

P230/2

ENTREPRENEURSHIP EDUCATION

Paper 2

July - August, 2024

**3 hours**



UGANDA MUSLIM TEACHERS' ASSOCIATION

UMTA JOINT MOCK EXAMINATIONS 2024

UGANDA ADVANCED CERTIFICATE OF EDUCATION

**Entrepreneurship Education**

Paper 2

**3 Hours**

**INSTRUCTIONS TO CANDIDATES:**

- Answer only **FOUR** questions.
- All questions carry equal marks.
- Credit will be given for the use of relevant diagrams and illustrations.
- Any additional question (s) answered will **not** be marked.

1. You are operating a saving and credit cooperative association in your home town.
  - (a) Mention any **six** financial products offered by saving and credit cooperative association. (06 marks)
  - (b) Prepare a program to be followed by the business while recovering the loans advanced to the clients. (07 marks)
  - (c) Write guidelines to be observed when advancing the loans to borrowers. (07 marks)
  - (d) Design a new cash deposit slip to be used by clients of the business. (05 marks)
  
2. The treasurer for PLU SACCO in your home area presented the following financial statements to the members at their meetings.

**PLU SACCO** income statement for the period, ended 30<sup>th</sup> June 2024

DETAILS	(SHS)
<b>Net Sales</b>	60,000,000
Less cost of goods sold.	<u>45,000,000</u>
Gross profit	15,000,000
Less operating expenses	<u>6,250,000</u>
Net profit	8,750,000

Note: The opening stock as at start of 2013 was Shs 5,750,000

DETAILS	(Shs)	(Shs)
<b>Fixed Assets</b>		
- Equipment	20,500,000	
- Land	<u>12,500,000</u>	
Total Fixed Assets		<b>33,000,000</b>
<b>Add Working Capital</b>		
Current Assets		
- Stock	11,750,000	
- Debtors	9,500,000	

- Cash	6,250,000	
- Bank	4,500,000	
<b>Total current Assets</b>		32,000,000
Less Current liabilities		
- Bank overdraft	8,500,000	
- Creditors	<u>10,000,000</u>	
<b>Total current liabilities</b>		<u>18,500,000</u>
Working Capital		<u>13,500,000</u>
Capital Employed		<u>46,500,000</u>
Financed by capital	22,250,000	
Add Net profit	8,750,000	
Less drawing	<u>2,500,000</u>	
Owner's Equity		28,500,000
Add borrowed capital		
10 year bank loan		<u>18,000,000</u>
Capital employed		<u>46,500,000</u>

Required:

a) Calculate the following ratios

- (i) Gross profit margin (03 marks)
- (ii) Net profit to sales (03 marks)
- (iii) Net profit to owner's equity (03 marks)
- (iv) Acid test ratio (03 marks)
- (v) Stock turnover ratio (03 marks)
- (vi) Fixed assets turnover (03 marks)
- (vii) Debt to owner's equity (Gearing ratio) (03 marks)

b) Interpret the following ratios in relation to your answers in (a) above

- (i) Debt to owner's equity. (02 marks)
- (ii) Net profit to sales. (02 marks)

3. You have secured a loan of **Shs** 140 million to establish a furniture making enterprise.
- (a) Prepare a financial plan for the proposed business. (07 marks)
  - (b) Workout policy guideline for proper handling of purchases or inputs in your business. (07 marks)
  - (c) Design a quotation to be used in your business. (05 marks)
  - (d) Write a job specification analysis for an accountant to be placed in one of the leading newspapers. (06 marks)
4. There are many swamps in your community that are rich in clay as a mineral.
- (a) Mention any **five** business projects that can be done from clay. (05 marks)
  - (b) Write a report to the chairperson of **NEMA** law enforcement team about the benefits of the projects to the community. (08 marks)
  - (c) Prepare guidelines to minimize environmental threats that may be caused by unsustainable use of clay. (07 marks)
  - (d) Design a market survey guide to be used for analysing change in market conditions. (05 marks)
5. Kitaka Moses a trader on Nasser road imports cars from Japan. The CIF value for the goods is \$8,000. The car attracts an import duty of 25%, excise duty of 50%, VAT 18% and withholding tax of 6%.

**Required:**

- (a) (i) What would be the tax payable for the car given that the exchange rate at the time of importation in Ug Shs 3,800 to \$1 (12 marks)
- (ii) What would be the value of the car in Uganda given Kitaka Moses does not consider profits or loss. (03 marks)

(b) The following employees earn their monthly salaries and allowances as indicated below.

No.	Employees	Basic Pay (Shs)	Allowances (Housing) (Shs)	Deductions (Shs)
1.	Jeff Peter	235,000		
2.	Kyagulanyi Musa	410,000	100,000	120,000
3.	Jim Jim	11,500,000	100,000	500,000

Given the **PAYE** structure below.

Monthly income (Shs)	Tax rates
i) Not exceeding shs. 235,000	NIL
ii) Exceeding shs 235,000 but not exceeding shs 335,000	10% of the chargeable income by which chargeable income exceeds shs 235,000
iii) Exceeding shs 335,000 but not exceeding 410,000.	Shs 10,000 plus 20% of the chargeable income by which chargeable income exceeds Shs 335,000
iv) Exceeding 410,000.	(a) Shs 25,000 plus 30% of the chargeable income by which chargeable income exceeds Shs 410,000. (b) Where chargeable income exceeds Shs 10,000,000 an additional 10% is charged on income exceeding Shs 10,000,000

(c) Compute:

- (i) Each employee's monthly tax liability. (08 marks)
- (ii) How do people evade taxes in Uganda? (02 marks)

6. You plan to start a social enterprise in your community to address the challenge of malaria.

- (a) Identify any **four** opportunities available for your social enterprise in Uganda. (04 marks)
- (b) Write a statement about the goals to be achieved in the enterprise. (06 marks)
- (c) Prepare policy guidelines to ensure sustainability of the social enterprise. (07 marks)
- (d) Develop a **GEPIC** structure for advocating your vision. (08 marks)

**END**