

P230/2  
ENTREPRENEURSHIP  
EDUCATION  
Paper 2  
July/August 2018  
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 are operating a business that deals in growing mushrooms amidst many competitors.
  - a) Draft a working capital budget for the business. (06 marks)
  - b) Present a marketing flow chat for the business. (05 marks)
  - c) Write policy guidelines to maximize profits in your enterprise. (07 marks)
  - d) Present a weekly distribution schedule for your products. (07 marks)

2. The following is an Extract of TWEKKANNYE WHOLESALERS LTD.

**TWEKKANNYE WHOLESALERS LTD**  
**BALANCE SHEET AS AT 31/12/2016**

| Particulars               | Shs         | Shs       | Shs        |
|---------------------------|-------------|-----------|------------|
| Non current Assets        |             |           | 24,000,000 |
| Intangible Assets         |             |           | 1,000,000  |
| <u>Current Assets</u>     |             |           |            |
| Closing Inventory         |             | 1,800,000 |            |
| Net trade Debtors         |             | 4,000,000 |            |
| Bank balance              |             | 6,500,000 |            |
| Cash balance              |             | 2,500,000 |            |
| Other current Assets      |             | 4,500,000 | 19,300,000 |
| Total Assets              |             |           | 44,300,000 |
| Own Capital               | 42,000,000  |           |            |
| Net loss                  | (5,900,000) |           |            |
| Drawings                  | (700,000)   |           | 35,400,000 |
| Non Current liabilities   |             | 3,000,000 |            |
| Current liabilities       |             |           |            |
| Accounts payable          | 3,600,000   |           |            |
| Other current liabilities | 2,300,000   | 5,900,000 |            |
| Total liabilities         |             |           | 8,900,000  |
|                           |             |           | 44,300,000 |

The following information is also available

- i) Net purchases Shs. 118,300,000
  - ii) Cost of goods available for sale Shs. 123,300,000
  - iii) Markup profits 6%
  - iv) Other operating expenses Shs. 15,600,000
  - v) Bad debts is 4% of other operating expenses.
- a) Determine;
    - i) Cost of sales (2 marks)
    - ii) Turn over (2 marks)
    - iii) Gross profit (2 marks)
    - iv) Total expenses to Turnover ratio (3 marks)
  - b) Calculate and Interpret;
    - i) Average inventory (4 marks)
    - ii) Inventory Turnover period in weeks (4 marks)
    - iii) Credit payment period in days (4 marks)
    - iv) Cash ratio (4 marks)

You have been appointed as a general manager of a business that supplies coffee seedlings to your community members to fight poverty.

- a) Prepare a theory of change to meet your vision. (6 marks)
- b) Develop a financial plan for the business having received Shs.10,000,000/= (6 marks)
- c) Present guidelines for fighting poverty in your community. (6 marks)
- d) Design a goods received note for use in your business. (7 marks)

4. a) Distinguish between a **Cash flow statement** and an **Income statement**. (2 marks)
- b) Butambala Traders had the following expected sales relating to the months of April to July 2012.

| Months | April (Shs) | May (Shs)  | June (Shs) | July (Shs) |
|--------|-------------|------------|------------|------------|
| Sales  | 60,000,000  | 70,000,000 | 50,000,000 | 90,000,000 |

Note the following;

- i) The company receives cash worth 65% of the sales in the month of sale and the balance in the next month.
- ii) The company is to receive extra share capital in the month of April and July of Shs. 20,000,000 and Shs. 30,000,000 respectively.
- iii) The company expects to get a loan in May of Shs. 18,000,000.
- iv) The company expects rent refund in May of Shs. 2,200,000.
- v) The Company expects to buy raw materials worthy 30% of sales in every month.
- vi) In the month of June, it expects a grant of Shs. 4,000,000.
- vii) The company is to pay salaries to workers of Shs. 12,400,000 per month
- viii) Electricity charges are projected at Shs. 1,320,000 per month.
- ix) Tax returns to URA per month are expected to be Shs. 3,600,000.
- x) Payment of water bills per month Shs. 1,200,000.
- xi) Loan repayment per month expected to be Shs. 3,000,000.
- xii) Cash balance as per 31<sup>st</sup> March was Shs. 20,540,000.

#### Required

- i) Use the information above to prepare a cash flow statement for Butambala traders. (20 marks)
- ii) Comment on the net cash position for Butambala traders. (3 marks)

5. You are operating a Bakery Business with six friends as a partnership.
  - a) Prepare a Partnership Agreement for your business. (7 marks)
  - b) Write a Notice inviting all the partners for an Annual General Meeting. (5 marks)
  - c) Design a Brand Label to be placed on the packaging materials for your Bread. (6 marks)
  - d) Prepare a purchasing Programme for in puts in your business. (7 marks)



6. a) ABIRIGATOR LTD imported a photo duplicator from India at a CIF value of US dollars 5,000. It attracted an import duty of 25%, excise duty of 50%, VAT of 18% and withholding tax of 6%.

**Calculate;**

- i) Import duty (4 marks)
  - ii) Excise duty (3 marks)
  - iii) VAT (3 marks)
- (The exchange rate is Ug shs. 3,700 for 1 US dollar)

- b) You have been hired as a tax consultant to calculate the Rental tax payable by the following Land Lords whose Gross annual Rental income is as follows;

| LAND LORD        | ANNUAL RENTAL INCOME Ug (Shs) |
|------------------|-------------------------------|
| 1. Miguna Migona | 12,000,000                    |
| 2. Omuyonjo J.   | 14,000,000                    |
| 3. Kale Bongomin | 16,200,000                    |
| 4. NferaBusa A.  | 3,400,000                     |

**Note;** The Annual Rental tax is 20% and the Annual Rental Income threshold in Uganda is Shs. 2,820,000.

Calculate the Rental tax payable by;

- a) Miguna Migona (3 marks)
  - b) Omuyonjo J (3 marks)
  - c) Kale Bongomin (3 marks)
  - d) NferaBusa A. (3 marks)
- c) Why are indirect taxes more popular in Uganda? (3 marks)

**END**

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1. You are operating a Bakery business in your locality.
  - (a) Design a one week promotional programme for your products. (06 marks)
  - (b) Draft policy Guidelines to ensure discipline of Employees. (07 marks)
  - (c) Write up an Asset register for your business. (05 marks)
  - (d) Prepare a site plan for your business. (07 marks)
2. SMART BUSINESS CENTRE presented the following cash inflows and cash outflows for the month of August 2017.

| <u>August 2017</u>             | <u>Amount (shs)</u> |
|--------------------------------|---------------------|
| Balance b/d                    | 8,400,000           |
| <b>Cash inflows</b>            |                     |
| Cash sales                     | 250,000,000         |
| Cash collected from Debtors    | 43,000,000          |
| Loan from Centenary Bank       | 30,000,000          |
| Penalties for delayed payments | 1,500,000           |
| Commission income              | 6,000,000           |
| Interest on cash deposits      | 500,000             |
| Donations and grants received  | <u>30,000,000</u>   |
| Total cash inflows             | <u>369,400,000</u>  |
| <b>Cash outflows</b>           |                     |
| Purchase of stock              | 110,000,000         |
| Labour costs                   | 60,000,000          |
| Power and utilities            | 5,000,000           |
| Administrative costs           | 1,500,000           |
| Payments to creditors          | 50,000,000          |
| Purchase of machinery          | <u>21,000,000</u>   |
| Total cash outflow             | <u>247,500,000</u>  |

However the following projections are available for the Months of September, October and November 2017.

- (i) Cash sales revenue is expected to increase by 5% in September and October. It will drop by Shs. 500,000 in the month of November.
- (ii) Cash collections from Debtors will increase by 10% in September and October. No cash will be received from Debtors in the month of November.
- (iii) No further loans will be received until December 2017.
- (iv) Commission income is expected to double in the Month of September and reduce by  $\frac{1}{3}$  of September's commission income in the next two months.
- (v) SMART Business centre will continue receiving interest on deposits equivalent to what was received in August.
- (vi) Donations and grants was received only in August and no further penalties on delayed payments will be charged.
- (vii) Decapitalization of Assets will be done in September and this will generate Shs. 13,000,000
- (viii) Cash purchase of stock will be maintained at the same level in September and October. However it will drop by 10,000,000 in the month of November.



- (ix) Labour costs for September, October and November will also be the same as that of August.
- (x) Power and utilities will also be the same as they appear in August.
- (xi) There will be an increase of shs. 500,000 monthly in the administrative costs.
- (xii) The business is expected to start paying corporation tax every month of shs. 2,000,000. However, this will be paid as a single Sum November.
- (xiii) The loan acquired in August will be paid back in 6 installments starting in the month of September.
- (xiv) SMART Business centre will pay a monthly interest on the loan at a rate of 5% on reducing balance starting in September.
- (xv) The Business will donate shs. 1,000,000 to Good Samaritan Children's Centre in September. This will increase by 4% every month.
- (xvi) The proprietor is expected to use shs. 1,600,000 every month for his family needs starting in October 2017.

**Required:**

- (a) Prepare a cashflow statement for SMART BUSINESS CENTRE for the months of September, October and November 2017. (22 marks)
  - (b) Interpret the Net cash position of the Business. (03 marks)
3. You own an electronics business operating on hire purchase. To promote good customer care, you intend to review the marketing strategies.
- (a) Design a new marketing plan for your business. (07 marks)
  - (b) Describe the various sources from which you will establish the credit worthiness of your customers. (06 marks)
  - (c) Explain the various ways you will use to encourage customers pay promptly. (06 marks)
  - (d) Prepare an invoice to one of your credit customers. (06 marks)
4. The following Balance sheet relates to Black Beauty LTD as at 31 / 12 / 2014.

| <u>Particulars</u>            | <u>Amount (shs)</u> | <u>Amount (shs)</u> |
|-------------------------------|---------------------|---------------------|
| Total fixed Assets            |                     | 10,100,000          |
| <b>Current Assets</b>         |                     |                     |
| Closing inventory             | 1,500,000           |                     |
| Accounts receivable           | 2,910,000           |                     |
| Cash balance                  | 800,000             |                     |
| Bank balance                  | 2,500,000           |                     |
| Rent received in advance      | 100,000             |                     |
| Total Current Assets          |                     | <u>7,810,000</u>    |
| Total Assets                  |                     | <u>17,910,000</u>   |
| Capital                       | 4,800,000           |                     |
| Net profit                    | 5,310,000           |                     |
| Equity capital                |                     | 10,110,000          |
| <b>Current liabilities</b>    |                     |                     |
| Accounts payable              | 4,000,000           |                     |
| Income tax payable            | 3,500,000           |                     |
| Wages and salaries due        | 300,000             |                     |
| Total current liabilities     |                     | <u>7,800,000</u>    |
| Total capital and liabilities |                     | <u>17,910,000</u>   |

The following information is also available

|                       |                 |
|-----------------------|-----------------|
| Net purchases         | Shs. 3,500,000  |
| Turn over             | Shs. 11,950,000 |
| Inventory on 1/1/2014 | Shs. 600,000    |
| Gross profit          | Shs. 9,350,000  |

- (a) Determine; (03 marks)
- (i) Cost of sales. (03 marks)
  - (ii) Gross profit ratio. (03 marks)
  - (iii) Inventory turnover period in weeks
- (b) Compute and interpret; (03 marks)
- (i) Current Ratio. (03 marks)
  - (ii) Quick Assets ratio. (03 marks)
  - (iii) Fixed Assets Turnover. (03 marks)
  - (iv) Leverage Ratio
- (c) What measures can the business adopt in order to increase its profitability. (04 marks)
5. You have been advanced Shs. 10,000,000 by "OPERATION WEALTH CREATION". You plan to start a poultry farm in your locality. (05 marks)
- (a) Prepare a capital expenditure budget for the poultry farm. (05 marks)
  - (b) What factors will you consider when choosing the suppliers of the poultry feeds. (06 marks)
  - (c) Present a vaccination programme you will use in your poultry farm. (07 marks)
  - (d) Write a letter inviting the District veterinary officer to come for inspection of your poultry farm. (07 marks)
6. Several Traders in your community have been complaining about URA and its taxes. URA has organised a tax education workshop and has invited you as an expert in taxation to speak to them.
- (a) (i) Develop a root cause analysis to solve the rampant tax evasion in the community. (04 marks)
  - (ii) Explain to the traders the consequences of tax evasion. (04 marks)
  - (b) Explain to the traders the difference between :- (03 marks)
    - (i) VAT inclusive and VAT exclusive transactions. (03 marks)
    - (ii) VAT refund and VAT liability.
  - (c) Kikaawa, an importer of motor vehicles, imported a tractor from Japan at a C.I.F value of 3,000 US dollars, attracting an import duty of 25%, excise duty is 40%, VAT is 18% and withholding tax of 6%. Calculate: (02 marks)
    - (i) Customs value. (03 marks)
    - (ii) Excise duty. (03 marks)
    - (iii) Value Added Tax (VAT payable). (03 marks)
    - (iv) Total amount of tax payable by Kikaawa. (03 marks)

**Note:** The Exchange rate is Shs. 3,500 per US dollar  
(1 US dollar = 3,500 shillings)

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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 31<sup>st</sup> 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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1. You have received Shs. 50,000,000 from BETTING. You plan to start a business.
  - a) Prepare a pre-operational budget for your business. (05marks)
  - b) Write an invitation letter to the District Community Development Officer to come and advise you on the business you have planned. (07marks)
  - c) Prepare a financial plan for your project. (08marks)
  - d) Design a logo to be used by the business. (05marks)
  
2. You are operating a book shop and your stock is found to be misallocated and disorganized from and within the business.
  - a) Design a stock card for use in the business. (07 marks)
  - b) Prepare policy guidelines for ensuring proper inventory management. (05marks)
  - c) Design a credit note to be used in your book shop. (06marks)
  - d) Prepare a statement of account for WAKISSHA High school. (07marks)
  
3. You have been chosen as Director Of Studies in your school.
  - a) Write a memo informing teachers to submit End of term 1 examinations. (05marks)
  - b) Draft the end of term 1 examinations time table. (07marks)
  - c) Formulate Rules and Regulation to be followed during the examination exercise. (06marks)
  - d) Develop an "A" level end of term report for your school. (07marks)
  
4. You are a new entrepreneur in your Locality operating a powerful juice processing project.
  - a) Write down guidelines to foster innovation in your project. (05marks)
  - b) Prepare an induction programme for employees in the project. (08marks)
  - c) Prepare an implementation plan for your project. (06marks)
  - d) Design a personal identification card. (06marks)



6. (a) Distinguish between an income statement and Balance sheet. (04marks)

(b) The following Trial balance has been extracted from the ledgers of Mr. Ssemambo Derrick, a sole trader.

| DETAILS                                | DEBIT<br>Shs.  | CREDIT<br>Shs. |
|--|----------------|----------------|
| Sales                                  |                | 138,078        |
| Purchases                              | 82,350         |                |
| Carriage outwards                      | 5,144          |                |
| Drawings                               | 7,800          |                |
| Rent, rates and insurance              | 6,622          |                |
| Postage and stationary                 | 3,001          |                |
| Advertising                            | 1,330          |                |
| Salaries and wages                     | 26,420         |                |
| Bad debts                              | 877            |                |
| Provision for bad debts                |                | 130            |
| Debtors                                | 12,120         |                |
| Creditors                              |                | 6,471          |
| Cash in hand                           | 177            |                |
| Cash at bank                           | 1,002          |                |
| Stock                                  | 11,927         |                |
| Equipments                             | 58,000         |                |
| Carriage inwards                       | 2,211          |                |
| Rent accrued                           |                | 210            |
| Rates prepaid                          | 880            |                |
| Accumulated depreciation on equipments |                | 19,000         |
| Capital                                |                | 55,972         |
| <b>Total</b>                           | <b>219,861</b> | <b>219,861</b> |

Closing stock Shs. 13,551

**Required:**

Prepare an income statement and a Balance sheet as at 31<sup>st</sup> .12.2013.

(21 marks)

- END -

5. The following information is for KAMYA GENERAL ENTERPRISES for the months of June and July 2012.

| DETAILS                       | JUNE(Shs) | JULY (Shs) |
|-------------------------------|-----------|------------|
| Purchases of equipments       | 4,000,000 | 5,000,000  |
| Payment of salaries           | 180,000   | 2,000,000  |
| Receipts from sales           | 2,000,000 | 3,000,000  |
| Loan from centenary bank      | 6,000,000 | 4,000,000  |
| Repayment of loan installment | 1,000,000 | 900,000    |
| Payment of rent               | 120,000   | 140,000    |
| Purchase of raw materials     | 2,000,000 | 3,000,000  |
| Sale of refreshments          | 5,300,000 | 6,000,000  |
| Tax                           | 200,000   | 240,000    |
| Debtors                       | 600,000   | 700,000    |
| Creditors                     | 320,000   | 300,000    |
| Purchases of furniture        | 360,000   | 340,000    |
| Donations from friends        | 400,000   | 280,000    |
| Disco dance collections       | 8,000,000 | 9,000,000  |
| Disposal of old furniture     | 240,000   | 200,000    |
| Rates                         | 300,000   | 320,000    |
| Transport expenses            | 200,000   | 180,000    |
| Installation of utilities     | 500,000   | 400,000    |
| Video collections             | 320,000   | 400,000    |
| Electricity bills             | 140,000   | 144,000    |

**Required to:**

- Prepare Kamya General Enterprises cash flow statement for the two months.  
(22marks)
- State Kamya's cash position for the two months and give your comment.  
(03marks)

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**Turn Over**



1. You are operating a fruit processing business, you would like to recruit sales agents to carry out marketing. (05mks)
  - a) Give a job description for the post of sales agent (08mks)
  - b) Prepare an administrative plan for your company. (07mks)
  - c) Write a purchase order to be used when ordering material for your business. (05mks)
  - d) Formulate policy guidelines for developing creative ability among your staff. (05mks)
2. You own Badilisha Popcorn Project.
  - a) Issue a cash sales slip to a customer who has bought 3 packets of popcorn each at Shs 1,000. (05mks)
  - b) Prepare a weekly marketing distribution schedule for your products. (05mks)
  - c) Make a programme to be followed while insuring your project and claiming compensation. (07mks)
  - d) Prepare a production plan for your project. (08mks)
3. Below is a trial balance for Ssempaka Dickson as at 31<sup>st</sup> December 2009

**Ssempaka Dickson's  
Trial balance  
For the period ended 31<sup>st</sup> December 2009**

| Details           | Debit<br>Shs.  | Credit<br>Shs. |
|-------------------|----------------|----------------|
| Capital           |                | 400,000        |
| Motor car         | 250,000        |                |
| Commission        |                | 9,460          |
| Advertising       | 10,600         |                |
| Purchases/sales   | 261,540        | 362,460        |
| Furniture         | 145,000        |                |
| Salaries          | 48,140         |                |
| Creditors/Debtors | 61,400         | 46,380         |
| Stock             | 43,070         |                |
| Rent              |                | 9,650          |
| Insurance         | 8,200          |                |
| <b>Total</b>      | <b>827,950</b> | <b>827,950</b> |

### Additional Information

- i) Closing stock Shs. 50,800
- ii) 5% of debtors to be written off as bad debts
- iii) Rent income prepaid Shs. 1,650
- iv) Commission Shs. 1,200 was accrued
- v) Salaries outstanding Shs. 3,500
- vi) Depreciate fixed assets at 10% per annum
- vii) Prepaid insurance Shs. 2,050

### Required:

- i) Income statement (15mks)
  - ii) Calculate;
    - a) Mark up (2mks)
    - b) Average debt collection period in days (3mks)
    - c) Average payment period in days (3mks)
    - d) Interpret your answers in (b) and (c) above. (2mks)
4. You are operating a unisex saloon (05mks)
- a) Prepare a working capital budget for Shs 500,000
  - b) A certificate of appreciation to be issued to employees with outstanding performance. (07mks)
  - c) Prepare a price list for your products. (05mks)
  - d) Write a letter to the Headteacher of a nearby school requesting him/her to offer your services at that school. (08mks)
5. You have obtained a bank loan of sixty million shillings for expanding your commuter tax business. The loan is payable in eight equal monthly installments at an interest rate of 4% per month on reducing balance method.
- a) Prepare the loan repayment schedule. (08mks)
  - b) Formulate guidelines for proper loan management. (07mks)
  - c) Design a fare ticket for your passengers. (05mks)
  - d) Using a suitable media of communication, inform all your drivers about the workshop on road accident due to take place. (05mks)



6. The following details were obtained from the books of KAKANI Ltd.
- (i) On 1<sup>st</sup> July 2009 the company had a balance of Shs 40,000,000/=
  - (ii) It expected cash sales of Shs 60,000,000 per month, however this is expected to reduce by 10% after two months.
  - (iii) The expected credit sales were Shs 16,000,000 per month but payment would be made the following month.
  - (iv) The business expected donation in cash form worth Shs 8,000,000 per month, but this is expected to reduce by 12% after the first three months.
  - (v) The monthly rent income is to be shs 2,000,000, however it is expected to increase by 25% after two months.
  - (vi) Immediately after the first two months, the expected income from other sources is projected at Shs 20,000,000 per month.
  - (vii) Kakani Ltd planned to purchased a machine in July at shs 50,000,000 on hire purchase. The down payment is shs 14,000,000 and the balance to be paid in installments 6:3:1 respectively in the following months.
  - (viii) The business expects to aquire a loan from Equity Bank in August worth shs 40,000,000.
  - (ix) Monthly interest on this loan is 2% payable with effect from August.
  - (x) The expected monthly purchases are shs 30,000,000 which is expected to reduce after three months by 25%.
  - (xi) The loan principal is to be effected in a single sum after one month.
  - (xii) The business hopes to sell old furniture by cash worth shs 3,000,000 in the third month.
  - (xiii) The business hopes to acquire a debenture of shs 5,000,000 in August 2009.
  - (xiv) Monthly payment for hired labour is valued at shs 1,000,000/=
  - (xv) By 30<sup>th</sup> June 2009 the accrued electricity was shs 1,500,000 which was effected in the following month.

#### REQUIRED

- a) Prepare Kakani Ltd's cash flow statement for the month of July, August and September (3<sup>rd</sup> quarter)
- b) In case of a negative cash position, advise Kakani Ltd on the measures to adopt.

- END -



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EDUCATION  
Paper 2  
July / August 2012  
3 hours



## WAKISSHA JOINT MOCK EXAMINATIONS

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP EDUCATION

Paper 2

3 hours

### INSTRUCTIONS TO CANDIDATES:

- *This paper consist of two Sections: A and B.*
- *Answer five questions only.*
- *Section A is compulsory. Answers to this section should be precise.*
- *Answer four questions from section B.*
- *Credit will be given for use of relevant diagrams and illustrations.*
- *Any additional question(s) attempted will not be marked.*

## SECTION A (20 MARKS)

1. a) (i) Distinguish between a business idea and a business opportunity. (02 marks)  
(ii) State any two indicators of a viable business. (02 marks)
- b) (i) Outline any two contents of a partnership deed. (02 marks)  
(ii) State any two circumstances under which a partnership may be dissolved. (02 marks)
- c) (i) Distinguish between market assessment and market research. (02 marks)  
(ii) Give any two methods used in carrying out market assessment. (02 marks)
- d) (i) What is meant by a marketing plan? (02 marks)  
(ii) List any two challenges encountered when implementing a business plan? (02 marks)
- e) A business had the following information for the year ended 31<sup>st</sup> December 2011.
- | Particulars | Shs.      |
|-------------|-----------|
| Debtors     | 100,000   |
| Creditors   | 200,000   |
| Sales       | 1,000,000 |
| Purchases   | 4,000,000 |
- Request:-**
- (i) Calculate the average collection period for debts (in terms of months). (03 marks)  
(ii) Interpret your answer in e(i) above. (01 mark)

## SECTION B (80 Marks)

Answer any four questions in this section.

2. (a) Describe the elements of advertising messages. (10 marks)  
(b) Why is it necessary to carry out product advertisement in an enterprise? (10 marks)
3. (a) Examine the factors considered when choosing a medium of communication. (10marks)  
(b) What are the barriers to effective communication in business? (10 marks)
4. (a) Describe the various activities involved in ordering for and receiving supplies. (10 marks)  
(b) Explain the factors considered while making choice of suppliers of the required inputs. (10 marks)
5. (a) Account for the high level of non tax compliance among tax payers in your country. (12 marks)  
(b) What measures can be put in place to increase the level of tax compliance in Uganda. (08 marks)
6. (a) Describe the major causes of indiscipline of workers in an enterprise. (10 marks)  
(b) Suggest ways of improving employee discipline in an organization. (10 marks)

- END -

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## WAKISSHA JOINT MOCK EXAMINATIONS

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP  
EDUCATION

Paper 2

3 hours

### INSTRUCTIONS TO CANDIDATES:

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



### SECTION A (20 Marks)

1. a)(i) Define the term income. (1mks)
- (ii) Mention any **three** sources of income to an individual (3 mks)
- b) i) Give any **two** reasons for registering a business enterprise. (2mks)
- ii) State any **two** requirements for registering a business enterprise (2mks)
- c) i) Distinguish between 'Financial plan' and an 'Action plan' (2mks)
- ii) Mention any **two** reasons for drawing an action plan. (2mks)
- d) i) Mention any **two** types of product promotion (2mks)
- ii) Give any **two** reasons for carrying out product promotion in business. (2mks)
- e) The following information relates to the books of Ssanyu Traders for the month of December 31<sup>st</sup> 2010.  
Use it to answer the questions that follow:

| Item                          | Shs.       |
|-------------------------------|------------|
| Land                          | 15,000,000 |
| Furniture                     | 5,000,000  |
| Debtors                       | 6,000,000  |
| Rent in advance               | 4,000,000  |
| Outstanding Electricity bills | 1,000,000  |
| Bank overdraft                | 4,000,000  |
| Net profit for the year       | 5,000,000  |

Required :-

- i. Calculate the rate of return on capital employed. (3mks)
- ii. Interpret the rate of return on capital. (1 mk)

## SECTION B (80 Marks)

**Answer any four questions from this section.**

2. (a) Why is self – employment preferred to paid employment? (12mks)  
(b) What measures are being taken to encourage self employment in Uganda? (8mks)
3. (a) Asses the role of Human resource planning? (12mks)  
(b) Explain the various ways of remunerating human resources. (8mks)
4. (a) Of what importance is credit selling in an enterprise? (10mks)  
(b) Under what circumstances may goods be sold on credit? (10mks)
5. (a) Describe the element of product life cycle that influences the quality of a product in an enterprise. (12mks)  
(b) Explain the various techniques through which quality goods can be produced in an enterprise. (8mks).
6. (a) Explain the challenges facing tax administration in Uganda. (8mks)  
(b) Suggest measures that can be taken to encourage tax compliance in your country. (12mks)

**- END -**

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**WAKISSHA JOINT MOCK EXAMINATIONS**  
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Paper 2  
3 Hours

**INSTRUCTIONS:**

- *Attempt five (5) questions in all*
- *Question 1 (section A ) is compulsory.*
- *Choose any 4 (four) questions from section B.*
- *All questions in section B carry equal marks.*
- *Credit will be given for use of relevant diagrams and illustration.*



### SECTION A (20 MARKS)

- 1 (a) Give any four sources of capital for a business. (4 marks)
- (b) (i) What is meant by a cash flow statement? (1 mark)
- (ii) State any three components of a cash flow statement? (3 marks)
- (c) (i) Define a capital market. (1 mark)
- (ii) Identify any three major players in a capital market. (3 marks)
- (d) Distinguish between a
- (i) Loan fees and loan size. (2 marks)
- (ii) Loan installment and sectoral bias (2 marks)
- (e) Given the following set of financial management items:
- |                       |     |           |
|-----------------------|-----|-----------|
| Debtors               | shs | 100,000/= |
| Creditors             | shs | 50,000/=  |
| Commission income due | shs | 21,800/=  |
| Cash                  | shs | 45,800/=  |
| Bank over draft       | shs | 120,000/= |
| Prepaid rent          | shs | 31,600/=  |
| Stock at close        | shs | 84,000/=  |
- Determine the amount of capital. (4 marks)

**SECTION B ( 80 MARKS)**

- 2(a) Distinguish between advertisement and sales promotion. (4 marks)
- (b) Explain the various methods of sales promotion. (16 marks)
- 3(a) What are the advantages of collective investment schemes? (10 marks)
- (b) Explain the conditions necessary for the success of collective investment schemes in Uganda? (10 marks)
- 4(a) What are the various techniques used to motivate employees in an enterprise? (10 marks)
- (b) Explain the factors considered when recruiting employees in an organization. (10 marks)
- 5(a) Describe the principles of a good tax system. (12 marks)
- (b) Explain the factors which affect tax compliance in Uganda. (8 marks)
- 6(a) What are the disadvantages of credit selling? (8 marks)
- (b) Under what circumstances may an entrepreneur ensure proper cash management in a business? (12 marks)

**END**