**845/1**

**ENTREPRENEURSHIP**

**EDUCATION**

**Paper 1**

**Jul/Aug 2016**

**2 ½ Hours**



**MUKONO EXAMINATIONS COUNCIL**

**Uganda Certificate of Education**

**ENTREPRENEURSHIP EDUCATION**

Paper 1

**2 Hours 30 Minutes**

**INSTRUCTIONS TO CANDIDATES**

* *Answer only* ***four*** *questions*
* *All questions carry equal marks*
* *Credit will be given for use of relevant diagrams and illustrations.*

1. You have established a clinic as a sole trader in town.
2. State any four (4) goals for your business. ***(04marks)***
3. Design a market survey guide you will use when making research. ***(07marks)***
4. Draft a budget for starting up your business. ***(07marks)***
5. What factors do you consider when selecting an advertising medium to be used?

***(07marks)***

1. The following transactions were carried out by Nabirye and Sons Retail shop for the month of February 2014.

Shs

Feb 2 bought goods on credit from Menya - 350,000/=

3 bought goods on credit from Lutaakome - 363,000/=

4 sold goods on credit to Mwase - 300,000/=

8 returned some goods to Menya - 54,000/=

10 sold goods on credit to Kasada - 330,000/=

15 Mwase returned goods worth - 35,000/=

18 credit purchases from Mulunga - 185,000/=

18 returned some goods to Lutaakome - 24,000/=

19 invoice to Babirye - 284,000/=

22 Invoice from Kamya - 228,000/=

22 Credit note to Babirye - 28,000/=

24 Invoice to Mwase - 300,000/=

26 credit purchases from Ssenfuka - 154,000/=

26 Invoice from Mulunga - 360,000/=

27 credit note from Mulunga - 40,000/=

27 Credit note to Mwase worth - 25,000/=

1. You are required to prepare;
2. Sales day book ***(05marks)***
3. Purchases day book ***(07marks)***
4. Returns inward book ***(04marks)***
5. Returns outward book ***(04marks)***
6. Post the entries to the general ledger. ***(05marks)***
7. You have obtained shs 4,000,000/= to start up a poultry project.
8. Write a memo to the sales manager to address the issue of proper distribution of goods. ***(08marks)***
9. Identify the elements you will include in your financial plan. ***(08marks)***
10. Describe the steps you will follow when taking up an insurance policy. ***(05marks)***
11. What negative impact does your business have on the natural environment?

***(05marks)***

1. Ssebagala Yeko had the following records for the year ended 30th June 2008.

|  |  |
| --- | --- |
| **Item** | **Shs** |
| Sales | 3,600,000/= |
| Land and building | 790,000/= |
| Plants and Machinery | 600,000/= |
| Motor cycle | 320,000/= |
| Furniture | 400,000/= |
| Stock (30th June) | 600,000/= |
| Debtors | 500,000/= |
| Bank balance | 360,000/= |
| Purchases | 2,300,000/= |
| Capital | 1,200,000/= |
| Bank loan | 1,440,000/= |
| Drawings | 260,000/= |
| Net profit | 600,000/= |
| Creditors | 540,000/= |
| Bank overdraft | 400,000/= |
| Cash balance | 350,000/= |

1. Prepare the balance sheet as at 30th .06. 2008. ***(08marks)***
2. Calculate;
3. Working capital ratio ***(04marks)***
4. Quick asset ratio ***(03marks)***
5. Capital employed ***(03marks)***
6. Net profit margin ***(02marks)***
7. Rate of return on capital employed. ***(02marks)***
8. Average collection period for debts in Months. ***(03marks)***
9. a) (i) Define a tax. ***(01mark)***

(ii) Identify any four (4) types of indirect taxes. ***(04marks)***

b) Describe any five (5) principles of taxation. ***(10marks)***

1. chargeable (monthly) income tax rate is as below

|  |  |  |
| --- | --- | --- |
|  | **Tax Liability** |  |
| 1 | Not exceeding shs 130,000/= | Nil |
| 2 | Exceeding shs 130,000/= but not exceeding shs 235,000/= | (10% of the amount by which chargeable income exceeds 130,000/=) |
| 3 | Exceeding shs 235,000/= but not exceeding shs 410,000/= | (shs 10,500 plus 20% of the amount by which chargeable income exceeds 235,000/=) |
| 4 | Exceeding shs 410,000/= | (shs. 45,500 plus 30% of the amount by which chargeable income exceeds 410,000) |

**Required**

1. Calculate the amount of PAYE tax for Muso who earns shs 380,000/= a month. ***(05marks)***
2. How much tax would be paid by Jef who earns shs 230,000/= a month.

***(05marks)***

***End -***