

P230/2
ENTREPRENEURSHIP
EDUCATION
Paper 2
Nov. / Dec. 2022
3 hours



UGANDA NATIONAL EXAMINATIONS BOARD

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP EDUCATION

Paper 2

3 hours

INSTRUCTIONS TO CANDIDATES:

Answer four questions only.

All questions carry equal marks.

Credit will be given for use of relevant diagrams and illustrations.

Any additional question(s) answered will not be marked.

1. You are planning to improve communication in your packaging materials business.
 - (a) Write a circular to invite your staff to attend a two days training on effective communication practices. (06 marks)
 - (b) Prepare a circulation slip to be attached to the information to be sent to four managers in your business. (06 marks)
 - (c) Draft a notice for the sale of an old truck by your business. (07 marks)
 - (d) Develop strategies to ensure effective communication in your business. (06 marks)
2. You are provided with the following statements and balances extracted from Nile Bakers Company Ltd for the year ended 31/12/2021.

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31/12/2021

Particulars	Amount (Shs)	Amount (Shs)
Gross Profit b/d		700,000
Less Operating expenses		
Rent	100,000	
Advertising	50,000	
Discount allowed	50,000	
Salaries and wages	300,000	(500,000)
NET PROFIT		200,000

BALANCE SHEET AS AT 31/12/2021

	Shs
Buildings	870,000
Furniture	300,000
3 year bank loan	200,000
Machinery	350,000
Debtors	200,000
Cash balance	180,000
Creditors	220,000
2 year bank loan	500,000 (CR.)
Drawings	100,000
Stock 31/12/2019	400,000
Capital	1,200,000
Bank overdraft	80,000

You are required to compute;

- (a) (i) Rate of return on equity. (03 marks)
- (ii) Gearing ratio. (03 marks)
- (iii) Acid test ratio. (03 marks)
- (iv) Inventory to working capital ratio. (03 marks)
- (v) Gross profit margin if net sales are Shs 1,200,000. (03 marks)
- (b) Calculate and interpret;
 - (i) Net profit to expenses ratio. (05 marks)
 - (ii) Cash ratio. (05 marks)

3. You are planning to start a Juice processing project.

- (a) Formulate strategies for the survival of the business in the competitive market. (04 marks)
- (b) Draft an action plan for the proposed business. (07 marks)
- (c) Prepare a budget for the projected operating expenses of the business. (07 marks)
- (d) Design a day's supervision schedule to monitor the activities in production. (07 marks)

4. Your community youth group is operating a bee-keeping project.

- (a) Formulate instructions to be followed by the members to ensure quality honey. (06 marks)
- (b) Prepare a plan that will be used to manage the waste generated by the business. (05 marks)
- (c) Design a fixed assets register for the project. (06 marks)
- (d) (i) Identify any three requirements for the bee-keeping project. (03 marks)
- (ii) Draft the strategies that the business will use to verify the suitability of the requirements received from suppliers. (05 marks)

5. ABS Complex is a building owned by 3 partners. They shared the rooms as follows:

	Landlord	Number of rooms	Annual rent per room.
1.	Akwero Anne	2	Shs117,500,000
2.	Banya Bosco	3	Shs95,000,000
3.	Sonko Ali	2	Shs300,000,000

All the rooms had tenants during the year.

The Income Tax Act provided the following:

- I. 20% is allowance deducted for expenses and losses incurred in generating the rent income.
- II. A tax free allowance (tax threshold) of Shs2,820,000 is deducted to arrive at chargeable rent income.
- III. The tax rate is 20%.

Required: Calculate the;

- (a) Gross rental income for each taxpayer. (09 marks)
 - (b) Annual expenses and losses for each taxpayer. (07 marks)
 - (c) Rental income tax paid to URA by each taxpayer. (07 marks)
 - (d) Total tax paid to URA. (02 marks)
6. Your general merchandise wholesale shop is rapidly growing and there is need to recruit more sales personnel.
- (a) Identify any seven sources for recruiting the sales personnel. (07 marks)
 - (b) Prepare a job specification for the post of sales personnel. (05 marks)
 - (c) Draft a pay plan for the sales personnel. (07 marks)
 - (d) Design guidelines that will be followed by the business to ensure professional growth of the sales personnel. (06 marks)