

845/1  
ENTREPRENEURSHIP  
EDUCATION  
Paper 1  
18 July 2022  
2 ½ hours



ENTEBBE JOINT EXAMINATION BUREAU

Uganda Certificate of Education  
ENTREPRENEURSHIP EDUCATION

Paper 1

2 hours 30 minutes

**INSTRUCTIONS TO CANDIDATES:**

*Attempt only **four** questions.*

*All questions carry equal marks*

*Begin each number on a fresh page.*

*Credit will be given to the use of relevant illustrations and diagrams.*

*Any extra question(s) shall **not** be assessed.*

1. You have decided to start a furniture-making business in your company.
  - (a) Write a letter to the Executive Director, National Environmental Management Authority (NEMA) requesting for their permission to launch the business. *(06 marks)*
  - (b) State the requirements you must fulfil before obtaining a license for the business. *(06 marks)*
  - (c) Design an invoice that you will use in the business. *(06 marks)*
  - (d) How will your business benefit the community? *(07 marks)*
2. The following balances were extracted from the books of Tukole Enterprises as at 31/12/2010.

Particulars	Shs
Stock 1/1/2010	1,000,000
Premises	4,000,000
Wages and Salaries	550,000
Motor van	3,000,000
Telephone	200,000
Sales	7,400,000
Purchases	2,500,000
Returns inwards	300,000
Returns outwards	400,000
Debtors	800,000
Creditors	600,000
Bank loan	1,500,000
Cash at bank	1,950,000
Cash at hand	1,800,000
Heating and lighting	300,000
Motor repairs	600,000
Commission received	100,000
Drawings	750,000
Interest paid	250,000
Capital	8,000,000
Stock 31/12/2010	660,000

**Required to:**

- (a) Extract Tukole Enterprises’.
- (i) Trial balance, (05 marks)
  - (ii) Trading, profit and loss account. (12 marks)
- (b) Calculate and interpret the:
- (i) stock turnover ratio. (04 marks)
  - (ii) average payment period for debts (*take 365 days for a year*). (04 marks)
3. You have acquired a 4-month bank loan of Shs. 100,000,000 to operate a maize processing plant. The loan attracts a 10% per month interest.
- (a) Prepare a loan-repayment schedule using the reducing balance method. (07 marks)
- (b) Explain the likely effects of the business on the environment. (08 marks)
- (c) What factors would you consider when selecting a supplier of raw materials for your business? (06 marks)
- (d) Outline any **four** pre-operating expenses for your business. (04 marks)
4. (a) Basiima Ogenze Enterprises is a VAT-registered business. During the year 2019, it had the following VAT-exclusive transactions.
- Produced clothes worth Shs 10,000,000
  - Sold the same goods to Nassolo, a wholesaler for Shs 12,000,000
  - Nassolo, the wholesaler, sold the same goods to Kikankane, a retailer for Shs 16,000,000.
  - Kikankane, a retailer sold the same goods to Matama, the final consumer at Shs. 20,000,000.

**Required, using 18% VAT rate, to calculate the:**

- (i) tax payable at each stage. (12 marks)
- (ii) gross sales value to the final consumer VAT-inclusive. (04 marks)
- (iii) VAT paid to Uganda Revenue Authority. (03 marks)

- (b) Kitimbo is one of the employees of Basiima Ogenze enterprises. He earns gross salary of Shs. 7,200,000 per year. The employer uses a monthly PAYE tax rate below to calculate PAYE deductions.

	<b>Chargeable income</b>	<b>Tax rate</b>
1	Not exceeding Shs. 235,000	<i>nil</i>
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	exceeding Shs. 410,000	Shs. 25,000 plus 30% of the amount by which chargeable income exceeds Shs. 410,000

**Required:**

Calculate the annual amount of PAYE deductions for Kitimbo. *(06 marks)*

5. You are operating a brick-making project in your hometown.
- (a) Draft a signpost to promote your business. *(06 marks)*
  - (b) Explain the factors you will consider when determining prices for your products. *(06 marks)*
  - (c) Place an order for machines and equipment for your business. *(06 marks)*
  - (d) Draft a job advert to be placed in the newspaper for the post of cashier in your business. *(07 marks)*