

**P230/2**  
**ENTREPRENEURSHIP**  
**EDUCATION**  
**Paper 2**  
**JULY/AUGUST, 2023**  
**3 Hours**



**MATIGO EXAMINATIONS BOARD**  
***Uganda Advanced Certificate of Education***

**ENTREPRENEURSHIP EDUCATION**

**PAPER 2**

**TIME: 3HOURS**

**INSTRUCTIONS TO CANDIDATES:**

*Answer only four questions*

*Credit will be given for use of relevant illustration*

*All questions carry equal marks*

*Cross through any work you want not marked*

**Turn Over**

1. You are operating an electronic shop experiencing declining sales due to poor customer care and new employees have been recruited to solve this problem.
  - (a) Develop a root cause analysis for the declining sales. (06 marks)
  - (b) Formulate policies for enhancing good customer care in your business. (07 marks)
  - (c) Draw a programme for recruiting new employees. (06 marks)
  - (d) Write an invoice for a credit customer who has bought goods worth Shs 10,000,000. (06 marks)
  
2. You are operating a fruit juice factory in Bushenyi district in western Uganda and have a plan to open up another branch in Northern Uganda.
  - (a) Prepare the factory profile. (06 marks)
  - (b) Develop terms and conditions for the sale of an old refrigerator. (06 marks)
  - (c) Prepare a feasible action plan to be followed while establishing a new branch. (07 marks)
  - (d) Design a brand label to be placed on the packaging materials of your juice products. (06 marks)
  
3. You have been operating a bakery in a congested place in your home area. You have decided to shift the bakery to a new location in form of a company.
  - (a) Write a notice informing your customers about the new location. (06 marks)
  - (b) Develop guidelines to be observed by employees for ensuring cleanliness in the bakery. (06 marks)
  - (c) Prepare a company asset register. (06 marks)
  - (d) Develop a programme for launching the business products in a new location. (07 marks)
  
4. You own a waste recycling factory that recycles all plastic materials, as a social enterprise to keep the environment clean and also create jobs.
  - (a) State the following for the business.
    - (i) Objectives of the business. (03 marks)
    - (ii) Mission statement. (03 marks)
  - (b) Develop a programme for becoming a social entrepreneur. (07 marks)
  - (c) Develop a GEPIC structure for a advocacy to promote your business mission. (06 marks)
  - (d) Draft an environmental impact assessment policy for the business.

(06 marks)

5. Cheap hard ware imported consignment of goods valued at CIF value \$ 2,500 (USD). The goods attract import duty of 20%, excise duty of 25%, VAT 18% withholding tax of 6% (given exchange rate of dollars is Shs 3,000)

(a) Compute;

- (i) Import duty (02 marks)
- (ii) Excise duty (02 marks)
- (iii) VAT (02 marks)
- (iv) Withholding tax (02 marks)

- (b) Given that the business employs Opio Ben, Mukisa Andrew and Muganga Alex who earn Shs 12,500,000, Shs 1,780,000 and Shs 395,000 respectively.

**Below are the rates**

Income Bracket	Tax liability
0 – 235,000	NIL
235,000 – 335,000	10% of income that exceeds Shs 235,000
335,000 – 410,000	Shs 10,000 plus 20% of the amount that exceeds Shs 335,000
Above 410,000	(a) Shs 25,000 plus 30% of income that exceeds Shs 410,000 (b) Any income that exceeds Shs 10,000,000 is charged an extra tax rate of 10%.

Compute PAYE For;

- (i) Opio Ben (03 marks)
  - (ii) Mukisa Andrew (02 marks)
  - (iii) Mugisha Alex (02 marks)
- (c) Illustration below shows the various stages that are involved in the distribution of goods.

Stage	Activity	Purchase Price (Shs)	Selling Price (Shs)	VAT 18%
1	Importer at Customs	10,000,000	10,000,000	
2	Importer at local distribution	10,000,000	12,000,000	
3	Wholesaler	12,000,000	16,000,000	
4	Retailer	16,000,000	19,000,000	

- (i) Compute the VAT at each stage of distribution. (06 marks)
- (ii) Advise the trader on the negative consequences he would face in case he fails to meet his tax obligations. (04 marks)

6. The following balances were extracted from the records of Manuella on 31<sup>st</sup>/12/2022.

Details	Shs (000)
Net sales	20,000
Net purchases	11,000
Goods available for sale	16,000
Stock (01.01.2022)	5,000
Stock (31.12.2022)	4,000
Total operating expenses	6,000
Total fixed Assets	8,000
Debtors	1,500
Creditors	3,000
Cash	900
Accrued rent	1,000
Bank	1,600

Required;

Calculate and interpret:

- |  |            |
|--|------------|
| (i) Inventory turnover ratio.                    | (06 marks) |
| (ii) Credit payment period in days(use 365 days) | (04 marks) |
| (iii) Rate of return on employed capital         | (04 marks) |
| (iv) Stock turn over period                      | (04 marks) |
| (v) Cash ratio                                   | (04 marks) |
| (vi) Profit – markup                             | (03 marks) |

END

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