ANNUAL ENTREPRENEURSHIP SEMINAR HELD AT MIDLAND HIGH SCHOOL KAWMPE ON 30TH/JUNE/2024 ON COMPETENCE BASED CURRICULUM

RESPONSES

1. ***Miss kisintu can embark on the following opportunities***

* Commercial crop farming because of the big land stretching to the Swamp.
* Pottery business because of land stretching to the swamp part of which may be a raw material
* Art and craft business because of the papyrus in the swamp.
* Commercial fish farming because of possibility of making fish ponds given available water.

1. ***Factors that will aid Miss Kisintu production process and their rewards***

* ***Land***: This is any natural resources whenever it is located. It includes forests, minerals, water, animals, crops, sunshine etc. The reward for the use of land is called ***Rent.***
* ***Labour:*** It is any human effort either physical or mental used in production of goods or services. The reward for the use of labour is called ***Wages or Salaries.***
* ***Capital:*** Is money or any physical asset used in the production of goods or services. It also means resources other than land that assist human effort in the production of goods or services. The reward for the use of capital is called ***Interest.***
* **Entrepreneur:** Is the owner of the business. It also means the factor that organizes production. He undertakes all the risks in the business. His reward is called ***Profit or Loss***
* **Organization:** Is the factor of production which combines the basic factors in the production process. A person who undertakes the work of organizing is called an Organizer. E.g. the Head teacher, Manager etc. The reward for the organizer is called ***Salary/Wages***.

1. ***Steps taken when commencing a business***

* Identifying the potential available business opportunities.
* Selecting a suitable business opportunity
* Carrying out market survey for the selected business opportunity
* Preparing a business plan for the selected business.
* Mobilizing the necessary resources.
* Selecting the legal form of business to start
* Selecting the location of the business.
* Preparing a marketing Plan.
* Commencing or launching the business operations.
* Managing and monitoring the business operations.

1. ***Entrepreneurial characteristics Miss Kisintu must possess in order to be successful.***

* Opportunity seeking
* Information seeking
* Persistent
* Creativity
* Innovation
* Initiative
* Independent
* Problem solving
* Risk-taking
* Competitiveness
* Time-consciousness
* Self-confidence
* Persuasiveness

1. ***Innovations that can be made by Miss Kisintu.***

* ***Marketing innovation***, ie, developing new methods of marketing with great improvement in product design, packaging, pricing and many others. Like promotion of products
* ***Process innovation:*** ie introducing new methods of production.
* Business model innovation. Ie changing of the way the business should be done. in capturing value eg MTN mobile money to pay bills
* ***Organizational innovation:*** ie, changing the business structure practices and models.
* ***Product innovation:*** ie, introducing a new product that is greatly improved terms of use
* ***Supply chain innovation:*** This involves changing the source of supply of raw materials and the distribution channel for goods and services.
* ***Service innovation***: ie, introducing a new service in terms of technical ability.
* ***Financial innovation***: ie. introducing new financial products

1. ***(a) The nature of business ownership is a partnership business since the number is above two members***

***(b) The advantages of a partnership business***

* More capital is raised than in a sole trade business.
* The business does not require many legal documents hence being easy to start.
* The burden of losses is distributed amongst the partners unlike in sole proprietorship where he takes all the losses alone.
* There is time for leisure and holiday as there are many partners involved in running the business.
* There is better combination of talents from partners which leads to the business success.
* Specialization is possible as different people with different skills can be acquired.
* Minorities‟ interests are protected as no basic changes can be made without consulting all the members.
* Good decisions and resolutions are made as a result of many partners.
* The capacity for the firm to survive is high in case a partner dies as compared to sole trade.
* New partners can be invited in case there is need to get more money for business expansion.
* The absence of dormant partner cannot stop the running and operations of the business.
* Business has chances of getting bank loans as compared to sole trade as they are organized.

***Costs of Partnerships:***

* There is unlimited liability to the partners as the partners are all liable to the debts of the firm.
* The death or retirement of an active partner may lead to the collapse of the business
* Profits are shared which reduces the amount of dividends earned by each partner.
* Decision-making is more difficult due to the number of members involved in the business.
* Disagreement amongst partners due to difference in options may slow the firm’s progress.
* In situation where a partner makes a poor deal, all partners shall suffer the outcome.
* If one partner makes a mistake, all the partners suffer the consequences.
* Non – transferability of interest. A partner cannot transfer part or all of his/her capital contribution to another person without the consent of all partners.

***(c) Factors to be considered when designing the guidelines to be followed when conducting a partnership business***

* Name of the Partnership business
* Date of the agreement
* Purpose for which the partnership is formed
* Name, address and occupation of all the partners
* Amount of capital contributed by each partner
* The ratio in which profits and losses are to be shared
* Rights of partners for example right to inspect books of accounts, right to sign documents on behalf of the business etc.
* Duties allocated to partners
* Duration of the partnership if it is a temporary partnership

***(d) The business shall be a private limited company and the following are the documents that are required for its formation.***

* **Memorandum of Association**: This is the most important document that shows the company relationship with the general public (outsiders
* **Article of Association**. This shows the internal working rules of the company. It will indicate things like, how to elect management committees, powers and responsibilities of the members and manger, when and how to hold meetings etc.
* **Certificate of Incorporation:** This gives the company legal existence and it is issued to the promoters of the company. It allows the private company to start operating..
* **Certificate of Trading:** This gives the right to public limited company to start operating.
* **A prospectus:** This is drawn by the directors in public limited company to invite people of the public to buy shares of the company.
* **Directors’ List:** This shows the directors names and their written promises to take up shares in the company.
* **Statement of Understanding:** This is a signed statement by the company directors showing that they have agreed to carryout business operations and as per the stated *objectives* and aims.
* **Declaration:** This just states that the company directors have fulfilled the required requirements for them to start the company and agree to abide by the set rules and regulations to run the company so as to achieve the stated objectives.

***(ii) The registration process***

* Searching for the business name by URSB
* Reserving for the business name
* Obtaining a certificate of incorporation
* Obtaining a tax identification number (TIN)
* Obtaining a trading license

1. ***(a) Benefits of specialization***

* It saves both time and energy since one does not move from one department to another.
* It promotes the degree of choice since workers have the freedom to work in departments that they are most suitable for/in.
* It encourages the development of skills since workers do the same type of work/job over and over again.
* It helps to make work easier since tools and machines are *used* in the production process hence leading to mass production.
* It leads to minimization of wastage since skilled labour is employed promoting better utilization of resources.
* It promotes the exchange of goods as people are encouraged to produce what they can and exchange them for those that they cannot produce.
* It enables people to pursue those occupations where they are most suited.
* It promotes international trade as countries are able to buy and sell to other countries what they cannot produce.

**(ii) Costs of specialization**

* It leads to boredom & tiredness as workers do the same work over and over again.
* It leads to unemployment due to uses of machines and also during time of being laid off and a worker lacks skills of production.
* It leads to loss of creativity and craftsmanship as the result of use of machines in production.
* It may lead to over dependence on other countries due to international division of labour.
* It encourages the use of machines that are specific to particular fields and may not serve more than one purpose.
* The whole process may come to a standstill in case there is breakdown in one stage of production or one employee is absent.
* It may lead to over exploitation of resources by countries in the process of mass production.
* It makes a country suffer in case it depends on goods from other countries and they later get a misunderstanding.
* It denies the people of the country a chance to have a variety of goods to choose from and hence affecting their standard of living.

***(b) Factors considered when selecting the farm equipment***

* Purposes of the farm equipment:
* Flexibility farm equipment
* Compatibility
* Reliability:
* Guarantee from the manufacturer:
* Durability.
* Cost of maintenance Costs of installation:
* Miscellaneous factors:.
* Operation costs farm equipment
* Initial costs of the farm equipment
* Production capacity of the farm equipment
* Guarantee given by the manufacturer
* Sources of farm equipment:
* Complexity of the work to be done:
* Productivity and efficiency of the farm equipment

***(c) Advice on the modern ways of conducting a business***

***By/ through using***

* **E-Banking, ie** to transfer money from one account to another on your mobile phone or computer.
* **Mobile money transfers.** This is the use your mobile phone to send money to another person or receive money from another person.
* **E-Tax** is a modern process of paying taxes to Uganda Revenue Authority using your telephone or computer.
* **E-Learning.** This is a modern teaching method which involves the use of electronic *technologies* to access educational curriculum outside a traditional classroom. These include radios, televisions, computers and mobile phones.
* **E-Marketing** is the process of advertising, pricing and distribution of goods and services using computers and mobile phones.
* **Online Shopping**. This is where you can order for goods using your mobile phone

**(d) Ways how products can be distributed**.

By using the following channels

* **Direct distribution / manufacturer to consumer channel**.
* **Retail distribution / manufacturer to retailer to customer**. This is known as the medium channel. This is where the manufacturer sells to large scale retailers who in return sell to the final consumers. It is common in the distribution of most goods hence increasing the firm’s total sales and profitability
* **Wholesale distribution / manufacturer to wholesalers to retailers to**

**Customers**. This is the traditional and normal channel of distribution. In this channel, manufacturer sell products to wholesalers usually in bulk who in turn sell to retailers in relatively small quantities who finally sell them to final consumers in affordable quantities

**Other types of distribution channels**.

* **Manufacturer to agents to wholesalers to retailers to consumer**. In this

Channel, the producer / manufacturer distributes his/her products to agents in different places who then sell to the wholesalers who sell to the retailers and finally, retailers sell to the final consumers

* **Manufacturer to agents to retailers to consumer**. In this channel the

Manufacturer distributes his/her products to her agents who then sell them to retailers and retailers finally sell to the customers

* **Manufacturer to agents to consumer**. This is channel the manufacturer distributes his/her products through appointed agents found in different parts of the country or world who in turn sell to consumers

1. ***Steps taken when conducting a market research***

* Selecting the product for which market survey/assessment / research is to be done.
* Choosing / determining the target area where the survey is to be carried out.
* Selecting the appropriate method / technique to use in the market survey. This may include observation, interviews or using questionnaires.
* Developing the data / questions to be collected from the market and going in the field to get / collect the data.
* Analyzing the data collected from the field to come up with market strategy to take
* Assessing the feasibility and viability of the product basing on the collected data.
* Interpreting results by making a market research report

***(ii) Methods used in data collection***

* Observation method
* Experimental method.
* SWOT analysis
* Telephone surveys
* Questionnaire method
* Personal contacts
* Brain storming
* Surfing / use of the internet
* Interviewing method.

1. ***(a) challenges for barter trade***

* Lack of double coincidence of wants
* Problem of divisibility
* Problem of valuation
* Problem of durability
* Lack of standard measure of value
* Lack of mode for future payment
* Lack of unit of account

***(b) How financial institutions have solved the challenges of barter trade***

* Accepting people’s deposits and keep them safely until they demand for them.
* Providing financial assistance to the public in form of loans and bank overdraft.
* Keeping valuable items and documents in safe custody on behalf of their clients e.g. land
* Providing cheque facilities to make payment easier by use of traveler’s cheques.
* Giving advice to their clients on financial and investment matters.
* Acting as trustees to their customers as they even look after the property of the deceased customers and distribute assets as per the laid down will.
* Safe guarding traders‟ in international trade through travelers‟ cheques hence facilitating foreign trade.
* Buying and sell foreign currencies like pounds and dollars.
* Providing night safety services to their customers who wish to deposit or withdraw money beyond the normal working hours.
* Buying and selling share, securities and bonds on behalf of their customers.
* Provision of revenue to the government through taxation of their activities.
* Transferring money for their customers through cheques, bank deposits and standing orders.
* Acting as referees to their customers by giving information to their customers about their financial status.

***(c) Procedures for opening up a bank account***

* Presenting two reference letters from the employer and the current bank customer.
* Presenting Personal Current Identity Card/pass port or driving permit showing your true likeness.
* Presenting a registration certificate for the case of partnership or joint stock
* Company together with evidence of the appointment of signatories.
* Filling of application form by the applicant giving personal details.
* Appending signature on two signature cards given by the bank together with the form to act as specimen signatures to be used to verify the applicant’s signatures that may appear on any documents such as cheques or during withdrawals.
* Issuing of an account number which will appear on all cheques issued by the account holder.
* Making an initial deposit on the account using deposit slips.
* Issuing of the cheque book later for current accounts holders.

**Depositing money on the account**

*For depositing money on savings or current account,*

* filling a deposit slip form which is in duplicate
* presenting it to the Cashier with the passbook or card, however, one may deposit the money even without possessing the card as long as one remember the account name and account number to be filled on the deposit slip.
* Receiving the money and pay slip by the bank cashier
* checking the information, to see whether it is well written like correct date, amount account number and name,
* Stamping it and a copy is issued back to the client with the passbook or card.

One should note that cash deposit slips are different from cheques deposit slips in most banks, however in some banks like Housing finance bank, they use the same slip having provisions for both cash and cheques deposits.

***For those banks with separate cheques deposit slips***

They have a provision where a depositor writes the details of the cheques and the details of the account where the cheques is being deposited such details include the account number, account name, bank name (indicated on the cheques.

The depositor is required to write at the back of the cheques, the account number, amount, contacts and counter signs it and then gives them (slips and cheques) to the cashier who in turn signs and stamps on both and a copy of the deposit slip is given to the depositor.

***Withdrawing money from a bank account***

* The account holder is free to withdraw money from his or her account as long as it is available on the account, this can be made any time when banks are open or when the ATM is working.
* In case one wishes to withdraw an amount that is exceeding a certain limit, or a number of times exceeding the maximum per week, a prior notice has to be given to the bank ( this works on savings account holders and to some banks not all banks do it)
* To withdraw from a savings account, a withdrawal form is filled, handed over to the cashier together with the pass book or card and identification form (like a current identify card, or passport).
* A Person cannot withdraw money on behalf of another person unless otherwise ,i.e if approved as a second person indicated on the application from when opening an account.
* To withdraw money from a current, the holder has to write out a cheques and presents it together with his/ her identification document to the Teller (Cashier) and if they are approved, the cashier effects payment to the client ( account holder).

***(d) New trends introduced in financial institutions***

* Internet Banking:
* Mobile Banking:
* Debit Cards:
* Phone Banking
* ATMs (Automated Teller Machines):
* E-Statement:
* Door-Step Banking:
* Online Bill Pay:
* Electronic Funds Transfer: (EFT)

1. ***(a) the different ways of raising capital for the business***

* Personal Savings
* Donations
* Inheritance
* Borrowing
* Business profits
* Sale of Personal Property

**(b) The financial plan should consider the following**

* Source of funds ie own funds, grants , trade credits, short term loans etc
* Fixed capital requirements
* Working capital requirements
* Startup expenses
* Expected sales
* Profitability statement ie gross profit , net profit and breakeven point
* Projected financial requirements like Balance sheet showing the financial position of the business, Trading Account and Profit and loss account
* Cash flow statement ie projected cash inflow and cash out flow of the business.
* Taxes to be paid by the business
* General administrative expenses

***(c) The elements of a business plan***

* Executive summary
* General description of the business
* Statement of mission, goals and objectives
* Marketing plan
* Production plan
* Organizational plan/ administrative/ management plan
* Action plan

(d) How a business plan is relevant to Mr Serwanga’s success

* It helps him in defining specific goals and objectives which serves as a bench mark to measure the progress of the business in implementing the plan
* It encourages him to be determined and remain focused by thinking about the business in systematic and focused manner.
* It acts as a time table for implementing business activities in a logical manner since it contains an action plan
* It enables him to identify the challenges in advance and suggests strategies to overcome them.
* It helps him in accessing financial assistance from the lenders. It is through the business plan that lenders will determine whether to fund the project or not and how much it will inject in.
* It helps him to select most suitable business opportunity based on his ability.
* It helps him to assess the SWOT analysis of the business and his competitors.
* It facilitates business registration process and obtaining permission for the business to operate legally.
* It eases the work of an entrepreneur as his employees will use it to know the business objectives or targets in terms of production, profitability, it will also clearly state their duties and responsibilities plus their related remuneration
* It facilitates easy investment decision making as it clearly spells out the expected cash inflows and outflows of the designed business
* It shows the feasibility and viability of the business thereby enabling an entrepreneur to determine whether to carry on with the opportunity or try other business alternatives
* It enables the government and local tax authority to determine the tax revenue to be paid by the business and likely effects of the business to the environment
* It provides information about the business to the investors and shareholders to determine whether to invest in money or not.
* It helps in adequate preparation for the business; it encourages an entrepreneur to think through his business thoroughly in order to prepare for identified sensitive areas which will need more attention
* It facilitates business monitoring based on the set goals and objectives as a standard of measurement such that any deviation from the set plans can be detected from and corrected in time

***(e) Business goals and objectives***

* To maximize profits by 60% in 2years
* To increase sales by 40% within 5 years
* To widen the market share in whole of E.A in 2 years

**Objectives statement**. Objectives are specific targets that must be achieved in a specific period of time. They are specific (short term) targets that an individual or entrepreneur sets to achieve the established goals. E.g

* To increase productivity by 10% in one year”
* To increase profits by 15% within 10 months

1. **(a) Behavioral principles practiced by Mr.milton**

* *Honesty;*
* Keeping promises:
* *Fairness*.
* *Respect for others;*
* *Compassion and empathy*.
* *Integrity:*
* Loyalty,
* Law abiding
* Committed to excellence
* Leadership
* Reputation and moral
* accountability

***(ii) The practice of business ethics made Mr millton successful in the following ways***

* Helping the business to corporate within a moral and legal framework
* Enabling the business people to be trustworthy and recognized since they take the customer as their king
* Helping the business men to meet their obligations towards the customers
* Generating high profits to the business
* Helping to build a good business image and reputation
* enabling the business to achieve its set goals and objectives without interference
* Helping the business to easily access the necessary raw materials such as labour used in production of goods and service
* Enabling the business to preserve and protect the beauty of the environment
* Leading to production of quality goods and services by business

***(b) Ways how Mr Milton can manage his cash***

* Ensuring proper counting and checking of the cash received to ensure that it is correct ie that it is the required amount
* Recording of all cash sales made.
* Locking of all the cash received in safe drawers all the time for security reasons
* Reconciling all the sales made per day with physical cash collected.
* Banking all the cash received intact on a daily basis
* Employing skilled personnel to handle business cash
* Carrying out proper accountability of cash expenditure
* Limiting unnecessary withdrawing of cash to reduce cash expenditures.
* Properly documenting all the cash documents for easy reference. E.g cash

receipt.

(c) The different source documents and different books of accounts that can be kept

* Price List
* Tender/ Invitation For Bids
* Purchase Order/Local Purchase Order (Lpo)
* Advice / Dispatch Note
* Delivery Note
* Package Sheet
* Goods Received Note
* Consignment Note
* Invoice
* Goods Returned Note
* Credit Note / Letter Of Credit
* Debit Note/Letter Of Debit
* Statement Of Account
* Receipt
* Cash Sale Slip
* Cheque
* Bill Of Exchange

**Books of accounts**

* Cash books ie single, double, three and petty cash books
* Sales day book
* Purchases day book
* Returns in wards journal
* Returns out wards journal
* Journal proper
* Trial balance
* Income statement
* Balance sheet

***(d) Relevancy of the business documents***

* They act as tool of management and control, from the information provided by the books, entrepreneur can make good decisions concerned with the development of the business.
* They act as a ready reference wherever information they required.

They provide information on which one can determine whether the business is making profits or not.

* They help the government in assessing taxes, as the tax to be charged will depend on the performance the business (profitability).
* They also act as a ready reference whenever sales or purchases are made in business.
* They help in easy dealing with creditors and debtors, these can be handled and cleared in time if they well recorded in.
* They help potential investors in analyzing the financial position of the business so as to make decision whether to join or invest in it.
* Facilitate Easy access to loans from financial institutions, as they will insist on looking at the record to verify the performance of the business.
* They determine the net worthiness of the business
* They check on the progress of the business

1. ***(a) How Mr sekajje obtained a cover***

* Making inquiries about different insurance companies and policies to take
* Filling a proposal form
* Determining premium payable
* Payment of the first premium
* Receiving a cover note to act as evidence that premium was paid and accepted
* Receiving the cover or policy

**(b) Other guide lines followed by Mr sekajje when taking a cover**

* **Utmost good faith**

This principle states that the insured must declare/give all relevant information about the insured property to enable the insurer to calculate the premium to be paid by the insured.

* **Insurable interest**

It states that the insured must insure the property in which he stands to suffer a great financial loss of events of its destruction.

* **Indemnity**

It states that insurance does not benefit a person but it simply restores him back to his financial condition.

* **Subrogation**

It states that after compensation has been made scrap should be taken by insurers.

* **Contribution**

It states that if a person insures with more one insurance company, in case of a loss, each of these companies should contribute to the loss

***(c) Uncertainties that may incur in a business***

* Lack of raw materials to produce goods.
* Loss of money in transit.
* Machinery breakdown.
* Theft and burglary.
* Fire outbreak.
* Loss from bad debtors.
* Losses done by untrustworthy workers.
* Corruption and embezzlement of funds by employees for private use
* Damage or loss of goods in transit.
* Machinery break down and consequential loss
* Faulty management decision on the use of capital and other resources
* Natural disasters like heavy rains, floods, epidemics like covid 19
* Fall in the market due to changes in the fashions and preferences leading to limited customers and eventually business closure
* Lack of market to sell your goods.
* Lack of skilled labour to produce quality goods.
* Accidents such as fire outbreak, motor accident, and theft which may cause losses to your business.
* Natural calamities like floods, draughts and diseases like COVID-19 which has caused the loss of peoples’ lives and property.

***(d) Documents involved when taking up insurance cover***

* *Cover note*
* *Cover note*
* *Proposal form*
* *Survey report*
* *insurance policy*

1. ***(a) Ugandans benefit from trading with other in the following ways***

* Enabling the country to get what they cannot produce due to lack of required technology.
* Enabling the country to meet the local demand of the nations. A country may be producing a commodity but in insufficient quantities.
* Enabling the country to sell off its surplus produce than throwing it.
* It encourages specialization which leads to increased output.
* It enables domestic industries to compete with foreign industries which lead to efficiency and improved quantities.
* It encourages the country to exploit their resources appropriately because of specialization.
* It strengthens political ties between or among countries engaged in international trade.
* It enables the country to enjoy the benefits of comparative cost advantage, i.e. specializing in production of a product where it incurs less costs.
* It enables national/citizens to enjoy a wide range of commodities produced by different countries.
* It enables the country earn revenue through import and export taxes.
* It helps to create employment opportunities to citizens like clearing agents, tax collectors

***(b) Hazards of International Trade:***

* It encourages dumping where goods are sold in a foreign country at a price lower than the home market price.
* It discourages development and expansion of home industries because of competition from foreign goods.
* It may lead to a country to suffer from imported inflation as a result of importing goods from a country experiencing inflation.
* It may lead to domination by other countries in political, economic and social affairs.
* It may lead to the importation of harmful good which may affect the citizens morally and in terms of health.
* It may lead to exhaustion/exploitation of resources like minerals and fish from lakes due to continuous exploitation.
* It may lead to unfavourable balance of payment especially when a country depends heavily on export of a commodity and the demand lowers/becomes low.
* It may lead to decrease in home employment due to increase in import trade.
* It may lead worst terms of trade especially when the value of imports exceeds the value of exports.

***(C) Strategies applied to overcome above hazards***

***By applying the following protective measures***

* Quotas
* Foreign exchange controls
* Subsidization
* Devaluation
* Export and import licenses
* Deflationary policy
* Administrative controls
* Prepayments/ special import deposits
* Transport discrimination
* Quality control measures
* Import substitutions

***(d) Documents involved in international trade***

* An indent
* Import clearing certificate
* Certificate of origin
* Consular invoice
* Bill of landing
* Packing list
* Inspection certificate
* Airway bill
* Declaration form
* Customs specification form

1. ***(a) Methods Miss Nagawa can use to gain sales***

* Free sample campaign
* Advertising campaign
* Public relations activities e.g sponsoring sports
* Free gift campaign
* Trading stamp campaign
* Demonstrations / trade shows
* Prize trading competition
* Temporary price reduction
* Door to door sales
* Tele- marketing
* Personal sales letter and e-mails
* Quality production
* After sales services
* Attractive packaging
* Branding
* blending

***(b) The challenges faced while carrying out marketing activities***

* Language difference.
* Inadequate financial resources.
* Inadequate skills to handle data collection due to limited man power to effectively and efficiently handle market assessment.
* Inadequate communication facilities.
* Change in demographic factor like population, sex, age etc which affects the findings.
* Inadequate co-operation from the customers or public.
* Insecurity / hostility in some areas which hinder effective data collection.
* Competitors, who subrogate effective data collection.
* There is also a possibility of getting inform
* Inadequate market research
* Difficulty in selecting the suitable market strategy
* Inadequate technology
* Stiff completion
* unfavorable weather

***(c) The different business Laws to be followed when conducting a business***

* *Trade licensing Act 1969*;.
* *The business name registration Act:*
* Company law:
* Public Health law.
* Weights and measures:
* Environment law

***(d) Importance of business laws to consumers.***

* The environmental law protects the environment from being misused and over exploited, i.e business should operate within the laid down rules set by the authorities to protect the environment.
* Consumers are protected from exploitation by business men, i.e with regard to weights and measures’ laws through the use of right weights and measures.
* The trade license act is a form of revenue to the government which revenue may be used to develop other sectors like infrastructure that may facilitate smooth running of businesses.
* The environmental law protects the society from harm full effects that would result from the operation of some businesses on the environment, like pollution.
* The public health law ensures that there is a proper hygiene and sanitation in public places like hotels, schools , hospitals etc.
* The drugs la ensures that proper medical standards like qualified Doctors, protection from sale of expired drugs etc.
* The foods law Act Protects the customers from consuming expired and contaminated food stuffs, e.g imported canned food stuffs are highly tested and checked.
* The land Act helps people/ entrepreneurs in avoiding land conflicts and also facilitates proper land transfers.
* The company law protects the business names and helps in establishing strong brand image in the market which leads to increased profitability.
* The employees’ Act protects employees from unfair treatment and dismiss from work (protects their rights at work).

***(e) Elements Miss Nagawa should consider when designing a questionnaire***

* *Product*
* *Price*
* *Place*
* *Promotion*
* *Position/competitor*

MIDLAND HIGH SCHOOL”S

TRADING PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31/12/2023

DR CR

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Shs | Shs |  | Shs | Shs |
|  | ‘000 | ‘000 |  | ‘000 | ‘000 |
| Opening stock  Add purchases  Carriage in wards  Less returns outwards  Net purchases  Goods available for sale  Less closing stock  Cost of sales  Gross profit c/d  Operating expenses  Rent  Advertising  Discount allowed  Carriage outwards  Wages and salaries  Total expenses  Net profit | 90,000  10,000  100,000  5000  4000  8000  5000  8000  15000 | 28,000  95,000  123,000  48,000  75,000  47,000  122,000  40,000  33,000  73,000 | Sales  Less Returns  Inwards  Gross profit c/d  Add discount received  Commission received | 128000  6000 | 122,000  122,000  47000  6,000  20,000  73,000 |

MIDLAND HIGH SCHOOL”S

BALANCE SHEET

AS AT 31/12/2023

|  |  |  |  |
| --- | --- | --- | --- |
| Fixed assets | Shs ‘000 | Shs ‘000 | Shs ‘000 |
| Premises |  | 122,000 |  |
| Machinery |  | 75000 | 197,000 |
| Current assets |  |  |  |
| Stock | 48,000 |  |  |
| Debtors | 18,000 |  |  |
| Bank | 27,000 |  |  |
| Cash | 14000 | 107,000 |  |
| Less current liabilities |  |  |  |
| Creditors |  | 31000 |  |
| Working capital |  |  | 76,000 |
| Capital employed |  |  | 273,000 |
| Financed by capital |  | 190,000 |  |
| Add Net profit |  | 33,000 |  |
| Less drawings |  | 10,000 |  |
| Owners’ equity |  |  | 213,000 |
| Add long term liabilities |  |  |  |
| Bank loan |  |  | 60,000 |
|  |  |  | 273,000 |

***(C) The above financial statements can be used in the following ways***

* in decision making and planning purposes
* By determining the net profit or loss of the business
* By showing the assets and liabilities of the firm
* By comparing a firm`s financial performance with similar firms or previous periods
* By determining the financial position of the a firm at a particular date
* By creditors and bankers to decide the amount of credit and loans to extend to a firm.

CASH A/C

Dr CR

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount (sh) | Date  2022 | details | Folio | Amount (sh) |
| 1st Jan 2022 | capital |  | 4,000,000 | 1stjan | purchases |  | 400,000 |
| 2nd | sales |  | 600,000 | 4th | purchase |  | 500,000 |
| 6th | sales |  | 960,000 | 23rd | Purchases |  | 600,000 |
| 31st | kato |  | 1,000,000 | 25th | expenses |  | 400,000 |
|  |  |  |  | 30th | wages |  | 2,000,000 |
|  |  |  |  | 31st | seiko |  | 750,000 |
|  |  |  |  | 31st | balance | c/d | 1,910,000 |
|  |  |  | 2,660,000 |  |  |  | 2,660,000 |
| 1st feb | Balance | b/f | 1,910,000 |  |  |  |  |

RELEVANT LEDGER ACCOUNTS

CAPITAL A|C

Dr CR

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date 2022 | Details | F | Amount(shs) | Date  2022 | Details | Folio | Amount (shs) |
| 31st/jan | bal | c/d | 4,000,000 | 1st jan | Cash |  | 4,000,000 |
|  |  |  |  | 1st feb | Bal | b/f | 4,000,000 |

Kato’s A\C

Dr Cr

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount(shs) | Date  2022 | Details | Folio | Amount shs |
| 1st jan 2022 | Sales  sales |  | 1,000,000  1,700,000 | 31st jan 202  31st | Cash  Bal | C/d | 1,000,000  1,700,000 |
|  |  |  | 2,700,000 |  |  |  | 2,700,000 |
| 1st feb | Bal | b/d | 1,700,000 |  |  |  |  |

Purchase’s A/C

Dr Cr

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date  2022 | Details | Folio | Amount(Shs) | Date  2022 | Details | Folio | Amount(shs) |
| 1st jan  4th  12th  23rd | Cash  Cash  Seiko  cash |  | 400,000  500,000  750,000  600,000 | 31st jan | Bal | c/d | 2,250,000 |
|  |  |  | 2,250,000 |  |  |  | 2,250,000 |
| 1st feb | Bal | b/d | 2250,000 |  |  |  |  |

General Expenses’S A/C

Dr Cr

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date  2022 | Details | Folio | Amount(Shs) | Date | Details  2022 | Folio | Amount(shs) |
| 25th  Jan | cash |  | 400,000 | 31st 2022 | Bal | c/d | 400,000 |
|  |  |  |  |  |  |  |  |
| 1st feb | Bal | bld | 400,000 |  |  |  |  |

WAGES’S A/c

Dr Cr

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date  2022 | Details | Folio | Amount(Shs) | Date  2022 | Details | Folio | Amount(shs) |
| 25th Jan 2002 | cash |  | 2,000,000 | 31stJan 2002 | Bal | c/d | 2,000,000 |
|  |  |  |  |  |  |  |  |
| 1st Feb | Bal | b/f | 2,000,000 |  |  |  |  |

Seiko’s A/C

Dr Cr

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date  2022 | Details | Folio | Amount(Shs) | Date  2022 | Details | Folio | Amount(shs) |
| 31st  jan | Cash |  | 750,000 | 31st Jan | Bal | c/d | 750,000 |
|  |  |  |  |  |  |  |  |
| 1st feb | Bal | B/f | 750,000 |  |  |  |  |

Salas’s A/C

Dr Cr

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date 2022 | Details | Folio | Amount(Shs) | Date  2022 | Details | Folio | Amount(shs) |
| 31st Ian | Bal | c/d | 4,260,000 | 2nd Jan | Cash  Cash  Kato  Kato |  | 600,000  960,000  1,000,000  1,700,000 |
|  |  |  | 4,260,000 |  |  |  | 4,260,000 |
|  |  |  |  |  |  |  |  |
| 1 |  |  |  | 1st/feb | Bal | b/d | 4,260,000 |

JETI EMPORIUM

TRIAL BALANCE

AS AT 31st/JANAUARY/2022

|  |  |  |
| --- | --- | --- |
| Details | Debit shs | Credit shs |
| capital |  | 4,000,000 |
| sales |  | 4,260,000 |
| kato | 1,700,000 |  |
| purchases | 2,250,000 |  |
| General expenses | 400,000 |  |
| wages | 2,000,000 |  |
| cash | 1,910,000 |  |
| Total | 8,260,000 | 8,260,000 |

1. MAMU ENTERPRISES

PETTY CASH BOOK

FOR THE MONTH OF SEPTEMBER 2020

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | Voucher no. | Receipt  (shs) | Payments | Motor expenses | Postage | General cleaning | Travelling Expense | Ledger A/c |
| 2020sept |  |  |  |  |  |  |  |  |  |
| 1st | Cash floa |  | 300,000 |  |  |  |  |  |  |
| 2nd | Petrol |  |  | 16,000 |  |  |  |  |  |
| 3rd | Travel exp |  |  | 23,000 |  |  |  | 23,000 |  |
| 3rd | Postage |  |  | 12,000 |  | 12,000 |  |  |  |
| 4th | Travel exp |  |  | 32,000 |  |  |  | 32,000 |  |
| 7th | General cleaning |  |  | 11,000 |  |  | 11,000 |  |  |
| 9th | Petrol |  |  | 21,000 | 21,000 |  |  |  |  |
| 12th | Travel exp |  |  | 13,000 |  |  |  |  |  |
| 14th | Petrol |  |  | 23,000 | 23,000 |  |  |  |  |
| 15th | Travel exp |  |  | 5,000 |  |  |  |  |  |
| 16th | Gen exp |  |  | 11,000 |  |  |  |  |  |
| 18th | Petrol |  |  | 22,000 | 22,000 |  |  |  |  |
| 20th | Postage |  |  | 12,000 |  | 12,000 |  |  |  |
| 22nd | General cleaning |  |  | 11,000 |  |  | 11,000 |  |  |
| 24th | Travel |  |  | 7,000 |  |  |  | 7,000 |  |
| 29th | M.C do |  |  | 13,000 |  |  |  |  | 13,000 |
| 30th | Postage |  |  | 12,000 |  |  |  |  |  |
|  |  |  |  | 254,000 | 82,000 | 36,000 | 35,000 | 90,000 | 13,000 |
| 30th | Bal c/d |  |  | 46000 |  |  |  |  |  |
|  |  |  | 300,000 | 300,000 |  |  |  |  |  |
| 1st | Bal c/d |  | 46,000 |  |  |  |  |  |  |

Transfer the Accounts to the ledgers

Dr Motor Expenses A/C CR

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount (shs) | Date | details | F | Amount (shs) |
| 2020 Sept |  |  |  | 2020 Sept |  |  |  |
| 31st | Petty cash |  | 82,000 |  |  |  |  |

Dr Postage A/C CR

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount (shs) | Date | details | F | Amount (shs) |
| 2020 Sept |  |  |  | 2020 Sept |  |  |  |
| 31st | Petty cash |  | 36,000 |  |  |  |  |

Dr General cleaning A/C CR

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount (shs) | Date | details | F | Amount (shs) |
| 2020 Sept |  |  |  | 2020 Sept |  |  |  |
| 31st | Petty cash |  | 33,000 |  |  |  |  |

Dr Travelling Expenses A/C CR

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount (shs) | Date | details | F | Amount (shs) |
| 2020 Sept |  |  |  | 2020 Sept |  |  |  |
| 31st | Petty cash |  | 90,000 |  |  |  |  |

Dr Ledger A/C CR

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Amount (shs) | Date | Details | F | Amount (shs) |
| 2020 Sept |  |  |  | 2020 Sept |  |  |  |
| 31st | Petty cash |  | 13,000 |  |  |  |  |

***(b) Roles played by the junior cashier***

* Maintaining the cash float
* Paying for minor expenses
* Keeping records of all payments made
* Regular checking of the cash book
* Reducing over crowdness of the main cash book
* Reducing risks of fraud since payments are done by imprest system
* Carrying proper accountability for all payments made
* Reducing on the un necessary movements to thee bank whenever money is needed
* Reduces extravagancy in business
* Assists the senior cashier.

MR. WANTE”S

THREE COLUMN CASH BOOK

FOR THE MONTH OF MAY 2020

Dr Cr

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | F | Disc.  allowed | Cash  (shs) | Bank  (shs) | Date | Details | F | Disc.  received | Cash  (shs) | Bank  (shs) |
| May  1st | Capital | L2 |  | 4,927 | 5,326 | May  4th | Bank | C1 |  | 6,200 |  |
| May  2nd | Sales | L3 |  |  | 2,970 | May  5th | Drawings | L4 |  | 970 |  |
| May  4th | Cash | C1 |  |  | 6,200 | May  10th | Cash | C2 |  |  | 5,450 |
| May  9th | Sales | L3 | 113 | 4,805 |  | May  12th | Purchases | L5 | 350 | 6,650 |  |
| May  10th | Bank | C2 |  | 5,450 |  | May  15th | Bank | C3 |  | 2,115 |  |
| May  13th | Sales | C3 |  |  | 1,257 | May  18th | Insurance | L6 |  | 1,790 |  |
| May  15th | Cash | C3 |  |  | 2,115 | May  28th | Owol | L7 | 100 |  | 4,900 |
| May  24th | Sales | L3 | 308 | 3,085 |  | May  28th | Okol | L7 | 96 |  | 4,704 |
| May  31st | Cash | C4 |  |  | 1,457 | May  31st | Bank | C4 |  | 1,457 |  |
| May  31st | Bal. | c/d |  | 915 |  | May  31st | balance | c/d |  |  | 4,271 |
|  |  |  | 423 | 19,182 | 19,325 |  |  |  | 546 | 19182 | 19325 |
| June  1st | Bal. | c/d |  |  | 4,271 | June  1st | balance | b/d |  | 915 |  |

14.

KALUNGI ENTERPRISES”S

SALES DAY BOOK

FOR THE MONTH AUGUST 2023

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date  2023 | Details | Invoice no. | Folio | Details of invoice | Amount shs. |
| 3rd Aug | Liz | 02 | SL1 |  | 620,000 |
| 8th  Aug | Becky | 04 | SL2 |  | 440,000 |
| 25th Aug | Betty | 08 | SL3 |  | 380,000 |
| 26th Aug | Sara  5boxes of safi each at 10,000 less 2% discount |  | SL4 | 50,000  -1000 | 49,000 |
| 31st | Totals are to be transferred to the general ledges account |  | GL |  | 1,489,000 |

KALUNGI ENTERPRISE’S

SALES RETURNS BOOK

FOR THE MONTH OF AUGUST 2023

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date  2023 | Details | Credit note no. | Folio | Details of invoice | Amount shs. |
| 11th | Becky | 06 | SR1 |  | 40,000 |
| 30th | Betty | 10 | SR2 |  | 70,000 |
|  | Sara  3boxes of safi | 11 | SR3 | 3 x 10,000 | 30,000 |
|  | Totals are to be transferred to the general ledges |  |  |  | 140,000 |

KALUNGI ENTERPRISE’S

PURCHASES DAY BOOK

FOR THE MONTH AUGUST 2023

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date  2023 | Details | Invoice no. | Folio | Details of invoice |  |
| 1st Aug | Apio | 01 | PL1 |  | 400,000 |
| 6th Aug | Atem | 03 | PL2 |  | 800,000 |
| 28th Aug | Apirra | 09 | PL3 |  | 750,000 |
|  | Okello  4kgs of beans each 5000 |  |  |  | 20,000 |
| 31st Aug | Totals are to be transferred to the general ledges a/c |  | G.L |  | 1,610,000 |

KALUNGI ENTERPRISE’S

PURCHASES RETURNS

FOR THE MONTH AUGUST 2023

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date  2023 | Details | Credit no. | Folio | Amount shs. |
| 9th Aug | Atem | 03 | PR1 | 50,000 |
| 31st Aug | Totals are to be transferred to the general ledges a/c |  | G.L | 50,000 |

GENERAL LEDGES

SALES ACCOUNT

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | Folio | Amount shs. | Date | Details | Folio | Amount shs. |
| 31st | Balance | c/d | 1,489,000  1,489,000 | 2018  31st Aug  1st Sept | Total  Debtors  Bal | GL  b/f | 1,489,000  1,489,000  1,489,000 |

GENERAL LEGDES

SALES RETURNS ACCOUNT

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | Folio | Amount shs. | Date | Details | Folio | Amount |
| 2023  31st Aug  1st Aug | Total  Returns inwards  Bal | GL  b/f | 140,000  140,000 | 2018  31ST Aug | Bal | c/d | 140,000  140,000 |

GENERAL LEDGES

PURDCHASES ACCOUNT

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | Folio | Amount shs. | Date  2018 | Details | Folio | Amount shs. |
| 31st Aug  1st Sept | Total creditors  Bal | GL  b/f | 1,610,000  1,610,000  1,610,000 | 31st Aug | Bal | c/d | 1,610,000  1,610,000 |

GENERAL LEDGES

PURCHASES RETURNS ACCOUNT

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | Folio | Amount shs. | Date  2018 | Details | Folio | Amount shs. |
|  |  |  |  | 31st Aug | Total return outwards | GL | 50,000 |

***(b) Reasons for issuing credit note***

Its issued out when goods have been returned back to the business by the customer due to the following reasons

* When goods are expired
* When goods are wrong size
* When goods have been damaged
* When goods received are of poor quality
* When goods received are not of the correct type ordered for
* When excess goods have been sent by the supplier
* When the price is more than the agreed amount
* When goods are of wrong color

***15 (a) Obligations of tax payer***

* Paying tax
* Filing returns and entries
* Cooperating with the tax authority.
* Being aware of and comply with customs, quarantine, wildlife, currency and passenger concession requirements when travelling
* Completing accurately all the necessary forms before reaching the arrival or departure processing point(s) in case of travelling.
* Disclosure/declaration.
* Using the services of a licensed customs agent to complete customs entries and related clearance formalities when importing and exporting goods or cargo.
* Registration. A tax payer is required to register voluntarily with URA in order to obtain a TIN.

Rights of a tax payer

* Right to equity. The tax laws and procedures should be applied fairly or consistently to the tax payer or taxpayer needs to pay fair and correct taxes.
* Right to prior notices. The tax payer has a right to receive notifications in advance from the tax authorities whenever the premises are to be subjected to routine inspection or audit.
* Right to tax refunds. The taxpayer has a right to receive tax refund from tax authority where applicable within the prescribed time limit.
* Right to confidentiality. Maintaining the secrecy of the tax affairs of the taxpayer and the tax information used in accordance with the law.
* Right to facilitation of tax compliance. The taxpayer has a right to be sensitized/educated about his/her tax obligations.
* Objections and appeals. The complaints raised by the taxpayer have to be attended to by the tax authority in accordance with the relevant laws and procedures.
* Right to accountability. The taxpayer needs to be promptly updated for any tax paid.
* Right to customer care. The taxpayer has a right to receive excellent services from the tax authority at all times.
* Right to immediate attention concerning processing tax returns, customs entries and other documents relating to tax affairs as stipulated by the relevant laws.

(ii) Elements of tax compliance

* Registration. Every tax payer is expected to register with URA for purposes of issuing the tax payer with Taxpayer Identification Number.
* Filing returns. Accurate and correct information should be provided about the business to help URA determine the tax payable.
* Declaration. The tax payer needs to declare the actual incomes and expenses of the business.
* Payment. Correct amount of tax due should be paid in time.
* Record keeping. All records relating to incomes and expenditures of the business should be properly kept.

(iii) Benefits of tax compliance

* Promotes continuity in business activities since there is limited interference from the government/tax authorities.
* Helps to attract government support and sympathy in times of need like subsidies.
* Creates good business image/reputation hence different stakeholders are willing to deal with the business.
* Government uses the tax revenue for infrastructural development which benefits the business/entrepreneur.
* Encourages hard work/work effort since it makes the entrepreneur responsible and self-reliant.
* Import duties help to safeguard the domestic market for the local industries.
* Government uses tax revenue for paying salaries/wages and allowances of its workers hence increasing the demand for the products of the business.
* Enables easy access to business opportunities like government procurements or contracts or tenders.
* Enables the business to access financial resources like loans.

(iv) Different taxes collected by URA and other tax authorities

(I) International trade taxes/customs taxes. These are taxes collected from both imports and exports ie taxes collected from goods entering or leaving the country.

They include;

* Import duty.
* Export duty.
* Value Added Tax on imports.
* Withholding tax on imports.
* Excise duty.
* Environmental levy ie tax imposed on used imported products with negative environmental impact like second hand motor vehicles.
* Infrastructural levy.

(II) Domestic taxes. These are taxes collected from within the boundaries of the country. They are collected by URA under domestic taxes department.  
They include;

* Individual income tax.
* Corporation tax.
* Rental income tax.
* Capital gains tax.
* Value Added Tax on local goods and services.
* Excise duty.
* Gaming and pool betting tax ie tax imposed on gaming and sports betting activities.

(b) VAT LIABILITY PAID TA DIFFERENT STAGES

1. Importation at customs

VAT Liability = purchasing price X VAT Rate

= 20,000,000 X 18

100

= Shs3,600,000

1. Stage ii local distribution

VAT liability = VAT Rate X Value added

= 18 X (24,000,000 – 20,000,000)

100

= 18 x 4,000,000

100

= shs 720,000

1. Whole sale distribution

VAT liability = VAT Rate X Value added

= 18 X (30,000,000 – 24,000,000)

100

= 18 x 6,000,000

100

= Shs 5,400,000

1. Retailer

VAT Liability = VAT Rate X Value added

= 18 X (40,000,000 – 30,000,000)

100

= 18 X 10,000,000

100

= Shs 1,800,000

1. Final consumer

VAT Liability = VAT Rate X consumers price

= 18 X 40,000,000

100

= Shs 7,200,000

(ii) Advantages of VAT

Monthly PAYE paid by the different employees

1. Melisa

Annual gross salary =Shs 8,400,000

There for monthly salary = 8,400,000 // 700,000

12

Paye = Shs 25,000 + 30 ( 700,000 -410,000)

100

= shs 25,000 + 30 X 290, 000

100

= Shs 25,000 + 87,000

= Shs 112,000

1. Okello monthly 200,000

Tax liability, he shall not pay the tax because his income is below the threshold

1. Okumu shs 300,000

Tax liability = 10,000 + 20 (300,000 – 235,000)

100

= 10,000 + 20 X 65,000

100

= 10,000 + 13,000

= Shs 23,000

1. Otimu shs 500,000

Tax liability = shs 25,000 + 30 (500,000 -410,000)

100

= shs 25,000 + 30 X 90,000

100

= shs 25,000 + 27,000

= shs 52,000

1. Tonny Shs 15,000,000

Tax liability = A+ B

A = 25,000 + 30 (15,000,000 – 410,000)

100

= 25,000 + 30 x 14, 590,000

100

= 25,000 +4, 377,000

= shs 4,402,000

B = 10 (15,000,000 -10,000,000)

100

= 10 x 5,000,000

100

=shs 500,000

Tax liability = A + B

= 4,402,000+ 500,000

= Shs 4,902,000

(ii) Annual PAYE for okum

Tax liability = monthly PAYE X12

= 23,000 x 12

= shs 276,000

D (i) Gross annual rental income = monthly rent x no. of houses x 12

= Shs 80,000 x 4 x12

= shs 3,840,000

(ii) Net rental income = gross annual rental income – tax free allowance

= shs 3,840,000 -2,820,000

= shs 1,020,000

(iii) Rental income tax = rent tax rate X net rental income

= 12 x 1,020,000

100

= shs 122,400

END