

P230/2
ENTREPRENEURSHIP
EDUCATION
Paper 2
July/August 2023
3 hours

**LANGO SECONDARY SCHOOLS MOCK EXAMINATIONS
ASSOCIATION (LASSMEA)**

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP EDUCATION

Paper 2

3 hours

INSTRUCTIONS TO CANDIDATES:

*Answer only **four** questions.*

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.*

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Turn Over

1. You are marketing manager of a bakery producing a variety of baked items in your home area.

- (a) Design a flier to be issued to potential customers. (06 marks)
- (b) What tools would you use to monitor the business? (06 marks)
- (c) Write a MEMO to sales staffs about customers complains about expired products distributed. (07 marks)
- (d) Design a code of conduct for promoting discipline on your bakery business. (06 marks)

2. You have established a bee keeping project in your home area which you would like to launch.

- (a) Write a letter to police station seeking permission to launch your business project. (05 marks)
- (b) Prepare a programme for launching your project. (07marks)
- (c) Design an advertisement for the post of a project manager. (08 marks)
- (d) Develop a business card for the project. (05marks)

3. MOLA Industries is a registered company that had the following projections.

- (i) The company expects to start operations in the month of September 2023 with share capital shs8, 000,000.
- (ii) Monthly cash sales are expected to be shs4, 000,000 in September and are expected to increase by 20% every month.
- (iii) Monthly credit sales of shs5, 000,000 per month are expected to be paid in the month following the month of sales.
- (iv) The company will float share worth 60% of its initial share capital in the month of December 2023.
- (v) The company will acquire a loan of shs3, 000,000 from centenary bank in the month of October 2023 as an interest 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 machine worth shs12, 000,000. This will be paid for in three equal installments.
- (viii) The company will purchase raw materials worth shs3, 000,000 every month.
- (ix) Monthly wage bill of shs450, 000 will be paid.
- (x) The company will carry out a fund raising in September and expects to raise shs7, 600,000.
- (xi) The dividends to shareholders will be paid after 1st quarter of operation and they are expected to 10% of share capital.
- (xii) Tax of shs3, 000,000 will be paid every December.
- (xiii) Fixed costs of shs200, 000 per month are to be paid monthly. They are expected to decrease by 20% after 1st month of operation.

- (a) Prepare the cash flow budget for MOLA industries for four months.
(b) Comment on the cash flow position of MOLA industries. (04marks)
(c) How does the entrepreneur of MOLA industries minimised deficits in the cash flows of the business? (04marks)
4. You have accumulated funds to operate a juice processing plant in your town and you are to recruit workers.
(a) What factors would you consider in selecting workers? (06 marks)
(b) Prepare an action plan for your juice processing plant. (07 marks)
(c) Design a stock requisition form to be used in our business.
(d) Develop guidelines to ensure proper machine handling by workers at work place. (06marks)
5. You intend to establish a small factory to produce hand sanitizer worth shs50, 000,000.
(a) Prepare a budget for your proposed business. (07 marks)
(b) How would you lower the costs of production? (08 marks)
(c) What factors would you consider in the selection of tools, machinery? and equipment? (05marks)
(d) Design policy measures to ensure production of high quality product. (05marks)
6. (a) **Edola and Sons Ltd.** employ five workers earning monthly income as in table below.

<i>Employees</i>	<i>Monthly salary (shs)</i>
Isaac	300,000
Miriam	400,000
Regina	380,000
Moris	420,000
Abedi	700,000

Given the income Pay as You Earn (PAYE) tax rates as follows:

<i>Monthly income (shs)</i>	<i>Tax liability /rates</i>
0 – 235,000	Nil
2350,000 - 335,000	10% of the amount by which chargeable income exceeds shs235,000
335,000 but - 410,000	shs10,000 plus 20% of the amount by which chargeable income exceeds shs335,000
410,000 – 10,000,000	Shs25,000 plus 30% of the amount by which chargeable income exceeds shs410,000

Calculate the income tax payable by:

- (i) Isaac (03 marks)
- (ii) Mirriam (03 marks)
- (iii) Regina (03 marks)
- (iv) Moris (03 marks)
- (v) Abedi (03 marks)

(b) Given the Value added tax (VAT) as 18%, calculate VAT payable at each stage in the table below. (10 marks)

Stage	Activity /details	Cost price (shs)	Selling price (shs)	VAT payable (shs)
I	Producer	2,000,000		?
II	Producer to wholesaler	2,000,000	2,400,000	?
III	Wholesaler to retailer	2,400,000	3,000,000	?
IV	Retailer to final consumer	3,000,000	4,000,000	?
V	Final consumer	4,000,000		?