

ENTREPRENEURSHIP PAPER

2(p230/2) 2024.

A- LEVEL

"LAST BITE"

TOPICAL PROJECT QUESTIONS THAT ARE COMMONLY EXAMINABLE IN PAPER 2.

❖ TOPIC ONE .HUMAN RESOURCE MANAGEMENT

.You own a bakery in your home area

- a. Design an advert for the post of Human Resource Manager under (**Uneb 2013**).
- ii) Present the guidelines to promote Safety and security of employees (**UNEB 2015**).
- iii) Design a job application form to be used when employees applying for jobs.
- iv) What will be the major considerations before recruiting any business employee.
- b. i) Present the job specification and a job description for the new recruited human Resource Manager (**2019 UNEB**).
- ii) Design the guidelines to promote discipline among employees (**2015 UNEB/2017 UNEB**).
- c. Design a remuneration policy structure (**2016 UNEB**).
- ii) Design strategies to promote discipline among employees retention. (**UNEB 2017**)
- d. i) Prepare a recruitment programme for recruitment of business employees (**Uneb2018**)
- ii) Prepare an interview program to be used when conducting interviews
- e. Design a motivation policy for business employees (**UNEB. 2017**).
- f. Draft a training program to be used when conducting training activities.

- g. Design a training programme./Plan for developing employees.(2020 uneb)
 - ii) Design an induction programme (UNEB 2019).

h. Draft a code of conduct to be followed by employees (2019 UNEB).

- i. Develop the guidelines to minimize labour turn over.
- j. Develop guidelines to be followed when recruiting employees (UNEB 2020)
 - ii) Measures to promote employer- employee relations

k. Design an arrival and departure book for customers.

2.Your have mobilized funds and set up a motor garage in your area.

- a. Develop the rules and regulations to be followed by the staff to promote discipline among employees
- b. Design an arrival book/callers' book for employees.
- c. Draft the code of conduct to be followed by employees.
- d. Design the guidelines to be followed when designing employee's remuneration structure.
- e. Develop a presentation to your fellow entrepreneurs highlight and sensitize the importance of motivating employees.
- f. Prepare **a pay roll/payment plan** for your employees.
- g. Prepare an employee Card.
- h. Design an employee pay slip.
- i. Prepare a certificate of appreciation to Mr. Okello a security officer for outstanding performance.
- j. Design an interview schedule for previously conducted interviews.
- k. Design an organization chart/administrative structure/organization chart for the business.(Uneb 2020)
- l. i)Design a performance appraisal form for a newly for a newly recruited receptionist.
 - ii)What procedure should be followed by the management when handling undisciplined employees of the business?

❖ TOPIC TWO. BUSINESS PLAN

3.You own a grain milling plant

- a) Prepare its production plan (**UNEB 2013 / 2015/ 2019/2023**).
- b) Develop the general description **UNEB 2013**.
- c) Develop its marketing plan **UNEB 2018 / 2019**.
- d) Develop its Administrative and management plan **UNEB 2013 / 2017 UNEB**.
- e) State the vision and mission statement of **UNEB 2013 / UNEB 2015**.
- f) State the objectives and goals of your business project (**uneb 2014**)
- g) Design its action plan (**2013,2020 UNEB**).
- h) Prepare its financial plan **UNEB 2014**.
- i) Prepare an organization chart
- j) Present the executive summary of your project.
- k) Draft a business profile.
- l) Design a programme for drafting a business plan.
- m) Draft the guidelines to be followed when drafting an Administrative plan.
- n) Draft the guidelines to be followed when drafting a production plan
- o) present any five users of business plan information.
- p) Explain the major considerations of preparing a production plan.

❖ TOPIC THREE.PRODUCTION MANAGEMENT

4.You own a petrol station in your home area.

- a. Prepare safe guidelines to be followed by your employees **UNEB 2012**.
- b. Present the guidelines to ensure proper handling of machinery **UNEB 2015./ Uneb 2022)**
- c. Develop the guidelines to ensure effective time management 2015 UNEB/2017.

- d. Draft a brand label for your product.
- e. i) Prepare a price current **UNEB 2016**.
 ii) Present the guidelines to be followed when selecting business suppliers **2014 UNEB**.
- f. i) Design a programme for servicing of machines **UNEB 2017**.
 ii) Prepare a stock requisition form to be issued to acquire business supplies.
- g. Develop the rules for controlling inventory **2022 UNEB**.
- h. Design a site plan for your business
- i. Present the rules to be followed to minimize accidents.
- j. Present the policy cleanliness and hygiene policies to be followed at a place of work.

5. You own a confectionery project

- a) Design its plan layout/ production process flow plant
- b) Develop the guidelines to be followed when designing a plant layout.
- c) Design a packaging label to be placed on your products produced.
- d) Draft the guidelines to be followed to ensure proper management of inventories UBEB 2020.**
- e) Develop the guidelines to be followed minimize cost of production / operating costs. **(2023 uneb)**
- f) Present the guidelines to be followed by the store keeper at the receipt of goods.
- g) Write the guidelines to be followed by employees to ensure their safety.
- h) Design **a stock card/bin card** for business use when recording particular inventories in the store.
- h) Present the policy guidelines for maintaining high quality products. Aciteck 2019.**
- k) Draft guidelines to be followed when managing and maintaining the following
 - Proper maintenance of business premises

- Proper storage of finished goods
- Handling of hazardous substances
- Proper lighting
- Work stations
- Welfare facilities
- Minimizing accidents

l) Draft the guidelines to ensure effective time management

h) Draft the guidelines to be followed when selecting business raw materials and suppliers.

i) Present the rules to be followed when selecting packaging materials.

j) Describe the purchasing program for your project`

❖ **TOPIC FOUR.SOCIAL ENTREPRENEURSHIP / INNOVATION AND CREATIVITY.**

. You own a social enterprise dealing in recycling project.

- a. Prepare GEPIC structure advocacy to the community (UNEB 2015, 2018, 2020).**
- b. Present other social ...concerns... of the community (UNEB 2014)**
- c. i) Develop the guidelines to promote sustainability of the project (2018 UNEB.**

ii) Draft a theory of change

- d. Develop a root cause analysis for poor disposal of wastes problem.**
- e. Design a programme to become a social entrepreneur and managing finance**

7. BUDGETS AND BUSINESS EXPENSES

You have set aside 20,000,000 to s tart a carpentry project.

- a. Prepare a budget for the project. (UNEB 2019)**
- b. Suggest possible sources of business finance using capital budget**
- c. Prepare a pre-operating expenses budget.**

- d. Develop the guidelines to minimize business expenses.
- e. Present a capital expenditure budget.

8. You are a member of one of the fast growing SACCOS in your area.

- a) Develop the lending terms and conditions followed by borrowers.
- b) Draft the duties of SACCO members.
- c) How will you manage the funds of the SACCOS(**uneb 2014**)
- d) Design a credit recovery program(**2014 uneb**)
- e) Draft the guidelines to be followed to minimize cash short falls in your SACCOS
- f) Present the major requirements needed before giving out any loan to any client.
- g) Design a cash deposit slip to be used when depositing funds.
- h) Design a cash withdraw slip form for SACCO.
- i) Present a fixed capital expenditure budget.
- j) Draft a working capital budget/operating buget(**uneb 2019**)

k)You have just acquired a loan worth 8000,000 from Equity Bank as a strategy to raise more funds to be paid into 4 equal installments in four months at an interest rate of 24% per annum.

Prepare a loan repayment schedule that has been received from the equity bank

❖ TOPIC FIVE . MARKETING MANAGEMENT

9. You have mobilized some savings and set up a juice project.

Develop a financial management policy / cash management (**UNEB 2013**).

- a. Design a market survey guide. (**UNEB 2013 / UNEB 2018, 2020**).
- b. Explain the marketing strategies you will use (**UNEB 2013.**)
- c.** What measures will you undertake to promote a competitive advantage of your business (**UNEB 2014**).
- d. Design a sign post for advertising the products .**UNEB 2016/ 2019 UNEB.**

- e. Prepare the terms and conditions to be inducted in the contract of credit purchases **2016 UNEB**.
- f. Design the lending terms and conditions to be followed contractual dealings made with business customers.
- g. Design a customer survey satisfaction tool **UNEB 2017./ ELITE MOCK 2017**
- h. Prepare a newspaper advert for advertising business products. **(UNEB 2018)**
- i. Design the guidelines to be followed when selling goods on credit (UNEB 2019). design a poster for your project 2020.
- j. Prepare a distribution schedule **UNEB 2022**.
- k. i) Prepare a bid notice for suppliers of machines
- l. Prepare contractors board for the construction of new building at the factory.
ii) Design a brochure to be used to promote business products.

10. You own a honey processing project and you have acquired a loan for business expansion.

- a. Design a market flow chart.
- b. Present the guidelines to promote good customer care.
- c. Design a contract board for newly constructed building to expand production by a given construction company.
- d. Design a tender for bidding notice. (uneb 2020)
- e. Draw a programme for effective personal selling of your products.
- f. Draft the guidelines to be followed to ensure proper management of an acquired loan.
- g. Develop the guidelines to manage business competition.
- h. Develop the guidelines to be followed when handling credit sales.
- i. Design a cash management policy for your project
- j. Explain the marketing strategies that will be used by your project

❖ TOPIC SEVEN. SOURCE DOCUMENTS, SCHEDULES AND FORMS

You own a poultry farm.

- a. Prepare an invoice **UNEB 2013**.
- b. Prepare a credit note to a customer who was over charged by 200,000 (**UNEB 2017**).

Prepare a quotation for your products issued out to customers (**UNEB 2018**).

- Good received note **2019 UNEB**.
- Goods returned note
- An inquiry 2019.
- Purchase order.
- Price list 2019.
- Delivery note
- Packaging sheet.
- Credit note
- Statement of account
- Credit status inquiry
- Check deposits slip
- Petty cash payment voucher
- Design a cheque payment voucher
- Asset register
- Dispatch note
- Cash sale/slip

7.. You own a bakery project in your area.

- a) Prepare an invoice to the customer to whom you have just supplied some products on credit
- b) The following are records of one of your customer for the last month of july.
- 1st July sold goods on credit to him worth with invoice no.003 shs. 50,000.
- 2nd ,, Sold more goods to the customer worth shs. 30,000.
- 3rd, Received cash from the customer and issued a receipt no.006 Shs..40,000

- 10th Received returns from the customer because goods sold to him/it were expired worth .10,000.
- **Required;** prepare a Statement of account to be issued to that customer.

b)Prepare **a credit status inquiry** to equity bank seeking credit worthness of a new customer who wants to acquire bakery products on credit.

c)Draft **a standing order** to stanbic bank instructing it to settle your monthly water bills of 100,000 to National water.

Other documents include.

- Package sheet.
- Advise note
- An invoice
- Delivery note
- Debit note
- Credit note
- Standing order
- Stock requisition forms
- Stock card.
- Cheque payment Voucher.
- Cash payment Voucher.
- Credit Status Inquiry.
- Cheque deposit slip.

7. FAMILY AND BUSINESS GENDER AND ENTREPRENEURSHIP

You have agreed and your family and set up a family project **UNEB 2014**

- a. Identify the family resources needed.
 - ii. How will your family benefit from the project.
- b. State the possible challenges that are most likely to face your project.

- ii. Suggest the measures you will undertake to ensure success of the project.
- c. Prepare guidelines to be followed to promote gender balance of employees.

TOPIC EIGHT . COMMUNICATION SKILLS

You own a goat project

- a. Write a letter inviting a veterinary doctor for medical assistance **UNEB 2013, 2016 UBEB 2018, 2019.**
- b. Write an appointment to be issued to newly recruited farm manager.
- c. Prepare a report to communicate about business operations **UNEB 2016.**
- d. Draft guidelines to be followed when handling difficult customers (**UNEB 2018**).
 - Tender notice for bidding (**2020 Uneb**)
- e. Prepare a notice inviting employees for an urgent meeting
- f. i)Draft the guidelines to be followed when bargaining with customers.
 ii)Design a memo inviting employees for an urgent meeting
 g)present the guidelines to be followed when presenting products to customers.

- h)i)Draft a memo inviting your employees for a training workshop.
- ii)Write a circular to your customers informing them about changes in prices

write a termination letter to be issued to your security guard to whom you have terminated over cases of indiscipline and incompetence.

❖ TOPIC NINE. SCHEDULES

.You own a factory dealing in snack production.

- a) Prepare a weekly work schedule.

- b) Design a distribution schedule for your business project(uneb 2022)
- c) Draft the guidelines to be followed when distributing products
- d) Design a daily time sheet for workers to be used.
- e) Draft the guidelines to minimize labour turn over.
- f) Draft the guidelines to be followed to ensure security of the area.
- g) Prepare a marketing and supply schedule of your business.

❖ **TOPIC TEN. CONTRACTUAL DOCUMENTS.**

You and other three friends are running maize farm and you have won a contract to start supply maize flour to your former school.

- a) Develop the terms and conditions to be included in your contract with the school.
- b) Under what circumstances may that contract be terminated
- c) Draft the employee contract policy for the newly recruited employees at your plant
- d) Draft a partnership deed for your business

NOTE:

QUESTIONS ABOUT PROGRAMMES

Programme to be followed when assessing business risks

Programme to promote change

Programme to materialize business idea.

Programme to evaluate business idea.

Programme in researching a business idea.

Programme in turning a business idea into a product.

Programme in taking an insurance contract cover.

Programme for claiming for compensation.

Programme when followed when conducting negotiation process.

Programme to become a social entrepreneur.

Programme to be followed when conducting production activities.

Programme when purchasing business supplies.

Programme to implement business activities.

Programme to recruit employees.

Programme in launching programme.

Programme in promotions programme.

Programme when drafting a business plan.

Programme in training programme

Programme to conduct creative selling.

Programme in the process of buying and selling shares.

Programme in investing in investments collective schemes etc.

NOTE:

These questions come from procedural/step questions of paper one.

❖ TOPIC ELEVEN. FINANCIAL MANAGEMENT.

1. The following are the records of omega trade for the months of January, February, March and April 2020

- I. The company expects to sell goods every month 1,000,000 and received 60% and the balance to be received after 1 month of sale of all sales
- II. A loan worth 8 million was acquired in January but payments were made after one month of grace period and was distributed into four equal monthly installments with an annual interest of 12% using reducing balance method.
- III. A company expects to pay for raw materials worth 5,000,000 in the first month but this is to increase by 10% monthly
- IV. The company expects to buy worth 4 million and paid cash worth 2,000,000 and the remaining balance was paid in the ratio 4:2:2
- V. Theft of cash worth 500,000 was made in the month of march
- VI. Monthly cash drawings for machinery maintenance worth 80,000 was made and this was to increase by 5% monthly.
- VII. A machine worth 3,000,000 was received in form of a donation
- VIII. Monthly commission receipt and payment were 100,000 and 150,000 respectively

- IX. Annual income tax worth 24,000,000 was monthly cleared starting with January
- X. Monthly credit purchases were worth 84,000,000 and credit term allows 40% payment in the month of purchase and the balance in the following month of purchase
- XI. Monthly electricity bills were 1000,000 but this was to reduce by 200,000 after 1 month
- XII. The business expects to pay a cash dividends worth 100,000 monthly but this was to reduce by 10,000 every month.

Required: (a) Prepare a cash budget (20mks)

(b) Mention any 5 ways to overcome cash deficits in the business.

2.The following projections relate to the books of MAMA TRADERS for the months of June, July, August and September 2020

- ❖ Monthly cash sales are expected to be shs.400,000
- ❖ The monthly credit sales were 2000,000 but 40% of the cash was received and the remaining balance to be received after one month for all months
- ❖ The business acquired a loan worth 6000,000 in June to be paid in the month following loan acquisition after one month of grace period in three equal installments at an interest rate of 24% per annum using a reducing balance method.
- ❖ Cash short fall brought down from last month of May 2020 was shs.100,000 .
- ❖ The business expects a monthly credit purchases worth 300,000 but payments were to be made after one month.
- ❖ Annual income tax worth 12,000,000 was monthly paid
- ❖ Monthly electricity bills worth 50,000 but this increased by 5% every month.
- ❖ Monthly rent income worth 600,000 but this was to reduce by 2% after 2 months
- ❖ The business disposed a fixed asset worth 8,000,000 in June but 20% of cash was received and the remaining cash was cleared in the next 2 months in the ratio of 1:1
- ❖ Theft of cash worth 50,000 was monthly recorded.
- ❖ Monthly cash receipt and payments was 80,000 and 60,000 respectively.

Require; a) Prepare a cash flow statement.

(21mks)

b) State any four components of a cash flow statement.(04mks)

3.a) Outline four Elements of cash flow statement.

b) SITYA DANGER has the following cash flow projections in the 1st quarter of the year 2020.

December 2019	Shs
Balance c/d	8,400,000
Cash inflows	
Total cash inflows	36,400,000
Cash outflows	
Total outflows	47,500,000

Additional information.

Months	January	February	March
Sales (shs)	60,000,000	70,000,000	50,000,000

Note

- i) The company receives 80% of sales in the month of sale while the remaining amount is to be collected in the following month for all months.
- ii) Monthly rental income shs 9,000,000 and monthly commission expenses shs 400,000 which is expected to reduce by 10% per month.
- iii) A monthly salary for 10 workers was expected to be shs 300,000 per worker. Two workers are to be terminated in the third month and no replacement is expected to be made until May 2020.
- iv) Monthly Electricity bills shs 2,000,000 and paid in single sum in the Jan 2022.
- v) The business expects a loan shs 9,000,000 in Jan.
- vi) The principal is to be paid back in 3 equal installment after a one month grace period from the month of loan acquisition.
- vii) The loan is to attract an interest of 5% monthly on a fixed rate payable after one month of grace period.
- viii) Tax returns remitted to URA per month is to be shs 3,600,000.
- ix) The business will buy 1,500 units of raw materials at shs 1,200 each in the month of January. The quantity of raw materials is expected to increase by 10% every month. Purchase of raw materials is strictly on cash basis.
- x) The business was to sell the old vehicle at Shs. 8,000,000 and receive 60% of the total price in Jan and the balance in the ratio 3:2 in the following months. The depreciation is at a rate of 5%per annum.
- xi) The business expected cash donation of Shs. 2,000,000 in Feb. This was to increase by 10% in the following month.
- xii) In the third month of the first quarter, unfaithful Worker Ms. Nabanooba Annet stole shs 200,000 from the cash till when the boss was away. This was not recorded in the cash flow statement.

- xiii) The business hope to buy a new Building at shs 10,000,000 on the first day of the first month paying 80% cash and the balance to be paid in the following month.
- xiv) The owner of the business expects a donation of motor van worth shs 8,000,000 in Jan and another for building shs 23,000,000 in the month of Feb.
- xv) Purchased land worth shs 65,100,000 and paid in the month of Jan 2020
- xvi) The business paid monthly rent of shs 3,000,000 and this was to increase by 10% in February and reduced by 5 % in March.
- xvii) The incurred transport expense for workers in the month of Jan shs 2,000,000 and this was to increase by 10% in Feb and then decrease by 20% in March.
- xviii) Any cash shortage is to be offset with debenture at the beginning of the next month with an interest rate of 10% payable per month.

Required

- a) Prepare a monthly cash flow statement for the three months. (Jan, Feb and Mar 2020)
- b) Suggest measures that the business can undertake in case of a cash flow short fall

4.The information below relates to cash projections of PROMISE Traders due to start business on 1st June 2022.

- i. The projected **monthly sales** are shs 40,000,000 but 60% of the sales are cash while the remaining amount is to be collected in the following month for all months.
- ii. Monthly cash purchases shs 9,000,000 and monthly commission income shs 400,000.
- iii. Monthly Electricity bills shs 2,000,000 and paid in single sum in the August 2022.
- iv. The business expects a loan shs 8,000,000 in June.
- v. Interest on the loan is 10% per month on reducing balancing method effective August 2022.
- vi. The loan is payable in 4 monthly equal instalments and the business was granted a one month grace period for loan repayment.
- vii. The business expected a donation of Shs. 2,000,000 in June. This was to increase by 10% monthly.
- viii. A monthly commission is to be paid shs 8,000,000. This is expected to reduce by 10% monthly in the following months on the amount due.
- ix. Some business stock worth shs 80,000 was destroyed by fire on July 24th 2022. The business had not taken insurance cover for this cause.
- x. Monthly trade fares and exhibitions organised by the business are expected to raise gate collections of shs 5,000,000. This is to increase by 20% after two months.
- xi. In the third month, the business owner took some cash worth shs 1,000,000 to buy a gift for her daughter on her 6th birthday.

- xii. The business hope to buy a new machine at shs 50,000,000 on the first day of the first month paying 80% cash and the remaining amount to be paid after a grace period of one month.
- xiii. The business purchased motor van worth shs 100,000,000 on instalment agreement. It made a down payment of 40% in the first month and the balance will be paid in the ratio of 20%: 1:1 respectively. The asset is to be depreciated by 10% on reducing balancing method.
- xiv. Monthly rent income is projected as shs 2,000,000 which is to increase by 15% after three months.
- xv. The owner of the business expects a donation of motor van worth shs 8,000,000 in June and another for building shs 23,000,000 in the month of August.
- xvi. Labour cost was expected at Shs. 600 per day, per employee for 20 employees for June, July, August and September respectively.
- xvii. A cash deficit in a given month is to be offset by getting a debenture in the following month.

Required

c) Prepare a monthly cash flow statement for the four months. (June, July, August and September, 2022)

d) Advise on measures under taken to solve an anticipated cash deficit (cash flow short fall)

- i. 5. On 1st January 2018, BAZA TRADERS the business had cash shortfall of Shs3500000 and it is the businesses policy to obtain a loan at the beginning of the month to overcome the deficit realized during the previous months
- ii. The business expects to make monthly cash sale of Shs.6000000 and are expected to increase by 10% on monthly basis after the first month
- iii. The business organized a football match in February and expected a gate collection of Shs5000 and each for the first 1000 spectators and extra spectators Shs.7000 each and the match was watched by 1500 spectators
- iv. Monthly rent income Shs. 1800000 and is expected to reduce by reduce by 10% after the first 10 months

- v. The business expects to get donations from a community based organization Shs,1000000 at the end of each quarter of the year
- vi. The business expects to obtain debenture of Shs.1500000 in February
- vii. Monthly credit sales amounted to Shs. 3000000. It was the business policy to collect 70% in the month of sale and 30% in the next month.
- viii. Monthly cash purchase amounted to Shs. 1200000 and they were projected to increase by 50% in the third month
- ix. The business purchased machinery in February at Shs, 8000000 and payments were made in February and March in the ratio of 6;2 respectively
- x. Monthly wage payment of 50 workers each amounting to Shs. 120000
- xi. The business is expected to pay taxes at the end of each quarter of the year of Shs 600000
- xii. The business machinery is expected to depreciate by Shs. 200000 per month
- xiii. Monthly credit purchases Shs 800000
- xiv. The business is expected to pay back interest on any loan obtained at a rate of 5% starting in the month loan acquisition

a) Prepare a cash flow statement for the first three months of 2018

b) Give any four causes of cash short falls in the business

c) Comment on the trend of the net cash position

7.The following balances were extracted from the books of KIKUUBO TRADERS for the year ended 31/Dec/2020

Particulars	Shs
Turn over	9,000,000
Returns outwards	500,000
Returns inwards	100,000
Purchase	6,000,000
Accounts receivable	460,000
Inventory 1/1/2020	500,000
Inventory 31/12/2020	380,000
Drawings	300,000
Cash at hand	1,200,000
Cash at bank	4,800,000
Bad debts recovered	150,000
Premises at cost	9,220,000

Equipment at cost	3,220,000
Furniture at cost	4,400,000
Motor vehicles	10,000,000
Electricity	100,000
Salaries	800,000
Bad debts written off	60,000
Carriage inwards	50,000
Carriage outwards	70,000
Commission received	600,000
Loan term loan	600,000
Capital	30,180,000
Accounts payable	250,000

Determine,

- i. Net Turn over
- ii. cost of sales
- iii. Gross profit
- iv. Net profit
- v. operating margin ratio
- vi. Gross profit to cost of sales ratio
- vii. Working capital
- viii. Rate of Inventory turnover ratio
- ix. Acid test ratio
- x. Employed capital
- xi. Debtors collection period in days
- xii. Net Gearing ratio

8.The treasurer of MAMA community SACCO presented the following financial statements to the members at their annual general meeting 2019

Income statement for the year ended 2018

ITEM	Shs.
Sales	240,000,000
Loss: Cost of goods sold	180,000,000
Gross profit	60,000,000
Less: operating expenses	
Net profit	3,500,000

Balance sheets as at 31st December 2018

Item		Item	
Capital	Shs	Fixed asset machines	82,000,000
Capital	89,000,000	Furniture	50,000,000
Add: net profit	35,000,000		
	124,000,000	CURRENT ASSETS	
Loss: drawings	10,000,000	Stock	47,000,000
Owner's equity	114,000,000	Debitors	38,000,000
Long term liabilities		Bank balances	25,000,000
3 year loan	72,000,000	Cash balance	18,000,000
Current liabilities			
Bank overdraft	34,000,000		
Creditor	40,000,000		
Total	260,000,000	Total	260,000,000

a) Calculate the following ratios

- I. Gross profit margin
- II. Net profit to owners' equity
- III. Net profit to sales ratio
- IV. Debtors turn over period in weeks

b) Compute and interpret

- I. Stock turn over period in weeks
- II. Gearing ratio

21). The following information was available from the books Ekanya Enterprises Limited for the year ended 31 December 2019

Particulars	Amount Shs
Capital	54820000
Opening stock	10000000
Accounts receivables	9000000
Sales	48000000
Return inwards	500000
Purchases	30500000
Returns outwards	600000
Carriages on purchases	100000
Salaries and wages	2000000
Accounts payable	4300000
Inventory	1100000
Rent	300000
Electricity	120000
Commission received	800000
Discount allowed	1000000

Buildings	40000000
Cash in land	8000000
Furniture	13000000
Bank overdraft	6000000

Additional information

- i. Prepaid salaries and wages Shs 300000
- ii. Commission due Shs 200000
- iii. Depreciation on furniture Shs 1300000

Required

(a) Compute

- i. Sales at cost
- ii. Gross profit
- iii. Salaries and wages ratio
- iv. Capital employed
- v. Average collection period in days

(b) Compute and interpret

- i. Stock holding period
- ii. Cash ratio

Net worth to total assets The following items relate to the books of Tusimbudde Traders for the year ended 31st/Dec/2020;

Capital	80,000
Sales	1,000,000
Purchases	200,000
Opening inventory	300,000
Closing inventory	200,000
Carriage on purchases	40,000
Debtors	500,000
Creditors	60,000
Bank overdraft	40,000
Rent	20,000
Accrued electricity	120,000

Cash at hand	300,000
Cash at bank	100,000`
Refrigerator	2000,000

Required;

- a) Determine and interpret;
 - (i) Rate of stock turnover/inventory velocity ratio
 - (ii) Current ratio
 - (iii) Net profit to sales ratio
 - (iv) Cash ratio
 - (v) Debtors' collection period
 - (vi) Creditors payment period
 - (vii) Fixed assets turnover ratio
- b) Mention any four reasons for interpreting financial ratios by the business entrepreneurs.

8(a).The following tax payers provided you with their annual taxable incomes and annual taxes.

Tax payer	Annual taxable income (Shs)	Tax paid (Shs)
Tajiri	177,000,000	10,620,000
Masikini	141,600,000	8,496,000

Required to compute the following;

- (b) Star Enterprises Ltd had the following VAT inclusive transactions with other VAT registered businesses in a given month.

Product	Purchases (Shs)	Sales (Shs)
Shoes	29,500,000	47,200,000
Clothes	70,800,000	106,200,000

Required to compute the following:

- (i) VAT paid on each product for the month.
- (ii) Total VAT the enterprise paid to URA for the products.
- (iii) Sales value of clothes (VAT exclusive)

(c) The following VAT exclusive transactions were carried out by VAT registered businesses at various stages of distribution for the month of May 2020.

- I. Super traders bought goods worth shs.9, 000,000.
- II. Super traders sold all the goods to Ben for shs.14, 000,000.
- III. Ben sold the same goods to Joy, a retailer at shs.20, 000,000.
- IV. Joy sold all the goods to a final consumer at shs.28, 000,000.

Required; Using a VAT rate of 18%.

- (i) Calculate VAT chargeable at each stage.
- (ii) Determine the gross sales value the consumer paid for the goods.

9. Study the table below and answer the questions that follow

Tax payer	Taxable income (shs)	Tax liability (shs)
Tina	25,000,000	2,000,000
Tom	30,000,000	15,000,000
Tonny	25,600,000	5,250,000

Required

- a) Calculate the tax rate for each payer
- b) Given purchases: 5900 (VAT inclusive)
Sales 9440. (VAT inclusive)

Determine the VAT liability paid to URA

10. State any two advantages of VAT as a form of an indirect tax

- c) Ocumu is an employee of FAST PAST traders where his annual income as salary is 8,400,000. Use the income balance below to determine his annual PAYE

4 th income tax bracket	Tax rate per month
Shs 410,000 per month and above	Shs. 25000 plus 30% of the amount that exceeds

- d) Tracy is a landlord and she owns 4 rental rooms where she collects Shs. 200,000 per month from each room.

Determine the i) **net chargeable net income**

ii) **Rental tax liability paid to URA**

N OTE: **Use 2,820,000 as tax free allowance 12% as rental tax rate**

11.URA availed the following information to Rock of Ages hypermarket Kawanda

Monthly Payments (shs.)	Tax Rate
Exceeding shs. 250000 but not exceeding 335000	Shs.10000 + 20% of the amount by which chargeable income exceeds Shs.335000
Exceeding Shs.335000 but not exceeding Shs.410000	Shs.10000 plus 20% of the amount by which chargeable income exceeds Shs.335000
Exceeding Shs.410000 but not exceeding Shs. 25000000	i) 25000 plus 30% of the amount exceeding Shs.410000 ii) Where chargeable income exceeds Shs.10000000 and addition 10% is charged on amount exceeding Shs.10000000

b)The business has the following allowances and salaries to its different employees.

NAME OF EMPLOYEE	DESIGNATION	BASIC PAY (SHS)	TAXABLE ALLOWANCES (SHS)		
			150000	250000	300000
Kayanda	Security Guard	2000000	150000	250000	200000
Abiriga	Driver	900000	100000	15000	200000
Kyanko	Cleaner	60000	150000	500000	300000
Nandera	Manager	11000000	150000	500000	300000

Required;

Using the monthly PAYE tax rates shown above, calculate each employees payee tax contribution to URA

c) ROCK OF AGES HYPER MAKET imported goods 60000000 and sold to BASHIR a local distributor at 65,000,000. BASHIR sold goods to a wholesaler at shs, 72,000,000. The wholesaler sold to TWAHIR a retailer at Shs.75, 000,000.The retailer sold the goods at Shs.81, 000,000

Given that all prices are inclusive of VAT and the VAT rate is 18%, **calculate**

- . The VAT payable at each stage
- . The total VAT collected by URA

- . The final consumers price exclusive VAT

12.OMEGA Supermarket employees annual salary for the year 2023 are as follows

onesmus	→	18000,000
Tulumbe	→	8400000
Tusubira	→	900,000
kamukamu	→	6000000
mukasa	→	3600,000
Nsereko	250,000 (monthly)

Given the PAYE rates below;

Monthly income	Rates
Not exceeding shs 235000	NIL
Exceeding shs 235000 but not exceeding shs 335000	10% of the chargeable income by which chargeable income exceeds shs 235000
Exceeding shs 335000 but not exceeding shs 410000	Shs 10000 plus 20% of amount by which chargeable income exceeds shs 335000
Exceeding shs 410000	(a) shs 25000 plus 30% of the amount by which chargeable income exceeds shs 410000 (b) Where chargeable income exceeds shs 10000000 an additional 10% is charged on income exceeding shs. 10000000

- Determine their monthly PAYE tax liability
- Determine Tulumbe's annual PAYE
- Mention any 4 indicators of non-tax compliance
- Explain the duties and rights of a tax payer
- Explain any five sources of non tax government revenue .

13.You are part of the enforcement team for controlling tax evasion in your municipality. Your role is to ensure that people understand how to compute taxes, pay taxes, keep records and file returns. You report directly to URA

- Mention the obligations of a tax payer
- Advise the tax payers on the procedures to be followed to ensure tax compliance

Employee	Basic pay (shs)	Allowances Housing	Deductions advances

Suubi	200000	35000	-
Opolot	350000	50000	-
Juma Otti	900000	100000	200000
Aijuka	11100000	100000	500000

Given the PAYE rates below;

Monthly income	Rates
Not exceeding shs 235000	NIL
Exceeding shs 235000 but not exceeding shs 335000	10% of the chargeable income by which chargeable income exceeds shs 235000
Exceeding shs 335000 but not exceeding shs 410000	Shs 10000 plus 20% of amount by which chargeable income exceeds shs 335000
Exceeding shs 410000	(a) shs 25000 plus 30% of the amount by which chargeable income exceeds shs 410000 (b) Where chargeable income exceeds shs 10000000 an additional 10% is charged on income exceeding shs. 10000000

Compute (i) Each employees monthly tax liability

(c) MKOP imported VAT inclusive trousers from Turkey at Shs. 6000000. He later sold them to a wholesaler at shs 9000000. The same trousers were retailed at a total value of shs. 11000000. Given the VAT rate of 18%. Compare VAT at each stage

d)As a student of taxation, give the examples of tax evasion.

ii)What are the implications of tax evasion

e)Explain any five examples of taxes paid to local authoiy

14) Comprehensive Company Limited deals in the importation and wholesale of various Merchandise. The company has Four employees; Debbie, Annette, Rachel and Sophia who Received the following employment income during the month of March 2020. The tax for the month has not yet been filed with Uganda Revenue Authority.

Particulars	Debbie	Annette	Rachel	Sophia
per month	shs	shs	shs	shs
salary	10,500,000	3,000,000	200,000	150,000
Housing allowance		150,000		
Education allowance	1,000,000		50,000	
Transport allowance	50,000	50,000		
Medical allowance	1,000,000	1,000,000	50,000	50,000
Entertainment allowance	30,000			

Note:

The table below shows the monthly PAYE tax rates in Uganda.

Chargeable monthly Income (shs)	Tax rate (shs)
---------------------------------	----------------

0 – 235,000	Nil
235,001 – 335,000	10% of the amount by which chargeable income exceeds shs 235,000
335,001 – 410,000	Shs 10,000 plus 20% of the amount by which chargeable income exceeds shs 335,000
410,001 and above	a) Shs 25,000 plus 30% of the amount by which chargeable income exceeds shs 410,000
	b) Where the chargeable income of an individual exceeds shs 10,000,000 an additional 10% is charged on the amount by which chargeable income exceeds shs 10,000,000

Required:

Compute the PAYE due to the URA for the month of March 2020

b) KK Supermarket Ltd had the following operations during the month of February 2023. The purchases were VAT exclusive while the sales were VAT inclusive.

Particulars	Purchases	Sales
	Shs '000	Shs '000
Sugar	50,000	141,600
Salt	1,500	5,310
Canned food	67,000	94,400
Beer	100,000	200,600
Soda	68,000	141,600
Total	286,500	583,510

Required:

- Compute the VAT payable by KK Supermarket Ltd for the month of February 2023 tax period for each item.
- Determine sales price VAT exclusive.

c) Mr. LABISA OKELLO also earned rental income from his apartments in Gulu city, Kampala and Kawempe for Shs 5 million, 2,000,000 and 1,500,000 respectively per month. He has not paid any tax on this income since January 2021 when the apartments were completed and occupied. He constructed these apartments on mortgage on which he pays interest of Shs 1.5 million per month.

Other expenses incurred on the apartments, per annum, are:

- ❖ Painting Shs 5 million.
- ❖ Security guard Shs 1.2 million.
- ❖ Compound maintenance Shs 2 million.

Additional information

- Threshold 2,820,000
- Tax rate 12%
- The financial year ends 31st December

Additional information

- Provision for allowable expenses 75%
- Tax rate 30%
- The financial year ended 31 December

Required

- Gross rental income
- Rental tax payable.
- Net rental income.

d) Mahogany Furniture Limited (MFL) is one of the leading furniture manufacturers in Kampala. It has 3 branches around Kampala. Given the increasing demand for its furniture, the company's board of directors (the Board) decided to start importing furniture from Malaysia. During the first import consignment, they incurred the following:

Particulars	US \$
Furniture (free on board (FOB))	1,500
Freight to Mombasa	600
Insurance	500

The applicable rates of tax are provided as follows:

Import duty	25%
Value added tax	18%
Excise duty	20%
Withholding tax	6%
Infrastructure levy	1.5%

The prevailing US\$ exchange rate for Uganda shillings was 3,700 at the time of importation.

Required:

a) Total taxes payable to URA

6 **OZANAs ENGINEERING WORKS** deals in civil and building works and it is one of the leading service providers in the sector. It employs a category of workers whose payment schedule is summarized as below:

S/NO	Position	No. of employees	BASIC PAY	ALLOWANCES	DEDUCTIONS
1	Managers	2	10,000,000	3,000,000	500,000
2	supervisors	4	7,000,000	1,500,000	300,000
3	Excavators	6	1,500,000	500,000	150,000
4	Foremen	8	300,000	120,000	30,000

a) Using the current URA - PAYE monthly rates compute each category's tax the company remits on a monthly basis.

The company imported a caterpillar to support its construction works at shs 150 million vat exclusive. It sold it to a local engineering company at shs. 200 million shillings vat inclusive.

Compute;

- VAT paid at importation
 - VAT paid at sale
- b) The company has been awarded as the most tax compliant business of the year.

- What parameters would have qualified the company as the best tax payer of the year by URA?
- ii) Identify the likely benefits the company is to enjoy being declared as the tax payer of the year.
 - c) Explain any five examples of taxes paid to local authority.

'MAKE YOUR SELF A COMPETITOR BUT NOT A PARTICIPANT'