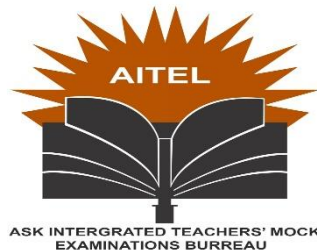


**P230/2**  
**ENTREPRENEURSHIP**  
**EDUCATION**  
**Paper 2**  
**July/Aug. 2020**  
**3 hours**



# **AITEL JOINT MOCK EXAMINATIONS**

**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(s) answered will **not** be marked.*

1. You have organized citizens in your home village and started a Savings and Credit Co-operative Society (SACCO).
  - (a) Design a deposit slip for customer use. *(07 marks)*
  - (b) Prepare guidelines that shall be followed when lending out money to members. *(07 marks)*
  - (c) Identify other business opportunities which may arise from the existence of your business. *(05 marks)*
  - (d) Formulate guidelines to be followed by employees to ensure proper handling of members to the SACCO. *(06 marks)*
2. You are managing a big bakery in your home town.
  - (a) Prepare a mission statement for your business *(05 marks)*
  - (b) Design a job application form to be used in the business. *(07 marks)*
  - (c) Prepare a delivery note to the school you have supplied loaves of bread. *(07marks)*
  - (d) Write an apology letter to a customer who complained of substandard quality of bread. *(06 marks)*
3. You own a company dealing in the processing and distributing of fruit juice.
  - (a) Design a banner to help you in promoting your products. *(06 marks)*
  - (b) Develop a marketing plan for your business. *(07 marks)*
  - (c) Write an invitation for bids to the willing suppliers of materials for usage in your project. *(06 marks)*
  - (d) Advertise the sale of a truck which is at its disposal value. *(06 marks)*

4. Mutima Industries which is a registered company had the following transactions.

- (i) The company expects to start operations in the month of September 2015 with a share capital of Shs. 8,000,000.
- (ii) Monthly cash sales are expected to be Shs. 4,000,000 in September and are expected to increase by 20% every month.
- (iii) Monthly credit sales of Shs. 5,000,000 per month are expected to be paid in the month following the month of sales.
- (iv) The company will float shares worth 60% of initial share capital in the month of December 2015.
- (v) The company will acquire a loan of Shs. 3,000,000 from Centenary Bank in the month of October 2015 at interest of rate of 5% per month.
- (vi) The principal of the loan will be paid in four equal installments and the interest starting in the month following the acquisition of the loan.
- (vii) The business will acquire a machine in September worth Shs. 12,000,000. This will be paid for in three equal installments.
- (viii) The company will purchase raw materials worth Shs. 3,000,000 every month.
- (ix) Monthly wage bill of Shs. 450,000 will be paid.
- (x) The company will carry out fundraising in September and expects to raise Shs. 7,600,000.
- (xi) The dividends to shareholders will be paid after the 1<sup>st</sup> quarter of operation and they are expected to be 10% of the share capital.
- (xii) Tax of Shs. 300,000 will be paid every December.
- (xiii) Fixed costs of Shs. 200,000 per month are to be paid monthly. They are expected to decrease by 20% after the 1<sup>st</sup> month of operation.

**Required:**

- (a) Prepare a cash flow budget for Mutima Industries for four months. (21 marks)
- (b) Comment on the net cash position of Mutima Industries. (04 marks)

**Turn Over**

5. (a) GOODEX CONSTRUCTION COMPANY employs Hope, Emitu, Nakagolo, Jacinta and Liz earning Shs. 300,000, Shs, 400,000, Shs. 480,000, Shs. 900,000 and Shs. 11,000,000 as salary per month. Calculate the income tax payable by;

- (i) Hope
- (ii) Emitu
- (iii) Nakagolo
- (iv) Jacinta
- (v) Liz

*(15 marks)*

- (b) The following information relates to Mr. Kifuddu for the year ended 2015.

	<b>Shs</b>
Business income	2,500,000
Employment income	2,000,000
Property income	1,500,000

In addition, Kifuddu incurred expenses and losses amounting to Shs. 1,200,000 to earn the income. Shs. 500,000 of the income is exempted for tax.

**Required:** Calculate Kifuddu's

- (i) Gross income. *(03 marks)*
- (ii) Chargeable income. *(03 marks)*
- (iii) Income tax for the year. *(04 marks)*

6. Given the Trial Balance of Gyadi Enterprises Limited as at 31<sup>st</sup> December 2015:

**TRIAL BALANCE  
AS AT 31<sup>ST</sup> DECEMBER 2015**

PARTICULARS	DEBIT	CREDIT
	Shs	Shs
Stock 1 <sup>st</sup> January 2015	1,000	
Purchases	110,000	
Sales		200,000
Bad debts	1,200	
Discount received		1,000
Discount allowed	2,000	
Motor van at cost	10,000	
Cash at hand	2,000	
Debtors	5,000	
Creditors		3,000
Provision for bad debts		2,000
Capital		41,000
Cash at bank	4,000	
Returns outwards		5,000
Electricity	7,000	
Salaries	8,000	
Rent	1,800	
Carriage inwards	6,000	
Land at cost	100,000	
Equipment at cost	20,000	
<i>Accumulated depreciation:</i>		
Motor van		2,000
Equipment		4,000
Returns inwards	10,000	
Bank loan		30,000
	<b>288,000</b>	<b>288,000</b>

*Adjustments:*

- (i) Closing stock was valued at Shs 20,000.
- (ii) Half of the rent paid is for the forth coming financial year.
- (iii) Salaries of Shs 2,000 were due.
- (iv) Provision for bad debts is to be charged at 5% of debtors.
- (v) Depreciate equipment by 20% on cost and motor van by 10% on net book value.

**Required;**

(a) Income Statement for the year ending 31<sup>st</sup> December 2015.

(14 marks)

(b) A Balance Sheet as at that date.

(11 marks)

**END**