**UGANDA NATIONAL EXAMINATIONS BOARD**

**UGANDA CERTIFICATE OF LOWER EDUCATION**

**ENTREPRENEURSHIP**

**SAMPLE THEORY PAPER**

**PAPER I**

**NAME……………………………………….. SIGNATURE ……………………**

**PERSONAL NO……………. RANDOM NUMBER: ………………**

**NCDC LOGO**

**TIME 2 Hours**

**Instructions to Candidates**

1. There are two sections in this paper, Section A and Section B.
2. Section A is compulsory.
3. Attempt any three questions from Section B. All questions in this section carry equal marks.
4. Use of relevant illustrations and examples will be an added advantage.

**THIS TABLE BELOW IS FOR EXAMINER USE ONLY**

|  |  |  |  |
| --- | --- | --- | --- |
| For Examiners’ Use Only | | | |
| Section | Question | Maximum | Marks obtained |
| A | 1-15 | 40 |  |
| B  **(3 out of 5)** | 16 | 20 |  |
| 17 | 20 |  |
| 18 | 20 |  |
| 19 | 20 |  |
| 20 | 20 |  |
| Total |  | 100 |  |

**SECTION A (40 Marks:**

1. Your friends are joining senior one, give two reasons to convince them why they should study Entrepreneurship. **(02 marks)**
2. ……………………………………………………………………………
3. …………………………………………………………………………….
4. Otim is operating a mobile money business in Gulu City, offering a number of money transfer services. Give any two challenges faced by Otim in his business. **(02 marks)**
5. ………………………………………………………………………………..…….
6. ………………………………………………………………………………………
7. An entrepreneur in your community has provided you with the following figures. Sales shs 900,000/=, Purchases shs 400,000/=, Returns in wards shs 80,000/=, Opening stock shs 300,000/= and Closing Stock of shs 200,000/=. Compute the Cost of goods sold and Gross profit. **(02 marks)**
8. ……………………………………………………………………………………………………………………………………………………………………

……………………………………………………………………..……………

1. ……………………………………………………………………………………………………………………………………………………………………

………………………………………………..……………………………….

1. Women in Amuru town started a Savings and Credit Cooperative Society (SACCO), which provides loans to enable them start and manage their businesses. After two years, it faced challenges which made some of the members to leave the SACCO. Give any two challenges that could have caused the members to leave the SACCO.

**(02 marks)**

1. …………………………………………………………………………………..
2. …………………………………………………………………………………..
3. The accountant of JEMA Enterprises received an invoice of Shs 3,200,000/= from a supplier with a cash discount of 2.5% if payment is made within 14 days. Calculate the amount of money to be paid by JEMA Enterprises if payment is made in 7 days.

**(02 marks)**

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………….......

………………………………………………………………………………………….

1. All business owners in Uganda are required by law to pay taxes, but some of them have not been compliant to their obligation. Give any two reasons why taxpayers may sometimes be non-compliant. **(02 marks)**
2. ..............................................................................................................................
3. …………………………………………….…………………………………….
4. After identifying a good business idea, Azabo, an entrepreneur in Nebbi town, is thinking of conducting a market survey before starting the business. Suggest any two reasons why Azabo should carry out a market survey. **(02 marks)**
   1. ………………………………………………………………………………………
   2. ………………………………………………………………………………………
5. Uganda, Kenya, and Rwanda are members of the East African Community (EAC) trading in different commodities. Give any two ways how Uganda has promoted this regional trade. **(02 marks)**
6. ……………………………………………………………………………………..
7. …………………………………………………………………………………….
8. Mukwasi is an entrepreneur in Mbale City operating a supermarket with about 20 workers. He has a challenge of workers resigning almost every month and his customers are running away. Advise Mukwasi on any two acceptable business behaviours towards employees**. (02 marks)**
9. ………………………………………………………..………….………………
10. ………………………………………………………………….…..……………
11. At the end of the trading period, the accountant of BAMUDA ENTERPRISES computed the final accounts to determine the profitability of the business. The business realised an increment in the net profit of shs 85,000,000/=. Mention any two stakeholders who may be interested in figures of the net profit**. (02 marks)**
12. ……………………………………………………………….………………
13. ……………………………………………………………….………………
14. Study the photograph below and answer the questions that follow:



1. Identify any **two** risks which the above business is exposed to. **(02marks)**

(i) ……………………………………………………………

(ii) ……………………………………………………………

b) Advise the business owner on any two measures to be undertaken to minimise the risks mentioned in (a) above. **(02marks)**

(i) ……………………………………………………………

(ii) ……………………………………………………………

(iii) ………………………………………………………..

1. A relative has come to consult you on the requirements of opening a bank account. Give any four requirements of opening up a bank account. **(4 Marks)**
2. ………………………………………………………………………
3. ………………………………………………………………………
4. ………………………………………………………………………
5. ………………………………………………………………………
6. Monta Interior Designers operates a chain of businesses in Mbarara City. The owner wants to insure the business with Fine Insurance Company against fire. Give any **four** steps they should follow when taking up an insurance policy. **(4 Marks)**
7. ………………………………………………………………………..
8. ………………………………………………………………………..
9. ………………………………………………………………………..
10. ………………………………………………………………………..
11. A group of youths in Moroto District are planning to supply stationery to the District Local Government, but they are required to register as a private limited company. Advise them on any four documents involved in the formation of a company.

**(4 Marks)**

1. …………………………………………………………………………….
2. …………………………………………………………………………….
3. ……………………………………………………………………………..
4. ……………………………………………………………………………..
5. Esther, a registered VAT trader bought goods worth 10,000,000 shillings and sold them at 13 million shillings. Given the VAT rate of 18%, calculate the VAT payable by Esther on such goods. **(04 Marks**)

**………………………………………………………………………………..**

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**………………………………………………………………………………...**

**…………………………………………………………………………………**

## 5.4 SECTION B (60 Marks)

**16.** Lubwama completed his UCE exams last year and is apparently staying with his aunt at a fish landing site. He decided to invest in a profitable business.

a) Explain how Lubwama would generate business ideas at the landing site.  **(06 marks)**

b) With reasons, advise Lubwama on any **six** possible business ideas that he can

take up. **(06marks)**

c) Explain to Lubwama how he can select a good business idea. **(08marks)**

**17**. Kazungu is planning to open up a large scale super market in Masaka City. As a requirement he has to formalise the business.

1. Guide Kazungu on any five steps to follow when formalising his business. **(10 marks)**
2. What will Kazungu need to formalise his business? **(04 marks)**
3. What benefits will Kazungu enjoy from registering his business?  **(06 marks)**

**18**. The Government of Uganda put in place the Youth Livelihood Fund to increase the incomes of the youth. One of the requirements to access the funds is presenting a business plan.

a) Why is it necessary for the youths to make that presentation a business plan?

**(12 marks)**

b) Prepare a sample marketing plan of a business of your choice for the youths. **(08 Marks**)

19. The cashier of JOJO Enterprises maintains a file containing all the source documents of the business. On checking the file at the end of the month of September, 2021, he found invoices and credit notes with the following information:

|  |
| --- |
| Sept 2. Incoming invoices from the following:  Baaba shs 2,200,000  Matama shs 1,700,000  Dodo shs 2,800,000  Sept 5. Outgoing invoices in the names of:  Tamara shs 2,100,000  Batusa shs 3,000,000  Daudi shs 1,900,000  Sept 7. Incoming credit notes.  Baaba shs 300,000  Matama shs 200,000  Sept 8. Incoming invoices in the names of:  Baaba shs 3,500,000  Matama shs 2,300,000  Dodo shs 1,500,000  Sept 10. Outgoing credit notes to:  Tamara shs 200,000  Daudi shs 100,000  Sept 15. Outgoing invoices to:  Batusa shs 3,500,000  Tamara shs 4,000,000  Sept 18. Incoming invoices from:  Matama shs 2,000,000  Dodo shs 1,500,000  Sept 25. Incoming credit notes:  Matama shs 200,000  Dodo shs 100,000  Sept 27. Outgoing credit note from:  Batusa shs 300,000 |

***Required:***

Help JOJO to record the above information in the respective books of original entry. **(20 marks)**

**20**. Chemutai, an entrepreneur in Kapchorwa buys her goods from Kampala in bulk. She normally moves with large sums of money to pay her suppliers yet she has an account in the bank. She has been advised that she can make payments to her suppliers while in Kapchorwa.

a) Advise her on how she can use modern technology in banking payments to her suppliers. **(10 marks)**

b) Assess the benefits Chemutai will enjoy by using modern technology in banking. **(10 marks)**

**END**

# 6.0 MARKING GUIDE PAPER ONE

**UGANDA CERTIFICATE OF EDUCATION 2021**

**SAMPLE MARKING GUIDE**

**ENTREPRENEURSHIP**

**PAPER 1**

**SECTION A (40 Marks)**

1. Your friends are joining senior one, give two reasons to convince them why they should study Entrepreneurship. **(02 marks)**

1. ***It equips learners with knowledge and skills for selecting and starting a business.***
2. ***It prepares learners to take up successful careers.***
3. ***It encourages creativity and innovation.***
4. ***It enables learners acquire practical skills to become job creators.***

***(Any two points each awarded 01mark)***

2.Otim is operating a mobile money business in Gulu City offering a number of money transfer services. Give any two challenges faced by Otim in his business. **(02 marks)**

1. ***Customers bringing fake money***
2. ***Existence of conmen***
3. ***Robbery***
4. ***Network failure***
5. ***Ignorance of people about mobile money services***

***(Any two points each awarded 01 mark)***

3. An entrepreneur in your community has provided you with the following figures. Sales shs 900,000/=, Purchases shs 400,000/=, Returns in wards shs 80,000/=, Opening stock shs 300,000/= and Closing stock of shs 200,000/=. Compute the cost of goods sold and gross profit. **(02 marks)**

***Cost of sales = (Opening stock + Purchases) – Closing stock***

***= (300,000 + 400,000) – 200,000***

***= 700,000 – 200,000***

***= Shs 500,000/= (01 mark for a correct answer)***

***Gross profit = (Sales - Returns inwards) - Cost of sales***

***= (900,000 – 80,000) – 500,000***

***= 820,000 – 500,000***

***= Shs 320,000/= (01 mark for a correct answer)***

4. Women in Amuru town started a Savings and Credit Cooperative Society (SACCO), which provides loans to enable them start and manage their businesses. After two years, it faced challenges which made some of the members to leave the SACCO. Give any two challenges that could have caused the members to leave the SACCO.

**(02 marks)**

1. ***Embezzlement of SACCO funds***
2. ***Dishonesty of some members***
3. ***Poor saving culture among members***
4. ***Lack of competent managers***
5. ***Lack of proper communication within the SACCO***

***(Any two points each awarded 01 mark)***

5. The accountant of JEMA Enterprises received an invoice of Shs 3,200,000/= from a supplier with a cash discount of 2.5% if payment is made within 14 days. Calculate the amount of money to be paid by JEMA Enterprises if payment is made in 7 days.

**(02 marks)**

1. ***Amount paid = Invoice price – Cash discount***

1. ***Cash discount = 2.5% x 3,200,000***

***= 80,000/=***

1. ***Amount paid = 3,200,000 – 80,000***

***= Shs 3,120,000/=***

***(One mark is awarded on step one and 01 mark is awarded on the final answer)***

6. All business owners in Uganda are required by law to pay taxes, but some of them have not been compliant to their obligation. Give any two reasons why taxpayers may sometimes be non-compliant. **(02 marks)**

1. ***Lack of proper information about taxation***
2. ***Negative attitude towards paying taxes***
3. ***Poor record keeping***
4. ***Unfair tax burden on tax payers***
5. ***Poor tax administration***

***(Any two points each awarded 01 mark)***

7. After identifying a good business idea, Azabo, an entrepreneur in Nebbi town is thinking of conducting a market survey before starting the business. Suggest any two reasons why Azabo should carry out a market survey. **(02 marks)**

1. ***Ability to identify the level of competition in the market***
2. ***Identify possible consumers for the product***
3. ***Know the scope of future demand for the product***
4. ***Know the existing gaps on the market***

***(Any two points each awarded 01 mark)***

8. Uganda, Kenya, and Rwanda are members of the East African Community (EAC) trading in different commodities. Give any two ways how Uganda has promoted this regional trade. **(02 marks)**

1. ***It has improved the transport network.***
2. ***It has improved the communication network.***
3. ***It has reduced tariffs on imports and exports.***
4. ***It has opened the border posts 24/7.***
5. ***It has allowed private people to sell foreign exchange all over the country.***

***(Any two points each awarded 01 mark)***

9. Mukwasi is an entrepreneur in Mbale City operating a large restaurant with about 20 workers. He has a challenge of workers resigning almost every month and many of his customers are running away. Advise Mukwasi on any two acceptable business behaviours towards employees.  **(02 marks)**

1. ***Fair and timely pay to employees***
2. ***Provision of good working conditions***
3. ***treatment of employees with respect***
4. ***offering other fringe benefits to employees***

***(Any two points each awarded 01 mark)***

10. At the end of the trading period, the accountant of BAMUDA ENTERPRISES computed the final accounts to determine the profitability of the business. The business realised an increment in the net profit of shs 85,000,000/=. Mention any two stakeholders who may be interested in figures of the net profit. (02 marks)

1. ***Financial institutions who lend money to businesses***
2. ***Owners of the business in order to take decisions***
3. ***Employees of the business for job security***
4. ***Creditors/credit suppliers of the business***
5. ***Investors who may wish to buy shares in the business***

***(Any two points each awarded 01 mark)***

11. Study the photograph below and answer the questions that follow:



1. Identify any **two** risks which the above business is exposed to. **(02 marks)**
2. ***Theft and burglary***
3. ***Fire and lightening***
4. ***Embezzlement of funds***
5. ***Scarcity of fuel***

***(Any two points each awarded 01 mark)***

b) Advise the business owner on any two measures to be undertaken to minimise the risks mentioned in (a) above **(02 marks)**

1. Installing fire extinguishers to reduce on risks caused by fire
2. Risk transfer by taking up an insurance cover
3. Banking all the cash collected on a daily basis
4. Installing fuel Reserve tanks

***(Any two points each awarded 01 mark)***

1. A relative has come to consult you on the requirements of opening a bank account. Give any **four** requirements of opening up a bank account. **(04 marks)**
2. ***Filling the application form***
3. ***Submitting the passport photos***
4. ***Personal Identification (ID) Card from place of work or local council and recommendation***
5. ***Referee***
6. ***Signing on the signature specimen card***
7. ***Issuing of an account***
8. ***Making an initial deposit***

***(01 mark each for any four requirements)***

Monta Interior Designers operates a chain of businesses in Mbarara City. The owner wants to insure the business with Fine Insurance Company against fire. Give any **four** steps they should follow when taking up an insurance policy. **(04 marks)**

1. ***Contacting insurance brokers for advice/ selecting a good insurance company***
2. ***Filling the proposal form***
3. ***Calculating and determining the premium to be paid***
4. ***Paying the premium***
5. ***Getting a cover note***
6. ***Issuing of a policy***

***(Award 01 mark each for the first four steps)***

1. A group of youths in Moroto District are planning to supply stationary to the District Local Government, but they are required to register as a private limited company. Advise them on any **four** documents involved in the formation of a company. **(04 marks)**
2. ***Memorandum of Association***
3. ***Articles of Association***
4. ***Certificate of Incorporation***
5. ***Prospectus***
6. ***Certificate of Trading***

***(Award 01 mark for each document)***

1. Esther, a registered VAT trader, bought goods worth 10,000,000 shillings and sold them at 13 million shillings. Given the VAT rate of 18%, calculate the VAT payable by Esther on such goods **(04 Marks)**

**(01 mark)**

**(01 mark)**

**(01 mark)**

**/= (01 mark)**

## 6.2 SECTION B (60 Marks)

**Attempt any three questions from this section.**

**16.** Lubwama completed his UCE exams last year and is apparently staying with his aunt at a fish landing site. He decided to invest in a profitable business.

a) Explain how Lubwama would generate business ideas at the landing site.  **(06 marks)**

***The candidate is expected to explain how he/she would generate business ideas through the following:***

* Interest and hobby
* Local newspapers and magazines
* Conducting a survey on the needs of the people
* Interviews with entrepreneurs in the area
* Identifying problems of people in the area and answering to them through provision of goods or services that may be lacking
* Using his creativity and innovative skills
* Using his technical entrepreneur skills from school
* Using personal contacts in the area like his auntie

**(Any 6 x1 = 06 marks)**

**(*Mentioning – 01/02-mark, explanation – 01/02 mark)***

b) With reasons, advise Lubwama on any **six** possible business ideas that he can

take up. **(06marks)**

***Lubwama can take up any of the following business ideas:***

* Fish vending
* Restaurant
* Mobile money
* Fishing
* Fish nets selling
* Mechanical garage for boat repairs
* Shop for selling boat engines and other boat accessories

**(Any 6x1=6marks)**

**(*Mentioning the business idea – 01/02-mark, reason for the business idea – 01/02 mark***

***If a candidate mentions the business idea without a reason for it, then he/she scores 01/02)***

1. **Explain to Lubwama what he should base on to select a good business idea? (06marks)**

Lubwama should base on the following to select a good business idea:

* Present market
* Possibility of expanding future market
* Production cost involved
* Business risks
* Availability of capital required to start the business
* Personal considerations such as personal interests, commitment, and skills

**(Any 4 x 2 = 08marks)**

***(Mentioning – 01-mark, explanation – 01 mark)***

17. Kazungu is planning to open up a large scale supermarket in Masaka City. As a requirement he has to formalise the business.

1. **Guide Kazungu on any five steps to follow when formalising his business.**

***Kazungu will undertake the following steps:***

* Searching for a business name
* Reserving the business name
* Obtaining certificate of incorporation
* Obtaining an Investment License
* Obtaining a Tax Identification Number (TIN)
* Obtaining a Trading License
* Registering with National Social Security Fund (NSSF)
* Making a Company Seal

**(Any 5 x 2 = 10 marks)**

**(A candidate is expected to clearly state the step to be undertaken and briefly explain the what or where or how or why)**

**Where a candidate does not explain then he/she scores (01 mark)**

1. **What will Kazungu need to formalise his business (04 marks)?**

**Kazungu will need the following to formalise his business:**

* The reserved name of the business
* The registered physical address of the business
* The type of the business being registered
* The name(s) of the owner(s) of the business

**(4x 1 = 04 marks)**

**c) What benefits will Kazungu enjoy from registering his business? (06 marks)**

* He will obtain a legal identity and status for his business.
* He will safe guard the business name by acquiring a trade name.
* He will be able to easily access bank loans and other credit facilities for his business by acquiring a trade name.
* He will be in position to get tenders from government and other organisations.
* He will be able to register for bigger investments.
* He will have better marketing and advertising opportunities which will increase the number of customers.
* It will improve competitiveness of his business in the regional market.

**(Any 6 x 1 = 06 marks)**

**18**. The Government of Uganda put in place the Youth Livelihood Fund to increase the incomes of the youth. One of the requirements to access the funds is presenting a business plan.

**a) Why is it necessary for the youths to make that presentation? (12 marks)**

**It is necessary for the youths to present a business plan for the following reasons:**

* To enable them to define goals and objectives of the business which will help them to be focused.
* To enable them identify different requirements and mobilise the necessary resources.
* To enable them to focus on the planned activities.
* To enable them to establish whether the business will be profitable or not and plan accordingly.
* To enable them to analyse the marketing opportunities, challenges and lay down strategies of how to overcome them.
* To enable the youths to set production targets.
* To help them to get investors and financiers.
* To guide the youths to plan for the business by providing a timetable of activities to be done which helps them to mobilise and co-ordinate resources.
* To enable the youths to define specific goals and objectives so as to remain focused.
* To enable them to select the most suitable business opportunity based on their ability.
* To enable them have clear information with a clear picture of the kind of business and where it is going.
* To enable the youths to be able to monitor and control the activities and performance of the business over time.
* To make adequate prior preparation /planning on how to start and manage the business successfully.

**(Any 6×2= 12 Marks)**

**(*Mentioning – 01-mark, explanation – 01 mark)***

**b) Prepare a sample marketing plan for a business of your choice for the youths. (08 Marks)**

A sample marketing plan prepared by the candidate should include the following:

* The heading which should include the business name and address plus the document name that is Marketing plan
* The target market and market segments
* Current market prices of the product(s) and the prices of similar products on the market
* Pricing strategy to be used
* Competitors and their market share
* Current market size and the expected growth
* Business trends, expected changes and opportunities in the market
* Expected market share/sales
* Methods of advertising and promotion to be used
* Distribution channels to be used
* Expected marketing expenses

**(Any 8 x 1= 08marks.)**

***(Mentioning – 01-mark, explanation – 01 mark)***

19. The cashier of JOJO Enterprises maintains a file containing all the source documents of the business. On checking the file at the end of the month of September, 2021, he found invoices and credit notes with the following information:

Sept 2. Incoming invoices from the following:

Baaba shs 2,200,000

Matama shs 1,700,000

Dodo shs 2,800,000

Sept 5. Outgoing invoices in the names of:

Tamara shs 2,100,000

Batusa shs 3,000,000

Daudi shs 1,900,000

Sept 7. Incoming credit notes.

Baaba shs 300,000

Matama shs 200,000

Sept 8. Incoming invoices in the names of:

Baaba shs 3,500,000

Matama shs 2,300,000

Dodo shs 1,500,000

Sept 10. Outgoing credit notes to:

Tamara shs 200,000

Daudi shs 100,000

Sept 15. Outgoing invoices to:

Batusa shs 3,500,000

Tamara shs 4,000,000

Sept 18. Incoming invoices from:

Matama shs 2,000,000

Dodo shs 1,500,000

Sept 25. Incoming credit notes:

Matama shs 200,000

Dodo shs 100,000

Sept 27. Outgoing credit note from:

Batusa shs 300,000

***Required:***

Help JOJO to record the above information in the respective books of original entry. **(20 marks)**

**JOJO ENTERPRISES**

**PURCHASES JOURNAL/PURCHASES DAY BOOK**

**FOR SEPTEMBER 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date**  Sept. 2021 | **Details** | **Fol.** | **Invoice No.** | **Amount**  **(Shs.)** |
| 2nd | Baaba |  |  | 2,200,000 |
| ,, | Matama |  |  | 1,700,000 |
| ,, | Dodo |  |  | 2,800,000 |
| 8th | Baaba |  |  | 3,500,000 |
| ,, | Matama |  |  | 2,300,000 |
| ,, | Dodo |  |  | 1,500,000 |
| 18th | Matama |  |  | 2,000,000 |
| ,, | Dodo |  |  | 1,500,000 |
|  |  |  |  | **17,500,000** |

**(Eight correct entries = 8x1 = 08 marks)**

***NOTE:***

* + - 1. ***An entry is considered correct when it has the correct date, narration, correct amount with the correct currency units as per the question.***
      2. ***If any is missing or not appropriately written, then the candidate scores ½ a mark)***

**JOJO ENTERPRISES**

**PURCHASES RETURNS /RETURNS OUT WARDS JOURNAL**

**FOR SEPTEMBER 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date**  Sept.2021 | **Details** | **Fol.** | **Credit Note No.** | **Amount**  **( Shs.)** |
| 7th | Baaba |  |  | 300,000 |
| ,, | Matama |  |  | 200,000 |
| 25th | Matama |  |  | 200,000 |
| ,, | Dodo |  |  | 100,000 |
|  |  |  |  | **800,000** |

**(Four correct entries = 4 x 1 = 04 marks)**

***NOTE:***

1. ***An entry is considered correct when it has the correct date, narration, correct amount with the correct currency units as per the question.***
2. ***If any is missing or not appropriately written, then the candidate scores ½ a mark.***

**JOJO ENTERPRISES**

**SALES JOURNAL/ SALES DAY BOOK**

**FOR SEPTEMBER 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date**  Sept.2021 | **Details** | **Fol.** | **Invoice No.** | **Amount**  **(Shs.)** |
| 5th | Tamara |  |  | 2,100,000 |
| ,, | Batusa |  |  | 3,000,000 |
| ,, | Daudi |  |  | 1,900,000 |
| 15th | Batusa |  |  | 3,500,000 |
| ,, | Tamara |  |  | 4,000,000 |
|  |  |  |  | **14,500,000** |

**(Five correct entries = 5 x 1 = 05 marks)**

***NOTE:***

1. ***An entry is considered correct when it has the correct date, narration, correct amount with the correct currency units as per the question.***
2. ***If any is missing or not appropriately written, then the candidate scores ½ a mark.***

**JOJO ENTERPRISES**

**SALES RETURNS/ RETURNS INWARDS JOURNAL**

**FOR SEPTEMBER 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date**  Sept.2021 | **Details** | **Fol.** | **Credit Note No.** | **Amount**  **(Shs.)** |
| 10th | Tamara |  |  | 200,000 |
| ,, | Daudi |  |  | 100,000 |
| 27th | Batusa |  |  | 300,000 |
|  |  |  |  | **600,000** |

**(Three correct entries = 3 x1 = 03 marks)**

***NOTE:***

1. ***An entry is considered correct when it has the correct date, narration, correct amount with the correct currency units as per the question.***

***If any is missing or not appropriately written, then the candidate scores ½ a mark.***

**19**. Chemutai, an entrepreneur in Kapchorwa, buys her goods from Kampala in bulk. She normally moves with large sums of money to pay her suppliers yet she has an account in the bank. She has been advised that she can make payments to her suppliers.

a) Advise her on how she can use modern technology in banking payments to her suppliers. **(10 marks)**

* Mobile money transfer/mobile banking – where payments are made using mobile telephones.
* Automated Teller Machine (debit) card services
* Point of sales banking- a form of sale of goods and services to customers in a cashless style
* Telephone banking
* Electronic Funds Transfer (EFT)- the transfer of funds from one account to another either in the same bank or different banks
* Electronic Clearing Services (ECS)- an authorised periodic debit transfer from one account to another
* Credit Cards – enables a business to buy goods and services or withdrawing cash for immediate use

(**Any 5 x 2 = 10 marks)**

**b) Assess the benefits Chemutai will enjoy by using modern technology in banking.**  **(10 marks) Chemutai will enjoy the following benefits by using modern technology in banking.**

* She will be able to pay different bills on line.
* She will be able to transfer money from her account to other people’s accounts for example those of her suppliers, so she will enjoy fast and efficient transfer of funds.
* She will be able deposit and withdraw money anytime from anywhere.
* She will be relieved from the risk of moving with larger sums of money.
* She will be able to keep track of her account transactions and balance at all times.
* She may not have to keep receipts of all her bills, because she will be able to view her transactions.
* She will be able to perform tasks from anywhere and at any time even at night or on holidays even when the bank is closed provided she has internet access.
* She will be able to know about any fraudulent activity or threat to her account before it can pose severe damage.

**(Any 5 x 1 = 5 marks)**

***However, there are challenges in using modern technology in banking which include but not limited to:***

* May not access online banking if she does not have internet connection.
* Inadequate technical knowledge on the operation of e-banking hence may face some difficulties in its usage.
* Banking facilities are commonly found in urban areas.
* Funds insecurity caused by frauds. Her account information might get hacked by unauthorised people over the internet.
* Her banking information may be spread out on several devices making it more at risk.
* She will not have personal contact/relationship with her suppliers and bankers.
* In case the bank’s server is down then she will not be able to access her account(s).
* Her account may be misused if she does not ensure security of her password/pin.

**(Any 5 x 1 = 5 marks)**

**END**

# 7.0 PAPER TWO SAMPLE QUESTION PAPER

**UGANDA CERTICICATE OF EDUCATION 2021**

**SAMPLE QUESTION PAPER**

**ENTREPRENEURSHIP**

**PAPER 2**

**TIME: 2 Hours, 05 Minutes**

**Instructions to Candidates:**

1. This paper has **three** sections: A, B and C.
2. Section A and B are compulsory. They both carry equal marks.
3. Answers to section B must be precise.
4. Attempt any **three** questions from Section C. All questions carry equal marks.

**SECTION A (20 Marks) CASE STUDY**

*Read the case study below carefully and answer the questions that follow:*

Many traders in Bukomero town are dealing in household goods regularly bought by the customers. But many customers are complaining of being over charged. This made Uganda National Bureau of Standards to come out and caution the business owners against such practices.

Peace and Charles who are close friends from the same school have been observing such practices with concern. They started saving part of their pocket money and by the time they reached senior four, they had saved Shs. 400,000 and received Sh 1,000,000/= (one million shillings) as a donation from their parents. During their vacation, they planned to apply their entrepreneurship skills and started a retail business in the area.

1. From the information in the case study above, prepare a saving plan for Peace and Charles. **(10 marks)**
2. Given the savings of Peace and Charles plus the cash they received from the parents, prepare a working capital budget. **(05 marks)**
3. Design a signpost for Peace and Charles’ retail business. **(05 marks)**

**SECTION B (20 Marks)**

**Question 2.**

Kamau’s gross income for the year 2020 was Uganda shillings 95,000,000 and his allowable expenses amounted to Uganda Shillings 60,000,000. Calculate his chargeable income and determine the tax payable given Corporation tax rate of 30%. **(05 marks)**

**Question 3.**

Akuwa is a successful entrepreneur in Mubende Municipal council operating a hardware business. She insured it against fire, given its location near a petrol station. One fateful day, the petrol station caught fire that spread and destroyed the hardware.

Advise Akuwa on the steps she will follow to make a claim for compensation. **(5 marks)**

**Question 4**

The staff of Tiira S.S - Busia want to improve their welfare, by operating a saving and credit cooperative. Guide the staff on the formalities of operating a SACCO. **(5 marks)**

**Question 5**

Mugume is operating a wholesale business in his town in the name MUGUME TRADERS. His start-up capital was valued at Shs 8,800,000/=, which he increased by getting a short term loan of Shs 2,000,000/= and credit supplies of Shs. 400,000/=.

The business owned the following assets; Premises Shs. 2,000,000/=, Motor vehicle of Shs. 6,000,000/=, Closing Stock of Shs. 900,000, Debtors of Shs. 1,200,000 and Cash of Shs. 2,700,000/=.

At the end of the trading period, MUGUME TRADERS realised a Net profit of Shs. 1,500,000/= and had withdrawn Cash of Shs. 600,000/= for personal use.

From the scenario above, help MUGUME TRADERS to compute the following:

1. Fixed assets **(01mark)**
2. Current assets **(01mark)**
3. Current liabilities **(01mark)**
4. Working capital **(01mark)**
5. Owner’s equity **(01mark)**

**SECTION C (60 Marks)**

**Question 6**

Uganda imports a wide range of goods and services from different countries to supplement what is locally manufactured and satisfy the demands of the citizens. Study the bar graph below showing Uganda’s monthly imports and answer questions that follow.

1. (i) Determine the total amount of imports Uganda obtains from the Asian Countries displayed. **(3 marks)**

ii) Given the exchange rate of $1 = 3700Ush, where the cost per kilogram is $ 0.5. Compute the value of Uganda’s imports from Japan. **(5 marks)**

1. What has the government of Uganda done to improve her trade relations with China?  **(8 marks)**
2. How have the trade relations with China benefited Uganda’s economy?

**(4 marks)**

**Question 7**

On 1st June 2020 Bamu Bamu started a hardware business with Ug Shs. 900,000 in cash. He has no knowledge of book keeping and accounting. He carried out the following transactions during the month of June 2020.

|  |  |  |
| --- | --- | --- |
| June  2  3  5  10  15  20  22  25  27  30 | Banked cash  Purchased goods for resale by cash  Paid office rent by cheque  Sold goods and received a cheque  Bought goods and paid cash  Bought office furniture by cheque  Sold goods and received cash  Paid salaries by cheque  Withdrew cash from the business for personal use  Cash sales to date | UGX.  320,000  500,000  200,000  550,000  350,000  300,000  450,000  250,000  150,000  400,000 |

**Task:**

Bamu Bamu has asked you to prepare the following:

1. A two column cashbook and balance it **(10 marks)**
2. Ledger accounts to complete double entry **(05 marks)**
3. A trial balance as at that date **(05 marks)**

**Question 8**

Musa and Kisa are in paid employment and their monthly salaries are Shs. 250,000/= and Shs. 400,000/= respectively. They also get transport allowance of Shs 100,000 each.

Given the following monthly PAYE tax rates:

|  |  |  |
| --- | --- | --- |
| **No.** | **Chargeable (Monthly ) income (shs)** | **Tax rate/ Tax Liability.** |
| 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. 410,000/= | Shs. 10,000/= plus 20% of the amount by which chargeable income exceeds Shs. 335,000/= |
| 4. | Shs. 410,000 and above | a) Shs. 25,000/= plus 30% of the amount by which chargeable income exceeds Shs. 410,000/=  b) Additional 10% is charged on the amount by which chargeable income exceeds Shs. 10,000,000/= |

***Required****:*

1. Calculate the monthly PAYE tax payable by:
2. Musa **(03 marks)**
3. Kisa **(03 marks)**

b). Muko imported goods worth Thirty million shillings (Ug. Shs. 30,000,000), and sold them to Okello at Thirty-two million, five hundred thousand shillings (Ug. Shs. 32,500,000), Okello sold them to Matte a wholesaler at Thirty-four million shillings (Ug Shs. 34,000,000), Matte sold them to Nakku a retailer at Thirty-five million shillings (Ug Shs. 35,000,000). Nakku sold the goods to different customers at Thirty-six million shillings (Ug Shs. 36,000,000).

Given that all prices are inclusive of VAT, and the VAT rate is 18%, calculate VAT payable at each stage. **(14 marks)**

**Question 9**

Chemutai, an entrepreneur in Kapchorwa buys her goods from Jonna Investments LTD in bulk. She normally moves with large sums of money to pay her suppliers despite holding an account in one of the commercial banks in the area. She was recently advised to pay the company using a cheque through MUNNO-Bank.

1. In the cheque leaf provided, guide Chemutai to fill in the parts, assuming the cheque will be deposited on 18th November 2021. **(5marks)**
2. Apart from using a cheque, guide her on the use of any other five safer and convenient ways of effecting payments. **(10 marks)**
3. Assess the benefits Chemutai will enjoy when using modern technology in her business. **(5marks)**

**Question 10**

Lube Enterprises is owned by Lubega who did not study book keeping while in secondary school. He has presented the following financial information at the end of the trading period as at 31st December 2020.

|  |  |
| --- | --- |
| **Particulars** | **Amount (shs)** |
| Purchases | 7,200,000 |
| Stock 1.1.2020 | 1,200,000 |
| Carriage on sales | 300,000 |
| Discount allowed | 80,000 |
| Interest received | 26,000 |
| Sales | 13,000,000 |
| Returns outwards | 150,000 |
| Bank overdraft | 1,200,000 |
| Rent and rates | 496,000 |
| Sundry debtors | 180,000 |
| Capital | 17,510,000 |
| Bank loan | 4,000,000 |
| Sundry creditors | 350,000 |
| Cash in hand | 600,000 |
| Cash at bank | 900,000 |
| Salaries | 1,560,000 |
| Equipment | 1,300,000 |
| Land | 8,000,000 |
| Furniture and fittings | 620,000 |
| Returns inwards | 1,000,000 |
| Drawings | 1,100,000 |
| Motor van | 11,170,000 |

On 31st December 2020 Lube Enterprises physically counted the goods that were not sold, and they were valued at Shs. 750,000/-

***Required:***

As a student of entrepreneurship with book keeping knowledge, help Lubega to prepare:

1. A statement of profit or loss and other comprehensive income. **(10 marks)**
2. A balance sheet as at that date. **(10 marks)**

**END**

# 8.0 PAPER TWO MARKING GUIDE

**UGANDA CERTIFICATE OF EDUCATION**

**ENTREPRENEURSHIP EDUCATION**

**SAMPLE PAPER TWO**

|  |  |  |
| --- | --- | --- |
| **QN** | **Answer** | **Marks** |
|  | SECTION A (20 MARKS) |  |
| **1(a)** | **Give any five reasons why Peace and Charles chose to start a retail business other than any other business.**  **Award 1 mark for each relevant point stated (maximum 5)**   * They had smaller capital which was only suitable for a retail business. * The retail business was easy for them to start. * They could break the bulk to meet the needs of small buyers in the area. * They could bring goods closer/nearer to the customers. * It enabled them to have direct contact with their customers to provide better customer care. * They could not afford hired labour, so with the retail business, they provide their own labour. * They could easily supervise and manage their business. * Decision making is easier since they are only two. | **05** |
| **(b)** | Given the savings of Peace and Charles plus the cash they received from the parents, prepare a working capital budget.   * **Award 1 mark for the title.** * **Award 1 mark for any three relevant budget items only when the candidate has put units in “SHS”.** * **Award 1 mark for a total amounting to shs 1,600,000/=**   **PEACE AND CHALRES RETAILERS**   |  |  |  | | --- | --- | --- | | **Particulars/Details** | **Amount (Shs)** | **Amount (Shs)** | | Stock |  | xxxxx | | Rent |  | xxxxx | | Wages |  | xxxxx | | Transport |  | xxxxx | | Advertising/sign post |  | xxxxx | | Utilities |  | Xxxxx | | **TOTAL** |  | **1,600,000** |   **WORKING CAPITAL BUDGET FOR SHS 1,600,000** | **05** |
| **(c)** | Apart from overcharging customers as mentioned in the case study, give any other four bad practices that call for attention of Uganda National Bureau of Standards.  **Award 1 mark each point given (Maximum 5)**   * Selling expired goods * Using wrong measurement scales * Using misleading advertisement * Selling dangerous/harmful goods * Selling poor quality goods * Operating from unhygienic places | **05** |
| **(d)** | Design a signpost for Peace and Charles’ retail business.    **Award 1 mark for each relevant item✓✓of a sign post (maximum 5)**   * Frame and stands * Name of the business * Address of the business * Goods sold by the business * Arrow of direction and distance * Logo * Telephone contacts | **05** |
|  | SECTION B (20 MARKS) |  |
| **2** | **Using information in the question, calculate chargeable income and determine the tax payable given corporation tax rate of 30%. Show your working.**  **Answer**  **Award 1mark at each relevant step as indicated.**  **Step 1: Determine chargeable income**  Chargeable income = gross income – allowable income **(1mk)**  Chargeable income = 95,000,000 – 60,000,000 **(1mk)**  Therefore, chargeable income = Ug **Shs. 35,000,000(1mk)**  **Step 2: compute tax payable**  Tax payable = chargeable income x corporation tax rate of 30%  Tax payable = 35,000,000 x 30|% **(1mk)**  Therefore, tax payable = Ug **Shs. 10,500,000(1mk)** | **05** |
| **3** | **Advise Akuwa on the steps she will follow to make a claim for compensation.**  **Award 1 mark for each point**  **Possible answers**   * Reporting to Police. * Reporting to Insurance Company for a specified period of time. * Filling in a claim form, where the nature of the loss is stated and submitting it. * The insurer will send an assessor to determine the extent of loss. * The insurer settles the claim, based on the assessors report. | **05** |
| **4** | **Guide the staff on the formalities of operating a SACCO**  **Possible answers**   * Mobilisation of members and savings from them * Registering SACCOs * Election of executive members * Providing members with loan facilities * Holding Executive committee and annual general meetings   **Note:**  This indicative content is not exhaustive, other credit worthy responses should be awarded within range of score. | **05** |
| **5**  **(i)** | **Compute as shown below and per the different part.**  **Award 1 mark for each part of the question only if the candidate gives a correct formula, making a correct substitution, or gets a correct answer.**  Fixed asset = Premises + Motor van  = 2,000,000 + 6,000,000  = **Shs 8,000,000/= (1mk)** | **01** |
| **(ii)** | Current assets = Stock + Debtors + Cash in hand  = 900.000 + 1,200,000 + 2,700,000  **= Shs 4,800,000/= (1mk)** | **01** |
| **(iii)** | Current liabilities = Short term loan + Creditors + Bank overdraft  = 2,000,000 + 400,000 + 700,000  = **Shs 3,100.000/= (1mk)** | **01** |
| **(iv)** | Working capital = Total Current Assets - Total Currents Liabilities  = 4,800,000 - 3,100,000  = **Shs 1,700,000/= (1mk)** | **01** |
| **(v)** | Owner’s equity = (Capital + Net Profit) - Net Profit  = (8,800,000 + 1,500,000) – 600,000  = **Shs 9,700,000/= (1mk)** | **01** |
| **6**   1. **(i)** | **The total amount of imports from China, Japan and India**  **Award 1 mark for the right answer.**  **Answer**  Total amount = 10.000+ 6.000 + 3000 = **19.000tonnes ( 1mk)** |  |
| 1. **(ii)** | **The value of Uganda’s imports from Japan is computed as:**  **Award 1 mark at each relevant step as indicated.**  **Answer**  Cost per kg = 3.700 x 0.5 = Ug **Shs. 1,850(1mk)**  Imports in kgs = 6000 tonnes x 1000 **(1mk)**  =**6.000.000kg(1mk)**  Cost of imports = 6.000.000 x 1,850 **(1mk)**  =**11,100,000,000 ( 1mk)** |  |
|  | **The government of Uganda has done the following to improve her trade relations with China**  **Award 1 mark for each relevant point + 1 for explanation**  **Possible answers**   * Offered them tax holidays * Advertised Uganda’s potential to China * Gazetted off land for their investment * Ensured security * Held diplomatic missions to China * Promoted Chinese language by including it on the curriculum   **Any 4x2 = (8marks)**  **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded within range of score. | **08** |
|  | **How the trade relations with China have benefited Uganda’s economy.**  **Award 1 mark for each relevant and well explained point.**  **Possible answers**   * Citizens are enjoying a variety of goods * Access to cheaper goods from China * Enabled access to goods that cannot be produced in Uganda * Improved relations with China * Promoted technological development * Promoted health competition with local producers * Government revenue has increase * Resulted in increased foreign exchange * Encouraged development of infrastructure like roads   **Note:** This indicative content is not exhaustive; other creditworthy responses as given by the learner should be awarded within range of score. | **04** |
|  | SECTION C ( 60 MARKS) |  |
| **7 (i)** | **Award half (½) a mark on any of the 20 entries marked with a tick in the two column cash book.**  **Bamu-Bamu’s**  **Two Column Cash Book**  **For the month of June 2020**   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Dr** |  |  |  |  |  |  |  |  | **Cr** | | **Date** | **Details** | **F** | **Cash**  **(Shs) 000** | **Bank**  **(Shs)**  **000** | **Date** | **Details** | **F** | **Cash**  **(Shs)**  **000** | **Bank**  **(Shs)**  **000** | | **2020**  June  1  2  10  22  30  **July 1** | Capital  Cash  Sales  Sales  Sales  Balance b/d | **C** | Shs  900✓  450✓  400✓  **1,750**✓  430✓ | Shs  320✓  550✓  **870**✓  120✓ | **2020**  June  2  3  5  15  20  25  27  30 | Bank  Purchases  Rent  Purchases  Furniture  Salaries  Drawings  Balance c/d | C | Shs  320✓  500✓  350✓  150✓  430✓  **1,950**✓ | Shs  200✓  300✓  250✓  120✓  **870**✓ | | **10** |
| **7 (ii)** | **Award half (½) a mark on any of the 10 entries marked with a tick in the ledger accounts**  **Capital Account**   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **Dr** |  |  |  |  |  |  | **Cr** | | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | | 2020  June 30 | Balance  c/d |  | 900 | 2020  June 1 | Cash |  | Shs.  900**✓** | |  |  |  |  | July 1 | Balance b/d |  | 900 |   **Purchases Account**   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **Dr** |  |  |  |  |  |  | **Cr** | | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | | 2020  June 3  15 | Cash  Cash |  | 500**✓**  350**✓**  850 | 2020  June 30 | Balance  C/d |  | Shs.  850  850 | | July 1 | Balance b/d |  | 850 |  |  |  |  |   **Sales Account**   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **Dr** |  |  |  |  |  |  | **Cr** | | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | | 2020  June 30 | Balance c/d |  | 1,400  1,400 | 2020  June 10  22  30 | Bank  Cash  Cash |  | Shs.  **550✓**  **450✓**  **400✓**  1,400 | |  |  |  |  | July 1 | Balance b/d |  | 1,400 |   **Rent Account**   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **Dr** |  |  |  |  |  |  | **Cr** | | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | | 2020  June 5 | Bank |  | Shs  **200✓** | 2020  June 30 | Balance c/d |  | Shs.  200 | | July 1 | Balance b/d |  | 200 |  |  |  |  |   **Furniture Account**   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **Dr** |  |  |  |  |  |  | **Cr** | | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | | 2020  June 20 | Bank |  | **300✓** | 2020  June 30 | Balance c/d |  | Shs.  300 | | July 1 | Balance b/d |  | 300 |  |  |  |  |   **Salaries Account**   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **Dr** |  |  |  |  |  |  | **Cr** | | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | | 2020  June 25 | Bank |  | **250✓** | 2020  June 30 | Balance c/d |  | Shs.  250 | | July 1 | Balance b/d |  | 250 |  |  |  |  |   **Drawings Account**   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **Dr** |  |  |  |  |  |  | **Cr** | | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | **Date** | **Details** | **Fol** | **Amount**  **(Shs)**  **000** | | 2020  June 27 | Cash |  | **150✓** | 2020  June 30 | Balance c/d |  | Shs.  150 | | July 1 | Balance b/d |  | 150 |  |  |  |  | | **05** |
| **(iii)** | **Award half (½) a mark for the heading and any 9 entries marked with a tick only.**  **Bamu Bamu’s**  **Trial balance**  **As at 30/6/2020✓**   |  |  |  | | --- | --- | --- | | **Details** | **Debit**  **(Shs) 000** | **Credit**  **(Shs) 000** | | Cash at hand  Cash at bank  Capital  Purchases  Sales  Rent  Furniture  Salaries  Drawings | 430**✓**  120**✓**  850**✓**  200**✓**  300**✓**  250**✓**  150**✓** | 900**✓**  1,400**✓** | |  | **2,300** | **2,300** | | **05** |
| **8**  **a)(i)** | **Calculation of monthly PAYE tax payable by Musa**   * **Award ½ a mark for each step involved in calculating PAYE (Maximum 6 steps) and the mark on the answer must only be awarded if the candidate puts units (shs)**   Monthly PAYE tax payable by Musa  Musa’s monthly gross income = salary + transport allowance✓**(1/2 )**  = 250,000 + 100,000  = **shs. 350,000 ✓** **(1/2 )**  Therefore, Monthly PAYE tax payable by Musa = Shs. 10,000 plus 20% of the amount by which chargeable income exceeds shs. 335,000✓**(1/2)**    EITHER  = 10,000 + 20/100 (350,000- 335,000) **(1/2)**  OR = 10,000 + 20/100 × 15,000✓  = 10,000+ 3000. ✓ **(1/2)**  **= shs. 13,000.** ✓ **(1/2)** | **03** |
| **(a)(ii)** | Calculate the monthly PAYE tax payable by Kisa.  **Award ½ a mark for each step involved in calculating PAYE (Maximum 6 steps).**  Monthly PAYE tax payable by Kisa  Kisa’s monthly gross income  = salary + transport allowance ✓**(1/2 )**  = 400,000 + 100,000  **= shs. 500,000** ✓ (**1/2 )**  Therefore, Monthly PAYE tax payable by Kisa = Shs. 25,000 plus 30% of the amount  by which chargeable income exceeds shs. 410,000✓ **(1/2)**  **EITHER**  = 25,000 + 30/100(500,000 – 410,000)  **OR** = 25,000 + (30/100 × 90,000 ✓**(1/2)**  = 25,000 + 27,000 ✓**(1/2 )**  **= shs. 52,000.**✓ **(1/2 )** | **03** |
| **(b)** | **Award 1 mark on each step involved in calculating VAT, and I mark for the correct answer.**  VAT payable at each stage = VAT ratio × Value Added✓  OR **(01)**  =Output VAT- Input VAT    **VAT payable at stage 1** – At importation.  = 18/118 × 30,000,000  = **shs 4,576,271/=**✓**(01)**    **VAT payable at stage 2:**  EITHER: VAT = Output VAT- Input VAT  = (18/118 × 32,500,000) – (18/118 × 30,000,000)✓**(01)**  = shs.4, 957,627 – shs.4, 576,271 ✓ **(01)**  **= shs. 381,356/=**✓ **(01)**  OR:  VAT= VAT ratio × Value Added  = 18/118 × (32,500,000 – 30,000,000)✓**(01)**  = 18/118 × 2,500,000 ✓ **(01)**  **= shs. 381,356**/= ✓**(01)**  **VAT payable at stage 3:**  EITHER: VAT = Output VAT- Input VAT  = (18/118 × 34,000,000) – (18/118 × 32,500,000) ✓ **(01)**  = 18/118 ×1,500,000 ✓ **(01)**  **= shs 228,814/=**✓**(01)**  OR : VAT= VAT ratio × Value Added ✓  =  18/118 × (34,000,000 – 32,500,000) ✓ **(01)**  = 18/118 ×1,500,000✓  **(01)**  **= shs 228,814/=**✓ **(01)**  **VAT payable at stage 4:**  EITHER: VAT = Output VAT- Input VAT  = (18/118 × 35,000,000) – (18/118 × 34,000,000)✓**(01)**  = 5,338,983 - 5,186,441✓ **(01)**  **= shs 152,542/=**✓  **(01)**  OR: VAT= VAT ratio × Value Added  = 18/118 × (35,000,000 – 34,000,000)✓ (**01)**  = 18/118 ×1,000,000✓ **(01)**  **= shs 152,542/=**✓ **(01)**  **VAT payable at stage 5:**  **EITHER**: VAT = Output VAT- Input VAT  = (18/118 × 36,000,000) – (18/118 × 35,000,000)✓ **(01)**  = 5,491,525 – 5,338,983✓ **(01)**  **= shs 152,542/=**✓ **(01)**  **OR**: VAT= VAT ratio × Value Added  = 18/118 × (36,000,000 – 35,000,000)✓**(01)**  = 18/118 ×1,000,000✓ **(01)**  **= shs 152,542/=**✓ **(01)** | **14** |
| **9 (a)** | 1. **The filled-in cheque leaf is as below:**   **Award 1 mark for each correctly filled part.**  **Possible answer**  MUNNO BANK Date……………18-11-2021…………….  P.O BOX 001  JINJA  Pay \_JONNA INVESTMENTS LTD or Order  Amount in Shs. Five million shillings only UGX 5.000.000/=  Signature  chemutai  Cheque No. Account No  000-1267 0238012775 | **5** |
| **(b)** | **Award 1 mark for each relevant point + 1mark for explanation on how it is used.**  **Possible answers**   * Mobile money transfer/mobile banking: Where payments are made using mobile telephones. * Standing order * Automated Teller Machine (debit): Card services are used and one can withdraw or deposit at any time of day with restricted amount within a day. * Point of sales banking: A form of sale of goods and services to customers in a cashless style. * Telephone banking * Electronic Funds Transfer (EFT): This is the transfer of funds from one account to another either in the same bank or different banks. * Electronic Clearing Services (ECS): This is an authorized periodic debit transfer from one account to another. * Credit Cards: Enables a business to buy goods and services or   Withdrawing cash for immediate use.  **(Any 5 x 2= 10 marks)**  **Other safer and convenient ways of effecting payments.** | **10** |
| **(c)** | **Benefits Chemutai will enjoy by using modern technology.**  **Award 1 mark for each relevant and explained benefit.**  **Possible Answers**   * Saves on transport costs. * It is convenient for her since she does not have to move with large sums of money to transact. * She is saved from dangers of robbery. * It is a fast method of effecting payment irrespective of where she is. * She can easily advertise her products using online marketing. * She can easily order for raw materials or purchase goods without going there physically.   **(Any 5 x 1= 05 marks)** | **5** |
| **10(i)** | **NB: The candidate may prepare either a vertical OR a horizontal format of the trading, profit and loss account.**   * **Award half (½) a mark for the heading and 19 entries marked with a tick in the trading, profit and loss account.**   **(HORIZONTAL FORMAT)**  **LUBE ENTERPRISES**  **STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDING 31st DECEMBER 2020**✓   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | |  | **Shs**  **000** | **Shs**  **000** |  | **Shs**  **000** | **Shs**  **000** | | Stock 1.1.2020 |  | 1,200✓ | Sales | 13,000✓ |  | | Purchases | 7,200✓ |  | Less: Returns inwards | 1,000✓ |  | | Less: Returns outwards | 150✓ |  | **Net Sales** |  | **12,000** | | Net Purchases |  | 7,050✓ |  |  |  | | Goods available for sale |  | 8,250✓ |  |  |  | | Less: Stock 31.12.2020 |  | 750✓ |  |  |  | | **Cost of Sales** |  | **7,500**✓ |  |  |  | | **Gross Profit c/d** |  | **4,500**✓ |  |  |  | | **TOTAL** |  | **12,000** |  |  | **12,000** | | Less: Expenses |  |  | Gross Profit b/d |  | 4,500✓ | | Carriage on sales | 300✓ |  | **Add: Any income** |  |  | | Discount allowed | 80✓ |  | Interest received |  | 26✓ | | Rent and rates | 496✓ |  |  |  |  | | Salaries | 1,560✓ |  |  |  |  | | Total expenses |  | 2,436✓ |  |  |  | | **Net Profit** |  | **2,090**✓ |  |  |  | | **TOTAL** |  | **4,526** |  |  | **4,526** | | **10** |
|  | **(VERTICAL FORMAT)**   * **Award half (½) a mark for the heading and 19 entries marked with a tick in the trading, profit and loss account.**   **LUBE ENTERPRISES**  **STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDING 31st DECEMBER 2020** ✓   |  |  |  |  | | --- | --- | --- | --- | |  | **Shs**  **000** | **Shs**  **000** | **Shs**  **000** | | Sales |  | 13,000✓ |  | | Less: Returns inwards |  | 1,000✓ |  | | **Net Sales** |  |  | **12,000**✓ | | Less: Cost of Sales |  |  |  | | Stock 1.1.2020 |  | 1,200✓ |  | | Purchases | 7,200✓ |  |  | | Less: Returns outwards | 150✓ |  |  | | Net Purchases |  | 7,050✓ |  | | Cost of goods available for sale |  | 8,250✓ |  | | Less: Stock 31.12.2020 |  | 750✓ |  | | Cost of Sales |  |  | 7,500✓ | | **Gross profit** |  |  | **4,500**✓ | | Add: Interest received |  |  | 26✓ | |  |  |  | **4,526**✓ | | Less: Expenses |  |  |  | | Carriage on sales |  | 300✓ |  | | Discount allowed |  | 80✓ |  | | Rent and rates |  | 496✓ |  | | Salaries |  | 1,560✓ |  | | Total expenses |  |  | 2,436✓ | | **Net Profit** |  |  | **2,090**✓ | | **10** |
| **10(ii)** | **NOTE: The candidate may prepare either a vertical OR a horizontal format of the balance sheet.**  **(HORIZONTAL FORMAT)**   * **Award half (½) a mark for the heading and 19 entries marked with a tick in the balance sheet.**   **LUBE ENTERPRISES**  **BALANCE SHEET**  **AS AT 31st DECEMBER 2020✓**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | |  | **Shs**  **000** | **Shs** |  | **Shs**  **000** | **Shs**  **000** | | Capital | 17,510**✓** |  | **Fixed Assets** |  |  | | Add: Net Profit | 2,090**✓** |  | Land | 8,000**✓** |  | |  | **19,600✓** |  | Furniture and fittings | 620**✓** |  | | Less: Drawings | 1,100**✓** |  | Motor van | 11,700**✓** |  | |  |  |  | Equipment | 1,300**✓** |  | | **Capital Owned** |  | **18,500✓** | **Fixed capital** |  | **21,620✓** | | **Long term liability** |  |  |  |  |  | | Bank loan |  | 4,000✓ |  |  |  | | Current Liabilities |  |  | **Current Assets** |  |  | | Sundry Creditors | 350**✓** |  | Stock 31.12.2020 | 750**✓** |  | | Bank overdraft | 1,200**✓** |  | Sundry Debtors | 180**✓** |  | |  |  |  | Cash at bank | 900**✓** |  | |  |  | **1,550✓** | Cash in hand | 600,000**✓** |  | |  |  |  | **Circulating Capital** |  | **2,430✓** | | **TOTAL** |  | **24,050** |  |  | **24,050** | | **10** |
|  | **(VERTICAL FORMAT)**   * **Award half (½) a mark for the heading and 19 entries marked with a tick in the balance sheet.**   **LUBE ENTERPRISES**  **BALANCE SHEET**  **AS AT 31st DECEMBER 2020✓**   |  |  |  |  | | --- | --- | --- | --- | |  | **Shs**  **000** | **Shs**  **000** | **Shs**  **000** | | Fixed assets |  |  |  | | Land |  | 8,000**✓** |  | | Furniture and fittings |  | 620**✓** |  | | Motor van |  | 11,700**✓** |  | | Equipment |  | 1,300**✓** |  | | Fixed capital |  |  | **21,620✓** | | Current assets |  |  |  | | Stock 31.12.2020 |  | 750**✓** |  | | Sundry Debtors |  | 180**✓** |  | | Cash at bank |  | 900**✓** |  | | Cash in hand |  | 600**✓** |  | | **Circulating capital** |  | **2,430✓** |  | | Less: Current liabilities |  |  |  | | Sundry creditors | 350**✓** |  |  | | Bank overdraft | 1,200**✓** |  |  | |  |  | **1,550✓** |  | | Working capital |  |  | 880**✓** | | **Capital Employed** |  |  | **22,500** | | Financed by: |  |  |  | | Capital |  | 17,510**✓** |  | | Add: Net Profit |  | 2,090**✓** |  | |  |  | **19,6000** |  | | Less: Drawings |  | 1,100**✓** |  | | **Owner’s Equity** |  | **18,500✓** |  | | Add: Bank loan |  | 4,000**✓** |  | |  |  |  | **22,500** | |  |