

TRINITY COLLEGE NABBINGO
GRAND LOWER SECONDARY ENTREPRENEURSHIP SEMINAR 2024 SATURDAY 5TH OCTOBER 2024

SOLUTION TO SEMINAR ITEMS

IMPORTANT NOTES:

Construct: The exit profile of a learner after the cycle ie

“A learner initiates and runs/manages Business Successfully”

Elements of construct: The major components of a construct. We have four elements of construct in lower secondary entrepreneurship i.e:

1. Appreciates Business startup
2. Manages Business.
3. Understands Business Support
4. Applies bookkeeping and accounting skills

ALLOCATION OF CONTENT TO THE FOUR ELEMENTS OF CONSTRUCT

Appreciates Business start up	Manages Business	Appreciates Business support	Applies Book keeping skills
TCW 2024			

► Types of business in Uganda	► The entrepreneur	► Success in business	► Book keeping
Forms of business ownership.	► Characteristics of an entrepreneur	► Risks in business	► Source document
Business ideas	► Creativity and innovation	► Insurance	► Books of original entry
Business opportunities	► Factors of production	► Technology in business	► Trial balance
Market survey/market Research	► Specialization, division of labour,	► Taxation / Government revenue	► Statement of profit or loss and other comprehensive income
Steps in starting a business	► Diversification	► Tax administration	► Statement of financial position/Balance sheet
Sources of business finance	► Raw materials for production.	► Machinery, equipment and tools used in business.	► Consumer protection
Saving and investment	► Machineries, equipment and tools used in business.	► Marketing channels of distribution	► Money
Location of business ownership	► Formalizing a business	► Advertising and sales promotion.	► Central bank
Forms of business ownership	► Cooperatives in uganda	► The cashflow statement	► Commercial banks
SACCOs	► Human Wants	► Quality assurance and production process.	► Microfinance institution
Human Wants	► Market research	► Types of account	► E. Banking
Market research	► business plan components except cash flows.	► Business ethics	
business plan	Budget		
components except cash flows.	Action plan		
Budget	International trade		
Action plan	INCO terms		
International trade	Regional Cooperation.		

CATEGORIES OF LEARNERS ACCORDING TO LEVEL OF ACHIEVEMENT IN EACH TASK:

ACHIEVEMENT LEVEL IDENTIFIER	DESCRIPTOR	BASIS OF ASSESSMENT
1	2021	

4	EXCELLENT	APPLIES/JUSTIFIES/EXPLAINS APPROPRIATELY IN MANY AREAS/RESPONSES.
3	ADVANCED	APPLIES/JUSTIFIES/EXPLAINS APPROPRIATELY IN ADEQUATE/AVERAGE NO OF AREAS/RESPONSES
2	SATISFACTORY	APPLIES/JUSTIFIES/EXPLAINS APPROPRIATELY IN FEW AREAS/RESPONSES
1	BASIC	LISTS ONE OR MORE/PRESENTS JUST BASIC RESPONSES
0	INADEQUATE	DOES NOT ATTEMPT/ PRESENTS WRONG RESPONSES

**RESPONSES TO SEMINAR/WORKSHOP ITEMS:
EOC ONE: APPRECIATES BUSINESS STARTUP**

ITEM ONE:

TASK A: MORGAN'S RESTAURANT MARKET SURVEY GUIDE IS PRESENTED AS FOLLOWS:

MORGAN RESTAURANT

P.O Box 42, KAMPALA

MARKET SURVEY TOOL/GUIDE

Dear respondent,

MORGAN RESTAURANT is seeking your opinion about the Foods, drinks and other items it intends to supply and those already in circulation. Please feel free to provide all the necessary responses. The information given will be treated with utmost confidentiality of

1. Name of customer.....
2. Age.....
3. Sex.....
4. What foods do you prefer most?.....
5. Suggest suitable prices for foods and drinks?.....

- 6. Compare the foods offered by our restaurant to others?.....
- 7. Comment about our serving points: Good..... Very good.....
- 8. What promotional strategies are favourable?.....
- 9. How would you prefer our foods to reach you?.....

Thanks for your time

Important notes: While presenting the elements of a market survey, endeavour to relate them to a restaurant.

TASK B: MORGAN'S RESTAURANT BUSINESS START UP PROCESS CAN PRESENTED AS FOLLOWS;

- i) Generating business ideas: These are thoughts of individuals about how needs in society can be met or how society problems can be solved. An entrepreneur/Morgan has to select the best idea from the many thoughts he/she has.
- ii) Spotting and selecting a business opportunity: Then morgan/ entrepreneur has to select the best business opportunity of the many ideas generated ie a restaurant.
- iii) Conducting a market survey: You should not take the market for granted. Morgan has to test whether the selected business opportunity(Restaurant) will be desirable in the community. He has to look for the following in the community:

 - Is the product you intend to produce needed?
 - What kind of people are you targeting?
 - How many other businesses are supplying the same commodity?
 - Is the market static, growing or saturated with commodities?
 - What strategies are used by rival businesses?
 - What attributes can make your product better in the community? Is it superior compared to those of rival companies?
 - Is the price of the product friendly but profitable?
 - How frequent may customers need the product?

- iv) Selecting a legal form of business: At this level, Morgan/entrepreneur chooses the type of business he is going to establish. For small restaurant business, it is advisable that the he runs it alone. While medium Enterprises are better run as partnerships and extremely large businesses are efficiently run as joint stock companies.
- v) Preparing a business plan: A business plan provides MORGAN guidelines and processes through which a proposed business/Restaurant can be turned into reality. It indicates all the activities involved in implementing the restaurant business opportunity and the likely expenses. It will also guide on the marketing and production activities.
- vi) Sourcing for business finances: Resources are essential for this restaurant business startup and effective management. The funds available determine the level of initial success of any business since capital is the engine of restaurant business growth.
- vii) Selecting the business location: The place at which the Restaurant is located is very important. Areas with a high population are suitable for business location because of the high population that will buy the foods and drinks from the restaurant.
- viii) Acquiring and installing the necessary machinery and equipment: The machinery ie cookers, cooking ovens, energy stoves selected must suit the location of the business. Once properly installed, machines can ensure continuous production.
- ix) Business registration: This gives the restaurant a legal status and can sue or be sued, can recruit and fire employees, it can own property in its name and is free from the complete intervention of the owner.

- x) Putting infrastructure in place: A new restaurant business requires development of access ways, installing communication lines and other infrastructure used for technological process.
- xi) Commencing business operations: Once all the above activities are in place, the restaurant business production activities start in order to produce products that can help meet customer needs.

Important notes: Tasks requiring steps/processes/stages/elements/procedure must be presented in a chronological order

TASK C: THE AVENUES/AREAS/SOURCES FROM WHICH MORGAN MIGHT HAVE GOTTEN THE RESTAURANT BUSINESS IDEA/CONCEPT INCLUDE;

- i) **Newspapers.** These provide various information on successful restaurants, ideas and commercial opportunities and personal services like food that act as a basis for business ideas.
- ii) **Magazines articles.** These describe new types of business e.g Restaurants develop greatly when they involve in outside catering
- iii) **Hobbies or personal interests.** These are activities pursued for pleasure/relaxation.
They are a source of ideas for new enterprises, e.g Outings, dinner with friends)
- iv) **Trade shows and exhibitions.** These enable people to discover business ideas ie restaurants which match with a person interests/abilities through interaction with various food producers and distributors.
- v) **Survey or market surveys.** This involves finding out customers' needs or problems that need solutions to act as a basis for identifying new restaurant business ideas. Surveys may be formal or informal.
It can be informal through personal contact (friends and relatives) and observation or formal by use of questionnaires and conducting interviews
- vi) **Vocational training and experience.** An idea can be developed from ones area of training. For example vocational or professional training in catering can help Morgan start a business
- vii) **Brainstorming.** This involves group discussions about an idea and pausing various responses which are modified to get the best one.
- viii) **Use of SWOT analysis.** This involves analyzing the strengths, weaknesses, opportunities and threats to identify an idea to undertake. A good business idea should have more strengths and opportunities as compared to weaknesses and threats.
- ix) **Franchising.** A person can buy a right to sell a given company's goods/services in a specific area using the manufacturers name or his own name.e.g A restaurant can request for franchise rights from KFC international
- x) **Internet.** The vast network of networks connecting individuals worldwide can also be used to generate new business ideas.
- xi) **Successful restaurant entrepreneurs.** These can provide information on how they attained success and can inspire upcoming entrepreneurs come up with exciting ideas.
- xii) **Peoples' needs.i.e things needed for survival.** This can give rise to a business idea to provide them.

xiii) Customer's complaints. Morgan can use these complaints to develop business ideas that are later transformed into improved / better goods or services that solve the complaints.

xiv) Talents / abilities. Morgan can develop a business idea by making use of his / her natural ability e.g. cooking, baking, frying into an income generating project.

xv) Market gaps. A business idea can also be developed from spotting important unmet needs in the market i.e. products / services that are missing in the market. The gaps can later be filled by introducing the missing product which becomes a business idea. Eg strong demand for food.

xvi) Television catering / cooking programmes. The commercials on televisions once watched can also give rise to some business ideas one can embark on.

xvii) Radio programmes. An entrepreneur can also develop a business idea from listening to radio food production programmes.

Important Notes: Link all the possible sources to a restaurant

TASK D: A PLAN FOR IMPLEMENTING BUSINESS ACTIVITIES WHILE COMMENCING THE RESTAURANT MAY BE AS FOLLOWS:

MORGAN RESTAURANT
P.O Box 42, KAMPALLA
TEL.: 0704-992098

IMPLEMENTATION PLAN/ACTION PLAN

Activity	Time frame	Resource required	Indicator of success
Selection of Restaurant site	01.11.2024	Transport	A suitable restaurant site got.
Obtaining funds	03.11.2024	Collateral	5 millio Uganda shillings got

<i>Prepared by:</i> Kiggundu morgan sign.....	<i>Approved by:</i> KIGGUNDUMORGAN name..... RESTAURANT DIRECTOR title.....	Paying for 05.11.2024 Funds	A plot of land acquired	General Manager
Construction of restaurant structure	08.11.24	– Materials	A restaurant structure erected	Project Ei
Installation of cookers, ovens etc machines	20.11.2024	Labour	4 restaurant machines installed	Project Ei
Installation utilities	22.11.2024	Labour, funds	Water and electricity installed	Project Ei
Recruiting restaurant workers	25-26.11.2024	Refreshments	20 workers and two managers recruited	Human R Manager
Purchasing raw foods,drinks etc	28.11.2024	Funds	Raw foods acquired	Production Manager
Starting production	normal	30.11.2024	Labour and serving food started	All depart

Important notes: Tasks requiring steps/processes/stages/elements/procedure must be presented in a chronological order

TASK Dii: A PLAN FOR MARKETING THE RESTAURANT BUSINESS ACTIVITIES MAY BE PRESENTED AS FOLLOWS;

The sample of the marketing plan is as below.

MORGAN RESTAURANT
P.O Box 42, KAMPALA

TEL: 0782-246411/0700-432385

MARKETING PLAN

✓ **Target market;** The restaurant target market are the people who love local and international foods/dishes in Mpigi district and the surrounding districts of Kampala, Masaka, and Lwengo.

✓ **Position of the competitors;** the competitors of the business are Lucky restaurant who have been in the business for long and are well established. The restaurant intends to intensify the marketing and produce quality products in order to compete well.

✓ **Products offered;** the business produces local and international dishes and drinks and other refreshments.

✓ **Pricing strategies;** One full plate of food is UGX 10,000 and we have different sizes of cakes, doughnuts, buns and sweet rolls with respective prices of shs.200, shs.500, shs.1,000 for each piece all following the market prices.

✓ **Sales estimates;** the business expects to make sales of UGX 12,000,000 a month.

✓ **Distribution strategy;** Those who are closer eat directly from the restaurant, the business uses motorcycles for nearby places and a food delivery vehicle for far places.

✓ **Advertising and Sales promotion plan;** the business puts adverts on CBS radio and BUKEDDE TV adverts since it's the common mode of communication in the area.

✓ Terms and conditions for selling; the business emphasises cash sales and only credit sales to a few trustworthy customers.

Projected marketing expenses are as follows;

s/n	Item	Amount (UGX.)
2.	Fuel	2,100,000
3.	Signpost	800,000
4.	Stickers and labels	150,000
5.	Sales commission	600,000

ITEM TWO RESPONSES:

TASK A: The youths of Namatu can save their income to raise the funds they need to finance their activities in the following ways;

1. **Bank deposits.** This involves opening up an account with banks where you can deposit your money.
2. **Buying assets.** They can save their money through buying assets like land, houses and animals.
3. **Investing in business.** This takes the form of starting a business so as to earn profits.
4. **Borrowing.** They can also get a loan for investment and pay for it later.
5. **Buying currencies.** This is where one buys foreign currencies and trades them after for a profit when the exchange rate appreciates in forex bureau. Hence, earning some profit from the saved money.
6. **Buying ornaments and valuable items.** Some youths may buy valuable stones such as gold or diamond, jewelry, etc. which they can sell in future and recover their money.
7. **Fundraising/ requesting for donations**

- Requesting for customer advance payments and use that money to buy the inputs.
- Supplier's credit. The supplier offers the items then Namatu sells and after pay the supplier

TASK B: The following are the benefits of savings and investment;

- Savings and investment provides for unforeseen problems that may arise in the future and will require them to suddenly spend money such as illness, accidents, unemployment, etc.
- Savings and investment helps people to meet personal and business transactions. At personal level, individuals will need cash to meet some needs to be used in their day to day transactions. For example, buying food, paying for utilities, etc. businesses will need money for expansion purposes, replacing machinery, restocking, etc.
- Savings and investment promotes self-employment by way of using one's saved resources to start a business enterprise. This will enable the youth to become independent and self-reliant.
- Savings and investment enables exploitation of the would be idle resources and control of unnecessary expenditures by converting some savings into goods and services to meet people's needs.
- If investments being made by use of the saved funds are to use a lot of labour, then a number of people will be employed.
- Savings can be used to promote the utilization of latent resources such as land, water, human resources, plants and animals, etc. to produce goods and services for both local and export consumption.
- Savings is used as a form of collateral security especially if one requires acquiring or getting a loan from a financial institution.
- Savings can be used to store current value or surplus so that it can be used in times of scarcity.
- Some people save with the aim of earning interest especially if the savings are in form of bank deposits.

TASK C: The youth can follow the steps below to formalize their fishing activities;

✓ Searching for the business name. Search to verify that your proposed name of the company does not belong to anyone else. An on line name search option is available on the Uganda Registration Service Bureau website.

✓ Preserving the business name. Upon completion of the search for the business name in the registry data base and passing the similarity, defensive, offensive and the desirability test, the business name is then reserved. This takes 2 – 4 days and costs shillings 20,000.

✓ Obtain a certificate of incorporation. This is obtained from the URSB after the submission of the requirements and company documents. It can be obtained within 1 – 3 days.

✓ Obtain an investment license. This is obtained from UIA and takes 2 working days. It is free

✓ Obtain a Tax payer's Identification Number (TIN). This is obtained from Uganda Revenue Authority. Application for TIN can be done on line through www.ura.go.ug and additional personal inquiry forms for each director of the business are required. This takes 1 – 10 working days.

✓ Obtaining a trading license. This is obtained from the local authorities where the company is located for example those in Bugiri can register with Bugiri municipality.

✓ Register with National Social Security Fund (NSSF). Many employers tend to ignore this step. Never the less, it's vital. If the company employs more than 5 employees, it's obliged to pay the NSSF fee of 10% of their salaries through their various social security accounts.

✓ Making a company seal. This is required for endorsing all the legal documents of the company to make them authentic.

Important notes: *Tasks requiring steps/processes/stages/elements/procedure must be presented in a chronological order*

TASK D: The benefits of formalizing their fishing activities include;

1. Their activities will be legally recognized in society and therefore can perform their activities without any interference.
2. Their activities shall be well organized since they have well laid down procedures, structures, policies and activities as one of the requirements on their registration.
3. They will have the opportunity to conduct business with government for example being given tenders to supply fish to government institutions.
4. They will act in accordance with social security regulations and this helps their employees to save their income for future use for example NSSF.
5. It will ensure continuity, even if some shareholders die, withdraw or retire.
6. They can easily access loans from financial institutions in case they are financially challenged.
7. They will be reliable and permanent and can easily get skilled labour and community support since they are officially recognized by the government.
8. They will provide confidence to the customers and trustworthy businesses which allow expansion of their market size.
9. They can enjoy tax benefits, usually government gives tax benefits to registered businesses for example tax holiday, tax exemption, etc.
10. Business formalization creates employment opportunities through business expansion.

ITEM THREE RESPONSES:

TASK A: STEPS IN WINDING UP A BUSINESS MAY INCLUDE;

Steps in de-registering a business

Did you know that registered businesses also face challenges which can stop them from operating? Do you know that you cannot just stop operating a business once registered? Once you decide to stop

operating a registered business there is need to de-register it. The following are steps you can follow to de-register your business:

1. Get ready with genuine reason for de-registration e.g. insolvency
2. Identify the company name and complete a form requesting for removal of that company from the government registers.
3. Giving notice to the public. The public is notified about your intentions for de-register.
4. Receiving letters of objection. The public is allowed to file objections to the removal and once no one objects, the registrar proceeds with the removal of the company from the register.
5. Removal of the company from the register. The name remains but with details showing (REMOVED)

OR PROCESS OF WINDING UP INVOLVES THE FOLLOWING:

1. Board Resolution. The board of directors make a resolution to put the operations to an end.
2. Shareholder approval. The shareholders then pass a special resolution to that effect supported by 75 percent of registered shareholders.
3. Notice to creditors: The company now publishes a notice to the public in a news paper or the national gazette (within 14 days) and notify the creditors of such intentions so that they can make claims if any.
4. Appointment of Liquidator by shareholders
5. Selling of assets by the liquidator
6. Distributing the remaining assets to shareholders
7. Filing final accounts with URSB

Important notes:

Tasks requiring steps/processes/stages/elements/procedure must be presented in a chronological order

TASK B: INTERNATIONAL COMMERCIAL TERMS USED BY THE BUSINESS MAY INCLUDE;

Possible responses:
Task 1 :

- a)** Ex-works/EX FACTORY: This price quoted/stated for the items requires the seller/exporter to cater for only the expenses incurred while goods are still at the seller's/exporter's factory and all other expenses after goods have left the factory are to be paid by the buyer.
- b)** Free on Rail (F.O.R): Once this price quotation appears on the document sent to the buyer/importer, it shows that the seller/exporter will pay for all the costs from the factory up to the nearest railway station. The other costs including the railway transport charges are borne by the buyer/importer.
- c)** Free on Truck (F.O.T): This price quotation shows that the seller pays all expenses for the goods till the goods are loaded on the truck. The rest of the expenses are paid by the buyer/importer.
- d)** Delivered on Docks (D.D): The document with this term shows that the seller caters for all the expenses on the goods until they reach the dock. The rest of the expenses are paid by the buyer/importer. Docks are places where ships wait for cargo
- e)** Free Alongside Ship (F.A.S): The price quoted includes all expenses till the good are placed alongside the ship. These expenses include packaging, carriage to the docks, dock handling charges, and dock due. All the other expenses including loading charges on to the ship are paid by the buyer/importer.
- f)** Free on Board (F.O.B): The price quoted to the buyer under this arrangement includes all the expenses to be met until the goods are placed on board for transportation. It includes all the above expenses (F.A.S) plus loading expenses.
- g)** Cost and Freight (C.& F): Once a buyer/importer pays for goods under this arrangement, the amount he pays covers all the above expenses (FOB) plus the shipping, freight charges but does not include the freight/transport charges.
- h)** Cost, Insurance and Freight (CIF): The price quoted here covers all the expenses under C&F quotation plus insurance premiums to cover the goods against marine risks during transportation while at sea.

- i)** Landed: For this arrangement, the price quoted to the buyer caters for all expenses on the goods up to the receiving port including the unloading charges.
- j)** Duty paid: The price quoted includes all the expenses mentioned above plus payment of custom duties that may be involved.
- k)** Ex-quay: This price quotation implies that the seller has to transport goods up to the quay i.e. a place where goods anchor for loading or off-loading. This term is used in the case of delivery of goods in internal routes made at the dock.
- l)** In-bond (price in-bond): The price quoted to the importer under this arrangement implies that the seller caters for all expenses until the goods are delivered to the bonded ware house in the home country of the buyer/importer.
- m)** Franco (free of expenses): The price quoted for the goods under this arrangement caters for all charges including delivery of goods to the buyer's/importer's premises. The buyer/importer does not pay any extra charges apart from the quoted price.
- n)** Loco (local price): The price quoted is the is maintained wherever goods are found. It is the responsibility of the buyer to arrange for packaging, insurance and transport to make goods reach his premises.
- o)** Loco (ex-ware house): This is the price quotation which indicates that the buyer will have to meet all the expenses involved on the goods right from the seller's ware house.
- Task C:** The following are ways in which Rubangakkene tours will benefit from the East African Community integration;
- ① It provides market to Uganda's products such as milk, maize, sugar among others are traded among East African countries because of the cooperation.
 - ② East Africa Community leads to the development of infrastructures. For example, the standard gage railway project will link regional cities in the region which will promote trade among member states.
 - ③ The integration leads to creation of job opportunities. For instance, many Ugandans are employed as truck drivers.

- ⑩ Integration leads to reduction in the cost of trade: This is possible through removal of trade barriers across East African member countries.
- ⑪ Regional cooperation promotes common policies on trade which makes it easy for countries to trade easily. This is through harmonisation of trade policies, rules, and procedures. For example, many East African Community has made it possible for East African countries to trade easily.
- ⑫ Regional cooperation is helping to achieve the 2030 Sustainable Development Goals. Cooperation like African Union is focusing on national strategies and actions from critical regional actions needed to promote energy, food, and water security-related SDGs; strengthen environmental sustainability; address climate change; and prevent natural disasters. ~ Regional cooperation has helped in job creation. New employment and entrepreneurship opportunities has come up about by matching labour demand and supply by enforcing technical and vocational education. Through regional cooperation citizens of one country can easily go and work in others countries which has widened job opportunities. For example, many African people can easily work in Asian and European countries because of good understanding between countries.
- ⑬ Regional cooperation helps to promote peace, security and stability in the region. For example, East African Community and United Nations has helped to keep peace in Somalia.
- ⑭ Regional cooperation makes it easy to partner with international bodies in the eradication of preventable diseases and the promotion of good health on the continent. For example, Red Cross and World Health Organisation. This leads to great reduction in diseases such as polio, malaria,
- ~ Regional cooperation helps to achieve greater unity and solidarity between people of different countries. For example, African Union has helped to unite African countries.
- ⑮ Regional cooperation contributes much on the development of infrastructure in most countries. For example, schools, hospitals, roads among others. For instance, European Union contributed

close to US\$144 million towards building of Mbarara Northern by-pass.

- ⑯ Regional cooperation contributes much towards protection of human and peoples' rights, in accordance with the guidelines on Human and Peoples Rights and other relevant human rights instruments. For example, one of the aims of African union is to protect people's rights.

ITEM FOUR RESPONSES:

TASK A: THE MERITS OF CONCENTRATING ON ONLY ONE OF BUSINESS LINE(FRUIT SELLING) MAY INCLUDE;

Performing the same task over and over again creates a lot of advantages to the person, region or even the country involved in it. Such advantages include the following;

- Workers develop expertise in their areas of operation. This results from performing the same task over and over again.
- It saves time for training workers. A person learns easily when he/she is trained on a single task.
- It encourages the use of machines because of specialists that can handle them effectively.
- It leads to increased production because specialists are very efficient. This increases a country's growth.
- Specialisation saves the number of tools used because a specialist needs less tools for a single operation.
- It promotes international trade and its benefits. This is through exporting the excess output to other countries with scarcity.
- It creates employment especially to specialists because work is divided into use of machines.
- Reduces wastage of resources because as workers concentrates in particular production lines they can reasonably estimate the amount of resources/input required.

IMPORTANT NOTES: JUSTIFY YOUR RESPONSES BY LINKING THEM TO THE SCENARIO

TASK (B): The GUIDING DOCUMENT ie PARTNERSHIP DEED should include the following:

- Name and address of the business plus the Document name i.e. PARTNERSHIP DEED.
- The name, registered address, location and telephone contacts of the business shall be.....
- The purpose or objective of the business shall be to grow and sell mushrooms.
- The business shall commence operations on
.....
.....
- The names, address, telephone contacts and occupations of each partner are as below:
 - N.B: There are only two partners; one of them is the student himself / herself whose full name must be in the answer.
 - The type or nature of the partner shall be as below.
 - The duties and responsibilities of the partners shall be as below;
 - The capital contributions of the partners shall be as below.....
.....
 - The partners shall share the profits and losses specify (e.g. equally, percentages or rations).
 - Each partner shall be entitled to drawings not exceeding (specify amount).
 - Loan from any partner shall attract an interest of (percentage needed e.g. 5%) per annum.
 - Any disagreements between the partners shall be settled by (e.g. arbitration).
 - The nature of the partnership shall be e.g. temporary partnership or permanent partnership.
 - The partnership shall last for a duration of
 - No new partner shall be admitted to the shop without the consent of all the partners.
 - The rate of interest to be paid on capital contributed by each partner shall be (specify percentage) per annum.

IMPORTANT NOTES: WRITE A WORKING DOCUMENT AND DON'T LEAVE SPACES, USE SHALL/S OR ARE SINCE IT'S A LEGAL WORKING DOCUMENT.

TASK C: THE FACTORS CONSIDERED WHEN DECIDING TO CHOOSE A LOCATION FOR MAY INCLUDE;

- **Presence of Market.** The fruits business should be relocated to a place with a lot of people that take fruits
- **Presence of raw materials.** It should relocate to a place with a variety of fruit bearing trees for easy access to the fruits at affordable prices
- **Closeness to the source of power.** Entrepreneurs tend to locate their industries near the source of reliable power supply.
- **Presence of means of transport.** Locating an industry near a source of transport is important because it makes it easy to transport fruits from their sources to the market.
- **Presence of cheap labour with relevant skills.** This reduces the labour costs and therefore most industries locate near the cheap labour supply.
- **Presence of clean water supply.** This is necessary for washing of fruits before they are sold
- **Presence of a stable political atmosphere.** It enables fruit selling without fear of loss of life and property
- **Presence of auxiliary services.** Firms tend to be attracted near or in areas where services like banking, insurance, warehousing, advertising media are well developed, these facilitate the production process.
- **Industrial inertia:** New firms tend to be attracted to areas where there is only high concentration of other firms, this because of the established infrastructure, existence of a pool of skilled labour and presence of other significant location factors.
- **Favourable government policy on location of fruit selling firms.** Favourable government policy in term of incentives such as provision of subsidies, developed infrastructure in a given area attract firms to be located there due to low production costs.

Important notes: Provide a locational factor and a justification for it.

TASK D: THE PLAN FOR PRODUCING MAYBE PRESENTED WITH THE FOLLOWING

- (c) Production plan for the enterprise should capture the following
- Heading include business name and address

- Business identity i.e Name, address and contacts
- Identity of the plan i.e PRODUCTION PLAN
- Business premises and location (Mention where business is located, the size of the production facility and the costs involved)
- Manufacturing process and flow (include the quantity to produce and show production process flow)
- Choice of machinery and equipment (show the machines required, their source and costs)
- Raw materials and consumables (show the required raw materials, where they are bought and the cost of raw materials)
- Labour requirements (mention the number of workers employed, their qualifications, tasks performed and the remuneration)
- Power and utilities (mention the power and utilities to be used and the costs involved)
- Transport facilities (show the mode of transportation used and the costs of transport)
- Waste disposal (show the waste materials and how the business deals with wastes)
- Purchasing and re-order level plans (show considerations whether the business is buying in bulk or small quantities and the re-order level and quantity)
- Other facilities required (show other facilities the business uses and the costs)

IMPORTANT NOTES: ATTACH A COST ON EACH ITEM AND RELATE TO THE BUSINESS IN THE SCENARIO

ELEMENT OF CONSTRUCT TWO: MANAGES BUSINESS ITEM FIVE; POSSIBLE RESPONSES

TASK I: HOW THE BUSINESS CAN BE REVIVED

1. Re-organisation of the business. This involves changes in ownership, capital structure and operations that are outside the ordinary course of business as way of reducing costs and improving operational efficiency.
2. Re-structuring the Management for better operation.

3. Closing off product lines which are not profitable either due to low demand or high production costs.
4. Seek professional advice. An Entrepreneur should be prepared to accept advice or guidance from people who have experienced the same problem in the past so that he can re-structure his.
5. Knowing your competitors. You must understand their products and services, what value-added benefits are they providing to their customers, what is their customer experience then you compare with yours. This helps you on decision of where to improve in order to beat them in the market.
6. Entrepreneurs should ensure good record keeping and accountability. Use professional accounting software like quick books. Keep records of all financial records and always make decisions based on the information you get from real data to know where you stand all the time.
7. Make a plan. It all begins with planning. Develop a good business plan before actual start off of the business. It specifies objectives, strategies, financing, a sales and marketing plan, and a determination of the cash you need to get things done

TASK B; HOW TECHNOLOGY (ELECTRIC COOKER INSTEAD OF A CHARCOAL STOVE) CAN IMPROVE PERFORMANCE.

- i. Increases quantity production of Food and services in the restaurant,
 - ii. Improves the quality of food resulting from use of advanced technology or improvement in technology to produce products.
 - iii. Reduces labour costs in production process due to use of more machines like cookers in the production process, hence increased productivity.
 - iv. Improves standards of living for people in the country due to the use of advanced technology to produce large quantities of high quality foods and services for the consumers.
 - v. Promotes development of skills of the workers and the entrepreneurs resulting from the use of advanced technology(cooker) to produce high quality products.
- vi. Increases research better production methods for a business since research is conducted to find out better methods of producing better quality goods which lead to technology improvements.
- vii. Reduces income inequalities due to expansion in employment opportunities as advanced technology allows businesses to operate on a large scale.

TASK C: FACTORS CONSIDERED FOR SELECTION OF MACHINERY, TOOLS AND EQUIPMENT;

Factors considered when selecting the best electric cooker.

- Initial cost of machinery and equipment. Low cost and affordable cookers are chosen compared to expensive ones.
- Capacity of the cooker. A cooker with higher production capacity that enables the entrepreneur to meet his/her demand will be selected.
- Ease in maintenance and repair. A cooker that has spare parts and repair services available is more desirable than that which is expensive and has scarce spare parts.
- Flexibility for adjustment in relation to customers' changing tastes and preferences.
- Availability of complementary machines for consistency and continuous production.
- Productivity and efficiency of the cooker and the quality of the products. An entrepreneur chooses machinery which is efficient.
- Complexity of the task to be done. The cooker chosen must be in relation to the piece of work done.
- Lifespan of the cooker. A cooker which is more long-lasting is selected to reduce replacement costs.
- Guarantee given by the manufacturer in terms of efficiency, durability, maintenance and safety devices. An entrepreneur selects a cooker with a longer period of guarantee.
- Source of cooker. Machinery from reliable sources and from a reputable supplier should be selected.
- User friendliness. A cooker which is easy and simple to use is selected, compared to those which are more complex.

- Power consumption of the cooker An entrepreneur selects machinery that uses less power than one using more power.
 - Terms and conditions of payment offered by the seller. An entrepreneur selects to buy a cooker from suppliers with favorable terms like hire purchase.
 - Availability of labour to operate the cooker/ Skills required to operate machinery. Machinery that fit the skills of available labour are preferred
 - Taxes on the cooker. Cookers that are charged lower taxes are preferred.
 - Cooker handling and storage requirements. A cooker that has low storage and handling costs is preferred.
 - Government policy as regards conservation of the environment. Entrepreneurs usually select and buy machinery and equipment that are environmentally friendly than those that do not meet the acceptable environmental conservation levels.
 - After sales services offered by the manufacturer or supplier. Most entrepreneurs select machinery from suppliers who offer better and cheaper after sake services like installation, delivery services and repairs.
 - Nature / size of the business. Large businesses select machines that fit their scale of operations.
- NOTE: PROVIDE JUSTIFICATIONS IN LINE WITH A RESTAURANT/BUSINESS IN QUESTION**

Task D: AN ADVERT FOR THE RESTAURANT
Possible responses: An advert should include the following;

- Frame.
- Business name and address.
- Business contacts/e-mail.
- Description of location.
- Business logo.
- Catchy words e.g. new!!!! New!!!!.
- Products offered. Ie foods and drinks available
- Prices of the products.
- Working hours.

- Terms and conditions.
- After sales services offered e.g. spacious parking lot.
- Re assurance ie 'Hurry while stock lasts'.

ITEM SIX.: RESPONSES

TASK A:

Advantages of diversification

- Minimizing risk of losses. If one investment performs poorly over a certain period, other investments may perform better over that same period hence minimizing risks of loss.
- Increased sales and revenue. If a business has captured a significant portion of a market share, it is easy to improve on sales and profits of other investments because there is room for new customer acquisition
- Dependency reduction. Many small businesses rely on only one or two large clients for most of their revenue making the company extremely vulnerable to failure. If one client leaves, however, with introduction of a variety of products the business acquires more clients.
- The producer becomes self-dependent as he/she produces a variety of products.
- There is no seasonal income since production occurs in different seasons of the year.
- There is integration of various enterprises where by the wastes / residues can be used as raw materials, fertilizers or feeds of another business enterprise e.g. poultry droppings as fertilizers for crop production, etc.
- It creates a strong foreign relationship due to a variety of products exported in different seasons of the year to different countries.
- It reduces boredom of concentrating on only one specialized activity.
- It helps in the control of price fluctuation of communities since they are produced in different varieties.

10. There is no seasonal unemployment since production occurs in different enterprises throughout the year

11. It provides a variety of products in the economy both at local international level since production is continuous in different enterprises.

TASK B:

The innovations that can be undertaken to make the business unique may include;

- i. Setting /fixing quality standards to follow during production.
- ii. Using high quality raw materials/ inputs.
- iii. Giving clear instructions and reminders to follow.
- iv. Ensuring cleanliness during operations/ operating in a clean environment.
- v. Training staff (on desired skills).
- vi. Using proper packaging materials.
- vii. Encouraging / practicing specialization/division of labour
- viii. Using appropriate storage facilities.
- ix. Ensuring continuous monitoring and supervision.
- x. Using appropriate technology.
- xi. Using appropriate distribution channel
- xii. Undertaking research e.g product research
- xiii. Employing skilled workers
- xiv. Motivating workers.
- xv. Following/observing technical specifications regarding quality & quantity.

TASK C: **FACTORS TO CONSIDER WHEN CHOOSING A CHANNEL OF DISTRIBUTION OF GOODS AND SERVICES.**

1. **Nature of the product.** Perishable products such as milk, fruits, etc. and expensive items like cars, computers require short or direct distribution channel.
2. **Reliability of the channel and its image.** A reliable channel is able to provide and avail goods and services to customers

whenever need arises. This encourages customers to make repeat purchases.

3. **Cost effectiveness.** The aim of a business is to minimize the operating costs and maximize profits. An entrepreneur should therefore choose a channel that is less costly or is likely to reduce his operating costs in order to maximize his/her profits.

4. **Location of target customers.** If customers are near and within the reach of your business, direct or short distribution channels should be used. But if customers are far and dispersed then other channels of distribution may be used.

5. **Availability of storage facilities.** Storage facilities ensure the safety and stocking adequate quantities of the product. If the producer, wholesaler and retailer have good storage facilities, the customers can buy from any depending on their convenience therefore a long channel is preferred.

6. **Size / bulkiness of the product.** For heavy goods, a short channel is used to minimize costs of delivery and for lighter goods, and then a long channel is preferred.

7. **Level of competition.** If competition is too high in the market; entrepreneurs use a direct distribution channel. If competition is low, then a long distribution channel is preferred.

8. **Size of the market.** If customers are very many to be served; a long distribution channel is used. However, if customers are few, then a short channel is used.

9. **Availability of middlemen.** When middlemen are many and present, a long distribution channel is used. However, absence of middlemen in the market calls for a direct distribution.

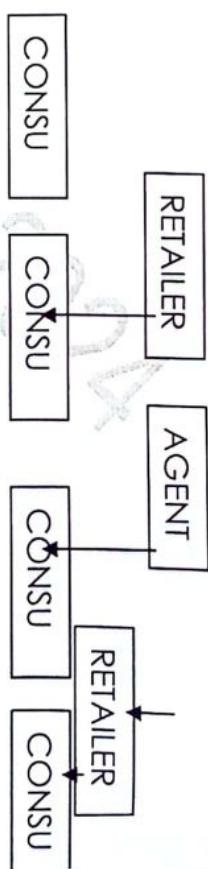
10. **Distribution policy of the business.** Different businesses have different distribution policies, so it is better for a person involved in the selling and distribution of goods to follow and abide by the distribution policy of the business.

TASK D: **METHODS OF SALES PROMOTION.**

1. Through window display.
2. Selling goods on credit to trustworthy customers.

3. Offering cash discounts (price off offer)
 4. Organizing competitions or games.
 5. Packaging i.e. attractive packages.
 6. Giving free samples.
 7. Giving premium or bonus offer e.g. tooth paste / tooth brush.
 8. Giving free coupons.
 9. Organizing trade fairs and exhibition.
 10. Use of trading stamps.
 11. Use of scratch and win offer e.g. in sodas.
 12. Money back offer i.e. giving back money to customers.
 13. Exchange schemes i.e. where an old product is exchanged for a new one at lesser price than the original price of the product.
 14. Through personal selling.
 15. Through offering after sales services e.g. free repair, free transport, free cleaning, free technical advice, free testing, etc.
 16. Advertising.
- ITEM SEVEN: RESPONSES**
- TASK A: PERSONAL TRAITS/BEHAVIOUR/CHARACTERISTICS POSSESSED BY NAGAWA INCLUDE THE FOLLOWING;**
1. **Risk taking:** She risked her money to start a poultry farm and she is still running it
 2. **Innovativeness and creativity.** She has diversified into selling eggs and even droppings
 3. **Self confidence:** She believes in her ability to run the poultry farm without fear.
 4. **Persistence.** Despite challenges like reducing cashflows, she is still carrying on with poultry business
 5. **Hard work.** That is, she works on the poultry farm from Monday to Saturday.
 6. **Goal setting.** She set her target of poultry and is still holding on with the goal of being the best poultry farmer in Wakiso district after 10 years.
 7. **Accountability.** She makes a record of all eggs produced.
- TASK B:**
- Measures to be used by the business to increase its cash inflow**
1. Nagawa should minimize cash drawings
 2. Nagawa can charge high prices to increase profits or low prices to increase sales.
 3. Can negotiate for longer payment period with suppliers.
 4. She can encourage debtors to pay by offering cash discounts, imposing penalties to defaulters etc
 5. Giving a shorter credit period to debtors.
 6. Ensuring proper planning of expenditures before incurring them.
 7. Observing good purchasing practices to take advantage of special prices discounts and suppliers credit e.g. buying in bulk.

8. Changing the stock levels to match with the sales requirements of the business.
9. Requesting other means of payment rather than cash.
10. Obtaining (more) loans and debentures from friendly sources.
11. Soliciting for donations and grants
12. Selling off redundant fixed assets
13. Selling more shares
14. Reducing wage bill.

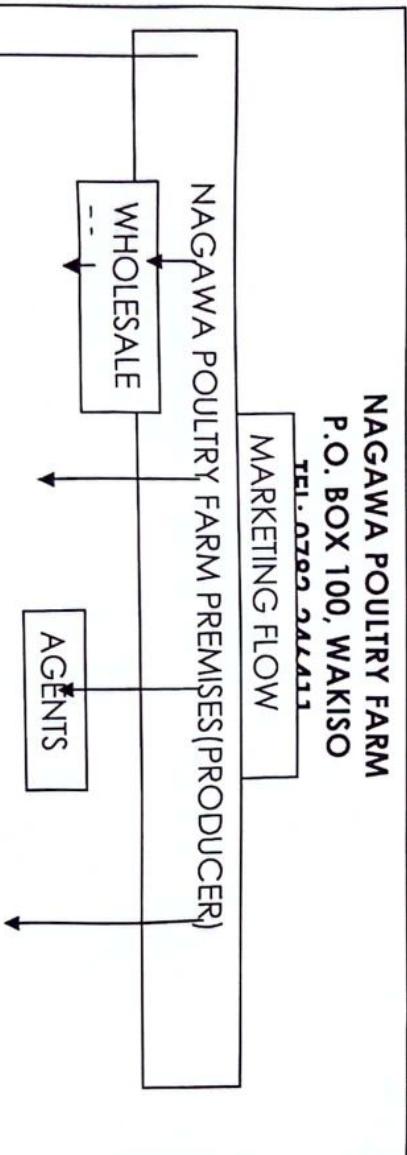


TASK C: PLAN FOR DISTRIBUTION OF POULTRY PRODUCTS

1. **DIRECT CHANNEL:** Those near the poultry farm will buy directly from the farm
2. **One-level Channel (Producer to Retailer to Customer):** Retailers in this channel of distribution buy the product from the poultry farm and then sell to the final consumers. This works best for manufacturers dealing in shopping goods like clothes, shoes, furniture, toys, etc.
3. **Two-Level Channel (Producer to Wholesaler to Retailer to Customer):** This is where wholesalers buy products in bulk from the producers and sell them to retailers who finally sell them to the end consumers.
4. **Three-Level Channel (Producer to Agent to Wholesaler to Retailer to Customer):** Do you know that an agent besides the in selling goods? In this channel of by when goods need to move quickly is placed and they are given a stated

ribution include

manufacturer uses more than one to reach the end user. They may ill the product directly while at the es and other retailers to attract more



Distribution Channels for Services: Unlike tangible goods, services can't be stored. But this doesn't mean that all the services are always delivered using the direct channels. With the advent of the internet, online marketplaces and the on demand business model, even services now use intermediaries to reach to the final customers.

The Internet: In this modern era, internet has changed the way manufacturers deliver goods. Other than the traditional direct and indirect channels, manufacturers now use marketplaces like Amazon, Jumia, and other intermediaries like Uber and Safe boda to deliver the goods and services.

FACTORS CONSIDERED TO SELECT A DISTRIBUTION CHANNEL MAY INCLUDE;

- **Perishability and delicate products.** Poultry products such as eggs, chicken meat etc should be distributed with in a shorter channel of distribution because they can go bad easily so they should be delivered to the consumers without delay.
- **Size and weight of product.** Bulky and heavy products like hens, corks should be directly distributed to the users since they involve high transportation costs. **The value of a product.** Some products with less value like bird droppings etc. can be involved in long distribution channel. While products like minerals for example eggs, meat which having high product value can be directly sold to the consumers.
- **Nature of the products.** **Customized products** are directly sold to customers. For example special functions orders for chicken and eggs are usually not usually sold to wholesalers and then retailers. Others may use longer channels
- **Availability of intermediaries.** In some cases where there are no business persons ready to channel the product, the Nagawa can usually use the short channel and sale direct to consumers. Alternatively in situations where outlets are available, long channels are used.
- **Product Lines.** Nagawa is producing different products in the same line and therefore should sells directly or through retailers.

- **Number of potential buyers.** If the number of buyers are likely to increase, the distribution channel will be long. On the other hand, if the number of consumers is expected to be less, the manufacturer can effectively sell directly to the consumers by appointing salesmen.
- **Size of the order.** If there are big orders placed by the customers for poultry products, direct selling can be adopted by the manufacturer. But where the size of the order is small, middlemen are appointed to distribute the products.
- **Location of production facility.** Where the customers are near the farm, the channel will be short and the manufacturer can directly supply the goods in that area by opening his own shops or sales agents. In case where buyers are scattered, it is very difficult for Nagawa to establish a direct link with the consumers, services of wholesalers and retailers will be used.
- **Time of sale.** If the product is sold to a customer within a specified time, direct channel is more appropriate. Where products can be distributed at different intervals, it can be supplied through middlemen.
- **Buying habits of customers.** This includes tastes, preferences, likes and dislikes of customers. Customers' expectations like credit and personal attention and after sales services require direct selling while situations where special requests are not required, middlemen can be used.
- **Cost of distribution of goods.** High cost of distribution through middlemen will increase cost of product therefore in such situations, a direct channel is preferred. While where the costs of distribution are less, indirect channels are preferred. Therefore the manufacturer should select the most inexpensive distribution channel.
- **Availability of desired middlemen.** Sometimes desired middlemen may not be available for the distribution of goods. They may be busy in dealing with the competitive products. Under such circumstances the manufacturer should make his/her own arrangements by opening his branches or sales depots to distribute

the goods to the consumers. In cases where middlemen available, long channel are used.

- Competition. Different manufacturers producing similar products may employ the same channels of distribution. Others may opt for unique channels in order to be different from competitors.

TASK D:

MANAGERIAL ROLES NAGAWA PLAYS AS AN ENTREPRENEUR/BUSINESS OWNER

- Marketing
- Time management
- Financial management
- Monitoring
- Decision making
- Organizational
- Planning
- Leadership

TASK E: The Sustainable Development Goals (SDGs) also known as the Global Goals were adopted by all United Nations Member States in 2015 as a universal call to actions to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. They include the following in relation to Nagawa's Poultry farm

1. End poverty for all people everywhere.
2. Complete eradication of hunger.
3. Ensure healthy lives and promote well-being for all at all ages.
4. Ensure inclusive and equitable quality education and promote life-long learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure availability and sustainable management of water and sanitation for all.
7. Cheap and clean energy.
8. Decent work and economic growth.
9. Industry, innovation and infrastructure.
10. Reduced income and social inequalities.
11. Sustainable cities and communities.

12. Responsible consumption and production.

13. Climate action.

14. Life below water.

15. Life on land.

16. Peace justice and strong institution.

17. Partnerships for goals.

NOTE: CHOOSE THOSE APPLICABLE TO A POULTRY FARM AND GIVE JUSTIFICATIONS

EOC 3: LEARNER APPRECIATES BUSINESS SUPPORT SERVICES

ITEM EIGHT:

TASK A: Rights and obligations of a tax payer

These taxpayer obligations are:
~ Registration: Every person who own a business is expected to register with URA for tax purposes. Registration enables a taxpayer with a TIN (Tax Identification Number)

⑩ Proper documentation: Paper work is very important for any compliant tax payer. The source documents should be properly kept and with accurate records. Falsification of documents attracts penalties from URA.

⑪ Record keeping: Proper records management enables your business to have accurate records for tax assessment. Without such records in place, the revenue authorities will make tax assessment basing on their own estimates which may sometimes be too high for you.

⑫ Filing and reporting: You must make sure you make a proper file showing all the activities that generated revenue in a given financial period and the likely expenditures in that period. Such files must be submitted to the tax authorities for proper assessment.

⑬ Declaration: This is the act of declaring or announcing your income details to the income tax authorities for further processing.

⑭ Payment: You must make sure that you make all your tax payments within the legally stipulated period of time. Timely

payments sometimes attracts recognition and rewards from tax authorities while late payments attract fines and penalties.

- ① **Meeting Deadlines:** Revenue authorities usually put in place deadlines for filing, assessment, reporting and payment of the required taxes. Make sure you perform all the required tasks in time to avoid legal consequences.

THE RIGHTS OF TAXPAYERS INCLUDE;

1. **Equity:** You have a right to equity. Tax laws and procedures shall be applied consistently to you, all your tax affairs shall be handled with impartiality and you shall always pay the correct tax.
2. **Confidentiality:** Your tax affairs shall be kept secret and tax information in your possession shall be used in accordance with the law.
3. **Facilitation of Tax Compliance:** You and your authorised agent(s) shall be provided with clear, precise and timely information, you shall receive courteous and professional services at all times, you will receive timely, clear and accurate responses to your enquiries, complaints or requests and you shall be sensitised about your tax obligations.
4. **Objections and Appeals:** Your tax objections shall be attended to in accordance with the relevant laws and procedures. You shall be facilitated to exercise your right(s) of appeal both within the organization and to an independent tax tribunal in accordance with the law.
5. **Prior Notices:** You shall be given prior notice whenever your premise(s) are to be subjected to routine inspection or if an audit is to be conducted.
6. **Accountability:** Your tax account shall be promptly updated for the tax paid.
7. **Tax Refunds:** Where a tax refund is due to you, URA shall process it within the prescribed time limits under the laws subject to budget refund limits.
8. **Processing Returns, Customs Entries and other Documents:** URA shall process your tax returns, entries and any other documents relating to your tax affairs as stipulated under the relevant laws.
9. **Customer Care:** URA shall ensure excellent customer care by

being courteous to you, offering constructive criticism and advice from you at all times, receiving and acting promptly on all complaints made against our officers in accordance with the URA staff code of conduct.

TASK B: PROCESS TO GO THROUGH TO GET RECOGNITION FROM URA

- Registration with URA/VISITING A URA OFFICE/PORTAL.
- Obtaining the tax identification number.
- Preparation of tax records.
- Getting assessed for taxes.
- Submitting tax returns timely.
- Payment of taxes.
- Receiving feed back from the tax authority e.g. SMS or tax certificates.

Note: Follow chronological order.

TASK C: THE CONSEQUENCES OF NON COMPLIANCE INCLUDE;

- ① Closing of the business. All business premises are sealed off as the URA team negotiate with the management of the business.
- ② The businesses lost their public image. Both businesses lost their brand images in eyes of the public because of not paying tax.
- ③ Low levels of government revenue: Where the majority of the people are not willing to pay taxes, revenue collections are always less. This implies that infrastructure and social services will not be adequately provided. ~ Fines and penalties on all outstanding tax dues: Whenever you fail or refuse to pay taxes, government will impose fines and penalties on the outstanding tax balances on top of forcing you to pay the outstanding amount. ~ Taking over management of the business by the tax authority: The tax authorities may take over the management of your business until all the taxes due are fully paid plus the fines indicated.
- ④ Closure of business; Sometimes the revenue authorities may close the business until all the taxes due are paid. This may affect even the future profits of the business.

- ⑩ Taking court action leading to imprisonment; URA may petition the courts of law in order to recover the amount of taxes defaulted. These unnecessarily long court battles will involve a lot of costs to your business on top of forcing you to pay taxes or even sentencing you to prison for some time.
 - ⑪ Auctioning your property to recover tax arrears: The business

$$= \frac{18}{100} \times 1,000,000$$

100 081 =

VAT on processing = VAT rate \times processing costs

$$\text{VAT} = \text{VAT rate} \times 250,000$$

**TOTAL INPUT VAT = VAT ON MATERIALS + VAT ON
JOBS + 5,000**

$$= 180,000 + 45,000$$

QUITTING VATA - VATA'S VARIOUS FORMS

$$\text{BUT SALES VALUE} = 1,250,000 + \frac{40}{\text{---}} \times 1,250,000$$

Output VAT - VAT_{rate} × 1,750,000

$$= \frac{18}{100} \times 1,750,000$$

= UGX 315,000

PURCHASES

UGX. 90,000
= UGX. 315,000 - 225,000

(c) KITU'S ANNUAL INCOME;

8,000,000

$$(\text{c}) \quad \text{Annual} = \frac{300,000 + (\frac{20}{100}) \times (8,000,000)}{100} =$$

4,920,000)

= 300,000 + 616,000
= UGX. 916,000

Note: Always use the tax rates and currency units provided for in the QUESTION:

You can also first calculate the monthly tax and then multiply by 12 to get the annual ones.

LEEM TEN RESPONSES

ITEM TEN RESPONSES:

(a) ∇A_1 test tubes $\equiv \nabla A_1$ fraction x (sales- purchases)

Therefore, Namono's annual Rental income tax is UGX **1,761,600**

(b) VAT = VAT rate \times value added

ii. INPUT VAT = VAT rate \times PURCHASES VALUE

$$\begin{aligned}
 &= \frac{18}{118} \times (118,000,000 - 59,000,000) \\
 &= \frac{18}{118} \times (59,000,000) \\
 &= \text{UGX. } 9,000,000
 \end{aligned}$$

$$\begin{aligned}
 \text{VAT on Bunsen burners} &= \text{VAT fraction} \times (\text{sales} - \text{purchases}) \\
 &= \frac{18}{118} \times (236,000,000 - 177,000,000) \\
 &= \frac{18}{118} \times (59,000,000) \\
 &= \text{UGX } 9,000,000
 \end{aligned}$$

$$\begin{aligned}
 \text{VAT on stop clocks} &= \text{VAT fraction} \times (\text{sales} - \text{purchases}) \\
 &= \frac{18}{118} \times (354,000,000 - 295,000,000) \\
 &= \frac{18}{118} \times (59,000,000) \\
 &= \text{UGX. } 9,000,000
 \end{aligned}$$

$$\begin{aligned}
 \text{VAT on concave mirrors} &= \text{VAT fraction} \times (\text{sales} - \text{purchases}) \\
 &= \frac{18}{118} \times (220,000,000 - 10,000,000) \\
 &= \frac{18}{118} \times (118,000,000) \\
 &= \text{UGX. } 18,000,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Alternatively use} \\
 \text{VAT on test tubes} &= \text{VAT on sales} - \text{VAT on purchase} \\
 \text{Or} \\
 \text{VAT} &= \text{output VAT} - \text{input VAT}
 \end{aligned}$$

$$\begin{aligned}
 \text{Note: use VAT fraction of } \frac{18}{118} \text{ since transactions are VAT inclusive} \\
 \text{(ii) VAT liability to URA} &= \text{VAT on test tubes} + \text{VAT on Bunsen} \\
 \text{burners} + \text{VAT on stock clocks} + \text{VAT on concave} \\
 \text{mirrors} \\
 &= 9,000,000 + 9,000,000 + 9,000,000 + \\
 18,000,000 &= \text{UGX. } 45,000,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Alternatively} \\
 \text{VAT liability to URA} &= \text{VAT fraction} \times (\text{total sales} - \text{total purchases}) \\
 &= \frac{18}{118} \times (928,000,000 - 633,000,000) \\
 &= \frac{18}{118} \times (295,000,000) \\
 &= \text{UGX } 45,000,000
 \end{aligned}$$

(b) (i) Gross income = Total income from different sources – tax exempt income
Gross income = property income + employment income + Business income- income tax exempt.

$$\begin{aligned}
 &= (2,000,000 + 8,000,000 + 5,500,000) - \\
 500,000 &= 15,500,000 - 500,000 \\
 &= \text{UGX } 15,000,000
 \end{aligned}$$

$$\begin{aligned}
 \text{(ii) Chargeable income} &= \text{Gross income} - \text{Expenses and losses} \\
 &= 15,000,000 - 7,000,000 \\
 &= \text{UGX. } 8,000,000
 \end{aligned}$$

$$\begin{aligned}
 \text{(iii) Income tax paid in 2019} &= \text{UGX } 300,000 + 30\% \text{ of } (8,000,000 - \\
 4,920,000) &= 300,000 + \frac{30}{100} \times (8,000,000 - \\
 4,920,000) &= 300,000 + \frac{30}{100} \times (3,080,000) \\
 &= \text{shs } 300,000 + 924,000 \\
 &= \text{UGX } 1,224,000
 \end{aligned}$$

ITEM ELEVEN: RESPONSES

(a) Using the VAT rate of 18%; calculate:

i. VAT on purchases = $18\% \times 35,000,000$

= shs. 6,300,000

ii. VAT on sale = $18\% \times 32,000,000$

= UGX. 5,760,000

iii. VAT refund/claim from URA = VAT on sales – VAT on

purchases

= $5,760,000 - 6,300,000$

VAT refund = UGX. 540,000

Note: The business gets a refund because the input tax is greater than the output tax

(b) Calculate monthly PAYE for each of the employees.

Name	Salary (shs.)	CALCULATION	PAYE (UGX)
------	------------------	-------------	---------------

Micheal	200,000		Below the threshold
Elizabeth	300,000	= (300,000 – 235,000) x 10% = 25,000 + (900,000 – 410,000) x 30%	6,500
Patric	900,000		172,000
Odongo	9,000,000	= 25,000 + (9,000,000 – 410,000) x 30%	2,577,000

a) **Advise Wood Fix company on the importance of paying taxes**

- ✓ It enables the entrepreneur to run the business without the fear of being closed by government authorities.
- ✓ It gives a good image to the entrepreneur and management
- ✓ It helps a business to get government support
- ✓ Taxes are used in paying government workers which increases the purchasing power.
- ✓ It enables the government raise revenue to provide social services such as security, roads, education, health etc.

ITEM TWELVE: RESPONSES

TASK A: BUSINESS ETHICS TO EMPLOYEES

- Giving the employees a fair pay and time
- Provision of clear and fair pay and on time.
- Provision of good working conditions.
- Provision of job security
- Being polite to them
- Respecting them
- Allowing open communication i.e. flow of information
- Avoiding discrimination / segregation

TASK B: OPENING A BANK ACCOUNT

b) Procedure of opening up an account ie current account

- Presenting a reference letter ie from current employer / current bank customer.
- Presenting current ID / driving permit

- Filling of application forms by the applicant giving personal details
- Appending signatures on signature cards provided to act as specimen signatures.
- Issuing an account number to the applicant
- Making initial deposit.
- c) **Steps to obtain a TIN**
- Presenting required documents eg National ID/ driving permit / Pass port
- Filling a form to capture personal details like name, marital status, etc.
- Providing source of income and fill in the address, Email address, etc
- Submitting the forms to URA.
- Issuing / receiving a Tax payer / Identification number.

Process of compensation

- a) A medical report: This is a comprehensive report that covers a person's medical history.
- b) Accident report form: This is a form that should be completed whenever an accident or incident occurs which results in injury or damage to.
- c) Inventory report form: A powerful business document that provides a place to systematically record all the commodities in your warehouse.
- d) Third-party claim form: This is a form filled in order to compensate a person involved in an accident with the insured driver. Keep in mind that each form should have instructions for completing it and directions on how and where to send it, but if you have questions contact your insurance company.

STEPS IN TAKING UP INSURANCE:

- The following steps can be followed when undertaking an insurance policy:
- i. Getting quotations from at least three insurance companies before deciding on the insurance company to do business with.

- ii. Making decision on the insurance company and type of insurance to undertake.
- iii. Checking your budget and decide how much money your company can pay for the insurance.
- iv. Filling in an insurance application form called a proposal form giving details of insurance required. In this case, the Principle of Utmost Good Faith has to be respected.
- v. Signing the proposal form after making your first payment. This means that you are now insured.
- vi. Making regular payments (premiums) to your insurance company.
- vii. Receiving a cover note. This for temporary use as you wait for the final policy.
- viii. Receiving an insurance policy from the insurer. This is the contract between the insured and the insurer and it is the final proof that you are insured against a specific risk.
- **Making an insurance claim:**
- **Claim notification:** This is the process of informing an insurance company that a loss has occurred and that the policyholder intends to ask for money as a result.
- **Claim registration:** Here an insurance company checks the accuracy of claim submitted by the policyholder about the loss.
- **Claim documentation:** Here you fill and file the necessary documents (paperwork) that supports payment of your claim. For example; proper filled claim form, policy document, death certificate and any other documents required by an insurance company.
- **Claim processing:** This involves receiving a claim, investigation and response to claimant. Once your claim is received by the insurance company a file is opened and the insurer will assign it to a claims adjuster. The adjuster is the person who will investigate the facts an event has happened and negotiate a settlement of the claim.
- **Approval of claim:** Once the adjuster has confirmed that an event insured happened, the claim is approved.
- **Settlement of claim:** The claim is settled by compensation of the loss that occurred.

- **Complaints bureau:** This comprises of members from legal and supervision departments.

Circumstances Under Which An Insurance Policy Can Be Terminated

- If the insurer makes full payment of compensation for the insured risks.
- If the period covered by the insurance contract lapses.
- If there was misrepresentation at the time of taking up insurance.
- If a risk happens but no loss is suffered by the insured.
- If the cause of the loss is different from the risk insured against.
- If a loss is suffered out of negligence/Recklessness of the insured.
- If a loss is suffered after expiry of the contract period.
- If no precautions were taken by the insured to reduce the risk.
- If the insured never disclosed some relevant facts about the property / life at the time of buying the policy.
- If the insured retains the wreckage/scrap of the damaged item.

EOC FOUR: LEARNER APPLIES BOOKKEEPING AND ACCOUNTING SKILLS

Respond To Only One test item In This Section

ITEM THIRTEEN RESPONSES

- a) TASK Extract the relevant ledger accounts for Global Enterprises Ltd

Dr.	Cr.	Capital's a/c
-----	-----	---------------

31/7/20 balance	c/d	UGX.	UGX.	1/7/20 capital
<u>8,000,000</u>			<u>8,000,000</u>	

Bank	2,400,000	
Repair	200,000	
Micheal		3,000,000
Salaries	1,200,000	
Stationary	420,000	
Drawings	3,250,000	
Electricity	600,000	
Ochen	545,000	
TOTAL	20,195,000	20,195,000

Note: Always remember the currency, units and dates used

ITEM FOURTEEN

Required:

- a) Prepare:
 (i) Sales day book

**BLESSED TRADERS'
SALES JOURNAL**

FOR THE MONTH OF OCTOBER, 2019

Date	Details	Invoice no.	F	Amount (UGX.)
October, 2019				
1	Kafuluma	02		300,000
2	Mamba traders	121		450,000
5	Robert	84		620,000
23	Dauda	712		108,000
31/10/2019	Total transferred to purchases a/c		Dr.	1,478,000

(ii) Purchases day book

**PURCHASES DAY BOOK
BLESSED TRADERS'**

FOR THE MONTH OF OCTOBER, 2019

Date	Details	Invoice no.	F	Amount (UGX.)
October, 2019				
3	Sarah	44		870,000
12	Brian	181		290,000
15	Aguma	50		384,000
26	Fahim	581		484,000
30	Haula	111		151,000
31	Amina	325		801,000
31/10/2019	Total transferred to sales a/c	Cr.		2,980,000
31/10/2019	Total transferred to returns inwards a/c		Dr.	110,000

(iii) Returns inward book

**RETURNS INWARDS JOURNAL
FOR THE MONTH OF OCTOBER, 2019**

Date	Details	Credit note no.	F	Amount(UGX)
October, 2019				
18	Sarah	312		70,000
20	Brian	913		40,000
31/10/2019	Total transferred to returns inwards a/c		Dr.	110,000

THE RIGHTS OF TAXPAYERS INCLUDE;

- 1. Equity:** You have a right to equity. Tax laws and procedures shall be applied consistently to you, all your tax affairs shall be handled with impartiality and you shall always pay the correct tax.
 - 2. Confidentiality:** Your tax affairs shall be kept secret and tax information in our possession shall be used in accordance with the law.
 - 3. Facilitation of Tax Compliance:** You and your authorised agent(s) shall be provided with clear, precise and timely information, you shall receive courteous and professional services at all times, you will receive timely, clear and accurate responses to your enquiries, complaints or requests and you shall be sensitised about your tax obligations.
 - 4. Objections and Appeals:** Your tax objections shall be attended to in accordance with the relevant laws and procedures. You shall be facilitated to exercise your right(s) of appeal both within the organization and to an independent tax tribunal in accordance with the law.
 - 5. Prior Notices:** You shall be given prior notice whenever your premise(s) are to be subjected to routine inspection or if an audit is to be conducted.
 - 6. Accountability:** Your tax account shall be promptly updated for the tax paid.
 - 7. Tax Refunds:** Where a tax refund is due to you, URA shall process it within the prescribed time limits under the laws subject to budget refund limits.
 - 8. Processing Returns, Customs Entries and other Documents:** URA shall process your tax returns, entries and any other documents relating to your tax affairs as stipulated under the relevant laws.
 - 9. Customer Care:** URA shall ensure excellent customer care by being courteous to you, offering constructive criticism and advice from you at all times, receiving and acting promptly on all complaints made against our officers in accordance with the URA staff code of conduct.

Rights and obligations of a tax payer

Every person in Uganda is a taxpayer; therefore URA should uphold rights and facilitates the Taxpayer to meet his or her obligations. Expected behaviours are so fundamental to the successful operation of taxation systems that they are legal requirements in many, if not most, countries. Without this balance of taxpayers' rights and obligations taxation systems could not function effectively and efficiently. These taxpayer obligations are:

1. Registration: Ensure that you voluntarily register with Uganda Revenue Authority as a taxpayer.

Task 8: The consequences of non compliance include

- ⦿ Closing of the business. All business premises are sealed off as the URA team negotiate with the management of the business.
 - ⦿ The businesses lost their public image. Both businesses lost their brand images in eyes of the public because of not paying tax.
 - ⦿ Low levels of government revenue: Where the majority of the people are not willing to pay taxes, revenue collections are always less. This implies that infrastructure and social services will not be adequately provided. ⦿ Fines and penalties on all outstanding tax dues: Whenever you fail or refuse to pay taxes, government will impose fines and penalties on the outstanding tax balances on top of forcing you to pay the outstanding amount. ⦿ Taking over management of the business by the tax authority: The tax authorities may take over the management of your business until all the taxes due are fully paid plus the fines indicated.
 - ⦿ Closure of business; Sometimes the revenue authorities may close the business until all the taxes due are paid. This may affect even the future profits of the business.

- © Taking court action leading to imprisonment; URA may petition the courts of law in order to recover the amount of taxes defaulted. These unnecessarily long court battles will involve a lot of costs to your business on top of forcing you to pay taxes or even sentencing you to prison for some time.
- © Auctioning your property to recover tax arrears: The business property and some of your personal property may be taken and sold off by the revenue authorities to recover the taxes.
- © Loss of popularity/poor public image: The revenue authorities may decide to publish the names of all tax defaulters in print and other media. This may make your business lose popularity among the members of society.
- © Denial of public tenders: Once you are blacklisted as tax defaulters, you will lose many lucrative contracts and tenders from government and other organisations which consider tax compliance as a requirement.
- © Loss of the smuggled goods: once you are found ferrying goods in and out of the country using illegal routes, all the goods will be confiscated and the vehicle involved will be impounded and sold off through public auction.

ITEM NINE

(b) Chargeable Rental income = Annual Rental Income – Threshold Income

$$\text{Namono's Annual Rent} = 17,500,000$$

$$\text{Less Annual Income tax threshold} = 2,820,000$$

$$\text{Net chargeable income} = \underline{\text{ugx. } 14,680,000}$$

Rental tax liability = *Rental tax rate × net chargeable amount*

$$= \frac{12}{100} (\text{ugx. } 14,680,000)$$

$$= 1,761,600 \text{ Uganda shillings}$$

Therefore, Namono's annual Rental income tax is UGX 1,761,600

(c) VAT = VAT rate × value added

ii. INPUT VAT = VAT rate × PURCHASES VALUE

$$= \frac{18}{100} \times 1,000,000$$

$$= \text{UGX. } 180,000$$

VAT on processing = VAT rate × processing costs

$$\text{VAT} = \text{VAT rate} \times 250,000$$

$$= \text{UGX. } 45,000$$

TOTAL INPUT VAT = VAT ON MATERIALS + VAT ON PROCESSING

$$= 180,000 + 45,000$$

= **UGX. 225,000**

(iii.)

OUTPUT VAT = VAT rate × SALES VALUE

$$\text{BUT SALES VALUE} = 1,250,000 + \frac{40}{100} \times 1,250,000$$

$$= 1,750,000 \text{ Uganda shillings}$$

$$\text{OUTPUT VAT} = \text{VAT rate} \times 1,750,000$$

$$= \frac{18}{100} \times 1,750,000$$

$$= \underline{\text{UGX 315,000}}$$

iii. TOTAL VAT PAYABLE = VAT ON SALES - VAT ON PURCHASES

$$= 315,000 - 225,000$$

$$= \underline{\text{UGX. } 90,000}$$

(d) KITUI'S ANNUAL INCOME;

Chargeable income = Gross income/gross salary of UGX. 8,000,000

(e) Tax Liability

Chargeable income × Tax Rate

$$= 300,000 + \left(\frac{20}{100} \times (8,000,000 - 4,920,000) \right)$$

$$= 300,000 + 616,000$$

$$= \underline{\text{UGX. } 916,000}$$

Note: Always use the tax rates and currency units provided for in the QUESTION;

You can also first calculate the monthly tax and then multiply by 12 to get the annual ones.

Graph for Example Post B

Procedure for ensuring tax compliance should contain the following:

- Business name and address.
- Title of the content i.e. PROCEDURE FOR ENSURING TAX COMPLIANCE.
- Steps including:

- Registration with URA.
- Obtaining the tax identification number.
- Preparation of tax records.
- Getting assessed for taxes.

- Submitting tax returns timely.

- Payment of taxes

- Receiving feed back from the tax authority e.g. SMS or tax certificates.

Note: Follow chronological order. Alternatively a programme can as well be drawn to cover procedures.

6 (a) VAT test tubes = VAT fraction x (sales- purchases)

$$= \frac{18}{118} \times (118,000,000 - 59,000,000)$$
$$= \frac{18}{118} \times (59,000,000)$$
$$= \text{UGX } 9,000,000$$

VAT on Bunsen burners= VAT fraction x (sales- purchases)

$$= \frac{18}{118} \times (236,000,000 - 177,000,000)$$
$$= \frac{18}{118} \times (59,000,000)$$
$$= \text{UGX } 9,000,000$$

VAT on stop clocks = VAT fraction x (sales- purchases)

$$= \frac{18}{118} \times (354,000,000 - 295,000,000)$$
$$= \frac{18}{118} \times (59,000,000)$$
$$= \text{UGX } 9,000,000$$

VAT on concave mirrors = VAT fraction x (sales- purchases)

$$= \frac{18}{118} \times (220,000,000 - 10,000,000)$$
$$= \frac{18}{118} \times (118,000,000)$$
$$= \text{UGX } 18,000,000$$

Alternatively use

VAT on test tubes = VAT on sales - VAT on purchase

Or

VAT = output VAT - input VAT

Note: use VAT fraction of $\frac{18}{118}$ since transactions are VAT inclusive

(ii) VAT liability to URA = VAT on testubes + VAT on Bunsen burners + VAT on stock clocks + VAT on concave mirrors

=9,000,000+9,000,000+9,000,000+ 18,000,000

= UGX. 45,000,000

Alternatively

VAT liability to URA= VAT fraction x (total sales – total purchases)

$$= \frac{18}{118} \times (928,000,000 - 633,000,000)$$
$$= \frac{18}{118} \times (295,000,000)$$
$$= \text{UGX } 45,000,000$$

(b) (i) Gross income= Total income from different sources – tax exempt income

Gross income= property income + employment income + Business income- income tax exempt

$$=(2,000,000 + 8,000,000 + 5,500,000) - 500,000$$
$$= 15,500,000 - 500,000$$
$$= \text{UGX } 15,000,000$$

(ii) Chargeable income = Gross income – Expenses and losses

$$= 15,000,000 - 7,000,000$$
$$= \text{UGX } 8,000,000$$

(iii) Income tax paid in 2019= UGX 300,000 +30% of (8,000,000-4,920,000)

$$= 300,000 + \frac{30}{100} \times (8,000,000 - 4,920,000)$$
$$= 300,000 + \frac{30}{100} \times (3,080,000)$$
$$= \text{shs } 300,000+924,000$$
$$= \text{UGX } 1,224,000$$

Even

ITEM TWELVE: RESPONSES

(a) Using the VAT rate of 18%, calculate:

i. VAT on purchases = 18% x 35,000,000

= shs 6,300,000

ii. VAT on sale = 18% x 32,000,000

= UGX.5,760,000

iii. VAT refund/claim from URA = VAT on sales – VAT on purchases

= 5,760,000 – 6,300,000

VAT refund = UGX.540,000

Note: The business gets a refund because the input tax is greater than the output tax

(b) Calculate monthly PAYE for each of the employees.

Name	Salary (shs.)	CALCULATION	PAYE (UGX)
Michael	200,000		Below the threshold
Elizabeth	300,000	= (300,000 - 235,000) x 10%	6,500
Patric	900,000	= 25,000 + (900,000 - 410,000) x 30%	172,000
Odongo	9,000,000	= 25,000 + (9,000,000 - 410,000) x 30%	2,577,000

a) Advise Wood Fix company on the importance of paying taxes

- ✓ It enables the entrepreneur to run the business without the fear of being closed by government authorities.
- ✓ It gives a good image to the entrepreneur and management
- ✓ It helps a business to get government support
- ✓ Taxes are used in paying government workers which increases the purchasing power.
- ✓ It enables the government raise revenue to provide social services such as security, roads, education, health etc

ITEM THIRTEEN: RESPONSES

TASK A:

BUSINESS ETHICS TO EMPLOYEES

- Giving the employees a fair pay and time
- Provision of clear and fair pay and on time.
- Provision of good working conditions.
- Provision of job security
- Being polite to them
- Respecting them
- Allowing open communication i.e. flow of information
- Avoiding discrimination / segregation

TASK B: OPENING A BANK ACCOUNT

Bank account[†]

- + Savings + Current + Fixed deposit account account
- + as specimen signatures.

Accounts and their features

Savings account (Features)

- Minimum initial deposit is required
- Small interest is given to account holder
- Minimum balance is required to be maintained
- Pass book is given to account holder
- ATM cards are also issued for cash transactions.

Current account (Features)

- Minimum deposit is required at time of opening
- No minimum balance is required ie one can withdraw all the money.
- Deposit can be made at any time.
- Cheque books are issued for cash withdrawal
- Withdrawals can be made any time
- Bank overdraft can be given to account holder
- Bank statements are given to account holder on monthly basis.

Fixed deposit account (Features)

- Deposits are at a defined period of time
- Withdraws are made only at the expiry of the period
- Receipts are given when depositing money
- Account attracts a higher interest on deposit.
- Deposit can be used as a collateral security while obtaining a loan.

b) Procedure of opening up an account ie current account

- Presenting a reference letter ie from current employer / current bank customer.
- Presenting current ID / driving permit
- Filling of application forms by the applicant giving personal details
- Appending signatures on signature cards provided to act as specimen signatures.

- Issuing an account number to the applicant □ Making initial deposit.

c) Steps to obtain a TIN

- Presenting required documents eg National ID/ driving permit / Pass port
- Filling a form to capture personal details like name, marital status, etc □ Providing source of income and fill in the address, Email address, etc □ Submitting the forms to URA.
- Issuing / receiving a Tax payer / Identification number.

Process of compensation

- a) Medical report: This is a comprehensive report that covers a person's medical history.
- b) Accident report form: This is a form that should be completed whenever an accident or incident occurs which results in injury or damage to.
- c) Inventory report form: A powerful business document that provides a place to systematically record all the commodities in your warehouse.
- d) Third-party claim form: This is a form filled in order to compensate a person involved in an accident with the insured driver.

Keep in mind that each form should have instructions for completing it and directions on how and where to send it, but if you have questions contact your insurance company.

STEPS IN TAKING UP INSURANCE:

- i. Getting quotations from at least three insurance companies before deciding on the insurance company to do business with.
- ii. Making decision on the insurance company and type of insurance to undertake.
- iii. Checking your budget and decide how much money your company can pay for the insurance.
- iv. Filling in an insurance application form called a proposal form giving details of insurance required. In this case, the Principle of Utmost Good Faith has to be respected.
- v. Signing the proposal form after making your first payment. This means that you are now insured.
- vi. Making regular payments (premiums) to your insurance company.

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- viii. Receiving an insurance policy from the insurer. This is the contract between the insured and the insurer and it is the final proof that you are insured against a specific risk.

Making an insurance claim:

- Claim notification: This is the process of informing an insurance company that a loss has occurred and that the policyholder intends to ask for money as a result.
- Claim registration: Here an insurance company checks the accuracy of claim submitted by the policyholder about the loss.
- Claim documentation: Here you fill and file the necessary documents (paperwork) that supports payment of your claim. For example, proper filled claim form, policy document, death certificate and any other documents required by an insurance company.
- Claim processing: This involves receiving a claim, investigation and response to claimant. Once your claim is received by the insurance company a file is opened and the insurer will assign it to a claims adjuster. The adjuster is the person who will investigate the facts an event has happened and negotiate a settlement of the claim.
- Approval of claim: Once the adjuster has confirmed that an event insured happened, the claim is approved.
- Settlement of claim: The claim is settled by compensation of the loss that occurred.
- Complaints bureau: This comprises of members from legal and supervision departments.

Circumstances Under Which An Insurance Policy Can Be Terminated

- i) If the insurer makes full payment of compensation for the insured risks.
- ii) If the period covered by the insurance contract lapses.
- iii) If there was misrepresentation at the time of taking up insurance.
- iv) If a risk happens but no loss is suffered by the insured.
- v) If the cause of the loss is different from the risk insured against.
- vi) If a loss is suffered out of negligence/Recklessness of the insured.
- vii) If a loss is suffered after expiry of the contract period.
- viii) If no precautions were taken by the insured to reduce the risk.
- ix) If the insured never disclosed some relevant facts about the property / life at the time of buying the policy.
- x) If the insured retains the wreckage/scrap of the damaged item.



Insurance companies can also Act in Bad Faith and violate the

principle of Ultmost Good Faith by doing the following:

- Delaying or denying compensation without justifiable reasons.
- Failing to acknowledge and reply to a claim promptly.
- Failing to perform a proper and thorough investigation into the claim.
- Attempting to settle a claim for a less than reasonable amount.
- Failing to inform the insured of an appeals process.
- Asking for unnecessary burdensome documents to process a claim.

EOC FOUR: LEARNER APPLIES BOOKKEEPING AND ACCOUNTING SKILLS

Respond To Only One test item In This Section

ITEM THIRTEEN

a) TASK Extract the relevant ledger accounts for Global Enterprises Ltd	
Dr.	C/c
3/1/20 balance c/d	Shs. 8,000,000
1/7/20 capital	Shs. 8,000,000
1/8/20 balance b/d	8,000,000
	C/c.
Dr.	Cash a/c
1/7/20 sales	Shs. 6,000,000
1/8/20 balance b/d	2,400,000

Dr.	Sales' a/c	Cr.
3/1/20 balance c/d	Shs. 9,195,000	
1/7/20 cash	4,000,000	
1/7/20 bank	3,500,000	
1/8/20 balance b/d	6,500,000	
Dr.	Bank a/c	Cr.
5/7/20 cash	Shs. 5,000,000	
12/7/20 sales	2,650,000	
	9,772,000	
14/7/20 drawings	1,200,000	
25/7/20 electricity	3,250,000	
31/7/20 balance c/d	600,000	
	2,400,000	
1/8/20 balance b/d	2,400,000	
Dr.	repair a/c	Cr.
6/7/20 bank	Shs. 200,000	
1/8/20 balance b/d	200,000	

Dr.	Micheal's a/c	Cr.
20/7/20	Shs. 500,000	Shs. 87720 purchases 3,500,000
31/7/20	balance c/d 3,000,000	3,500,000

Dr.	Salaries' a/c	Cr.
9/7/20	Shs. £200,000	Shs. 31/7/20 balance c/d £200,000
1/8/20	balance b/d 1,200,000	

Dr.	Stationary's a/c	Cr.
13/7/20	Shs. 420,000	Shs. 31/7/20 balance b/d 420,000
1/8/20	balance b/d	

Dr.	Drawings a/c	Cr.
14/7/20	Shs. 3,250,000	Shs. 31/7/20 balance c/d 3,250,000
1/8/20	balance b/d 3,250,000	

Details	Debit (shs.)	Credit (shs.)
Capital	1,080,000	8,000,000
Cash	4,000,000	
Motor vehicle	6,500,000	
Purchases	2,400,000	9,195,000
Sales	200,000	
Bank		
Repair		3,000,000
Micheal		
Salaries	1,200,000	
Stationary	420,000	
Drawings	3,250,000	
Electricity	600,000	
Oilchen	545,000	
TOTAL	20,195,000	20,195,000

Note: Always remember the currency units and dates used

ITEM FOURTEEN

Required:

- a) Prepare:
(i) Sales day book

BLESSED TRADERS' SALES JOURNAL

FOR THE MONTH OF OCTOBER, 2019

Date	Details	Invoice no.	F	Amount (shs.)
October, 2019 3				
Dr.	Octen's a/c			
	Shs. 600,000	Shs. 600,000		
1/8/20	balance b/d			
31/7/20	sales	Shs. 545,000		
1/7/20	balance b/d	Shs. 545,000		

b) Extract a trial balance as at 31st July 2020

Global Enterprises Ltd's

Trial balance

As at 31st July 2020

(ii) Purchases day book

BLESSED TRADERS'

PURCHASES DAY BOOK			
FOR THE MONTH OF OCTOBER, 2019			
Date	Details	Invoice no.	F
1 October, 2019	Kafulumu	02	Shs. 300,000
2	Mamba traders	121	450,000
5	Robert	84	620,000
23	Dauda	712	108,000
31/10/2019	Total transferred to purchases a/c	Dr.	1,478,000

(iii) Returns inward book

**BLESSED TRADERS'
RETURNS INWARDS JOURNAL
FOR THE MONTH OF OCTOBER, 2019**

Date	Details	Credit note no.	F	Amount
October, 2019				
18	Sarah	312		70,000
20	Brian	913		40,000
31/10/2019	Total transferred to returns inwards	Dr.		110,000
	a/c			

(iv) Returns outward book

**BLESSED TRADERS'
RETURNS OUTWARDS JOURNAL
FOR THE MONTH OF OCTOBER, 2019**

Date	Details	Credit note no.	F	Amount
October, 2019				
9	Kafulumu	332		50,000
31/10/2019	Total transferred to returns outwards	Cr.		50,000
	a/c			

b) Post the transactions to the;			
(i) Sales ledger			
Dr.	Sarah's a/c	Cr.	
3/10/19 sales	Shs. 870,000		
	18/10/19 sales returns	Shs. 70,000	
	31/10/19 balance	c/d	800,000
1/11/19 balance	b/d		800,000

Dr.		Brian's a/c	Cr.
12/10/19 sales	Shs. 290,000		
		20/10/19 sales returns	40,000
		31/10/19 balance	c/d 250,000
			250,000
1/11/19 balance	b/d	250,000	
			250,000
Dr.		Aguma's a/c	Cr.
15/10/19 sales	Shs. 384,000		
1/11/19 balance	b/d	384,000	
			384,000
Dr.		Fahim's a/c	Cr.
26/10/19 sales	Shs. 484,000		
1/11/19 balance	b/d	484,000	
		31/10/19 balance	c/d 484,000
			484,000
Dr.		Haula's a/c	Cr.
30/10/19 sales	Shs. 151,000		
1/11/19 balance	b/d	151,000	
		31/10/19 balance	c/d 151,000
			151,000
Dr.		Amina's a/c	Cr.
31/10/19 sales	Shs. 801,000		
1/11/19 balance	b/d	801,000	
		31/10/19 balance	c/d 801,000
			801,000
Dr.		Kafulumu's a/c	Cr.
9/10/19 purchases returns	Shs. 50,000		
31/10/19 balance	c/d	250,000	
		1/10/19 purchases	300,000
			300,000
31/10/19 balance	c/d	200,000	
		1/11/19 balance b/d	250,000
			250,000
Dr.		Mamba Trader's a/c	Cr.
3/10/19 balance	Shs. 450,000		
		21/10/19 purchases	450,000
		1/11/19 balance b/d	450,000
			450,000
Dr.		Robert's a/c	Cr.

31/10/19 balance	c/d	Shs. 620,000	5/10/19 purchases	Shs. 620,000				
Dr.			1/11/19 balance b/d	620,000				
31/10/19 balance	c/d	Shs. 108,000	23/10/19 purchases	Shs. 108,000				
Cr.			Dauda's a/c	Cr.				
1/11/19 balance b/d		Shs. 108,000	1/11/19 balance b/d	Shs. 108,000				

b) REQUIRED:

- i. Prepare a three column cashbook and balance it off
Moses Enterprises'
Three column cashbook

For the month of October 2017

DR. CR.	Date	Detail s	F Disc. . All. (shs.)	Cash (shs.)	Bank (shs.)	Date	Details	F Disc. Rec. (shs.)	Cash (shs.)	Bank (shs.)
	Oct., 17					Oct., 17				
1 st	Balanc e	b/ d		25,000		1 st	Balanc e	b/ d		390,00
2 nd	Aman	13,0		421,95	12 th	Bank		495,00		0
3 rd	Sales	50		210,00	15 th	Station ery		0		14,000
6 th	Sams o n	46,2 00		723,80	16 th	Mukwa no	25,0 00	800,00		0
12 th	Cash			495,00	18 th	Salary		60,000		
22 nd	Sales			145,00	23 rd	Purcha ses		97,000		
29 th	MK financ e ltd			73,000	23 rd	Drawin gs		10,000		
31 st	Bank			55,000	31 st	Cash		55,000		
31 st	Balanc e	c/ d		—	31 st	Balanc e	c/ d	492,80		—
				0				0		

ITEM FIFTEEN

ITEM SIXTEEN

Dr.	Discount received a/c	Shs. 25,000	Shs. 25,000	Shs. 2,260,000
31/10/17 balance c/d		16/10/17 Mukwano balance b/d	31/10/17 Balance c/d	59,250

(a) Preparation of income statement/trading profit and loss account.

TWINO SUPERMARKET

INCOME STATEMENT

FOR THE YEAR ENDED 31.12.2023.

DETAILS	UGX	UGX	UGX
Sales		35,400,000	
Less returns inwards		500,000	
Net sales			34,900,000
Less cost of sales			
Opening stock		2,000,000	
Add purchases		20,000,000	
Goods available for sale		22,000,000	
Less closing stock		13,500,000	

Gross profit		8,500,000
Add incomes		
Rent income		1,200,000
Gross income		9,700,000
Less expenses		
salaries		
Water and electricity		
Postage		
Office rent		
Total expenses		
Net profit		5,200,000

Cost of sales		29,000,000
Gross profit		7,000,000
Add in comes		
Interest received		2,000,000
Gross income		9,000,000
Less expenses		
salaries		
General expenses		
Discount allowed		
Carriage outwards		
Total expenses		
Net loss		(4,400,000)

DETAILS	UGX	UGX	UGX
Sales		40,000,000	
Less sales returns		4,000,000	
Net sales		36,000,000	
Less cost of sales			
Opening stock		6,000,000	
Add purchases		32,000,000	
Add carriage inwards		2,000,000	
Less returns outwards		34,000,000	
Net purchases		31,000,000	
Goods available for sale		37,000,000	
Less closing stock		8,000,000	

DETAILS	UGX	UGX	UGX
BALANCE SHEET			
AS AT 31 DECEMBER 2023.			
Fixed assets			
Motor van		20,000,000	
Buildings		30,000,000	
Total fixed Assets		50,000,000	
current assets			
Cash at hand		8,000,000	
Debtors		15,000,000	

4(b) PREPARATION OF INCOME STATEMENT.
APOLLO'S STATIONERY SHOP
INCOME STATEMENT.
FOR THE YEAR ENDED 31.12.2023

5(b) PREPARATION OF THE BALANCE SHEET.
APOLLO'S STATIONERY SHOP

Closing stock		8,000,000	
Total current Assets		31,000,000	
Less current Liabilities			
Bank over draft	6,400,000		
Creditors	30,000,000		
Total current liabilities		36,400,000	
Working capital		(5,400,000)	
Capital employed		44,600,000	
Financed by:			
Capital		58,000,000	
Less net loss		4,400,000	
Net worth		53,600,000	
Less drawings		9,000,000	
Capital Employed		44,600,000	

Scoring guide for item 4 and 5

Success criteria	scoring	Total score
✓ Identification of the 2 statements in each item.	02	02
✓ Identification of 1 statement	01	
✓ Wrong/No identification of statement	00	
✓ Making correct Title in each statement	01	01
✓ Wrong /No title	00	
✓ Making a correct format	01	01
✓ Wrong/No format	00	
✓ 7 or more correct entries	03	03
✓ 4-6 correct entries	02	
✓ 1-3 correct entries	01	
✓ No/wrong entry	00	
✓ Correct Total	01	01
✓ Wrong /No total	00	

ITEM SEVENTEEN

Possible Responses:

Trial Balance for Ashok Enterprises would be presented as follows;

SHIBRA ENTERPRISES LIMITED

TRIAL BALANCE

AS AT 31ST MAY, 2024.

PARTICULARS	DEBIT(UGX)	CREDIT(UGX)
Opening stock	5,000,000	

Buildings	24,000,000	
Sales		52,000,000
Returns inwards	3,000,000	
Purchases	28,000,000	
Salaries and wages	3,500,000	
Fixtures and fittings	2,500,000	
Discount allowed	750,000	
Discount received		450,000
Returns outwards		180,000
Machinery		14,000,000
Rent	560,000	
Advertising	1,040,000	
Insurance	380,000	
General expenses	720,000	
Debtors	6,000,000	
Creditors		4,500,000
Cash	240,000	
Bank overdraft		1,860,000
Drawings	600,000	
Capital		31,500,000
Total	90,290,000	90,290,000

(a) Additional information: Closing stock was UGX. 6,000,000.

(b) Illustrate the comprehensive income as well as other flow of income
SHIBRA ENTERPRISES'
INCOME STATEMENT

FOR THE PERIOD ENDING 31ST MAY 2024

Details	UGX.	UGX.	UGX.
Sales	52,000,000		
Less: Returns Inwards	3,000,000		
Net Sales		49,000,000	
Less cost of sales			
Opening stock	5,000,000		
Add: purchases	28,000,000		
Less: returns outwards	180,000		
Net purchases		27,820,000	
Goods available for sale		32,820,000	
Less closing stock	6,000,000		
Cost of sales		26,820,000	
Gross profit		22,180,000	
Add disc. Received	450,000		
Gross income		22,630,000	
Less: operating expenses			
Salaries and wages	3,500,000		
Discount allowed	750,000		
Rent	560,000		
Advertising	1,040,000		
Insurance	380,000		
General Expenses		720,000	
Total		6,950,000	
Net profit			15,680,000

Note: Always indicate currency units(UGX.) and the proper business name and date.

Show the financial position as at 31st May 2024:
SHIBRA ENTERPRISES'
 STATEMENT OF FINANCIAL POSITION
AS AT 31ST MAY 2024

Accounts receivable/debtors	6,000,000		
Cash	240,000		
Total current assets		12,240,000	
CURRENT LIABILITIES			
Creditors		4,300,000	
Bank overdraft		1,860,000	
Working capital		6,180,000	
Capital employed			46,580,000
CAPITAL			
Capital		31,500,000	
Add: Net profit		15,580,000	
financed by:		47,180,000	
Less: Drawings			
Capital employed		600,000	46,580,000

FIXED ASSETS	UGX	UGX	UGX
Buildings	24,000,000		
Fixtures and fittings	2,500,000		
Machinery	14,000,000		
Total fixed assets		40,500,000	
CURRENT ASSETS			
Stock	6,000,000		

SHIBRA ENTERPRISES			
BALANCE SHEET			
AS AT 31 ST MAY 2024			
	UGX	UGX	UGX

CAPITAL AND LIABILITIES				
Capital	31,500,000	FIXED ASSETS		
Add Net Profit	15,580,000	Buildings	24,000,000	
LESS: Drawings	600,000	Fixtures	2,500,000	
		Machinery	14,000,000	
		Total	40,500,000	
NETWORTH/ OWNER'S EQUITY	46,580,000	CURRENT ASSETS		
		Stock/inve ntory	6,000,000	
		Debtors/ Accounts receivable	6,000,000	
		bank	240,000	
		Total.	12,240,000	
CURRENT LIABILITIES				
Creditors	4,300,000			
Bank overdraft	1,860,000			
	6,160,000			
Total	52,740,000			

Note: Always indicate currency units (UGX) and the proper business name and date
 USE ANY FORMAT OF YOUR CHOICE.