



ACEITEKA JOINT MOCK EXAMINATIONS 2023

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP EDUCATION

Paper 2

3 hours

INSTRUCTIONS:

- i. Answer *four* questions.
- ii. All questions carry equal marks.
- iii. Any additional question(s) answered will *not* be marked.

1. You plan to start a bakery in your community.
 - (a) Formulate the bakery's:
 - (i) Vision statement. (02 marks)
 - (ii) Mission statement. (02 marks)
 - (iii) Objectives. (02 marks)
 - (b) Prepare a programme for determining the profitability of the business opportunity. (07 marks)
 - (c) Advertise the post of a Human Resource Manager. (05 marks)
 - (d) Develop guidelines for promoting innovations in the business. (07 marks)

2. The following is a summarised income statement extracted from the books of Kazibure Enterprises for the financial year ended 31.12.2021.

	Shs.	Shs.
Sales		40,000,000
Less returns inwards		<u>500,000</u>
Net sales		39,500,000
Less cost of sales:		
Opening stock (01/01/2021)	10,000,000	
Add net purchases	<u>34,380,000</u>	
Goods available for sale	44,380,000	
Less closing stock	<u>12,000,000</u>	
Cost of sales		<u>32,380,000</u>
Gross profit		7,120,000
Less operating expenses		<u>5,210,000</u>
Net profit		1,910,000

The following balances were also provided:

Total current assets	Shs. 13,232,000
Total fixed assets	Shs. 6,000,000
Total current liabilities	Shs. 1,222,000
Total creditors	Shs. 700,000

- (a) Compute the value of:
- Gross profit as a percentage of cost of sales. (02 marks)
 - Employed capital. (03 marks)
- (b) Calculate and interpret:
- Working capital ratio. (04 marks)
 - Acid test ratio. (04 marks)
 - Credit payment period in weeks. (04 marks)
 - Rate of stock turn. (04 marks)
 - Gross profit margin. (04 marks)
3. You are the owner of a poultry farm that attracts a large number of daily customers. You sell both on cash and credit basis.
- Make a daily distribution schedule for your products. (06 marks)
 - Write an invoice for a customer who has purchased your products. (06 marks)
 - Develop a cash management policy for your business. (07 marks)
 - Draft a budget for working capital requirements for the business. (06 marks)

4. The following projections belong to Kampala Traders for the months of May, June and July, 2020.

- (i) Credit purchases per month expected to be worth Shs. 6,000,000.
- (ii) Monthly cash sales are expected to be Shs. 10,000,000. The sales are expected to decrease monthly by 10%.
- (iii) Monthly planned cash purchases are expected to amount to 90% of each month's cash sales.
- (iv) Commission income for the month of April 2020 to be Shs. 5,000,000 and this is projected to increase each month by 10%.
- (v) Credit sales per month projected to be Shs. 6,000,000. Payments from the debtors would be received in the following month.
- (vi) The business plans to purchase a minibus worth Shs. 16,000,000 on hire purchase in May and pay a down payment of Shs. 5,000,000. The balance to be paid in the following months in the ratio 3:2 respectively.
- (vii) Salary expenses at the end of each month to amount Shs. 400,000 per worker. The business had 10 workers in May. The business' new policy is to increase the number of workers each month by 2 at the same salary rate.
- (viii) The business plans to finance any cash flow short fall at the end of each month by obtaining a loan from Quality Bank in the following month.
- (ix) The bank loan will attract a monthly interest rate of 5% payable starting in the month following acquisition.
- (x) Monthly commission to be paid to sales workers shall be 5% of each month's cash sales.
- (xi) The business had a cash balance of Shs. 475,000 on 30th April 2020.
- (xii) Depreciation expenses per month projected to be Shs. 300,000.
- (xiii) Monthly cash donations projected to be Shs. 2,000,000. The business plans to donate food items of the same value in the month of July 2020.

Required:

(a) Prepare a monthly cash budget for the months of May to July 2020. (21 marks)

(b) Comment on the trend of the net cash position. (04 marks)

5(a) The following tax payers provided you with their annual taxable incomes and annual taxes.

Tax payer	Annual taxable income (Shs)	Tax paid (Shs)
Tajiri	177,000,000	10,620,000
Masikini	141,600,000	8,496,000

Required to compute each tax payer's tax rate. (04 marks)

(b) Unique Enterprises Ltd had the following VAT inclusive transactions with other VAT registered businesses in a given month.

Product	Purchases (Shs)	Sales (Shs)
Shoes	29,500,000	47,200,000
Clothes	70,800,000	106,200,000

Required to compute the following:

- (i) VAT paid on each product for the month. (04 marks)
- (ii) Total VAT the enterprise paid to URA for the products. (03 marks)
- (iii) Sales value of clothes (VAT exclusive) . (03 marks)

(c) The following VAT exclusive transactions were carried out by VAT registered businesses at various stages of distribution for the month of May 2020.

- I. Super traders bought goods worth Shs. 9,000,000.
- II. Super traders sold all the goods to Ben for Shs. 14,000,000.
- III. Ben sold the same goods to Joy, a retailer at Shs. 20,000,000.
- IV. Joy sold all the goods to a final consumer at Shs. 28,000,000.

Required:

Using a VAT rate of 18%,

- (i) Calculate VAT chargeable at each stage. (08 marks)
- (ii) Determine the gross sales value the consumer paid for the goods. (03 marks)

6. You are operating a shoe-making factory in your home town. You even make products on special orders.

- (a) Design a work order form for the business. (07 marks)
- (b) Formulate guidelines for developing an effective marketing strategy. (06 marks)
- (c) Draw a plan for conducting personal selling. (07 marks)
- (d) Create strategies for ensuring good customer care in the business. (05 marks)

END