

MATIGO EXAMINATIONS BOARD



845/1

ENTREPRENEURSHIP EDUCATION MARKING GUIDE 2023 PAPER 1



Full mark



Half mark

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Qn	Answers	marks
1(a)	<p>A letter of inquiry to a potential landlord shall include;</p> <ul style="list-style-type: none">Name and address of the business• Business logo• Document identity• Document number• Date of writing the letter• Address of the business/person written to• Salutation. Dear Sir/Madam• Opening statement i.e. please quote us the price/cost of hiring the premises.• Description table<ul style="list-style-type: none">- Description of rooms/premises- Size/length of rooms• Complementary clause i.e. yours faithfully• Signature of the officer• Name and title of the officer• Frame	<p>Any $12 \times \frac{1}{2}$ = 06 marks</p>
(b)	<p>Measures employed to capture market include</p> <ul style="list-style-type: none">• Giving the business a distinctive name• Offering cheap services• Advertising the business	

	<ul style="list-style-type: none"> • Sponsoring sports activities • Involving in personal selling • Renovation of the business premises • Offering credit facilities • Showing excellent knowledge of business and its services • Being polite to customers • Organizing prize winning contests • Providing sufficient information on use of the product service. • Providing required after sales services. 	<p><i>Any</i> <i>7 × 1 mark</i> <i>= 07marks</i></p>
©	<p>Guideline to ensure safety of business cash include;</p> <ul style="list-style-type: none"> • Title i.e. Business and address & statement guidelines to ensure safety of business cash • Banking all cash received on daily basis shall be done • Employing auditors surprisingly to check for errors & fraud made by workers in the cash department shall be done • All cash received shall be documented and accounted for physically at the end of each day • All cash in the business premises shall be kept under lock & key not exposed to any one • Business shall avoid using cash for personal matters • All cash payments shall be documented and authorized by the entrepreneurship personally/ assigned officer • The business shall get regular bank statements and carry out daily cash reconciliation • Training of all workers on financial management matters shall be done through workshops 	<p><i>Any</i> <i>6 × 1mark</i> <i>= 06 marks</i></p>
(d)	<p>Ethical practices exhibited by the business towards customers include;</p> <ul style="list-style-type: none"> • Honestly • Courtesy • Geniality • Responsibility • Increasing productivity to enable customers get what they want. • Understanding customer's needs in order to satisfy them. • Ensuring that products produced/ offered have no adverse effects. • Providing sufficient information on use of the product/ service • Providing required after-sales services. 	<p><i>Any</i> <i>6 × 1mark</i> <i>= 06 marks</i></p>

MS CATHERINE BAMU'S ✓✓
 TRIAL BALANCE
 AS AT 31. 12. 2016

PARTICULARS	DEBIT(SHS)	CREDIT(SHS)
Cash in hand	1,200 ✓	
Cash at bank	11,000 ✓	
Stock 1/12/06	21,000 ✓	
Debtors	8,000 ✓	
Creditors		10,000 ✓
Returns inwards	500 ✓	
Sales		56,000 ✓
Purchases	20,500 ✓	
Capital		14,900 ✓
Salaries	4,000 ✓	
Water and Electricity	600 ✓	
Postage	200 ✓	
Drawings	900 ✓	
Furniture	7,500 ✓	
Motorvan	35,000 ✓	
Bank loan		30,000 ✓
Rent received		1,200 ✓
Office Rent	1,700 ✓	
TOTAL	112,100	112,100

Any
 $20 \times \frac{1}{2}$
 = 10marks

P.T.O

(b)

**MS CATHERINE BAMU'S
INCOME INVESTMENT
FOR THE YEAR ENDED 31.12.2006**

DETAILS	AMOUNT (SHS)	AMOUNT (SHS)	AMOUNT (SHS)
Sales		56,000	
Less: Returns inwards		500	
Net sales			55,500
<u>LESS: Cost of sales</u>			
Opening stock		21,000	
<u>Add: Purchases</u>	<u>20,500</u>		
Goods available for sale		41,500	
<u>Less: Closing stock</u>		13,500	
Cost of sales			28,000
Gross profit			27,500
<u>Add: Supplementary gains:</u>			
Rent received			1,200
Gross income			28,700
<u>Less: Operating expenses:</u>			
Salaries		4,000	
Water & Electricity		600	
Postage		200	
Office Rent		1,700	
Total operating expenses			6,500
Net profit			<u>22,200</u>

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Any
 $20 \times \frac{1}{2}$
 = 10 marks

(i)	<p>Working capital ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ <i>But current Asset = Cash in hand + cash at bank + Debtors + Closing stock</i> $= \text{Shs.1200} + \text{shs } 11,000 + \text{Shs.8,000} + \text{Shs.13,500}$ $= \text{Shs } 33,700$</p> <p>Therefore, Working capital = $\frac{\text{Shs.33700}}{\text{Shs.10000}}$ Therefore, capital = 3.37%</p>	<p>✓ ✓ ✓</p> <p>3marks</p>
(ii)	<p>Debtors collection period = $\frac{\text{Debtors}}{\text{Sales}} \times 365 \text{ days}$ $= \frac{\text{Shs.8,000}}{\text{Shs.56,000}} \times 365 \text{ days}$ $= 52 \text{ days}$</p>	<p>✓ ✓</p> <p>2 marks</p>
3(a)	<p>A letter to the health inspector should have the following contents;</p> <ul style="list-style-type: none"> • Name and address of the business • Items dealt in by the business • Business logo • Date • Our ref /your ref • Name and address of the inspector • Salutation • Subject line/Reason • Body i.e. introduction, purpose, terms of operation • Complementary clause • Signature, Name, and title of officer writing • Provision for other officers that have received copies • Provision for enclosure if any • Frame. 	<p>Any $14 \times \frac{1}{2}$ = 07 marks</p>
(b)	<p>Different types of business laws being abided by when operating the restaurant include</p> <ul style="list-style-type: none"> • Environmental Law • Business Name and Registration Act • Trade Licensing Act • Business Protection Law • Weight and Measurements Act 	

	<ul style="list-style-type: none"> • Food and Drug Act • Consumer Protection Law • Company Law 	<i>Any</i> <i>4 × 2marks</i> <i>= 08marks</i>
(c)	Measures put in place to improve quality of service delivery include; <ul style="list-style-type: none"> • Using high quality raw materials i.e food materials • Employment of qualified workers to manage the production process e.g. cooks and chef. • Servicing the machine to ensure efficiency e.g. Juice blenders, micro waves etc. • Proper and immediate packaging of the restaurant products e.g. snacks. • Ensuring proper storage of raw materials and finished products. • Ensuring proper hygiene at all times in the work place. • Giving clear instructions to workers regarding the production process. • Ensuring proper hygiene at all times in the work place. • Giving clear instructions to workers regarding production process. • Ensuring proper supervision of worker especially cooks in the kitchen. • Using appropriate distribution channels to avoid tempering with the product's quality. • Carrying out research into better production methods. • Motivation of workers for example paying them on time. • Setting and adhering to the quality standards of the restaurant. • Checking quality of the production process 	<i>Any</i> <i>6 × 1mark</i> <i>= 06 marks</i>
(d)	Benefit of the business to the community members include; <ul style="list-style-type: none"> • Provision of goods and services i.e. snacks, drinks, local foods etc. • Provision of employment opportunities to community members • Contribution to community development programmes for example finding sports galas • Payments of taxes to local government that is used to provide services to community e.g. local service tax. • Helping in cleaning of environment • Providing market to community local products for example food materials • It may be used as study centre i.e. research purposes • May provide security to community • Leads to urbanization with in the area with its associated benefits • Facilitates development of infrastructures. 	<i>Any</i> <i>5 × 1mark</i> <i>= 05marks</i>

4(a)	Importance of paying taxes include; <ul style="list-style-type: none"> • Taxes act as a source of government revenue which is used to provide social services to the public • Taxes protect domestic industries from competition of cheap commodities from other countries. • Taxes help to reduce income inequality in society especially between the rich and the poor. • They help to reduce dumping of goods in a country with all its negative effects • Help to restrict the consumption of certain commodities which may be harmful to people's health e.g. cigarettes. • Help to redistribute income and wealth in the country i.e. progressive tax system. • They help to reduce inflation by reducing people's disposable income. • Help the community to recover wealth which individual have obtained not as a result of their efforts. 	<p>Any 5 × 1marks = 05marks</p>
(b)	An employee earning a gross salary of Shs. 600,000 falls in income brackets (4) four ✓ $\text{PAYE} = \text{Shs. } 25,000 + 30\% \text{ Shs } (600,000 - 410,000)$ $\text{PAYE} = \text{Shs. } 25,000 + \left(\frac{30}{100} \times \text{Shs. } 190,000\right)$ $\text{PAYE} = \text{Shs. } 25,000 + \text{Shs. } 57,000$ $\text{PAYE} = \text{Shs. } 82,000$	<p>06 marks</p>
©	VAT Paid to URA = Out put VAT – Input VAT ✓ <i>where output VAT = Sales value × VAT rate</i> $= \text{Shs } 4,800,000 \times \frac{18}{100}$ $= \text{Shs } 864,000$ <i>Input VAT = Purchases value × VAT Rate</i> $= \text{Shs } 2,500,000 \times 18/100$ $= \text{Shs. } 450,000$ $\text{Therefore, VAT paid to URA} = \text{Shs. } 864,000 - \text{Shs. } 450,000$ $= \text{Shs. } 414,000$	<p>05 marks</p>
(d)(i)	The following are the ways through which business evade taxes in Uganda <ul style="list-style-type: none"> • Under declaring business assets • Under declaring business profits • Overstating business expenses • Corrupting tax officials • Smuggling. 	<p>Any 4 × 1 mark = 04 marks</p>

(ii)	<p>Consequences of tax evasion to business in Uganda include;</p> <ul style="list-style-type: none">• The business is charged fines and penalties.• The business loses government tenders and contractors.• Business operations are interfered with.• Sales of the business reduce due to selling through black marketing.• It's illegal and a criminal offence.• Loss of reputation /image.	<p>Any 5 × 1 mark = 05 marks</p>																																										
5(a)	<p>XYZ POULTRY PROJECT AND ADDRESS</p> <ul style="list-style-type: none">• Document identity i.e. loan repayment schedule• Loan amount i.e. Shs.2,000,000• Bank i.e.....• Interest rate 2%• Method used i.e. reducing balance method <table><tr><th>Period i.e. 2023</th><th>Loan size Shs.</th><th>Principal Amount (shs)</th><th>Loan Interest</th><th>Total Repayment (Shs)</th><th>Outstanding balance Shs</th></tr><tr><td>January</td><td>2,000,000</td><td>400,000</td><td>40,000</td><td>440,000</td><td>1,600,000</td></tr><tr><td>Feb</td><td>1,600,000</td><td>400,000</td><td>32,000</td><td>432,000</td><td>1,200,000</td></tr><tr><td>March</td><td>1,200,000</td><td>400,000</td><td>24,000</td><td>424,000</td><td>800,000</td></tr><tr><td>April</td><td>800,000</td><td>400,000</td><td>16,000</td><td>416,000</td><td>400,000</td></tr><tr><td>May</td><td>400,000</td><td>400,000</td><td>8,000</td><td>408,000</td><td>0</td></tr><tr><td>TOTAL</td><td></td><td>2,000,000</td><td>120,000</td><td>2,120,000</td><td></td></tr></table> <div><div>Prepared (Borrower)by Signature Name Title</div><div>Received (Lender)by Signature Name: Title:</div></div>	Period i.e. 2023	Loan size Shs.	Principal Amount (shs)	Loan Interest	Total Repayment (Shs)	Outstanding balance Shs	January	2,000,000	400,000	40,000	440,000	1,600,000	Feb	1,600,000	400,000	32,000	432,000	1,200,000	March	1,200,000	400,000	24,000	424,000	800,000	April	800,000	400,000	16,000	416,000	400,000	May	400,000	400,000	8,000	408,000	0	TOTAL		2,000,000	120,000	2,120,000		<p>Any 30 entries × 1/5 = 06 marks</p>
Period i.e. 2023	Loan size Shs.	Principal Amount (shs)	Loan Interest	Total Repayment (Shs)	Outstanding balance Shs																																							
January	2,000,000	400,000	40,000	440,000	1,600,000																																							
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March	1,200,000	400,000	24,000	424,000	800,000																																							
April	800,000	400,000	16,000	416,000	400,000																																							
May	400,000	400,000	8,000	408,000	0																																							
TOTAL		2,000,000	120,000	2,120,000																																								

(b)	Risks that may affect the poultry project include; <ul style="list-style-type: none"> • Outbreak of diseases e.g. New castle, coccidiosis • Seasonal changes in market for poultry products • Wrong decision making • Death of birds • Thunder and lightening • Fire outbreak • Theft of poultry products, cash, tools and equipment • Breakage of products e.g. eggs • Rising levels of competition • High prices /fluctuating prices for poultry feeds & vaccines • Unexpected fall in prices of poultry products e.g. eggs. • Failure to attract enough customers • Brake down in supply of inputs • Cannibalism e.g. hen eating eggs • Noise that may affect laying rate of birds. • Fake feeds/ substandard feeds. 	<p><i>Any</i> $6 \times 1 \text{ mark}$ $= 06 \text{ marks}$</p>
(c)	Step followed to develop a business plan for the business include; <ul style="list-style-type: none"> • Business Name and Address & Document Name i.e. steps followed when developing a business plan. • Identifying a business opportunity i.e. poultry rearing • Conducting a market survey/research • Collecting / gathering relevant information about the project. • Drafting a business plan • Discussing the drafted business plan with knowledgeable people. • Finalizing the business plan. • Preparing an action plan / implementation plan. 	<p><i>Any</i> $7 \times 1 \text{ mark}$ $= 07 \text{ marks}$</p>
(d)	Policy guidelines to be followed to ensure proper management of borrowed funds include <ul style="list-style-type: none"> • Name and Address of the business • Document Name i.e. guideline to follow in ensuring proper management of funds • The borrower shall ensure proper supervision and monitoring of business finances • Employing of skilled personnel 	

- Attending seminars and workshops on matters related to fund management.
- Communicating to the lender about major changes taking place in the business.
- Using the loan for its intended purposes
- Seeking advice from the lender and other related successful entrepreneurs on matters to do with the bank loan.
- Proper documentation/ recording of the loan i.e. amount, interest, principal amount and loan size.
- Prepared and approved by..... Loan officers and borrower respectively.

N.B: Shall must be used in the points given

*Any
6 × 1 mark
= 06 marks*

END

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