PROPOSED MARKING GUIDE FOR KASSEC 2023
ENTREPRENEURSHIP EDUCATION
P230/3

OSJ

SECTION A: CASE STUDY

Required;

a) State the *likely circumstances* under which goods may be returned to the enterprise by the buyers.
(03 marks)

- Goods delivered or sent are not those ordered for.
- Good are expired/ gone bad
- Goods are in excess of what was ordered for.
- Goods are defective/faulty/unfit
- Goods are damaged (while in transit.)
- Supplier charging a higher price than that agreed.
- Goods supplied are not in accordance with the sample provided.
- Goods are over-delayed and the buyer informed the supplier not to send the goods. etc.

NB: Points should be presented with conditional phrases; (when, if, in case), where).

b) What steps would Iculi follow to analyses the root causes of returning goods to the enterprise by customers? analyze **(05 marks)**

- Defining the problem to be investigated. (problem statement. i.e. why goods are returned)
- Identifying the possible causes of the problem. (this is best done by asking the WHY questions)
- Identifying the root cause(s) of the problem.
- Identifying the corrective action steps to take that can be used to solve the problem.
- Implementing the best corrective solution(s) to ~~the~~ correct the root cause.

NB: Should be in chronological order

c) (i) Mention the sources from which Uncle Iculi establishes the credit worthiness of his customers. **(03 marks)**

- Potential customers' banks
- Credit bureau in the country.
- Competitors/ other traders dealing in similar goods.

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- Community members.
- Other customers/ buyers.
- Suppliers of similar products.

(ii) Suggest measures for Uncle Iculi to take to induce debtors to pay back promptly. **(03 marks)**

- Expanding and locating places of payment to debtors' convenience.
- Accepting payment in form of goods and services i.e. barter exchange.
- Entering into new agreement for better terms and conditions of repayment.
- Ensuring that the customers who take goods on credit pledge collateral security of a higher value.
- Imposing heavy fines and penalties on debtors who pay after the credit period or who do not pay back.
- Offering cash discount to debtors who pay back promptly.
- Allowing payment in installments convenient to debtors.
- Accepting other forms of payment other than cash.
- Sending reminders to customers who take goods on credit.
- Hiring skilled debt managers to follow up on debt collection. Etc.

d) Advise Iculi on the steps to follow to show dissatisfaction about high taxes levied onto his business. **(06 marks)**

- Lodging a dissatisfaction or objection with the Commissioner General (within 45 days) after notice.
- Receiving feedback from the Commissioner General affirming reducing the taxes (or increasing the taxes) (within 90 days).
- Applying to the Tax Appeals Tribunal (TAT) if not satisfied with the decision of the Commissioner General (within 30 days).
- Appealing to the High Court to review the decision of the TAT (within 30 days)
- Appealing to the Court of Appeal to review the decision of the High Court.
- Appealing to the Supreme Court to review the decision of the Court of Appeal.

e) What are the likely costs to Iculi's business as a result of evading tax? **(05 marks)**

- Temporary/ permanent closure of the business by the tax authority hence loss of business income.
- Denial of government support to the business in case it is one of the conditions to get it.
- Penalty or surcharge on all unpaid taxes defaulted.
- Forceful payment of all taxes unpaid which reduces the business profits/income.
- Publishing the business name in the media which kills the business good public image.

+ Imprisonment

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I (E)

- Taking court action which may lead to imprisonment of the entrepreneur.
- Denial of public/government contracts and tender as a result of not paying tax.
- Tax authority taking over management of the business.

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SCHOOL BUSINESS CLUBS

Answer at least one question from this section.

2. a) Describe the business project. **(04 marks)**

- Business name and address. ✓
- Business location ✓
- Products or services offered.
- Purpose of the business i.e. vision, mission, goals and objectives.
- Source of funds
- Nature/type/legal form of business.
- Description of fixed assets
- Target market or customers.
- Date of establishment of the business.
- Uniqueness of the business.
- SWOT analysis

b) With reasons, what various forms of business opportunities did you consider before choosing what you ventured into?
(06 marks)

- Trading or merchandising business (wholesale/retail)
- Manufacturing/ processing business.
- Service business ~~or agro business~~.
- Agro business
- Franchise type of business.
- Independent type of business.
- Store from business
- Non-store front business.

3X2 = 6.

c) Explain any five principles that were followed while procuring club business inputs.
(05 marks)

- Right quality.
- Right quantity.
- Right price.
- Right time.
- Right place.
- Right source.

NB: Evidence is a must.

d) What measures did you employ to promote business revenue? **(05 marks)**

- Paying labour a low wage
- Making labour work for long hours
- Reducing fringe benefits for labour e.g. transport and medical allowances

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- Buying raw materials from the cheapest source
- Avoiding unnecessary costs i.e. un planned expenditures
- Employing few workers
- Reducing credit sales
- Carrying out sales promotion
- Increasing the price of the product
- Employing few workers etc.

NB: Evidence is a must.

e) Mention any five production activities carried out in the club project. (05 marks)

- Purchasing inputs
- Safely storing the inputs.
- Obtaining, cleaning and making ready all the production equipment, tools and facility.
- Preparing the inputs
- Observing and ensuring quality standards during preparation.
- Turning the inputs into finished goods.
- Packaging the finished goods ready for sale. Etc.

NB: Evidence is a must.

NB. Responses are subject to the type of product or service produced.

3. a) Outline the type of business and the products or services offered. (02 marks)

The type of business mentioned should be any of the following.

- Agri-business.
- Manufacturing business.
- Trading business.
- Service business.
- Extraction business.
- Sole proprietorship business.
- Partnership business.
- Joint venture
- Cooperative.

Name, Address and contact

RICHQUEST BAKERY
P O BOX 123, WAKISO
TEL: 0701401115

Business location

NB. The products/services offered depend on the type of business mentioned.

b) What ethical practices did you exhibit to the community while conducting business club activities?
(05 marks)

- Conserving the environment.
- Protect people's health and lives during its operations.
- Observing and have strict considerations for the society/community norms and values.
- Getting involved and contribute to the needs of the society.
- Providing employment opportunities to the community.

NB: EVIDENCE IS A MUST

c) What tactics did you use while negotiating with customers? (05 marks)

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- Communicating frequently with customers.
- Offering customer rewards
- Holding special events.
- Ensuring that negotiations promote two-way communication.
- Enhancing customer service.
- Launching multi-cultural program.
- Visiting customers.

NB: Evidence is a must.

d) How were female business club entrepreneurs empowered? **(05 marks)**

- Sensitizing them on the need to do business.
- Forming a business club comprised of both males and female members.
- Encouraging and assigning club responsibilities to females members always.
- Encouraging the male club members to always support the females in the tasks assigned.
- Selecting and appointing female club members in club leadership positions.
- Avoiding any discriminatory tendency based on gender while undertaking club activities.
- Offering career guidance to both females and males to enable them take up correct choices to do business activities.
- Ensuring favourable working conditions that favour both sexes.
- Allocating club tasks accordingly (being gender sensitive while allocating tasks) e.g. heavy and simple work)
- Ensuring a two way communication.
- Using women role models with successful businesses.
- Ensuring that there is no any threat of exploitation and victimization. Etc.

e) Describe any four management roles carried out by any four club executives. **(08 marks)**

- Planning
- Organizing (delegating, coordinating)
- Controlling
- Staffing
- Leading
- Communicating
- Budgeting
- Motivating
- Directing

Roles of the Different Executive Leaders.

4x2 = 08

Evidence is A must.

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SECTION C; FIELD ATTACHMENT / FIELD TRIP

4. For any business project you were attached to;

a) Describe the business enterprise. **(04 marks)**

- Business name and address.
- Business location
- Products or services offered.
- Purpose of the business i.e. vision, mission, goals and objectives.
- Source of funds
- Nature/type/legal form of business.
- Description of fixed assets
- Target market or customers.
- Date of establishment of the business.
- Uniqueness of the business.
- SWOT analysis

b) What purpose does the organizational chart serve to the business? **(05 marks)**

- To act as a visual aid for staff training during induction session
- To specify duties and responsibilities of different personnel in an organization
- To show the hierarchy of authority within the organization
- To act as a reference whenever transfers and promotions are to be done in an
- enterprise
- To facilitate smooth flow of information communication in an enterprise
- To help an entrepreneur to identify vacant posts in an enterprise
- To help an entrepreneur to coordinate with different department
- To enable the entrepreneur to determine the man power requirements of the
- business
- To give the organizational structure of the enterprise
- To shows the reporting relations in an enterprise
- To act as a reference point whenever transfers and promotions are to be done
- in an organization
- To create a platform for delegation of authority between superiors and
- subordinates
- To enable the successfulness of performance appraisal basing on employees duties and responsibilities
- To aid in instilling discipline among employees and manager as it specifies the level of administration and subordination.

c) Assuming you were the enterprise's Personnel Manager, what personal competences would you look for in a candidate applying for the post of a marketing manager? **(05 marks)**

- Number of languages spoken and written (should be multi-lingual)
- Physical appearance (preferably good looking and appealing outlook)

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- Smartness (dressing, composure, etc.)
- Personal confidence before a crowd and composure
- Extrovert — Health Status.
- Creativity and initiative.
- Listening and quick response skill etc.

d) How does globalization affect the activities of the business? **(05 marks)**

Positively

- Widens market
- Promotes technological transfer and development.
- Promotes labour mobility
- Improves international relations
- Promotes utilization of would be idle resources.
- Facilitates development of infrastructure

Negatively

- Leads to spread of diseases
- ~~Leads to economic dependence~~ leads to brain drain
- Leads to unemployment.
- Accelerates capital outflow
- Leads to economic dependence.

e) What techniques does the business use to stay competitive? **(06 marks)**

- Advertising business products
- Competitive pricing
- Improving quality of products
- Providing a variety of products
- Ensuring customer convenience and satisfaction services
- Creating good business image.
- Merging firms
- Motivating workers.
- Providing credit facilities.
- Ensuring effective communication.
- Insuring the business.
- Carrying out personal selling.
- Ensuring attractive branding. Etc.

NB: Evidence is a must.

5. Referring to the business field trip carried out as an individual or a group;

a) i) Describe the nature of the business. **(04 marks)**

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- Business name and address.
- Business location
- Products or services offered.
- Purpose of the business i.e. vision, mission, goals and objectives.
- Source of funds
- Nature/type/legal form of business.
- Description of fixed assets
- Target market or customers.
- Date of establishment of the business.
- Uniqueness of the business.
- SWOT analysis

ii) State the objectives of the field trip. **(03 marks)**

- To relate theory acquired from classroom to practical work in the actual business activity.
- To expose my/ourselves to the real business world.
- To introduce my/ourselves to the field of research.
- To visualize what takes place in an enterprise. Etc.

NB: *Responses can also be in relation to any syllabus topic phrased as an objective in relation to the question.*

b) With reasons, identify any two compulsory deductions from employees' pay. (04 marks)

National Social Security Fund NSSF). This is charged by the employers from his employees' wages. The money deducted is remitted to the NSSF to help the employees in their old age, employees who may develop disabilities as well as their families.

Pay As You Earn (PAYE); this is charged on the wages of an individual, it is deducted at a time when wages are paid and remitted to URA as government revenue.

c) How does the business speed up collection of cash from debtors? **(05 marks)**

- By setting up short credit periods for the business debtors
- By continuously reminding the business debtors their due dates for clearing their debts.
- By extending discounts to business debtors who clear their debts in time. This will encourage them to make prompt payment.
- By giving reminder notes to business debtors to remind them the due dates for clearing their debts.
- By extending credit facilities to only well-known debtors with a good historical back ground.
- Asking for collateral security with a high value.
- Taking court action to defaulting debtors.

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d) In what ways can the government support the activities of the enterprise?

(04 marks)

- By promoting the development of infrastructure.
- By ensuring and improving peace, stability and security.
- Ensuring economic stability through its macro-economic policies.
- Improving technology.
- Reducing taxes.
- Expanding markets.
- Providing credit facilities or affordable business capital.
- Providing information about investment opportunities to locally and externally.
- Carrying out further privatization.
- Improving entrepreneurial skills.

Present continuous Tense / Action verb.

e) What tools does the business use to promote its publicity? **(05 marks)**

- Giving free samples.
- Through premium or bonus offer.
- Through exchange schemes.
- Through price – off offer.
- Through use of coupons.
- Through trade fairs and exhibitions.
- Through trading stamps.
- Through scratch and win offer.
- Through money back offers.
- Through window display.
- Giving donations.
- Organizing competition or games.
- Employing skilled workers and motivating them adequately.
- Maintaining links with others. (Suppliers, competitor, business support services.)
- Offering after sales services.
- Giving out free gifts.
- Using non-product value methods.
- Supporting and getting involved in community development programs. (Corporate Social Responsibility.)

NB: *Publicity means; the movement of information with the aim of increasing public awareness of a business product. It is the communication through significant unpaid presentations about the organization in the impersonal media*

-END-

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MARKING GUIDE FOR KASSEC 2023
ENTERPRENUERSHIP
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1. (a) A marketing plan should include the following

- Name of business
- Address
- Contact

1mk.

Marketing Plan

- Target market
- Products or services
- Position of competitors
- Pricing strategies
- Terms of sale
- Promotion and advertising
- Distribution strategies
- Expected sales (per week)
- Project marketing expenses

any 05 x1 = 05.

Should be well explained with present simple Tense

(Any 6x 1 = 06 marks)

(b)

Name of business
- address
- Contact

1mk.

POLICIES FOR WORKERS TO FOLLOW TO MANAGE IVENTORY

- All materials shall be documented
- Storage facilities shall be put in place
- Adequate storage levels shall be maintained i.e. over stocking and understocking shall be avoided.
- Stock shall be issued using FIFO method to avoid expiry
- Stock shall be bought in bulk to obtain discounts.
- A high re-order level shall be maintained to enable continuity of the production process.
- Stock records shall be maintained by an experienced store keeper.

NB: USE "SHALL" OR "ARE/IS"

05 x1 = 05 mks.

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

(c) Brand label to be placed on a 2 litre bottle of juice.

Logo 1mk

Manufactured By Name of business: .....
Address: .....
Contact: .....

1mk

Location: .....

INGREDIENTS

Manufacturing date: ..... (fill in)
Expiry date: ..... (fill in)

- Fruits
- Preservatives
- Artificial flavours
- Food colour

1mk

1mk

Caution : store in a cool and dry place

Your number one juice. 1mk

(Any 4x1 = 04 marks)

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(d) A bid Notice for supply of fruits to ..... (Name of the business)

Name of business
Address
Tel: contact

Date ..... (Fill in)

To: The General Public

RE: BID NOTICE FOR SUPPLY OF FRUITS.

..... (Name of the business) limited is a medium sized business dealing in processing of juice from fruits. It is located in .....

The procurement officer and the managing director of ..... (Name of the business) limited invite sealed bids from eligible bidders for weekly supply of fruits to the company.

Bidders are required to submit documents in triplicate to the procurement room, No. ..... not laterthan ..... (Filled in)

Bid opening will be done on ..... (Filled ~~on~~ in the factory's conference hall at 12:00 noon. The Pre-qualification document is obtained from the office of the procurement officer on payment of a non –refundable fee of shs. ..... (Filled in)

Prepared by .....
Name
Title

(Any 8 ticks x ½)

(e) Name of business
Address
Tel: Contact

EXECUTIVE SUMMARY

Write about:

- The back ground of the business (include Business name, address and location)
- Objectives of the business
- The products /services the business offers
- An over view of the market for the products/services
- The competitive advantage of the business
- The projected growth of the business
- Key members of the business-stake holders
- Funding requirement of the business.

- **(Any 5 x 1 = 05 marks)**
- **NB: attach information**
- **NB: Name of the business should be consistent through the parts of the question**

(a)

Name of the business
Address
Contact. 1mk.

BUDGET FOR PRE-OPERATIONG EXPENSES.

~~FIXED CAPITAL REQUIREMENTS.~~ ~~SHS.~~ Item SHS.

Purchase of new land xx
Construction business premises xx
Installation of machines. Xx
Installation of utilities xx
Total fixed capital requirements. 5mks ~~xxx~~

~~WORKING CAPITAL REQUIREMENTS~~
Market research xx
Stationary xx
Promotion xx
Registration of business xx
Recruitment of staff xx
~~Total working capital requirements~~
~~Total financial requirements.~~
~~600,000,000~~ [xxx] 1 mk

Any 14 ticks x ½ = 07 marks)

Lack of units (Shs) – penalty 50%

(b)

Name of the business
Address. 1mk.

LOAN REPAYMENT SCHEDULE 1mk
Loan size: shs. 600,000,000
Interest: 2% reducing balance repayment period: 6 **months.**

Period (months)	Principal's instalment shs.	Interest payable shs. 1mk	Total instalment shs. 1mk	Outstanding bal. on principal shs. 1mk	Outstanding bal. on total shs. 1mk
1	100,000,000	12,000,000	112,000.000	500,000,000	530,000,000
2	100,000,000	10,000,000	110,000,000	400,000,000	420,000,000
3	100,000,000	8,000,000	108,000,000	300,000,000	312,000,000
4	100,000,000	6,000,000	106,000,000	200,000,000	206,000,000
5	100,000,000	4,000,000	104,000,000	100,000,000	102,000,000
6	100,000,000	2,000,000	102,000,000		
Total	600,000,000	642,000,000			

06 ticks x 1 = 06 marks

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(c)

Name of the business
Address

ACTION PLAN

TIME FRAME	ACTIVITY	PERSON IN CHARGE	RESOURCES NEEDED	INDICATORS
1 Month	Conducting market research	Marketing manager	Stationary Computer	Availability of stationary
1 week	Buying new land	Entrepreneur	Money	Availability of land
4 months	Constructing premises	Engineer	Money	
2 weeks	Installation of power and machinery	Engineer	Money	
2 weeks	Registration of the business	Entrepreneur	Money	
1 week	Launching the business.	Marketing manager	Money	

07 ticks x 1 = 07 marks

(d)

Name of the business
Address
No : 001

STOCK REQUISITION FORM

Department: .....
Date: .....
Please release the following items from the store.

Quantity	Description	Unit price shs.	Amount shs.

Prepared by : .....authorized .....received by .....
....

(Any 10 ticks x ½ = 05 marks)

3. (a) THEORY OF CHANGE FOR ..... (I.e. Name and address of the business)

VISION: To be the number one poultry Farmers in Uganda.

IMPACT: Producing high quality eggs and chickens

OUTCOME: improved health of the people

ACTIVITY: Buying chicks, feeding, vaccination, cleaning utensils and troughs, deworming, debeaking and medication.

IMPUTS: (knowledge) Chicks, building, drugs, feeds, water, money, information resources

5 x 1 = 05 marks

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NP/ Poster/ Sign Post

(b) Suitable medium is a Newspaper i.e. first mention the name of the medium. (~~1mk~~)

Log 1mk
Name of poultry farm 1mk
Address
Telephone contact
Dealers in poultry farming, we produce eggs and sell off layers and broilers. 1mk — 1mk
Located in 1mk
Illustrations e.g. eggs or chicken
Try us for high quality poultry products. (i.e. slogan)
You will not regret. (1mk).

Document Name (1mk)

5 x 1 = 05 marks

(c) APPLICATION FORM FOR USAGE IN RECRUITMENT OF MORE WORKERS

Name of poultry farm
Address
Tel: contact
1mk.

JOB APPLICATION FORM 1mk.

Fill in this form in triplicate and send to the human resource manager .....(Name and address of poultry farm)

1. Post applied for .....
   Ref No. .....
2. (i) Full Names .....
   (ii) Date of birth ..... (iii) GENDER.....
   (iv) Home District ..... (v) Permanent Address .....
3. Father's /Guardians Name: .....
   Nationality .....
4. School/colleges/universities attended.

School/university	Year		Grade
	From	To	

5. When would you be available for appointment if selected?
6. Have you ever been convicted of any
   Criminal offence? .....if so give details and sentence imposed.
7. I hereby declare to the best of my knowledge and belief that particulars given in this form are complete in all aspects.
   Date .....signature .....Names: .....
   Referees 1.....2. .....

(Any 14 ticks x ½ = 07 marks)

(d)

Name of poultry farm
Address
Tel: contact:
1mk

INSTRUCTION TO BE FOLLOWED TO OBSERVE QUALITY 1mk.

- Proper hygiene shall be maintained at all times
- Products shall be properly packaged
- Appropriate technology shall be used

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- Specialised workers shall handle specific tasks
- Technical specifications regarding quality shall be followed
- High quality raw materials shall be used i.e. chicks, feeds.
- Proper storage of materials shall be ensured
- Team work shall be practiced
- Effective communication on all aspects of the business shall be implemented.

06 x 1 = 06 marks

(Any 8 x 1 = 08 marks)

NB: Use "shall" or "is / are"

4. (a) A cash flow statement records the projected incomes and expenses while the income statement records real incomes and expenses.

- T he cash flow statement considers only money entering the business and money leaving the business while the income statement aims at determining whether the business is making profits or loses.
- The income statement does not record purchase and sale of fixed assets while a cash flow statement does.
- A cash flow statement does not take into consideration expenses and losses which do not involve out right movement of cash from the business e.g. bad debts, depreciation, discounts while an income statement records.

Any 04 x 1 = 04 marks

(b) (i)

HOPE ENTERPRISES
CASH FLOW STATEMENT
FOR THE MONTHS OF MARCH, APRIL, MAY, AND JUNE 2022

Business Name

Details	March (Shs)	April (Shs.)	May (shs.)	June (shs.)
Cash balance b/f	(10,000,000)	15,000,000	51,200,000	151,690,000
Add cash inflows				
Receipts from credit sales	48,000,000	76,000,000	96,000,000	116,000,000
- Rent income	4,000,000	4,000,000	3,600,000	3,400,000
- Loan	6,000,000			
- Donations	5,000,000	5,000,000	5,000,000	5,500,000
- Debenture				
Total cash inflows	53,000,000	100,000,000	155,800,000	276,580,000
Less cash out flows				
Salaries to workers	10,800,000	10,800,000	10,800,000	10,800,000
Purchase of machine	10,000,000	20,000,000	12,000,000	8,000,000
Interest payment			300,000	300,000
Cash purchases	18,000,000	180,000,000	18,000,000	18,000,000
Total cash out flows	38,000,000	48,800,000	41,100,000	37,100,000
Net cash position	15,000,000	51,200,000	151,690,000	239,490,000

(42 ticks x 1/3 =14 marks)

(ii) The business had a surplus shs. 15,000,000 at the end of March .The surplus increased to shs. 51,200,000 by the end of April and then to shs. 151,690, by the end of May and finally to shs. 239,490, 000 by the end of June. **(3marks)**

(iii) Hope enterprises should do the following in case of a negative net cash position.

- Avoiding credit sales
- Postponing increment of planned expenditures

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- Making payments using post-dated cheques.
- Avoiding purchase of fixed assets.
- Selling off used or old fixed assets.
- Obtaining loans and debentures to inject in the business.
- Delaying payment of workers' salaries
- Increasing cash sales.
- Collecting debts from debtors.
- Selling more shares to the public.

(any 4x 1 = 04 marks)

5. **(a)** **(i)** Cost of sales = opening stock + Net purchases. 01mk
- closing stock

But Net purchases. = purchases – returns outwards. 01mk
= 72 ,000,000 - 1,500,000
= 70, 500,000

Cost of sales = 12,000,000 + 70,500,000 - 7,500,000 01mk

= shs. 75,000,000 01mk

(04 marks)

(ii) ~~Net~~ Gross Profit = Net sales - cost of sales 1mk
But Net sales = sales - returns in wards.
= 130,000,000 - 10,000,000
= 120,000,000 1mk

Gross profit = 120,000,000 - 75,000,000

= shs. 45,000,000 1mk

(03 marks)

(iii) Net profit = Gross income - operating expenses. 1mk
But Gross income = Gross profit + Income and gains 1mk
= 45,000,000 + 260,000 ~~1mk~~
= 45, 260,000 ~~1mk~~

(04 marks)

Net profit = 45,260,000 - (discount allowed + rent and rates- prepaid rent + salaries + insurance + motor expenses + outstanding salaries) 1mk
= 45,260,000 – (800 + 4,960 -160 + 15,600 + 200 + 4,200 + 400)
= 45,260,000 – 26,000,000
= shs. 19,260,000/= 1mk

~~**(03 marks)**~~

(b)

(i) Acid test ratio = $\frac{current\ assets - stock}{current\ liabilities}$ 1mk (03 marks)

current Assets=debtors +cash+prepaid rent 1mk
=1,800+3,000+160=4,960

current labilities= Bank overdraft+creditors+outstanding salaries 1mk
=12,000+3,500 +400 =15,900

acid test ratio= $\frac{4,960}{15,900}$=0.3 : 1

the business is unable to clear its immediate debts using its current Assets. 1mk

~~**(03 marks)**~~

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(ii) Average debt collection period =

$$= \frac{total\ debtors}{Net\ sales} \times \text{No. of days in a year}$$ 1mk

$$\frac{1,800}{120,000} \times 365\ days$$ 1mk

$= 5.47\ days$

It takes the business 5.5 days to collect its money (cash from debtors. 1mk

(03 marks)

(iii) Stock turn over period =

$$\frac{average\ stock}{cost\ of\ sales} \times No.\ of\ days\ in\ a\ year$$

but Average stock=opening stock+closing stock / 2

$$= \frac{12,000 + 7500 = 15,750}{2}$$ 19500 = 9750

~~76.65~~

on average the business hold sstock for 76.7 days before selling it.

(03 marks)

47.45 days.

(iv) Net profit ratio $= \left(\frac{Net\ profit}{Net\ sales} \times 100\right)$ 1mk

$$= \frac{19,260,000 \times 100}{120,000,000}$$ 1mk

$= 16.05$

$= 16\%$

for every shs.100 of net sales ,the business generates shs.16 as net profit. 1mk

(03 marks)

6. (a) (i) **Gross Annual income = Total income from different sources – tax exempt income.** 1mk

= property income + Employment income + Business income – Tax exempt income. 1mk

= property income + 2.400,000 + 1,600,000 - 200,000 1mk

= 1,200,000 + 2,400,000 + 1,600,000 - 200,000

= 5,200,000 - 200,000

= shs. 5,000,000 1mk

(04 marks)

(ii) **Chargeable income for the year = Gross Annual income - Total expenses and losses.** 1mk

= 5,000,000 - 500,000 1mk

= shs. 4,500,000 1mk

(03 marks)

(iii) **Monthly income tax paid =**

$= 120,000 + \frac{20}{100} \times (45,000,000 - 4,020,000)$ 1mk

$= 120,000 + \frac{20}{100} \times (480,000)$ 1mk

= 120,000 + 96,000

= shs 216,000 1mk

(03 marks)

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(b) (i) **Execise duty $\frac{50}{100}$ x (customs value + import duty)x**

Customs value =CIF value x Exchange rate

= 6,500 x 3,500

=shs. 22,750,000

Import duty = 25% of customs value

$\frac{25}{100}$ x (22,750,000 + 5,687,500)

Correct Formular.

= shs. 5,687,500

Excise duty = $\frac{50}{100}$ x (22,750,000 + 5,687,500)

$\frac{50}{100}$ x 28,437,500

= shs. 14,218, 750

(03 marks)

(ii) Vat = $\frac{18}{100}$ x (customs value + import duty + excise duty)

$\frac{18}{100}$ x (22, 750,000 + 5,687,500 + 14,218,750)

= $\frac{18}{100}$ x 42,658,250

= shs 7,678,125

(03 marks)

(iii) Total tax payable = import duty + Excise duty + Vat + withholding tax.

But withholding tax = 6% of custom value

= $\frac{06}{100}$ x 22,750,000

= shs .1,365,000

Total tax payable = 5,687,500 + 14,218,750 + 7,678,125 + 1365,000

= shs. 28,949,375

(03 marks)

(iv) Gross value of the car inclusive of all taxes

= customs value + total tax payable

= 22,750,000 + 28,949,375

= shs 51,699,375

(03 marks)

(c) Dangers of tax evasion include;

- Denial of public or government tenders.
- penalties for non- payment
- closure of the business
- forceful payment of arrears
- Portrays a bad public image
- Publishing the business name in the shame list
- Black listing of the business.
- Auctioning of the property to recover unpaid taxes.

(Any 3x 1 = 3marks)

END

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