
Bad debts written off	290,000	
Discount allowed	200,000	
Debtors'	1,500,000	
Interest received		200,000
Drawings	800,000	
Carriage outwards	400,000	
Wages	200,000	
Motor van	200,000	
Buildings	3,000,000	
Bank draft		450,000
Cash	600,000	
Creditors		2,900,000
Provision for bad debts		100,000
Capital		5,840,000
returns	200,000	150,000
5years loan		2,000,000

Additional information

- i) Stock on 31/12/2013 was valued at 820,000
- ii) Shs 70,000 of the rent was still owing
- iii) Insurance paid in advance amounted to shs 80,000
- iv) Provision for bad debts is to be maintained at 10% on debtors
- v) Interest of shs 50,000 had not been received by the end of the year
- vi) Depreciate all fixed assets by 5% on cost

Required;

a) Prepare Nkambwe's income statement for the ended 31/12/2014) (13 marks)

b) Determine the following;

- i) Fixed assets turn over (3marks)
- ii) Stock turn over period (3marks)
- iii) Gearing ratio (3marks)
- iv) Average credit payment for purchases in days (3marks)

6.) META GROUP of Companies employs TUKU, JUMA, JAZA and TEKU earning monthly income of shs 320,000, shs 400,000, shs 500,000 and shs 750,000. Given the income (PAYE) tax rates as follows;

MONTHLY INCOME (SHS)	TAX LIABILITY
0-235,000	NIL
235000-335000	10% of the amount by which chargeable income exceeds shs 235000
335000-410000	shs 10,000 plus 20% of the amount by which chargeable income exceeds 335,000
410,000-1000,000	Shs 25000 plus 30% of the amount of the amount by which chargeable income exceeds 410000

a) Calculate the income tax payable by;

- i) TUKU (2marks)
- ii) JUMA (2marks)
- iii) JAZA (2marks)
- iv) TEKU (2marks)

b) MAKO earned the following income for the year 2015 as below

Property income	shs 1,000,000
Employment income	shs 7,000,000
Business income	shs 5,250,000
Income that is tax exempt	shs 250,000
Expenses and losses	shs 8,100,000

MAKO had some additional information;

Tax threshold shs 2880,000

Rate of tax is shs 120,000 plus 20% of the amount by which chargeable income exceeds shs 4020,000
calculate for;

- i. Gross income for the year (03marks)
- ii. Chargeable income (03marks)
- iii. Income tax paid in 2015 (03marks)

a) Malyanga a producer sold goods to a wholesaler at shs. 50.000.000. The wholesaler sold them to the retailer at shs 56,000,000. The retailer sold them to the final consumer at shs 70,000,000 exclusive of tax

b) Calculate the VAT chargeable at each stage (6marks)

c) Give any two limitations of (PAYE) Pay as You Earn system (2marks)

-END-

Instructions:

- *This paper consists of three (3) sections, A,B and C*
- *Answer four questions in all. All questions carry equal marks.*
- *Section A is compulsory. Three questions should be selected from section B and C*
- *Credit shall be given for the use of relevant examples.*

SECTION A: CASE STUDY (25 MARKS)

1. Read the case study below and answer the questions that follow.

When Fabio Ojuka “discovered” fermenting passion into wine, back in year 2000, he had no idea that he would become a household name in Lango. Out of curiosity and economic hardships, Ojuka had to think out the most creative way of surviving beyond selling salt and passion fruit juice on Lira town streets.

“One day, I did not sell the juice. I kept it overnight. I think because of sugar it started smelling like wine. It tasted nice and I started experimenting further” said Ojuka. “When I remembered the story of Jesus turning water into wine during a wedding in Cana, I got encouraged to carry on with the experiment with my wife Evelyn. Of course ours was not for a wedding but survival”, said smiling Ojuka. He was surprised to know that his customers preferred fermented drink to the fresh passion fruit juice because it left them feeling “high”. He started storing the juice in small jerrycans for extra days. The fermented juice reminded those who had received holy communion in church of the divine taste of wine. People like it.

He started packaging his Fab wine (trade mark) into bottles in 2005. His customers are spread across northern, eastern Uganda and Southern Sudan. The Fab wine is already popular with women and youth in northern Uganda who prefer drinking it before and after a meal at shs 700 per bottle.

With the help of friends and experts from Uganda National Bureau of Standards (UNBS) Ojuka has received three certificates of quality assurance from UNBS. He is now eyeing 150 certification, Fab wine has an alcohol content of 12%. Ojuka and Evelyn have constructed two medium sized permanent houses, one for brewing and the other for packaging and storing wine. He would have wanted to use glass bottles but fears that this would push the price beyond reach of his loyal customers.

Like any other Ugandan businessman, Ojuka has problems. He has no adequate capital to explore further research, acquire modern machinery. For now, he employs family members to do the work. They squeeze the juice concentrate from passion fruit manually. The pineapples and oranges are another potential source for wine production but extraction is more complicated manually. Ojuka has appealed to the government and other agencies involved in promoting entrepreneurs to come to his rescue.

- (a) Identify the different personal entrepreneurial characteristics that have been portrayed by Ojuka. (05 marks)

- (b) Ojuka squeeze juice concentrate from passion fruit manually and he believes that wine extraction from pineapples and oranges is more complicated manually. Advice him on the need to use appropriate technology. (5 marks)
- (c) How did Fab wine gain a wide market in a short period? (03 marks)
- (d) Apart from offering labour, how could Ojuka's family support the wine production business? (05 marks)
- (e) Describe the challenges faced by Ojuka in his business. (02 marks)
- (f) In what ways can government support Ojuka's business? (05 marks)

SECTION B: (25 MARKS)
SCHOOL BUSINESS CLUB

2. With reference to a business project owned by your school business club;
- (a) Present the general description of the business project you carried out. (04 marks)
- (b) State the vision and mission of your business project. (05 marks)
- (c) Draw the organization chart of your school business club. (04 marks)
- (d) Re-draft a work schedule of your business project activities. (04 marks)
- (e) Describe how you have planned to dissolve the school business club project. (06 marks)
3. With reference to a business project owned by your school business club;
- (a) Present the general description of the business project you carried out. (04 marks)
- (b) Describe the production activities of your business project. (04 marks)
- (c) Explain the impact of the business project on the community. (05 marks)
- (d) Prepare the balance sheet of your business project as at the current date of the trading period. (04 marks)
- (e) (i) What costs did your business project incur? (04 marks)
- (ii) How did you minimize the costs your business project incurred? (04 marks)

SECTION C:
FIELD ATTACHMENT/FIELD TRIP: (25 MARKS)

4. For any field attachment you carried out;
- (a) Present the general description of the business you were attached to. (04 marks)
- (b) (i) What personal challenges did you encounter during the field attachment? (03 marks)
- (ii) How did you overcome the challenges you encountered during the field attachment? (03 marks)

- (c) In what ways does the entrepreneur of the business you were attached to increase returns of the business? (03 marks)
- (d) (i) Identify the taxes paid by the business you were attached to (03 marks)
(ii) Advise the owners of the business you were attached to about the importance of being tax compliant. (03 marks)
- (e) What controls did the business you were attached to put in place to manage the flow of funds? (06 marks)
5. For any ;one business field trip you made as an individual or a group
- (a) (i) State any two objectives of the field trip. (02 marks)
(ii) Describe the business you visited. (02 marks)
(iii) Draw a layout of the business you visited. (03 marks)
- (b) For what reasons did the proprietor choose the business you visited? (03 marks)
- (c) (i) Describe the sales promotion strategies employed by the business you visited. (05 marks)
(ii) What facts did the owner of the business you visited keep in mind when developing the sales promotion strategies? (04 marks)
- (d) Explain how the business you visited manages labour turnover. (03 marks)
- (e) Discuss the factors affecting competition faced by the business you visited. (03 marks)

END