

P230/2
ENTREPRENEURSHIP
EDUCATION
Paper 2
July/August 2024
3 hours



WAKISSHA JOINT MOCK EXAMINATIONS

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP EDUCATION

Paper 2

3 hours

INSTRUCTIONS TO CANDIDATES:

- Answer *four* questions only.
- 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 a general manager of a savings and credit cooperative organization in your community. You have advanced a loan of Shs. 6,000,000 to a client payable in six months, in six (6) equal installments at a monthly interest of 10% on reducing balance method.
- (a) Draft a loan repayment schedule for the client. (07 marks)
 - (b) How beneficial is the savings and credit cooperative in the community? (07 marks)
 - (c) Present an administrative plan for the business. (06 marks)
 - (d) How will the project benefit the community? (05 marks)

2. The following projections relate to DANTE ENTERPRISES for the year 2022.

- (i) Opening balance Shs. 10,000,000
- (ii) The business projects to make sales as shown:
January Shs. 45,000,000
February Shs. 90,000,000
March Shs. 80,000,000
It is to receive 70% of the sales cash in the month of sale and the balance in the following month.
- (iii) Commission income for the month of January to be Shs. 5,000,000 and this is projected to increase each month by 10%.
- (iv) Credit sales worth Shs. 30,000,000 in December 2021 were to be cleared by debtors in the following months in the ratio 5 : 3 : 2
- (v) The business projects to buy units in kgs of 40,000 , 24,000 , 20,000 in January to March respectively at a cost price of Shs. 500 per kilogram.
- (vi) Projected monthly labour cost payments to each of the 10 workers is 350,000. However, in the month of march the business will recruit three more employees at the same monthly pay.
- (vii) The business expects to sell an old van at Shs. 12,000,000 in February and in the same month buy a delivery truck at Shs. 20,000,000 , making a down payment of 75% of the cost price and the balance to be paid in the following month.
- (viii) Administrative expenses paid at the end of each month amounted to Shs. 4,000,000. But this is expected to decrease by 5% after the first two months.
- (ix) The proprietor plans to give a cash prize to his wife worth Shs. 500,000 in the last week of the first month and buy her a new car worth Shs. 12,000,000 to celebrate her birthday in February.
- (x) Rental income of Shs. 1,000,000 is projected in January and this is to increase by 8% monthly.
- (xi) Cash and food donations per month are projected to be made at Shs. 2,000,000 and 3,000,000 respectively.
- (xii) Depreciation expenses of all fixed assets are projected at Shs. 3,400,000 per month.
- (xiii) The business is to obtain a loan of Shs. 6,000,000 in January at an interest rate of 5% payable monthly at reducing balance method. The principle to be paid in three (3) equal installments starting with the month of loan acquisition.

Required;

- (a) Prepare a cash budget for the business for the months of January, February and March 2022. (22 marks)
- (b) Comment on the trend of the Net cash position. (03 marks)

3. Your community is experiencing poor sanitation resulting from poor waste management. Both recyclable and non-recyclable waste is dumped on ground blocking drainage channels, causing pollution etc. You have mobilized funds to start a waste collection and recycling plant to improve sanitation.

- Write an induction programme to be used while handling new workers of your enterprise. (06 marks)
- Present a theory of change to improve community sanitation. (06 marks)
- Draft strategies for sustaining the enterprise. (07 marks)
- Present a weekly work schedule observed by employees in your enterprise. (06 marks)

4. You plan to establish a ground nuts milling project during your senior six vacation.

- Present the pre-operating expenses for your projects. (05 marks)
- You intend to use Shs. 2,000,000 for production of your products.
Prepare the projected production cost statement. (08 marks)
- Formulate guidelines observed when selecting a supplier of raw materials. (08 marks)
- Draw up a plan for conducting personal selling. (06 marks)

5. (a) Makonzi Hardware employs and pays as follows;

| S/No. | Employee Name | Basic pay per annum (Shs) | Allowances monthly (Shs) | Advances monthly (Shs) |
|-------|---------------|---------------------------|--------------------------|------------------------|
| 1 | SHAMIM | 2,520,000 | 20,000 | 40,000 |
| 2 | SHAKIRAH | 3,600,000 | 40,000 | Nil |
| 3 | SHATRAH | 9,600,000 | 100,000 | 200,000 |
| 4 | SHARON | 4,800,000 | Nil | 50,000 |
| 5 | SHAKUL | 132,000,000 | 300,000 | 300,000 |

Using PAYE rates below;

| Monthly income (Shs) | Tax rate % |
|----------------------|--|
| 0 – 235,000 | NIL / Zero |
| 235,000 – 335,000 | 10% of amount by which chargeable income exceeds Shs 235,000 |
| 335,000 – 410,000 | Shs 10,000 plus 20% of the amount by which chargeable income exceeds Shs. 335,000 |
| 410,000 and above | (a) Shs. 25,000 plus 30% of amount 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. |

- Calculate the amount of income tax payable monthly by all employees. (09 marks)
- Compute total income tax paid by Makonzi Hardware per month. (02 marks)
- Compute Shatrah's net pay for the given month. (01 mark)

Turn Over

- (b) Jackie and Jane own residential houses where they earn monthly rental income of Shs. 800,000 and Shs. 1,000,000 respectively. Given that the rental income tax rate is 12%, and annual rental income tax threshold is Shs. 2,820,000. Compute the rental income tax payable by;

(i) Jackie (03 marks)

(ii) Jane (03 marks)

- (c) Kateregga an employee of Makonzi Fashion shop imported VAT inclusive shirts from Turkey at Shs. 3,000,000. He sold them to wholesalers at Shs. 4,500,000 and later to relatives at a total value of Shs. 5,500,000. Using input-output approach compute;

(i) VAT at all stages. Take VAT rate as 18%. (05 marks)

(ii) Total VAT payable to URA (02 marks)

6. You own a secretarial bureau that is exposed to a number of risks.

(a) Present guidelines to be followed to minimize risks in your business. (07 marks)

(b) Now that you have both cash and credit transactions, draw a plan to follow to recover money from your debtors. (06 marks)

(c) Write a memo inviting staff members to attend a one-day training on risk management strategies. (06 marks)

(d) Draft a pay slip for one of your employees for the month you have just paid. (06 marks)

END