845/1 Entrepreneurship Paper 1 Oct./Nov. 2024 2½ hours



## UGANDA NATIONAL EXAMINATIONS BOARD

# **Uganda Certificate of Education**

## **ENTREPRENEURSHIP**

# Paper 1

2 hours 30 minutes

## INSTRUCTIONS TO CANDIDATES:

This paper consists of two Sections; A and B. It has five examination items.

Section A has three compulsory items.

Section B has two items. Answer one item from this section.

Answer four examination items in all.

Any additional item answered will not be scored.

All answers must be written in the answer booklet(s) provided.

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Turn Over



#### **SECTION A**

Answer all items in this section.

#### Item 1

Goddie and Jack have contributed Shs4,500,000 each and they would like to set up a carpentry workshop in their home trading centre. However, they are afraid of conflicting in the business. They also have limited knowledge on how they will market their products.

# Task:

- (a) Guide Goddie and Jack to avoid conflicts in the business.
- (b) Prepare a plan that can help Goddie and Jack to market their business products.

## Item 2

Axil produces and sells chicken feeds in his home town. He employs untrained youth and uses an old grinding machine which often breaks down. As a result, the production is low and of poor quality. Many of the customers are now buying feeds from other traders with similar products.

Axil is planning to design an advert to expand his market and buy a new machine for his business. However, because he is very busy, he has hired you to help him.

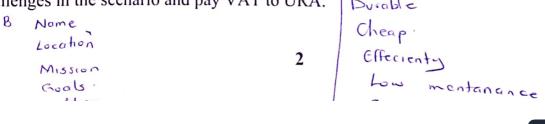
## Task:

- (a) Guide Axil to select a suitable grinding machine for his business.
- (b) (i) Design an advert for Axil's business.
  - (ii) Other than the advert, advise Axil on how he can attract more customers for the business.

#### Item 3

Opio is an agent of a dairy milk company. He distributes milk to various customers using his motorcycles. He hires motorcycle riders to sell the milk and bring to him money on a daily basis. One of the riders reported that thieves attacked him and robbed him of the milk and one million shillings. When some riders are given money for fuel, they put less than what was given and complain that the fuel was not enough. Other motorcycle riders use the money from the cash sales on personal needs and claim that the milk was sold on credit.

Opio is a registered Value Added Tax (VAT) payer with Uganda Revenue Authority (URA). Last month he bought milk of Shs10,000,000 and sold it to Max at Shs12,000,000. Opio is confused and is seeking your help on how to solve the challenges in the scenario and pay VAT to URA.



# Task:

- (a) Advise Opio on how he can use technology to solve the challenges in his business.
- (b) Guide Opio on the insurance policies he can take for his business.
- (c) Given that VAT rate is 18%, calculate for Opio the VAT payable to URA.

# **SECTION B**

Answer one item from this section.

## Item 4

Baguma Enoc owns BAENOC, a wholesale shop dealing in sugar, soap, salt and cooking oil. He uses an exercise book to record his business transactions. The transactions for the month of January 2024 were recorded as follows:

Date	Item
1 <sup>st</sup> Jan. 2024	Balances: Cash Shsl,000,000 Bank Shs2,200,000
3 <sup>rd</sup> Jan. 2024	Paid cash to workers for the month of Dec. 2023 Shs70,000 ×
4 <sup>th</sup> Jan. 2024	Received cash from Mukasa Shs318,500 for 6 bags of sugar taken on credit.
	Paid Opio Shs150,000 cheque No. 021 for salt deducting 5% cash discount.
8 <sup>th</sup> Jan. 2024 8 <sup>th</sup> Jan. 2024	Received a cheque of Shs800,000 for 5 bags of sugar sold after deducting a cash discount of Shs80,000.  Paid landlord Shs250,000 by cheque.
16 <sup>th</sup> Jan. 2024	Paid Shs1,800,000 for purchase of 20 bags of sugar. Çashier wrote a cheque.
21st Jan. 2024	Shs300,000 received from Mubiru in cash was banked.
27 <sup>th</sup> Jan. 2024	Cash sales for the day Shs600,000.
30 <sup>th</sup> Jan. 2024	Picked Shs200,000 cash from cashier for personal use.
31st Jan 2024	Banked Shsl,000,000 excess cash.

Baguma presented his exercise book to Busy Bank Ltd for a loan. The bank advised him to prepare a cash summary using an appropriate book of accounts.

## Task:

- (a) Identify for Baguma the ledger books required to record the transactions of BAENOC wholesalers for the month of January, 2024.
- (b) Prepare a ledger book that will provide a cash summary as required by Busy Bank Ltd

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Turn Over



# Item 5

Leah Amede, a fruit grower in Soroti, bought a machine for juice processing and packing. She employed one of the accountants of Soroti Juice Factory on part-time basis. The contract expired on 30<sup>th</sup> June 2024, a year after he had prepared the following trial balance.

Details	Dr (Shs)	Cr (Shs)
Sales		13,000,000
Purchases	7,200,000	
Stock 1st July 2023	1,200,000	•
Carriage outward	300,000	
Returns inwards	1,000,000	
Returns outward		150,000
Discount allowed	80,000	
Interest received		26,000
Bank overdraft		200,000
Capital		10,000,000
Rent and Rates	496,000	
Debtors	180,000	
Creditors		350,000
Cash in hand	300,000	
Salaries	1,560,000	
Land	7,300,000	
Furniture	620,000	
Drawings	100,000	
Motor van	5,700,000	
Loan		2,310,000
	26,036,000	26,036,000

Stock at 30<sup>th</sup> June, 2024 was valued at Shs750,000. Leah Amede is eager to know the profits and financial position of her business.

# Task:

Using your book-keeping skills, help Leah Amede to prepare financial statements to determine the;

- (a) profit or loss of the business.
- (b) value of the business assets and liabilities.



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Bank overdraft		200,000
Capital		10,000,000
Rent and Rates	496,000	
Debtors	180,000	
Creditors		350,000
Cash in hand	300,000	
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END

