

**P230/2**

**ENTREPRENEURSHIP**

**EDUCATION**

**PAPER 2**

**2023**

3 hours

**UGANDA ADVANCED CERTIFICATE OF EDUCATION**

**INTERNAL MOCK EXAMINATIONS 2023**

**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 questions answered will **not** be marked.

1. You are operating a company that specializes in compound designing and cleaning.
  - (a) Draw a plan for taking an insurance policy for the business machines. **(07 marks)**
  - (b) Prepare a fixed capital expenditure budget. **(06 marks)**
  - (c) Design a visitors' book for the business. **(06 marks)**
  - (d) How will the business benefit the community? **(06 marks)**
  
2. You own a leather tanning factory in a congested area. You intend to relocate to a more spacious place for better performance.
  - (a) Write a notice informing the public about your intention to shift the business. **(06 marks)**
  - (b) Draw a daily distribution schedule for your business products. **(07 marks)**
  - (c) Create strategies for ensuring good customer care in the business. **(06 marks)**
  - (d) Design a cash sale for the business. **(06 marks)**
  
3. You plan to establish a milk processing business in your town.
  - (a) Write the mission and vision statements of your business. **(06 marks)**
  - (b) Develop a brand label to be placed on one of your packaging materials. **(06 marks)**
  - (c) Design work order form for business use. **(06 marks)**
  - (d) Formulate a one day programme for launching your business. **(07 marks)**
  
4. You have realized that people in your community have a negative attitude towards payment of taxes to the respective authorities. As a student of Entrepreneurship education, educate them about the following:
  - (a)
    - (i) Authority in charge of collecting taxes in Uganda. **(01 mark)**
    - (ii) Relevance of government revenue. **(05 marks)**
  - (b) Dingiro purchased electric appliances in June 2022 at shs40,000,000 (VAT Exclusive) and sold then in January 2023 at shs59,000,000 (VAT Inclusive). Using the current standard VAT rate, compute: **(02 marks)**
    - (i) Input VAT. **(02 marks)**
    - (ii) VAT on Sales. **(02 marks)**
    - (iii) VAT Payable to URA.

- (c) You have been approached by 3 of your friends claiming that the organization employing them deducts their monthly salary without their consent. They have provided you with their benefits as below;

EMPLOYEE NAME	BASIC PAY (shs)	HOUSING ALLOWANCE	TRANSPORT ALLOWANCE	FOOD BASKET
JOHN	200,000	30,000	10,000	-
JONES	500,000	50,000	20,000	25,000
JOSEPH	13,000,000	400,000	200,000	-

Given the following monthly tax rates for PAYE following financial year 2022/2023,

P.A.Y.E TAX RATES		
	Chargeable monthly income	Tax rate
1	Not exceeding shs235,000	Nil
2	Exceeding shs235,000 but not exceeding shs335,000	10% of the amount by which chargeable income exceeds shs235,000
3	Exceeding shs335,000 but not exceeding shs410,000	Shs10,000 plus 20% of the amount by which chargeable income exceeds shs335,000
4	Exceeding shs410,000	(a) Shs25,000 plus 30% of the amount by which chargeable income exceeds shs410,000 (b) Where chargeable income exceeds shs10,000,000, an additional 10% is charged on the amount exceeding shs10,000,000.

Compute each employee's:

- Gross income.
- PAYE tax payable.

(07 marks)

(06 marks)

5. The following projections relate to Kazibure's business for the Months of June, July, August and September 2024.

- The business expects a cash balance of shs.60,000,000 at the end of May 2024.
- Monthly cash sales are expected at shs.40,000,000.
- The business is expected to issue a debenture certificate worth shs.8,000,000 in July.
- Monthly cash purchases are expected at shs.30,000,000.

- (v) The business expects to dispose off some old furniture worth shs.9,000,000 in July and receive only shs.6,000,000 and the balance to be received in September.
- (vi) Credit purchases are projected at shs.32,000,000 monthly, payment of which is to be made in the month following the month of purchase.
- (vii) The business expects to get a loan of shs.10,000,000 in June at an interest of 5% monthly effective July. The principal is to be paid at once in the month of October.
- (viii) Monthly credit sales are projected at shs.60,000,000 and debtors are to clear in the month of sale.
- (ix) The business is to buy a vehicle worth shs.36,000,000 in July paying shs.20,000,000 and the balance to be cleared in the following months in two equal installments.
- (x) The business expects a cash donation of shs.4,000,000 monthly and this is expected to increase by 5% after the first two months.
- (xi) The business expects monthly rent income of shs.5,000,000.
- (xii) Monthly salary bill is expected at shs.3,000,000 but this is to increase by 10% monthly after two months.
- (xiii) The monthly commission to be paid to sales workers shall be 2% of each month's cash sales.

**Required;**

- (a) Prepare Kazibure's cash flow plan for the months of June to September 2024. **(21 marks)**
- (b) Comment on the trend of the net cash position. **(04 marks)**

6. The following information was extracted from records of Mjomba traders for the period ended 31.12.2021

	SHS
Stock (31.12.2021)	4,000,000
Stock (01.01.2021_	5,000,000
Total operating expenses	2,000,000
Stock turnover	2.67 times
Net sales	20,000,000
Gross profit margin	40%
Creditors	3,000,000
Debtors	1,500,000
Total fixed assets	8,000,000
Cash at hand	1,200,000
Cash at Bank	1,300,000
Commission received in advance	1,000,000



**Required to:**

- (a) Calculate the value of:
- (i) Cost of sales. (03 marks)
  - (ii) Goods available for sale. (03 marks)
  - (iii) Employed capital. (03 marks)
- (b) Calculate and interpret;
- (i) Net profit margin. (04 marks)
  - (ii) Current ratio. (04 marks)
  - (iii) Cash ratio (04 marks)
  - (iv) Average collection period for debts (04 marks)

**END**