

# **BUDDO SECONDARY SCHOOL GRAND SEMMINAR FOR ENTREPRENEURSHIP EDUCATION 7<sup>TH</sup>/OCT / 2023.**

## **PAPER 1**

### **SECTION A**

1. (a) (i) Give reasons why business ethics should be practiced by entrepreneurs.  
(ii) State any two management skills for an entrepreneur.
- (b) (i) Distinguish between achievement motivation and entrepreneurial motivation.  
(ii) Mention any two characteristics associated with strong need for achievement.
- (c) (i) State any two principle of negotiation.  
(ii) Mention any two factors limiting effective negotiation.
- (d) (i) Define the term mentoring as used in entrepreneurship.  
(ii) Mention any 3 rewards of mentoring to the mentee.
- (e) (i) State any two merits of using supplier's credit as a source of capital.  
(ii) Identify any two ways of overcoming a deficit in a cash flow statement.
- (f) (i) Distinguish between push sales promotion strategy and pull sales promotion strategy.  
(ii) State any two ways used by traders to increase their turn over.
- (g) The government through ministry of finance tasks URA to increase on its tax budget estimate. However, some traders deliberately refuse to honour their tax obligation and this greatly affects its work.  
(i) Identify two ways in which traders do that.  
(ii) What are the consequences of such practices to the business?
- (j) (i) State any two features of appropriate technology.  
(ii) Mention any two factors that influence choice of technology to use in an enterprise.

### **SECTION B**

2. (a) Explain the principles followed in building a lucrative personal branding.  
(b) What is the relevancy of building a lucrative personal brand?
3. (a) Why may an entrepreneur prepare a business plan?  
(b) Explain the components of a business plan.  
(c) What are the procedure followed when preparing a business plan?
4. (a) Explain the factors determining stock levels of a business.  
(b) Why is it necessary to ensure proper maintenance of business inventories at a desired level?
5. (a) Why are formal business preferred to by most of the business entrepreneurs than informal businesses?  
(b) Explain the factors that necessitate good relationship between the business and family.  
(c) What are the challenges associated with family businesses.
6. (a) Explain the political and global factors that limit entrepreneurial growth and development.  
(b) Assess the implications of globalization on the entrepreneurial growth and development.
7. Today in Uganda business operation and management has become battle between business competitors to win customer's loyalty and acceptance.  
a) Explain the factors that should be considered when analyzing and evaluating such kind of battle.  
b) What strategies that can be taken by business entrepreneurs to win customer's acceptance and loyalty.

8. (a) Explain the factors that provide a basis to segment market by business entrepreneurs.  
(b) Under what circumstance may an entrepreneur segment market.
9. (a) What are the merits and challenges associated with creative selling?  
(b) What are the conditions necessary for an entrepreneur to offer goods on credit?
10. (a) Explain the methods used by business entrepreneurs to offer training to business employees.  
(b) What is the rationale for offer training to business employees?  
(c) Why small business are reluctant to offer training.
11. (a) What are the Factors that enhance gender partnership?  
(b) Explain the factors promoting women participation in entrepreneurial activities.
12. (a) What is the contribution of social enterprises in Uganda?  
(b) What are the attributes associated with social entrepreneurs.
13. (a) Explain the factors that determine profit levels.  
(b) What are the steps involved in determining the business profitability.
14. (a) What is the role of URA as one of the business supporting organisations?  
(b) Suggest the measures that can be taken by the government to improve on the revenue collections.
15. (a) What are the steps followed in the process of buying and selling shares.  
(b) Explain the major Key players of capital markets.

**END**

## **PAPER 2**

**1. You have mobilized some funds and set up a micro finance that deals in saving and lending of money. You have just lent out a loan worth 10 million to one of your clients to be paid into four equal installments in four years at an interest rate of 1% monthly. Using a reducing balanced method.**

- a) Prepare its loan payment schedule.
- b) Prepare a purchase order to be sent to one of your suppliers of machinery and equipment for the business.
- c) Develop guidelines to be followed when selecting machinery and equipment.
- d) Design a debtor's recovery program to be used when recovering debts from the business debtors.
- e) Design a pay slip for one of your employees.

**2. a) Outline four Elements of cash flow statement.**

**b) SITYA DANGER has the following cash flow projections in the 1<sup>st</sup> quarter of the year 2020.**

December 2019	Shs
Balance c/d	8,400,000

**Add: Cash inflows**

Total cash inflows	36,400,000
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**Less: Cash outflows**

Total outflows	(47,500,000)
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**Additional information.**

Months	January	February	March
Sales (shs)	60,000,000	70,000,000	50,000,000

**Note**

- i) The company receives 80% of sales in the month of sale while the remaining amount is to be collected in the following month for all months.
- ii) Monthly rental income shs 9,000,000 and monthly commission expenses shs 400,000 which is expected to reduce by 10% per month.

- iii) A monthly salary for 10 workers was expected to be shs 300,000 per worker. Two workers are to be terminated in the third month and no replacement is expected to be made until May 2020.
- iv) Monthly Electricity bills shs 2,000,000 and paid in single sum in the second month of the second quarter 2020.
- v) The business expects a loan shs 9,000,000 in Jan 2020.
- vi) The principal is to be paid back in 3 equal installment after a one month grace period from the month of loan acquisition.
- vii) The loan is to attract an interest of 5% monthly on a fixed rate payable after one month of grace period.
- viii) Tax returns remitted to URA per month is to be shs 3,600,000.
- ix) The business will buy 1,500 units of raw materials at shs 1,200 each in the month of January. The quantity of raw materials is expected to increase by 10% every month. Purchase of raw materials is strictly on cash basis.
- x) The business was to sell the old vehicle at Shs. 8,000,000 and receive 60% of the total price in Jan and the balance in the ratio 3:2 in the following months. The depreciation is at a rate of 5%per annum.
- xi) The business expected cash donation of Shs. 2,000,000 in Feb. This was to increase by 10% in the following month.
- xii) In the third month of the first quarter, unfaithful Worker Ms. Nabanooba Annet stole shs 200,000 from the cash till when the boss was away. This was not recorded in the cash flow statement.
- xiii)The business hope to buy a new Building at shs 10,000,000 on the first day of the first month paying 80% cash and the balance to be paid in the following month.
- xiv) The owner of the business expects a donation of motor van worth shs 8,000,000 in Jan and another for building shs 23,000,000 in the month of Feb 2020.
- xv) Purchased land worth shs 65,100,000 and paid in the month of Jan 2020.
- xvi) The business paid monthly rent of shs 3,000,000 and this was to increase by 10% in February and reduced by 5 % in March.
- xvii)The incurred transport expense for workers in the month of Jan shs 2,000,000 and this was to increase by 10% in Feb and then decrease by 20% in March 2020.
- xviii) Any cash shortage is to be offset with debenture at the beginning of the next month with an interest rate of 10% payable per month.

### **Required**

- a) Prepare a monthly cash flow statement for the three months. (Jan, Feb and Mar 2020).
- b) Suggest measures that the business can undertake in case of a cash flow short fall.

### **3. You own a bakery company that deals in processing bakery products.**

- a) Draft a policy to be followed when handling difficult customers.
- b) Prepare a stock bin card to be used when handling raw materials in the store.
- c) Design a job advert to be used when advertising vacant post for a security guard.
- d) What strategies used by the business to ensure proper management business finance.
- e) Design a performance appraisal form to be used when evaluating employees' performance.

### **4. a) Comprehensive Company Limited deals in the importation and wholesale of various Merchandise. The company has Four employees; Debbie, Annette, Rachel and Sophia who Received the following employment income during the month of March 2020. The tax for the month has not yet been filed with Uganda Revenue Authority.**

<b>Particulars</b>	<b>Debbie</b>	<b>Annette</b>	<b>Rachel</b>	<b>Sophia</b>
per month	shs	shs	shs	shs
salary	10,500,000	3,000,000	200,000	150,000

Housing allowance		150,000		
Education allowance	1,000,000		50,000	
Transport allowance	50,000	50,000		
Medical allowance	1,000,000	1,000,000	50,000	50,000
Entertainment allowance	30,000			

**Note:**

The table below shows the monthly PAYE tax rates in Uganda.

Chargeable monthly Income (shs)	Tax rate (shs)
0 – 235,000	Nil
235,001 – 335,000	10% of the amount by which chargeable income exceeds shs 235,000
335,001 – 410,000	Shs 10,000 plus 20% of the amount by which chargeable income exceeds shs 335,000
410,001 and above	a) Shs 25,000 plus 30% of the amount by which chargeable income exceeds shs 410,000
	b) Where the chargeable income of an individual exceeds shs 10,000,000 an additional 10% is charged on the amount by which chargeable income exceeds shs 10,000,000

**Required:**

Compute the PAYE due to the URA for the month of March 2020 for each employee.

b) KK Supermarket Ltd had the following operations during the month of February 2023. The purchases were VAT exclusive while the sales were VAT inclusive.

Particulars	Purchases	Sales
	Shs '000	Shs '000
Sugar	50,000	141,600
Salt	1,500	5,310
Canned food	67,000	94,400
Beer	100,000	200,600
Soda	68,000	141,600
<b>Total</b>	<b>286,500</b>	<b>583,510</b>

**Required:**

- Compute the VAT payable by KK Supermarket Ltd for the month of February 2023 for each product.
  - Determine sales price VAT exclusive for each product.
- c) Mr. LABISA OKELLO also earned rental income from his apartments in Gulu city, Kampala and Kawempe for Shs 5 million, 2,000,000 and 1,500,000 respectively per month. He has not paid any tax on this income since January 2021 when the apartments were completed and occupied. He constructed these apartments on mortgage on which he pays interest of Shs 1.5 million per month.

**Other expenses incurred on the apartments, per annum, are:**

- ❖ Painting Shs 5 million.
- ❖ Security guard Shs 1.2 million.
- ❖ Compound maintenance Shs 2 million.

**Additional information**

- Threshold 2,820,000
- Tax rate 12%
- The financial year ends 31<sup>st</sup> December

**Additional information**

- Provision for allowable expenses 75%
- Tax rate 30%
- The financial year ends 31 December

**Required**

- i) Gross rental income
  - ii) Rental tax payable.
  - iii) Net rental income.
- d) Mahogany Furniture Limited (MFL) is one of the leading furniture manufacturers in Kampala. It has 3 branches around Kampala. Given the increasing demand for its furniture, the company's board of directors (the Board) decided to start importing furniture from Malaysia. During the first import consignment, they incurred the following:

Particulars	US \$
Furniture (free on board (FOB))	1,500
Freight to Mombasa	600
Insurance	500

The applicable rates of tax are provided as follows:

Import duty	25%
Value added tax	18%
Excise duty	20%
Withholding tax	6%
Infrastructure levy	1.5%

The prevailing US\$ exchange rate for Uganda shillings was 3,700 at the time of importation.

**Required:**

- a) Determine the total taxes payable to URA.

**5. The following balances were extracted from the books of NALUBEGA SOPHIA for the year ended 31/Dec/2020**

Particulars	Shs
Turn over	9,000,000
Returns outwards	500,000
Returns inwards	100,000
Purchase	6,000,000
Accounts receivable	460,000
Inventory 1/1/2020	500,000
Inventory 31/12/2020	380,000
Drawings	300,000
Cash at hand	1,200,000
Cash at bank	4,800,000
Bad debts recovered	150,000
Premises at cost	9,220,000
Equipment at cost	3,220,000
Furniture at cost	4,400,000
Motor vehicles	10,000,000
Electricity	100,000
Salaries	800,000
Bad debts written off	60,000
Carriage inwards	50,000
Carriage outwards	70,000
Commission received	600,000
Loan term loan	600,000
Capital	30,180,000
Accounts payable	250,000

**Determine,**

- i. Net Turn over.

- ii. Cost of sales.
- iii. Gross profit
- iv. Net profit
- v. operating margin ratio
- vi. Gross profit to cost of sales ratio
- vii. Working capital
- viii. Rate of Inventory turnover ratio
- ix. Acid test ratio
- x. Employed capital
- xi. Debtors collection period in days
- xii. Net Gearing ratio

**6. You have started a tailoring project in your vacation. Your former Head teacher has given you a contract to supply uniforms at the school.**

- a) Draft a contract to be followed between your business and contracted client.
- b) Write a report to be sent to your sales manager highlighting the findings made from the market survey that was previously conducted.
- c) Design a customer survey satisfaction tool to be issued to one of your customers.
- d) Draft an executive summary for your business.
- e) Prepare a statement of account to the customer to whom you have supplied uniform on credit for one month.

**7. You are operating a medical center as a social enterprise. Your research has proved to establish the cause of Malaria.**

- a) Prepare a root cause analysis for the research findings made.
- b) Prepare a daily expenditure budget.
- c) Design work order form for business use.
- d) Develop a program to be followed when preparing for effective negotiation with business suppliers for packaging materials
- e) State any four social needs which your project is most likely to address.

**8. You are planning to open up a washing Bay in your area due to increasing number of vehicles in your area.**

- a) Design a credit status inquiry to Stanbic bank where one of your customer has declared as its referee before accessing your services on credit.
- b) Write an appointment letter to the security officer to whom you have just recruited.
- c) Design a caller's book to be used by your business.
- d) Design a share certificate to be issued to shareholders of your project.
- e) Formulate the security guidelines to be followed to ensure adequate security at your business premises.

END

**SECTION A**

1. After University Don Atu looked for a job but in vain despite his passion of being a job creator not a job seeker. He registered as a member of "young farmer's Federation Uganda" where he represented the federation in Germany for a training Opportunity in Agriculture mainly on how to use hydroponic climate- smart farming and record keeping.

He returned home in July 2022 to utilize 150-acre family land. He now owns 22 dairy cows and over 100 goats. He sold 120 liters of milk daily at shs 1500 each every month and collects cash on delivery.

He pays three herdsmen shs 100,000 each monthly. He also pays shs. 200,000 to the veterinary Doctor, shs. 250,000 for security every month and sells a truck of manure at shs 650,000 monthly. The cost of producing and selling the milk on the farm was shs. 1,200,000 in July.

There are decisions and long term investments he can't make by operating on a family farm. Labour is also a challenge as herds men are unskilled and usually turn over. Hiring veterinary doctors is very expensive as well as losing goats to thieves due to insecurity.

**Questions**

- a) i) Identify the types of records kept by Don Atu.  
ii) Why is it necessary to keep records at his farm?
- b) What measures can be undertaken to ensure stability of his workers at the farm.
- c) Explain the strategies he can employ to ensure customer satisfaction
- d) Advise Don Atu on other business opportunities he can venture into to utilize the land.
- e) Calculate his;  
i) Net profit.  
ii) Profit margin for July.

**SECTION B****2. In your reference in your business operated at your school**

- a) Describe the business project.
- b) Explain the factors that influenced the risk assessment of your project.
- c) How did you practice service innovation in your project?
- d) What were the opportunities that favored the successful operation of your project?
- e) Illustrate the plant layout of your project.

**3. In reference to any business project operated at school**

- a) Give the general description of your project.
- b) Present non product value as form sales promotion strategies used by your project.
- c) Explain any five books of accounts kept by your project.
- d) What negotiation tactics did you use when presenting products to customers?
- e) How did you handle the accounts receivables?

**4. In reference to any business project operated at school**

- a) Give the business profile of your project.
- b) How did your business customers express their satisfaction towards your business project?
- c) How did you minimize cash deficits in your business projects?
- d) How did you waste time in your project?
- e) i) Mention any five examples of business inventories managed by your project.  
ii) How did your business project manage its inventory?

## **SECTION C**

### **FIELD ATTACHEMENT/ FIELD TRIP**

#### **5. In reference to any business you were attached to**

- a) Describe the nature of the business you were attached to.
- b) Explain the methods you used when collecting data during field attachment.
- c) What are the effects of the business you were attached to on the surroundings?
- d) What unethical behaviors observed at the business you were attached to?
- e) Illustrate the market flowchart used by the business you were attached to.

#### **6. In reference to any business you visited as an individual or as a group**

- a) Describe the mission and vision of the business visited.
- b) How does the business visited maintain and promote discipline.
- c) Explain the elements of marketing mix used by the business visited.
- d) How does the business visited minimize labour turn over?
- e) How does the business visited make its products unique?

#### **7. In reference to any field trip you conducted as a group or an individual**

- a) Why did you conduct the field trip?
- b) What are the causes of accidents at the business visited?
- c) How does the business visited minimize accidents?
- d) Mention any five examples of taxes paid by the business visited to the local authority.
- e) How does the business visited maximize profits?
- f) State any five administrative expenses incurred by the business visited.

END

**THE STRUGGLE CONTINUES.**