

# UACE ENTREPRENEURSHIP EDUCATION

## PAPER ONE (P230/1)

### TOPIC ONE: INTRODUCTION TO ENTREPRENEURSHIP EDUCATION

1. (a) (i) Define the term entrepreneurship?  
(ii) Describe the role of entrepreneurship in economic development of the country.
  - (b) Explain the factors limiting entrepreneurship development in Uganda.
  - (c) What measures are being taken for promoting entrepreneurship development in Uganda?
2. (a) Define term an entrepreneur?
  - (b) Explain the merits and demerits of being an entrepreneur.
  - (c) Explain the various factors of promoting entrepreneurship in Uganda.
3. (a) (i) Distinguish between an intrapreneur and an enterprising person  
(ii) Explain the importance of entrepreneurial competencies.
  - (b) Explain the traits of a successful entrepreneur
  - (c) Explain the major competencies required for successful entrepreneurship.
4. (a)(i) Define the term entrepreneurial culture.  
(ii) What are the objectives of developing entrepreneurial culture?
  - (b) What are the steps involved in commencing/launching of business operations.
5. (a) Define the term decision making.
  - (b) Describe the procedures/steps involved in decision making.
  - (c) Explain the factors that affect/influence decision making in a business.
6. (a) Define the term career.
  - (b) Describe the factors considered when selecting a career.
7. (a) What is meant by income?
  - (b) Describe the various types of income.
  - (c) Explain the sources of income in a business.
8. (a) Distinguish between self-employment and paid employment.
  - (b) Explain the advantages and disadvantages of
    - (i) Self-employment
    - (ii) Paid employment.
  - (c) Explain the measures that should be used by the government of Uganda to encourage self-employment.
  - (d) Discuss the advantages of self-employment over paid employment.
9. (a) Explain the causes of the high rate of unemployment in Uganda.
  - (b) Suggest the solutions to unemployment in Uganda.
10. (a) Explain the types of change that takes place in an organization.

- (b) Assess the impact of change in an enterprise.
  - (c) Explain the factors that bring about a change in business
  - (d) Explain various critical factors to be considered in planning for change in small businesses.
11. (a) Explain the reasons why people in an organization may resist change
- (b) Suggest ways of fostering change in an enterprise.
  - (c) Explain the steps involved in decision making technique that can be applied to coping with change.
  - (d) Explain the ways for reducing resistance to changes in a business.
  - (e) Explain the various strategies of coping with change.
12. (a) Define the term creativity.
- (b) Describe the steps involved in the creative process.
  - (c) Explain the characteristics of creative people.
  - (d) Describe the various techniques for development creative ability.
13. (a) Explain the importance of creativity.
- (b) Discuss the hindrances to creative thinking in business.
14. (a) Define the term innovation.
- (b) Discuss the various types of innovation in the business.
  - (c) Explain the sources of innovation in the business.
  - (d) Describe the traits of good innovators.
15. (a) Discuss the characteristics of innovative people.
- (b) Explain the various ways of fostering innovation in small businesses.
  - (c) State the importance of innovation in businesses.
  - (d) What makes small business more innovative than larger businesses?
16. (a) Explain the behavioral characteristics that enable an entrepreneur to fulfill achievement motivation.
- (b) What factors limit entrepreneurial motivation?
  - (c) Describe the measures that can be taken to foster entrepreneurial motivation.
  - (d) Explain the factors that help an entrepreneur to develop a positive mental attitude.
17. (a) Define the following terms
- (i) Motivation
  - (ii) Entrepreneurial motivation
  - (iii) Achievement motivation
  - (b) Explain the benefits and challenges of achievement motivation
18. (a) Define the following terms;
- (i) Risk
  - (ii) Risk-taking
  - (b) Explain the types of risks in business.
  - (c) Give the examples of risks faced by the business people in Uganda today

- (d) Describe the factors that should be considered when assessing the risks.
19. (a) Distinguish between risk assessment and risk management
- (b) Examine the procedures for analyzing a risk situation
- (c) Explain the factors considered when analyzing business risks.
- (d) What measures can be used minimize risks in a business?
20. (c + " F g h k p gg"i vqj vgk"cvvgkt qop"öõ" c u " w u g f " k p " g p v t g r t g p g w t u j k
- (b) Explain the major principles of negotiation.
- (c) Describe the personal attributes of good negotiators.
- (d) Explain the techniques that can be used when;
- (i) negotiating with customers
- (ii) negotiating with employees over salary.
21. (a) Explain the steps involved in effective negotiation process.
- (b) Describe the tactics for effective negotiation with customers and employees
- (c) (i) Discuss the major challenges associated with negotiation in business.
- (ii) Suggest the ways of overcoming challenges in negotiation.
22. (a) Define the term business ethics as used in entrepreneurship
- (b) Explain the benefits of good business ethics in a business.
- (c) Describe the business ethics that should be observed towards;
- (i) Customers
- (ii) Employees
- (iii) Society
- (iv) Government
- (d) How does an entrepreneur benefit from practicing business ethics?
23. \* c + " F g h k p g " kvxj gg"" evqgαt ooʷ pōkg ehchvgke qvp ö
- (b) Explain the importance of effective communication in an enterprise
- (c) (i) What are the essentials of effective communication?
- (ii) Describe the features of effective communication.
- (d) Describe the barriers of effective communication in an enterprise
- (e) What are the various ways of overcoming barriers to effective communication?
24. (a) Describe the process of communication in business
- (b) Explain the various forms of effective communication
- (c) Why is there need for effective communication in an enterprise?
- (d) Describe the factors considered when choosing a medium of communication
- (e) Explain the various forms of written communication in an enterprise
25. (a) Describe the techniques used by an entrepreneur when:-
- (i) Presenting a product to customers
- (ii) Handling difficult customers
- (b) Suggest ways of overcoming barriers to effective communication.
- (c) How can an entrepreneur attend to the message effectively?

26. (a) What is meant by personal branding?
- (b) Explain the steps followed in setting a personal brand
- (c) Discuss the principles guidelines of effective personal branding.
- (d) Explain the importance of developing a personal brand.

## **TOPIC TWO: ENTREPRENEURIAL ENVIRONMENT**

27. (a) Define the term entrepreneurial environment
- (b) Explain the various forms of entrepreneurial environment
- (c) Explain the aspects that characterize the entrepreneurial environment
- (d) Examine the economic factors that influence entrepreneurial attitudes and opportunity identification.

28. (a) Define the term globalization.
- (b) Examine the effects of globalization in your country.
- (c) Explain the global environmental h c e v q t u " v j c v " k p h n w g p e g "ms.j g " g p v t g r
- Demographic factors that influence entrepreneurial attitudes and opportunity identification.

29. (a) Describe the political environmental factors that limit the g p v t g r t g p g w t ø u " d.w u k p g u
- (b) What can be done to improve on the economic environment?
- (c) Examine the technological and socio-cultural environmental factors that influence entrepreneurial attitudes and opportunity identification.

30. (a) Describe the support organizations towards entrepreneurship development in the community
- (b) Explain the services provided by support organizations towards entrepreneurs in Uganda.
- (c) What should be done to overcome the political factors limiting entrepreneurship?
- (d) Suggest measures that can be done to improve on the entrepreneurial environment.

## **TOPIC THREE: SOCIAL ENTREPRENEURSHIP**

31. (a) Distinguish between a social entrepreneur and social entrepreneurship.
- (b) Describe the rationale of social entrepreneurship in the development of the country.
- (c) Explain the importance of social entrepreneurship in the development of the community.
- (d) Discuss the characteristics of social entrepreneurs
- (e) Assess the contributions of social entrepreneurship in development of the community
32. (a) (i) Distinguish between social enterprises and social enterprises.
- (ii) Mention any examples of social enterprises in Uganda.
- (b) Explain the characteristics of social enterprises
- (c) Describe the major differences between business enterprises and social enterprise
- (d) Examine the merits and demerits of business enterprises.
- (e) Describe the steps of becoming a social entrepreneur.

33. (a) Discuss the environmental threats caused by an unsustainable use of resources.
  - (b) Suggest various ways of minimizing environmental threats caused by an unsustainable use of resources.
  - (c) Examine the impacts of business activities on the natural environment
  - (d) Explain the various social entrepreneurship opportunities that can be available to society
34. (a) distinguish between the following;
  - (i) Sustainable development and Advocacy skills
  - (ii) Positive impact and Social innovation.
 (b) Explain the GEPIC structure for advocacy in an enterprise.
35. (a) (i) Differentiate between a social enterprise plan and social enterprise planning.
  - (b) Explain the main components of a social enterprise plan.
  - (c) Describe the rationale of preparing a social enterprise plan to an entrepreneur.
  - (d) What are the benefits of preparing a social enterprise plan?
36. (a) Explain the opportunities for social entrepreneurship.
  - (b) Explain the perceptions of conflicts.
  - (c) How best can CHEWS be used to solve PEDVU problems.
37. (a) Discuss the social concerns which provide a base for social entrepreneurship.
  - (b) What are the challenges faced by social entrepreneurs.
    - (c) Describe the steps involved in the visionary approach.
38. (a) Explain the causes of climate change.
  - (b) Discuss the effects of business activities on the natural environment threats of unsustainable use of resources.

#### **TOPIC FOUR: BUSINESS IDEAS**

39. (a) Define the term business idea
  - (b) Explain the reasons for generating business ideas.
  - (c) Explain the sources of business ideas
40. (a) Describe the process of researching a business idea
  - (b) Explain the benefits of generating business ideas.
  - (c) Explain the factors that guide to evaluate a business idea.
  - (d) Describe the steps of turning a business idea into a product.
41. (a) Why is their need for generating business?
  - (b) Describe the basis of business ideas.
  - (c) Explain the importance of generating business ideas to an entrepreneur.
42. (a) Describe the procedures of researching a business idea
  - (b) How can business ideas be identified from the environment?
  - (c) Explain the rules followed during the brainstorming process.

## **TOPIC FIVE: BUSINESS OPPORTUNITY**

- 43. (a) What is meant by the term business opportunity?
  - (b) Assess the indicators of good business opportunities.
  - (c) Explain the qualities of attractive business opportunities.
  - (d) Discuss the various types of business opportunities in Uganda.
  - (e) Examine the various ways of evaluating business opportunities
- 44. (a) Explain the indicators of market growth.
  - (b) Examine the factors that determine business sales.
- 45. (a) Explain the steps followed when determining the profitability of the business.
  - (b) Examine the factors that determine the level of profits of a potential business.
  - (c) Describe the various ways of increasing on the profitability of a business.
- 46. (a) Distinguish between feasibility and viability of a business idea
  - (b) What are the indicators of a feasible and viable business opportunity?
  - (c) Of what benefits is a feasibility study to an entrepreneur?
- 47. (a) Distinguish between technical feasibility study and market feasibility study.
  - (b) Give the reasons for carrying out a feasibility study
  - (c) Describe the major aspects of a feasibility study.
  - (d) Explain the nature of business in Uganda today.

## **TOPIC SIX: SMALL AND MEDIUM ENTERPRISES**

- 48. (a) Define the following;
  - (i) Micro enterprises.
  - (ii) Small enterprises.
  - (iii) Medium enterprises.
  - (b) Discuss the characteristics of each of the above enterprise.
- 49. (a) Distinguish between formal businesses and informal businesses.
  - (b) Describe the features of formal and informal businesses.
  - (c) Examine the advantages and disadvantages of formal businesses.
- 50. (a) Account for the popularity of small and medium enterprises in your country.
  - (b) What challenges are faced by small and medium enterprises in Uganda?
  - (c) What measures can be taken these overcome challenges?
- 51. (a) Describe the contribution of small and medium enterprises in development of your country.
  - (b) Explain the merits of formal businesses over informal businesses.
  - (c) Examine the role of SMEs in the development of informal businesses
  - (d) Compare the benefits of formal businesses over informal businesses.
- 52. (a) Explain the factors that affect the growth and development of SMEs
  - (b) Suggest the solutions to the high rate of failure of small and medium enterprises in Uganda
  - (c) Account for the variations in sizes of business in Uganda today.
  - (d) Examine the factors that limit the growth of SMEs in your country.
- 53. (a) What is meant by insurance?
  - (b) Explain the principles of insurance.
  - (c) Distinguish between the following;

- (i) Insurer and Insured
- (ii) Risk and Insurance policy
- (iii) Assessors and Actuaries
- (iv) Over insurance and Under insurance
- (v) Re-insurance and Co-insurance
- (vi) Sum insured and Surrender value
- (vii) Pure risk and Speculative risks
- (viii) Insurable risks and Non-insurable risks.

(b) What are contributions of insurance to business development?

54. (a) Discuss the different types of insurance policies that prevail in your country

(b) Describe the steps followed when:-

- (i) Taking out an insurance policy
- (ii) Claiming compensation

(c) What challenges are faced by the insurance industry in Uganda?

55. (a) Describe the principles of insurance.

(b) Explain the various insurance policies.

(c) Explain the determinants of insurance premiums to be paid.

56. (a) Explain the factors that necessitate good relationship between family and business

(b) Discuss the challenges associated with family businesses

(c) Suggest measures of overcoming the challenges associated with family businesses.

### **TOPIC SEVEN: GENDER AND ENTREPRENEURSHIP**

57. (a) What measures are put in place in your country to encourage women participate in entrepreneurship

(b) Give the reasons for promoting gender partnerships in your country.

(c) Differentiate between the following;

58. (a) Differentiate between the following;

- (i) Sex and Gender stereotyping
- (ii) Gender identity and Gender partnership
- (iii) Gender myth and Access
- (iv) Society and Culture
- (v) Division of labour and Empowerment
- (vi) Patriarchy and Patriarchy resistance

59. (a) Why is there need to promote gender partnership.

(b) Explain the factors that affect women participation in entrepreneurship.

(c) Explain the conditions necessary for gender partnership.

60. (a) Account for the low level of women participation in economic activities.

(b) How can gender imbalance be minimized in your country?

## **TOPIC EIGHT: BUSINESS PLANNING**

61. (a) Distinguish between business planning and a business plan.  
(b) Explain the various types of business plan  
(c) Why is there a need for an entrepreneur to prepare a business plan?  
(d) Describe the challenges that may hinder the successful implementation of business plans.
62. (a) Describe the structure of a good business plan  
(b) Explain the steps involved in preparing a business plan  
(c) Discuss the rationale for preparing a business plan to an entrepreneur.
63. (a) Explain the significance preparing business plan in an enterprise.  
(b) Under what circumstances may an entrepreneur prepare a business plan?  
(c) Describe the factors considered when preparing a production plan.
64. (a) Describe the rationale of preparing a marketing plan.  
(b) Explain the components of an executive summary  
(c) Of what importance is an organizational plan to an entrepreneur?
65. (a) Describe the importance of preparing an action plan in business  
(b) Discuss the benefits of action plan to an entrepreneur
66. (a) Define an operational budget  
(b) Explain the steps involved in preparing an operational budget.  
(c) What are the benefits of an operational budget to an entrepreneur?
67. (a) Why is it necessary for the entrepreneur to carry out budgeting?  
(b) Describe the steps of starting-up a business enterprise.  
(c) Explain the benefits/importance of budgeting in an enterprise.
68. (a) Distinguish between a mission and a vision.  
(b) Examine the benefits of a mission statement to an entrepreneur.  
(c) Explain the importance of setting business goals.
69. (a) Justify the need for monitoring business operations.  
(b) What are the uses of cash flow statement?  
(c) Explain the various tools used in monitoring business performance

## **TOPIC NINE: PRODUCTION MANAGEMENT**

70. (a) Distinguish between production and production management.  
(b) Describe the activities involved in the production process.
71. (a) Define the term a product.  
(b) Explain the various attributes of a product.
72. (a) Describe the concept of a product.  
(b) Explain the factors that determine production decisions an enterprise.  
(c) Describe the various types of products.
73. (a) Describe the factors that should be considered when designing a product.  
(b) Explain the factors that should be considered by an entrepreneur when making production decisions.  
(c) Suggest the measures that can be used by an entrepreneur to reduce on the costs of production.
74. (a) distinguish between the following;  
(i) Quality of a product and Quality management  
(ii) Quality planning and Quality policy  
(iii) Quality system and Quality control



- (b) Describe the features that define the quality of a product.
  - (c) Examine the factors that promote quality standards in an enterprise.
75. (a) Account for quality control in an enterprise.
- (b) Of what benefit is quality control to an enterprise?
  - (c) Describe the factors that influence quality standards in the business enterprise.
76. (a) Describe the ways an entrepreneur improve on quality in an enterprise.
- (b) Explain v j g " e q p u w o g t ø u " o k u e q p e g r v k q p " c d q w v " s w c n k v {
77. 68. (a) Define the term product life cycle.
- (b) Describe the stages of the product life cycle.
  - (c) Discuss the different stages of a product life cycle in an enterprise.
  - (d) Explain the features of the various stages of the product life cycle.
78. 69. (a) what is meant by a plant layout?
- (b) Explain the factors considered when designing a plant lay out.
  - (c) What is the importance of a plant lay out?
79. (a) Explain the various methods of costing in an enterprise.
- (b) Describe the various costs incurred in the production of goods and service.
  - (c) In what ways can entrepreneur minimize on the production costs?
80. (a) Describe the various ways of wasting time an organization.
- (b) Suggest measures that an entrepreneur can undertake to ensure proper time management.
  - (c) Examine the consequences of wasting time in an organization.
  - (d) Explain the rationale for time management in an organization
81. (a) Define the term purchasing
- (b) Describe the principles of purchasing.
  - (c) Describe the procedure of purchasing business inputs in the organization.
82. (a) Explain the various requirements of a business.
- (b) Describe the factors considered by an entrepreneur when selecting suppliers of raw materials
  - (c) What are the objectives of purchasing in a business?
  - (d) Describe the steps/procedure/process that should be followed in estimating the total requirements of the business.
83. (a) Explain the factors considered when selecting raw materials.
- (b) Explain the factors considered by an entrepreneur when selecting of machinery, tools and equipments.
  - (c) Describe the guidelines followed by an entrepreneur for purchasing quality products
84. (a) What is meant by technology?
- (b) Describe the various forms of technology used an enterprise.
  - (c) Explain the factors that influence the choice of technology in an enterprise.
  - (d) Describe the characteristics of appropriate technology
85. (a) Explain the documents used entrepreneurs in the purchasing of goods and services.

- (b) Describe the steps involved in ordering and receiving of business supplies.
- 86. (a) (i) Distinguish between inventory and inventory management.
- (ii) Describe the forms of inventories in a business.
- (b) Why is it necessary to ensure proper inventory management in an enterprise?
- (c) Explain the various tools used in inventory and stores management.
- (d)Examine the factors that determine the stock levels in an enterprise.
- 87. (a) Why is it necessary for an entrepreneur to establish internal control systems (ICS) in an enterprise?
- (b) Describe the internal control systems of a small business.
- (c) Describe the internal control systems (ICS) used in the proper management of inventory in an enterprise.
- (d) Describe the various measures employed by an entrepreneur in the proper management of business assets.
- 88. (a) What is meant by the term packaging?
- (b) Explain the various forms of packaging used in an enterprise.
- (c) Explain the factors considered when choosing the type of packaging material to use.
- (d) Discuss the importance of packaging products in the enterprise
- 89. (a) Explain the qualities of good packaging materials
- (b) Account for the packaging of products in an enterprise.
- (c) Under what conditions may the goods be packaged?
- 90. (a) Explain the elements of total quality management.
- (b) What are the benefits of total quality management to the business?
- (c) Describe the ways in which financial and human resource management promote the quality of products in an enterprise.
- 91. (a)Describe the various elements of a work place.
- (b) Examine the rationale of managing a workplace.
- (c) Explain the various ways in which materials are handled and stored in a work place.
- (d) Suggest ways in which production machines can be safely handled in a work place.

## **TOPIC TEN: MARKETING MANAGEMENT**

- 92. (a) Distinguish between a market and marketing.
- (b) Describe the reasons for marketing in an enterprise.
- (c) Explain the differences between selling and marketing.
- 93. (a) Differentiate between a target market population and potential customers.
- (b) Explain the factors considered by an entrepreneur determining a target market population
- (c) Explain the aspects that characterize potential customers.
- (d) Explain the steps involved in determining the market size.
- 94. (a) F g h k p g " v j g " v g t o " ð o c t m g v k p i " o k z ö
- (b) Describe the elements of marketing mix.
- 95. (a)Define the term market research
- (b) Describe the procedure involved in carrying out market research.
- (c)What are the objectives of carrying out market survey to an enterprise?
- 96. (a) Explain the benefits of carrying out market research to an enterprise.
- (b) Explain the tools used in carrying out market survey.
- (c) Examine the challenges faced when conducting market research.
- (d) Under what circumstances may an entrepreneur carry out market research?
- 97. (a) Define the term market segmentation.
- (b)Describe the basis of market segmentation.
- (b) Justify the reasons for market segmentation by entrepreneurs.

98. (a) Distinguish between a strategy and a marketing strategy.  
 (b) Describe the techniques for an effective marketing strategy.
99. (a) Explain the marketing techniques required for the success of the business.  
 (b) Describe the objectives of marketing in business.  
 (c) Account for the product failure.
100. (a) Describe the methods used by an entrepreneur in pricing products in an enterprise.  
 (b) Explain the factor considered by an entrepreneur when pricing of goods and services an enterprise.  
 (c) Under what conditions may an entrepreneur set higher prices for the goods?  
 (d) What are the objectives/reasons/aim/purpose/aims/rationale of pricing of goods and services to an entrepreneur?
101. (a) What is meant by excellent services?  
 (b) Explain the manifestation of good customer care in an enterprise.  
 (c) What are the benefits of good customer care in an organization?

### **TOPIC ELEVEN: SALES PROMOTION**

101. (a) Distinguish between product promotion and sales promotion.  
 (b) Explain the rationale for product promotion in an enterprise.  
 (c) Describe the elements of a promotional mix.  
 (c) Why is there need for sales promotion an enterprise?  
 (d) Discuss the various sales promotion strategies used in business.
102. (a) Distinguish between advertisement and sales promotion  
 (b) Explain the various methods of sales promotion used by an entrepreneur.  
 (c) Explain the factors that limit effective product promotion in Uganda.  
 (d) Of what importance is sales promotion in an enterprise?
103. (a) Why is it necessary for an entrepreneur to carry out advertising in the business enterprise?  
 (b) Describe the various forms of advertising media used in your country.  
 (c) Describe the elements of advertising messages
- 104.\* c + " F g h k p g " v j g " öv g t o " ã r g t u q p c n " u g n n k p i  
 (b) Discuss the advantages and disadvantages of personal selling  
 (c) Explain the attributes of a creative salesperson  
 (d) Justify the need for carrying out personal selling by an entrepreneur.
105. (a) What is the importance of advertising to an enterprise?  
 (b) Explain the factors that should be considered when selecting an advertising medium.  
 (c) Examine the limitations of creative selling in marketing business products.  
 (d) Explain the advantages of newspaper advertising over radio advertising.
106. (a) Explain the factors considered when choosing a distribution channel for a business product.  
 (b) Describe the different channels of distribution used by businesses.
107. (a) Explain the terms and conditions of selling goods and services.  
 (b) Examine the merits and demerits of selling goods on credit.  
 (c) Under circumstances may an entrepreneur sell goods on credit?

### **TOPIC TWELVE: HUMAN RESOURCE MANAGEMENT**

108. (a) Differentiate between human resource management and human resource planning.  
 (b) Describe the elements of human resource management.  
 (c) What is the role of human resource management to an enterprise?

- (d) In what ways can human resource management be used as a tool to promote quality products in an enterprise?
- 109.(a) Define the term man power planning?
- (b) Explain the reasons for man power planning in an organization.
- (c) Examine the relevance of man power planning in an enterprise.
- (d) Explain the various ways an entrepreneur can use to make work force more productive in an enterprise.
- 110.(a) Distinguish between;
- (i) Job analysis and Job performance standards.
- (ii) Quality policy and quality control.
- (iii) Job specification and job description.
- (b) Examine the various activities involved in carrying out job analysis.
- (c) Describe the personnel requirements for small and large enterprises.
- (d) Explain the uses of an organizational chart to an enterprise.
- 111.(a) (i) What is meant by recruitment of workers?
- (i) Explain the factors considered when recruiting employees in an organization.
- (ii) Determining the number and type of employees to recruit
- (b) Examine the various sources of recruiting workers in an enterprise.
- (c) Explain the process involved in recruitment of workers
- (d) Why is there a need to recruit workers in an enterprise?
- 112.(a) What is meant by induction of new employees?
- (b) Explain the factors considered when preparing induction of new employees.
- (c) Describe the competences that are required of a successful applicant during interviews.
- 113.(a) Explain the various methods used to pay workers in an organization.
- (b) Explain the various methods used to pay workers in an organization.
- (c) Describe the methods you would use when paying workers in your enterprise.
- (d) Account for the difference in wages paid to workers in an organization.
- 114.(a) Why is time rate method of paying workers preferred to piece rate method?
- (b) Examine the merits and demerits of the piece rate and time rate methods of paying workers.
- 115.(a) What are the causes of indiscipline among employees in an enterprise?
- (d) Explain the various methods used to pay workers in an organization.
- 116.(a) Describe the characteristics of an effective performance appraisal system.
- (b) Explain the methods of performance appraisal in an organization
- (c) Why is it necessary to appraise employees in an organization?
- (d) Explain the advantages and disadvantages of performance appraisal.
- 117.(a) What is meant by labour turnover?
- (b) Account for the high rate of labour turnover among workers in Uganda
- (c) Discuss the costs and benefits of labour turnover.
- (d) What measures can entrepreneurs adopt to reduce labour turnover?
- 118.(a) Distinguish between motivation and performance appraisal.
- (b) Why is it necessary to motivate employees?
- (c) Explain the merits of motivating employees in an organization
- (d) What are the various methods used to motivate employees in an organization?
- 119.(a) Describe the various methods used in training workers in enterprise
- (b) Why do small businesses neglect training of their workers?
- (c) Of what benefits is training of employees to an enterprise?
- (d) Explain the procedures followed when training employees in an enterprise

- 120.(a) What measures can be under taken to promote good working relations?  
(b) Explain the purpose of training workers in an organization.  
(c) Why do organizations terminate their workers?  
(d) Describe the indicators of a competent workforce in enterprise.

### **TOPIC THIRTEEN: FINANCIAL MANAGEMENT**

- 121.114. (a) Distinguish between financial management and book keeping.  
(c) Why do business enterprises keep records?  
(b) Describe the controls used to manage the flow of funds in business.
- 122.(a) Describe the sources of capital for the business.  
(b) Under what circumstances may an entrepreneur obtain a bank loan?  
(c) Describe the procedures obtaining a bank loan.  
(d) Explain the advantages and disadvantages of using a loan as a source business capital.
- 123.(a) Describe the borrowing terms and conditions.  
(b) Explain the factors that determine the lending terms and conditions.  
(c) Explain the various ways in which an entrepreneur can properly manage borrowed funds.  
(d) Explain the merits and demerits of using own savings as a source of business capital.
- 124.(a) What is meant by a cash flow statement?  
(b) Explain the components of a cash statement  
(c) Explain various ways of speeding up collection of cash from debtors in an enterprises
- 125.(a) Distinguish between the following;  
(i) Taxation and a tax  
(ii) Tax avoidance and Tax evasion  
(iii) Tax compliance and Tax exemption  
(iv) Tax holiday and Tax threshold  
(v) Tax liability and Tax burden  
(vi) Capitalization of a tax and Tax rebate  
(vii) Impact of a tax and Incidence of a tax  
(viii) Direct taxes and Indirect taxes  
(ix) Progressive tax and Proportional tax  
(x) Regressive tax and tax yield  
(b) Examine the role of taxation in Uganda.  
(c) Describe the characteristics of a good tax system.
- 126.(a) Explain the various forms of direct and indirect taxes in Uganda.  
(b) Discuss the reasons why direct taxes are popular in Uganda.  
(c) What are the merits and demerits of indirect taxes?  
(d) What are the challenges facing tax administration in your country?
- 127.(a) Explain the factors that influence tax compliance in your country.  
(b) Describe the measures being undertaken in your country to encourage tax compliance  
(c) Account for the high rate of tax evasion in Uganda today.  
(d) Examine the consequences of tax evasion.
- 128.(a) Discuss the principles of a good tax system  
(b) Describe the various levels of tax compliance in Uganda.

- (c) Account for the high rate of non-tax compliance in Uganda.
- (d) Explain the various levels of tax compliance.
- 129. (a) What are the duties and obligations of tax payers?
- (b) Describe the rights of tax payers in Uganda.
- (c) Explain the responsibilities of URA in tax administration.
- 130. (a) Distinguish between direct and indirect taxes.
- (b) Describe the various forms of direct and indirect taxes in Uganda
- (c) Explain the local and foreign taxes charged in Uganda.
- (d) Assess the role of taxation in your country.
- 131. (a) Describe the principles of a good tax system.
- (b) Why does the government levy taxes?
- (c) Examine the roles of taxation in Uganda.
- 132. (a) Explain the factors influencing tax compliance.
- (b) What measures can be taken to encourage tax compliance.
- (c) Explain the advantages of direct taxes over indirect taxes.
- (d) Describe the rationale of taxation in your country.

#### **TOPIC FOURTEEN: BUSINESS COMPETITION**

- 133. (a) Define the term business competition.
- (b) Describe the types of competition in the market.
- (c) Explain the factors considered when analyzing competition in a business.
- (d) Assess the impact of competition in business
- 134. (a) Assess the factors affecting competition in business
- (b) Analyze how entrepreneurs cope with competition in business.
- (c) Explain the effects of competition in an enterprise
- 135. (a) Explain the factors affecting competition in business.
- (b) What are the indicators of increased and decreased competition in a business?
- 136. (a) Describe the various ways of competing among businesses.
- (b) Explain the techniques used by entrepreneurs to maintain a competitive edge.
- (c) What factors considered when evaluating business competition.

#### **TOPIC FIFTEEN: CAPITAL MARKETS**

- 137. (a) Distinguish between a capital market and a stock exchange.
- (b) Describe the key players in capital markets.
- (c) Explain the instruments of credit that are traded on the capital markets of Uganda.
- 138. (a) Describe the various ways of raising finance in capital markets.
- (b) Explain the challenges faced by the capital markets industry in Uganda.
- 139. (a) What is meant by collective investment schemes?
- (b) Explain the conditions necessary for the success of collective investment schemes.
- (c) Discuss the advantages of investing in collective investment schemes
- (d) Explain the roles of capital market authority in Uganda.
- 140. (a) Describe the debt products available in the capital markets industry.
- (b) Examine the avenues of raising long term finance in capital markets.
- (c) Explain the merits of raising long term finance through capital markets.
- 141. (a) Differentiate between equity financing and debt financing.

- (b) Explain the benefits and costs of equity financing and debt financing.
  - (c) Describe the other sources of long-term finance in a business.
  - (d) Explain the merits and demerits of;
    - (i) Equity financing.
    - (ii) Debt financing.
142. (a) Explain the role of the stock exchange in the development of a country
- (b) Describe the challenges faced by the stock exchange in Uganda.
  - (c) Explain the major tools used in the stock exchange.
143. (a) Define the term a prospectus.
- (b) Explain the aspects that should be included a prospectus.
  - (c) Describe the process of investing in shares.
  - (d) What are the advantages and disadvantages of investing in shares?
  - (e) Explain the documents used in the buying and selling of shares in the capital markets of Uganda.

**END**

# ENTREPRENEURSHIP EDUCATION

## PAPER TWO (P230/2)

### FINANCIAL MANAGEMENT QUESTIONS

1. (a) The following information was extracted in the books of **Kukundakwe** for the year ended 31/12/2012

Item	Shs.
Purchases	820,000
Returns inwards	85,000
Carriage outwards	130,000
Returns outwards	160,000
Stock on 31/12/2012	280,000
Carriage inwards	90,000
Stock on 1/1/2012	100,000

#### Determine

- (i) Net purchase
- (ii) Goods available for sale
- (iii) Cost of sales

(b) The following information was obtained from **Trust Care Ltd** for the period ending 31<sup>st</sup> December 2008

Opening stock	Shs. 1,000,000
Sales	Shs.10,000,000
Closing stock	Shs.2,500,000
Goods available for sale	Shs.8,500,000

#### Calculate

- (i) Cost of sales
- (ii) Gross profit margin

2. (a) The following information was obtained from the books of **Mercy** a trader in **Nauyo** for the year ended 31/12/2010

Opening stock	Shs.700,000
Closing stock	Shs.820,000
Sales	Shs.6,200,000
Purchases	Shs.3,640,000
Salary	Shs.300,000

#### Calculate

- (i) Cost of sales
- (ii) Gross profit margin
- (iii) Rate of stock turn
- (iv) Net profit ratio

(b) The following information was extracted from trading, profit and loss A/c of **Mukwano Enterprises**

Sales	Shs.1,640,000
Opening stock	Shs.250,000
Purchase	Shs.840,000
Cost of goods sold	Shs.990,000
Gross profits	Shs.650,000
Wages	Shs.70,000
Insurance	Shs.50,000
Bad debts written off	Shs.80,000



## Calculate

- (i) Gross profit margin
- (ii) Mark up

3. The following projections were made by **Malaya Enterprises** during the month of January 2014.

- (i) On January 1, 2014, the business had a cash balance of shs.33, 000,000.
- (ii) The business expected to make credit sales of shs 12,000,000 monthly of which payment of 80% was made in the month of sale and the balance paid in the next month.
- (iii) The business was to get a loan of shs.3, 000,000 in January. The loan was to attract an interest of 5% monthly after one month of grace period.
- (iv) The business expected a donation of shs.2, 000,000 in January. This was to increase by 10% monthly.
- (v) Cash sales expected monthly amounted to shs.20, 000,000.
- (vi) The business had a policy of paying 2% commission on each sale.
- (vii) The business was to sell the old vehicle at shs.8, 000,000 and receive 80% of the total price, the balance in the ratio of 3:2 in the following months.
- (viii) The business was to buy 50 office desks in March each at a cost of shs 60,000.
- (ix) Monthly cash purchases expected at shs.17, 000,000.
- (x) Loan repayment was to be in two equal monthly principal installments.
- (xi) Credit purchases were expected to increase by 5% every month. Credit purchases made in January amounted to shs.18, 000,000.
- (xii) Labour cost was expected at shs.600, 000 per employee for 20 employees.
- (xiii) The VAT of 18% was to be separately paid in response to the purchases of office desks.

## Required

- (a) Prepare Malaya Enterprises ÷ o q p cash flow statement for four months.
  - (b) Comment on the trend of the Net Cash Position Malaya G p v g t r business. u ø " q h
4. The following cash projections that were extracted from the records of **Home of Joy** for the months of January, February and March 2015.
- (i) Monthly cash sales were Shs.18,600,000 but this was expected to reduce by 5% monthly after the first month.
  - (ii) Cash purchases per month were projected at shs.10 million and this was expected to decrease by 8% after January.
  - (iii) A four months bank loan of shs.8 million was to be obtained in January; the loan would be repaid on reducing balance method starting from month of acquisition.
  - (iv) Electricity bill to be paid at the end of every month amounted to shs.3600, 000.
  - (v) Direct labour cost to be paid at the end of each month shs.2,480,000.
  - (vi) The business expects to purchase generator by cash shs.2, 720,000 in second month of operation.
  - (vii) Monthly interest on the loan is 5% payable on reducing method starting with the month of acquisition.
  - (viii) The business expects commission of shs.3 million in the month of January and is expected to increase by 10% monthly.
  - (ix) Monthly Administrative expenses were expected to be shs.2600, 000 after the 1<sup>st</sup> month, the business passed the policy to decrease the Administrative expenses by 5%.
- The business expects to sell off its furniture by cash after the 1<sup>st</sup> 2 months at shs.5, 000,000.

## Additional information

- i. Advertising expenses of shs.3, 500,000 are to be paid when the products are to be introduced the market for the first time.
- ii. Taxes expected to be paid at the end of every quarter will amount to shs.

500,000.

- iii. The business has a policy of not selling on credit.
- iv. The owner could only finance 50% of the business and the remaining balance was borrowed.
- v. O q p v j n { " e t g f k v " r w t e j c u g u " c t g " g z r g e v g f " v q " d g " 7 month.

**Required:-**

- a) Prepare the cash flow statement of the business.
- b) Comment of the trend of the Net cash position of the business.
- c) Write a financial policy or cash management policy for the business to adopt.

5. The following relate to **Faithful Traders** for the month of May, June, July, August 2016.

- (i) The business obtained a bank loan of shs.6 million in the 2 second month payable in 3 equal monthly installments starting from the month of acquisition.
- (ii) Monthly rent income is shs.8 million but this was expected to reduce by 4% and 8% respectively after the first 2 months.
- (iii) Cash donations of shs.1, 000,000 were to be received in the first 2 months and thereafter reduce by 6% and 8% respectively in the last 2 months.
- (iv) The business bought machine worthy shs.10, 000,000 in June on hire-purchase terms and paid a down payment of shs.3, 000,000 and the balance was to be paid in 2 equal installments in the following months.
- (v) On the 1<sup>st</sup> of May 2015 business had a cash deficit of shs.1, 200,000.
- (vi) Monthly salaries for 50 workers were shs.200, 000 per worker.
- (vii) Monthly loan interest was 10% on straight line method beginning from the month of acquisition.
- (viii) Cash from other sources received in the first 3 months was shs.3, 600,000.
- (ix) The business expects to sell goods worth shs.8 million every month and receive 90% cash payment in the month of sale and the balance to be received in the following month.
- (x) Monthly tax payable to URA was shs.1 million but this was to increase by 15% after the 1<sup>st</sup> month.
- (xi) Monthly commission received after the first month was shs.3000, 000.

**Required to;**

- (a) Prepare the cash flow statement for the months of May, June, July and August 2016.
  - (b) Comment on the Net cash position.
  - (c) Suggest to the owner how the surplus capital is to be used.
6. The following balances were extracted from **O w u g i b o l s** of accounts on **31.12.2015**

ITEM	Shs (000)
Net sales	20,000
Net purchases	11,000
Good available for sale	16,000
Stock 01.01.2015	5,000
Stock 31.12.2015	4,000
Total operating expenses	6,000
Total fixed assets	8,000
Debtors	1,500
Creditors	3,000
Cash	900
Outstanding rent	1,000
Bank	1,600

## Required

- (a) Calculate for;
  - (i) Cost of sales.
  - (ii) Gross profit.
  - (iii) Average stock.
  - (iv) Net profit.
  - (v) Liquid capital.
  - (vi) Liquid fund.
  - (vii) Borrowed capital.
  - (viii) Circulating capital.
  - (ix) Capital employed.
  - (x) Capital owned.
  - (xi) Working capital.
  - (xii) Absolute assets.
- (b) Compute and interpret the following;
  - (i) Margin.
  - (ii) Markup.
  - (iii) Current ratio.
  - (iv) Cash ratio.
  - (v) Rate of return on capital employed.
  - (vi) Acid test ratio.
  - (vii) Rate of stock turnover/Efficiency ratio.
  - (viii) Administration ratio/Economy ratio.
  - (ix) F g d v q t ø u " v w t p q x g t " r g t k q f 0
  - (x) E t g f k v q t ø u " v w t p q x g t " r g t k q f 0
  - (xi) Average collection period for debts
  - (xii) Average payment period for creditors
  - (xiii) Average period stock was held before selling.
  - (xiv) Net profit ratio

7. The following balances were extracted from BAMø u " d q q m u " q 31/12/2015 q w p v u " q p "

	Shs.(000)
Net sales	20,000
Net purchase	11,000
Goods available for sale	16,000
Stock 01-01-2015	5,000
Stock 31-12-2015	4,000
Total operating expenses	6,000
Total fixed assets	8,000
Debtors	1,500
Creditors	3,000
Cash	900
Outstanding rent	1,000
Bank	1,600

## Required

Calculate and interpreter

- i) Inventory turnover ratio
- ii) Credit payment period
- iii) Rate of return on capital employed
- iv) Stock turnover period

- v) Cash ratio
- vi) Profit mark up

8. (a) The table below shows the monthly PAYE tax rates in Uganda.

Monthly income	Tax rate
1. Not exceeding shs 235,000	Nil (Zero)
2. Exceeding shs 235,000 but not exceeding shs 335,000	10% of the amount by which chargeable income exceeds shs 235,000
3. Exceeding shs 335,000 but not exceeding shs 410,000	Shs 10,000 + 20% of the amount by which chargeable income exceeds shs, 335,000
4. Exceeding shs 410,000	a) Shs 25,000 + 30% of the amount by which chargeable income exceeds shs 410,000 b) Where chargeable income exceeds shs 10,000,000 an additional 10% is charged on incomes exceeding shs 10,000,000

Calculate the monthly PAYE by the following employees who earned the following incomes in the month of March 2016

- i) Peter shs.235,000
- ii) Solomon shs.400,000
- iii) Gerald shs.600,000
- iv) Frank shs.1,000,000

b) The following VAT exclusive transactions were carried out by a VAT registered business in February 2016 at different chains of distribution

- i) Mpako bought goods worth shs 9,000,000
- ii) Mpako sold all the goods to Sigaba for shs 11,000,000
- iii) Sigaba sold the same goods to the final consumer for shs 19,000,000

Calculate the VAT chargeable at each stage using the current VAT rate of 18%

c) Advise entrepreneurs on the importance of paying taxes

9. The following information was obtained from the books of Mukisa Company Ltd;

- (i) On 1<sup>st</sup> January 2016 the company had a cash balance of shs.80, 000,000.
- (ii) It expected credit sales of shs.24, 000,000 per month but payment would be made in the following month.
- (iii) It expected cash sales of shs.40, 000,000 per month.
- (iv) The business expected donations inform of cash shs.8000, 000 per month but this was expected to reduce by 20% monthly after the first two months.
- (v) The monthly rent income is to be shs.2000, 000 however it is expected to increase by 40% after three months.
- (vi) Immediately after the first two months the expected income from other sources is projected at shs.40, 000,000 per month.
- (vii) The business planned to purchase a vehicle in January at shs.80, 000,000 on Hire purchase, the down payment is to be shs.32, 000,000 and the balance to be effected in installments of 60%, 30% and 10% respectively in the following months.
- (viii) Interest of shs.4, 000,000 on the outstanding loan is payable immediately after two months. The last installment was effected on 15<sup>th</sup> Dec. 2015.
- (ix) The business hopes to acquire a loan from UBA Bank in February 2016 worth shs.40, 000,000.
- (x) The monthly interest on this loan is 8% and the principal repayment will be effected one month after acquiring the loan.
- (xi) The expected monthly purchases are shs.16, 000,000; however it is expected to reduce after 2 months by 20%
- xii) The business hopes to sale old furniture by cash worth shs.4, 000,000 in the second month

xiii) By 31<sup>st</sup> /Dec/2015, the outstanding wage bills were shs.200, 000 which was to be effected in the following month.

xiv) Monthly payments for direct labour are valued at shs.1, 600,000

xv) The expected indirect expenses were valued and estimated to be only 5% of direct labour per month.

xvi) The business hopes to acquire a debenture of shs.8, 000,000 in January 2016

Required:

a) R t g r c t g " O w m k u s c a s h B o o k s t a t e m e n t f o r f o u r m o n t h s

b) Comment on the cash position of the company

10. You are a tax expert who has been hired by a prominent entrepreneur **Cash Book** in your town to explain taxation matters to the employees

In the month of June, 2016 **Cash Book** had VAT exclusive transactions with VAT registered enterprises as follows:

Purchases shs.3, 600,000

Sales shs.4, 800,000

Calculate:

(i) VAT paid to Uganda Revenue Authority by Cash Book. (Use 18% as VAT rate)

(ii) Total purchases price (VAT inclusive) paid by Cash Book.

(iii) Gross sales value to the final consumer.

(b) Wamono, an employee earns a gross salary of shs.7, 200,000 per year. The employer uses the monthly PAYE tax rates below to calculate PAYE deductions.

No	Monthly endowments	Tax rate (Bracket)
1	Not exceeding shs.235,000	Nil
2	Exceeding shs.235,000 but not exceeding shs.335,000	10% of the amount by which chargeable income exceeds shs 235,000
3	Exceeding shs.335,000 but not exceeding shs.410,000	Shs.10,000 plus 20% of the amount by which chargeable income exceeds shs 335,000
4	Exceeding shs.410,000	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% charged on the amount by which chargeable income exceeds shs.10,000,000

**Required**

Calculate the annual amount of PAYE deductions for Wamono

(c) Cash Book earned annual rent of shs2, 500,000 from a house in Nkoma, shs.900, 000 from a house in Nauyo and shs.600, 000 from a house in Namatala.

Required: Calculate his rental tax payable to URA.

11. The following balances relates to **Sitya Loss Traders Ltd** for the year 2012

<b>Particulars</b>	<b>Debit (shs)</b>	<b>Credit (shs)</b>
Capital		10,000,000
Purchases	4,000,000	
Fixed assets	3,350,000	
Turnover		6,500,000
Sundry expenses	1,099,000	
Discount received		4,500
Rent received		5,500
Debtors / creditors	2,500,000	844,500
Stock (01/01/2012)	380,000	
Drawings	15,000	
Cash balance	6,010,500	
<b>Total</b>	<b>17,354,500</b>	<b>17,354,500</b>

(i) Unused stock on 31<sup>st</sup> December 2012 was valued at shs.220, 000

(ii) Net profit for the year was shs.1, 251,000

(a) Calculate the following

(i) Cost of sales

(ii) Gross profit

(iii) Working capital

(b) Compute and interpret

(i) Inventory turnover period

(ii) Administration ratio

(iii) Gross profit margin

(iv) Average collection period for debts

(v) Rate of return on capital employed

12. The following information relates to projections made by **Kapapala** for the months of January, February, March and April 2017.

i. Projected cash and bank balance as at December 31<sup>st</sup>, 2016 Shs20,000,000.

ii. Sales will be both cash and credit. January cash sales are expected to be 800 units at a price of Shs10, 000 each. Thereafter, cash sales will increase at a rate of 5% per month. Credit sales for each month are expected to be Shs5, 500,000. Debtors will be expected to pay in the month of sale.

iii. The business plans to buy 15 computers at Sshs650, 000 each in March.

An import duty of 5% per month on total cost will be paid in addition.

iv. Monthly expected expenses and payments include:

**Shs**

Salaries and wages	30,000,00
Machine servicing	300,000

Depreciation 100,000

Salaries for April will be paid in the month of March.

v. Kapapala is paying back a loan of Shs10, 000,000 previously obtained. Monthly installments amount to Shs2, 000,000 starting February. The loan attracts interest of Shs100, 000 per month also payable starting February.

vi. The business will buy 900 units of raw materials at Shs6, 000 each in January. The quantity of raw materials is expected to increase by 10% every month. Purchase of raw materials is strictly on cash basis.

vii. Kapapala expects to receive Shs10, 000,000 as a donation in April and plans to sell old vehicle at Shs9, 000,000 in March.

Required

(a) Prepare Kapapala's Cash flow statement for the period of January to April 2017.

(b) Comment on the cash balances for the period.

13.(a) **Cash Book Holdings Ltd** employs Atim, Solomon, Samuel, Martha and Vicky, earning monthly incomes of shs.300,000, shs.400,000, shs.380,000, shs.410,000 and shs.700,000 per month respectively. Given the income (PAYE) tax rates as follows:

Monthly income (shs)	Tax liability
0 to 235,000	Nil
235,000 to 335,000	10% of the amount by which chargeable income exceeds shs.235,000
335,000 to 410,000	Shs.10, 000 plus 20% of the amount by which chargeable income exceeds shs.335, 000.
410,000 to 10,000,000	Shs.25,000 plus 30% of the amount by which chargeable income exceeds shs.410,000

Calculate the income tax Payable by:

- i) Atim
- ii) Solomon
- iii) Samuel
- iv) Martha
- v) Vicky

(c) Sandra a dealer in a variety of fruit juice products made the following transactions during the month of 2016

Product	Purchases (shs) VAT Inclusive	Sales (shs) VAT exclusive
Lemon juice	15,000,000	18,000,000
Banana juice	40,000,000	55,000,000
Pineapple juice	42,000,000	65,000,000
Mango juice	80,000,000	98,000,000

- (i) Uu k p i " v j g " X C V " q w v r w v " c p f " X C V " k p r w v " c r r t q c e j . "
- (ii) Calculate her total VAT liability.

14. The following income statement was extracted from the books of **Nina Enterprises** on 30/06/2015

	Shs(000)	Shs (000)
Sales		20,000,000
Stock (01-07-2014)	5,000,000	
Net purchases	11,000,000	

Goods available for sale	16,000,000	
Stock (30/06/2015)	(4,000,000)	
Cost of sales		(12,000,000)
Gross profit		8,000,000
Total operating expenses		(6,000,000)
Net profit		2,000,000

**The following were also available**

(i) Total debtors	Shs.	2,000,000
(ii) Total current assets	Shs.	7,000,000,000
(iii) Total current liabilities	Shs.	3,500,000,000
(iv) Total fixed assets	Shs.	5,000,000

**Calculate and interpret**

- Working capital ratio
- Debt collection period in weeks
- Debtors to sales ratio
- Cash ratio
- Net profit margin
- Total assets turnover

15. The following projections relate to **O c d q p i c " c p f " U q f o u r t h e f o l l o w i n g m o n t h s g f M a y , J u n e , J u l y a n d "** August 2016.

- Cash in hand shs. 50,000,000 and an overdraft of sh. 64,000,000 at the beginning of May.
- The business expects to sell goods on credit every month worth shs. 60,000,000 and receive only 70% in the month of sale and the balance in the next month for all sales less 10% discount.
- Monthly salary was projected at shs. 500,000 each employee for 42 workers. Two are to be fired by end of June.
- The business hopes to get a loan of shs. 10,000,000 in the first month. The principal is to be effected in equal installments within four months starting with the month of acquisition.
- Interest on loan is projected at 10% monthly payable on reducing balance method.
- Monthly cash sales and purchases were estimated at shs.10,000,000 and 12,000,000 respectively.
- The business expected a donation of shs. 8,000,000 in the second month, but this is to increase by 10% monthly.
- The owner is to withdraw goods to the tune of shs. 1,000,000 every month.
- The business plans to buy a vehicle in cash at shs.63,000,000 in the first month. This is to depreciate at a rate of 10% p.a.
- The business is to install machinery with shs.48,000,000 in the first month and was to pay a cash deposit of 50%. The balance is to be cleared installments in the ratio 3/6, 1/4, 25% in the following months.
- Projected monthly expenses are as follows:-
  - Advertising sh. 1,000,000
  - Rent sh. 5,000,000
  - Electricity sh. 4,000,000
- Projected monthly incomes are: interest income 1,500,000, rent income 500,000.
- The business expects to make a cash donation of shs.1, 200,000to Sanyu d c d k o m a i n J u l y 2016 of sh. 1,200,000.



(xiv) Credit purchases are expected to be 50% of the total monthly sales. The business has a policy of paying 80% in the month of purchases and the balance in the next month for all purchases less 5% discount.

(xv) The monthly commission income is shs. 2,000,000. However, it is expected to increase by 30% after the first 2 months.

(xvi) A corporation tax of 52% is expected to be paid in the next month for all purchases less 5% discount.

(xvii) Any cash shortfall is to be financed with a debenture at the beginning of the next month at an interest of 20% payable after four months.

### Required

- Prepare a cash flow plan for the months of May, June, July and August 2016.
  - Comment on the net cash position for the business.
  - Of what importance is a cash flow plan to business?
16. The following balances were extracted from the financial statements of **Excel Enterprises** at the end of 2015.

Details	Uganda Shs
Turn over	80,000
Net purchases	4,200
Accounts receivable	3,500
Accounts payable	2,900
Stock (1/1/2015)	1,800
Stock (31/12/2015)	2,100
Total operating expenditure	6,000
Non-current assets	7,200
Current assets	24,000
Bank	1,600
Cash	500
Outstanding rent income	1,200
Accrued electricity	1,000
Interest on loan expense	600
Bank loan	2,000

**Required:** Compute and interpret the following ratios for the business.

- Profit mark up
  - Net profit margin
  - Credit payment period in weeks
  - Days of inventory
  - Rate of return on capital employed
  - Inventory turnover ratio
  - Stock turn over period
17. The following information was extracted from the books of **Nauyo Traders** as at 31<sup>st</sup> December, 2001.

DETAILS	AMOUNT(shs)
Capital	3,950,800
Purchases	4,300,000
Sales	7,500,000
Land and buildings	1,500,000
Plant and machinery	900,000
Motor vehicles	600,000
Wages and salaries	890,000
Rent and rates	430,000
Motor vehicle expenses	125,000
Repairs to building	750,000
General expenses	355,000

Discount allowed	125,000
Discount received	107,200
Debtors	1,300,000
Creditors	850,000
Drawings	300,000
Provision for depreciation on;	
i) Plant and machinery	450,000
ii) Motor vehicles	292,000
Stock at start	750,000
Balance at Bank	825,000

The following additional information was available;

- Closing stock on 31<sup>st</sup> December 2013 was available at shs. 850,000
- Provide for depreciation on plant and machinery at a rate of 10% on cost and motor vehicle 20% on written down value.
- The expenditure on repairs to building is to be capitalized shs 500,000

**Required:**

- Extract a trial balance for the business as at 31.12.2013
- Prepare:
  - An income statement for the year ended 31<sup>st</sup> December 2013.
  - A balance sheet as at 31<sup>st</sup> December 2013
- Compute and interpret the following.
  - Rate of return on capital employed
  - Gross profit ratio
  - Average collection period for debts in months

18. The following information was obtained from the books of **Darling Investments LTD** for the months of January, February, March and April 2014.

- On 1<sup>st</sup> January 2013, the business started with shs.4, 000,000
- It expected cash sales of 6,000,000 per month; however, it is expected to reduce by 10% in March.
- The expected credit sales were shs.1, 600,000 per month but payment would be made the following month.
- The business expected a donation of shs.800, 000 in cash per month, but this was to reduce by 12% after the first month.
- The monthly rent income was 200,000 however; it is expected to increase by 25% after the first two months.
- Immediately after the first month of operation, the expected income from other sources was projected at shs.2, 000,000 per month.
- The business planned to purchase a delivery Van at shs.14, 000,000 on hire purchase. The down payment is shs.6, 000,000 and the balance was to be paid in installments of 4:3:1 respectively in the following months.
- The business expected to acquire a loan from K.K Bank Ltd in February of shs.4,000,000 the loan was payable in four equal installments at an interest rate of 5% on reducing balance, with effect from March 2013.
- The expected monthly cash purchases were shs.3, 000,000 expected to reduce by 20% after two months.
- The business expected to issue a debenture of shs.5, 000,000 in March 2014
- Monthly payment for hired labour was shs.1, 500,000.
- The electricity bill expected to be cleared at the end of every month was shs.1, 200,000.

**Required:**

- Prepare a Cash Flow Statement for the months of January, February, March and April 2014.
- Comment on the Net Cash position of Darling Investments Ltd for the four months.
- Suggest measures that Darling Investments Ltd should undertake to avoid deficits in the Cash Flow.

19. (a) The following VAT exclusive transactions were availed to you by VAT registered businesses in your community for the month of May 2015.

- (i) Musa bought goods worth shs.16, 000,000.
- (ii) Musa sold the same goods to Peter at shs.48, 000,000
- (iii) Peter sold the same goods to the final consumer at shs.56, 000,000

**Required:** Using the VAT rate of 18%

- (i) Compute for the entrepreneurs, the VAT chargeable for the value added at each stage.
- (ii) Calculate the gross sales value to the final consumer.

20. The following balances were extracted from the financial records of **Muje Enterprises Ltd** for the year ended 31<sup>st</sup> December 2015

Details	Shs.
Sales	4 000 000
Purchases	6 600 000
Bank	660 000
Land	1 520 000
Debtors	400 000
Loan	2 680 000
Computer	800 000
Gross profit	1 000 000
Cash	350 000
Creditors	480 000
Drawings	200 000
Capital	2 000 000
Equipment	600 000
Expenses	200 000
Bank overdraft	200 000
Stock 1 <sup>st</sup> Jan 2015	400 000
Furniture and fittings	400 000
Stock 31 <sup>st</sup> December 2015	600 000

**Required:**

Calculate and interpret

- i. Working capital ratio
- ii. Rate of stock turn
- iii. Gross profit margin
- iv. Net profit margin
- v. Acid test ratio
- vi. Rate of return on capital employed
- vii. Average credit period
- viii. Average collection period for debts.

21. The following information relates to **Blessed Traders Ltd** for the year 2014.

Particulars	Debts shs	Credit shs
Capital		10,000,000
Purchases	4,000,000	
Fixture and fittings	850,000	
Lorry	2,500,000	
Sales		6,500,000
Discounts	5,000	
Rent paid	155,000	
Rent received		5,500
Insurance	354,000	
Transport	281,000	
Electricity	25,000	
Debtors /creditors	2,500,000	849,000
Rates	15,000	
Stock 1.1.2014	380,000	
Salaries and wages	220,000	
Drawing	15,000	
Bad debts	44,000	
Bank balance	5,900,000	
Cash balance	110,500	
<b>Total</b>	<b>17,354,500</b>	<b>17,354,500</b>

(iv) Unsold stock on 31<sup>st</sup> December, 2014 was shs 220,000

**Required:**

(a). Prepare Blessed V t c f g t u " N v f ø u " D<sup>st</sup> December, 2014 u j g g v " c u " c v " 5 3

(b) Calculate the:

- Cost of sales
- Gross profit
- Margin
- Net profit

(c). Compute and interpret

- The average collection period for debts
- Rate of return on capital employed.

22. You are an entrepreneur employing five workers who are entitled to allowances.

a) List four examples of taxable employment allowance for your employees.

b) In the month of July 2014 **Devine** had VAT exclusive transactions with VAT registered enterprise as following.

Purchases shs.3, 800,000

Sales shs.4, 400,000

Calculate

- VAT paid to URA by Devine
- Total purchase price (VAT inclusive) paid by Devine

(c) James, an employee earns a gross salary of shs 7,200,000 per year. The employee uses the monthly, PAYE tax rates to calculate PAYE deductions

**Required:**

- Calculate the annual amount of PAYE deductions for James.
- A factory employee four workers. Workers annual chargeable income per employee is as follows

Job shs2, 800,000

Ben shs4, 020,000  
 Isaac shs4, 920,000  
 Simon shs5, 600,000

**Required:**

Calculate income tax payable by each worker.

23. The following trial balance was extracted from the books of **Tumwebaze**, an entrepreneur on 31 December, 2014

Items	Debit shs	Credit shs
Stock (1/1/2014)	5,000,000	
Premises	24,000,000	
Debtors	3,000,000	
Purchases	28,000,000	
Salaries and wages	3,500,000	
Sales		52,000,000
Fixtures and fittings	2,500,000	
Discounts	750,000	450,000
Plant and machinery	14,000,000	
Rates	560,000	
Advertising	1,040,000	
Insurance	380,000	
General expenses	720,000	
Provision for bad debts		180,000
Sundry debtors		180,000
Creditors	6,000,000	
Sundry creditors		1,500,000
Cash in hand		4,300,000
Bank overdraft	240,000	
Drawings		1,860,000
Capital	600,000	
		30,000,000
<b>Total</b>	<b>90,290,000</b>	<b>90,290,000</b>

**Additional information**

- Closing stock valued at shs.6,000,000
- Rates accrued shs.40,000
- Prepaid insurance amount to shs.30,000
- During the year TUMWEBAZE took goods worth shs.200, 000 for his personal use.

- e) Increase provision for bad debts to 4% of sundry debtors.
- f) Provide for depreciation of plant and Machinery at 10% per annum and fixtures and fittings at 15% per annum.

**Required to:** Work out V w o y g d . c | g ø u

- (a) Trading, profit and loss account for the year ended 31<sup>st</sup> December 2014.
- (b) Balance sheet as at that date

24. Mbale Industries which is a registered company had the following projections.

- i) The company expects to start operations in the month of September 2015 with share capital of shs.8, 000,000.
- ii) Monthly cash sales are expected to be shs.4, 000,000 in September and are expected to increase by 20% every month.
- iii) Monthly credit sales of shs.5, 000,000 per month are expected to be paid in the month following the month of sale
- iv) The company will float shares worth 60% of its initial share capital in the month of December 2015
- v) The company will acquire a loan of shs.3, 000,000 from Centenary Bank in the month of October 2015 at an interest rate of 5% per month.
- vi) The principal of the loan will be paid in four equal installments and the interest starting in the month following the acquisition of the loan.
- vii) The business will acquire a machine in September worth shs.12, 000,000. This will be paid for in three equal installments.
- viii) The company will purchase raw materials worth shs.3, 000,000 every month.
- ix) Monthly wage bill of shs.450, 000 will be paid
- x) The company will carry out a fundraising in September and expects to raise shs.7, 600,000.
- xi) The dividends to shareholders will be paid after the 1<sup>st</sup> quarter of operation and they are expected to 10% of share capital.
- xii) Tax of shs300, 000 will be paid every December.
- xiii) Fixed costs of sh.200, 000 per month are to be paid monthly. They are expected to decrease by 20% after the 1<sup>st</sup> month of operation.

**Required:**

- (a) Prepare a Cash Flow Budget Mbale industries for four months
- (b) Comment on the Net Cash Position of Mbale industries
- (c) How different is a Cash Flow Budget from an Income Statement?

105. The following information was obtained from the books of JM Enterprises

Ltd for the year ended 31.12.2011.

Particulars	Shs
Purchases	2,300,000
Sales	3,000,000
Bank balance	360,000

Land	790,000
Debtors	500,000
Bank loan 2 years	1,440,000
Motorcycle	320,000
Gross profit	800,000
Cash balance	350,000
Creditors	540,000
Drawings	260,000
Capital	1,200,000
Machinery	600,000
General expenses	200,000
Bank over draft	400,000
Stock 31.12.2011	600,000
Furniture	400,000
Stock 1.1.2011	500,000

**Required to:** Calculate and interpret

- Current ratio
- Rate of stock turn
- Gross profit margin
- Profit ratio
- Asset test ratio
- Rate of return on capital employed
- Average credit period for purchases in months
- Average collection period for debts in weeks.

25. Use the table below to calculate the VAT paid on each commodity hence the total VAT payable to URA

Commodity	Purchases (VAT exclusive)	Sales (VAT exclusive)
Paraffin	100,000	300,000
Sugar	160,000	270,000
Cooking oil	20,000	70,000
Soap	240,000	400,000
<b>Total</b>	<b>520,000</b>	<b>1,040,000</b>

(b) If Dr.Mutenyo an importer, imports a sewing machine from China at a CIF value of 500 (USD) and the machine attracts import duty of 25%, excise duty of 50%, VAT 18% and withholding Tax of 6%

Calculate;

- VAT payable
  - Withholding tax
  - Total amount of tax payable by Dr.Mutenyo
- (Exchange rate is 2500 per US dollar)

26. The following information is extracted from the books of **Muhimba Traders Ltd**as at 31<sup>st</sup> December 2012.

DETAILS	SHS(000)
Cash	8,000
Capital	15,700
Furniture	30,000
Debtors	20,000
Machinery	12,000
Creditors	13,000

Sales	90,000
Purchases	75,000
Stock 1.1.2012	10,000
Insurance	2,000
Commission received	8,000
Returns inwards	2,000
Carriage on sales	1,000
Rent	4,000
Returns Outwards	4,000
Discount received	33,300

**Additional information Shs (000)**

- i. Stock 31.12.2012 30,000
- ii. Rent due 500
- iii. Insurance prepared 200
- iv. Provision for bad debts in 5% per annum on total debtors.
- v. Depreciate machinery by 5% per annum on cost.
- vi. Drawings for each year were 1,000

**Required**

(a) Prepare an income statement for Muhimba Traders Ltd.

(b) Balance sheet as at date (Vertical format)

(c) Calculate

(i) Capital employed

(ii) Rate of return on capital

27. The following Trial balance was extracted from the books of Mpologoma (U) at the end of his trading period on 30/06/2013.

Particulars	Dr Shs (000)	Cr Shs (000)
Purchase and sales	2,000,000	4,900,000
Capital		14,000,000
Returns	110,000	140,000
Bad debts	790,000	
Discounts	80,000	50,000
Stock (01/07/2012)	570,000	
Debtors and creditors	1,000,000	1,090,000
Stationery	420,000	
Carriage on purchases	85,000	
Salaries	400,000	
Drawings	300,000	
Motor van at cost	8,500,000	
Land	4,535,000	
Cash	460,000	
Bank	2,000,000	
Provision for bad debts		100,000
Interest received		1,000,000
<b>TOTAL</b>	<b>21,280,000</b>	<b>21,280,000</b>

**Additional information:**

- i) Stock on June 30, 2011 was valued at shs 100,000
- ii) Salaries in arrears amounted to shs 20,000
- iii) Fixed asset depreciate at 10% p.a
- iv) Unused stationery amounted to shs.20,000



v) Interest receivable accrued was shs.40,000

vi) Decrease provisions for bad debts by 20%

**T g s w k t g f " v q " r t g r c t g " O r q n q i q o c ø u**

a) Financial statements

b) Compute and interpret

i) Inventory turnover ratio

ii) Debt to equity ratio

28. The following appeared in the books of Mafutamingi (U) Ltd for the first four months of financial year 2013 which begins on 1<sup>st</sup> July

i) Monthly cash purchases of 10 cartons of salt each cost 200,000 shillings.

ii) Bought a second hand motor van in August worth shs6, 000,000 under the following arrangement; shs2, 000,000 to be paid as initial deposit of 30% of the balance to be paid in the following month and the remaining balance to be paid in October.

iii) Monthly cash sales amounted to shs.12, 000,000 and monthly receipts from debtors were shs.500, 000

iv) Monthly rent income of shs.400, 000 was received but to increase by 10% each month.

v) Acquired a loan worth shs.500, 000 in July with a monthly interest of 10% having enjoyed one full month of grace period. Principal of shs.300, 000 was paid in second month and the remainder to be paid in the ratio 2:3 in the 3<sup>rd</sup> and 4<sup>th</sup> months.

vi) Monthly salaries and wages amounted to 1,500,000 shillings

vii) Net cash balance in June was shs.4, 900,000

viii) The business paid shs.1, 200,000 to Nganda Ltd as commission per month

ix) Tax of shs.100, 000 was paid monthly but reduced by 20% after 2<sup>nd</sup> month.

**Required:**

a) Prepare the business cash flow statement for the first four months of the year

b) Advise the proprietor on what to do in case of any net cash surplus

29. The following information relates to the business of Musaazi Enterprises for the months of October, November and December 2012

i) Cash balance brought forward from the month of September shs.20, 000,000

ii) Monthly cash sales were shs.9, 000,000

iii) Monthly credit sales were shs.4, 000,000 but payment would be made in the following month.

iv) The business bought furniture in the month of November 2012 worth shs.1, 000,000

v) Monthly cash purchases were shs.500, 000

vi) The business acquired a loan worth shs.12, 000,000 in October to be paid in two equal installments in the following months.

vii) Monthly salary bill was shs.700,000

- viii) Business received a cash donation of shs.750, 000 during month of November.
- ix) The business bought machinery worth shs.8, 000,000 and paid shs.3, 000,000 in the month of October and the remaining amount would be paid in two equal installments in the following two months.

**Required to:**

- a) Work out Musaazi Enterprises cash flow statement for months of October, November and December.
- b) Explain the cash position of the business.
- c) Identify measures Musaazi Enterprises can take to avoid deficits.

30. Nakawa Trading Co. which plans to start business has availed you with the following projected details for the first six months of the year, 2016.

- i) Cash at bank shs.4, 0000,000 as at 1<sup>st</sup> January 2016.
- ii) Cash sales for January 2016, shs.5, 500,000. The sales are expected to increase by shs.500, 000 every month. All sales will be by cash
- iii) Capitalization loan to be acquired from Stanbic Bank in February 2016, shs.5, 000,000.
- i) Purchase of start-up assets during the month of February 2016, shs.5, 000,000.
- ii) Monthly payments starting with January 2016.

**Shs**

Salary and wages	1,500,000
Rent	500,000
Advertising	150,000

- iii) Pre-operating expenses to be paid January 2016 shs 4,200,000.
- iv) Monthly loan repayments shs. 600,000 will begin June 2016.
- v) Purchase of start-up assets during the month of February 2016, shs.5, 000,000. will be paid for after one month of purchase.

**Required;**

- a) Prepare a Cash Flow Statement for Nakawa Trading Co. for the period of January to June, 2016.
- b) Explain the importance of the Cash Flow Statement to Nakawa Trading Company.

31. The following balances were extracted from the financial statements of Twr c mcbusiness at the end of 2014.

Details	Shs
Sales	288,000,000
Total fixed assets	65,500,000
Average debtors	90,000,000
Opening stock (1/1/2014)	40,200,000
Closing stock (31/12/2014)	50,400,000
Cost of sales	201,600,000
Total current assets	36,100,000
Equity capital	68,400,000
Total current liabilities	16,800,000
Net profit before interest and tax	40,600,000

Long term liabilities	38,500,000
Interest expenses for the year	5,700,000

**Required:**

(a) Compute the following ratios for the business.

- (i) Gross profit margin,
- (ii) Stock turnover,
- (iii) Debtors collection days,
- (iv) Leverage ratio,
- (v) Interest cover,
- (vi) Working capital ratio,
- (vii) Net profit margin.

(b) Interpret the following ratios using your results in (a) above;

- (i) Stock turnover,
- (ii) Interest cover.

32. (a) The table below shows the monthly PAYE tax rates in Uganda.

Chargeable monthly Income (shs)	Tax rate (shs)
0-shs235,000	Nil
Shs 235,001- shs335,000	10% of the amount by which chargeable income exceeds shs 235,000
Shs 335,001- shs410,000	Shs 10,000 plus 20% of the amount by which chargeable income exceeds shs 335,000
Shs 410,000 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

Calculate the monthly PAYE payable by the following employee who earned the following income in the month of March 2016.1

- i) Magoba shs235,000
- ii) Kagolo shs400,000
- iii) Gerald shs600,000
- iv) Frank shs11,000,000

(b) The following VAT exclusive transactions were carried out by a VAT registered business in Feb 2016 at different chains of distributions.

- i) Beguma bought good worth shs 9,000,000
- ii) Beguma sold all goods to Molly for shs 11,000,000
- iii) Molly sold the same goods to Joel for shs 14,000,000
- iv) Joel a retailer sold the same goods to the final consumer for shs 19,000,000

Calculate the VAT chargeable at each stage using the current VAT rate of 18%

33. (a) Given the Value Added Tax (VAT) as 18%, calculate the VAT payable at each stage in the table below

Stage	Activity /details	Cost price (shs)	Selling price(shs)	VAT payable
I	Producer	2,000,000		
Ii	Producer to wholesaler		2,400,000	
Iii	Wholesaler to retailer		3,000,000	
iv	Retailer to final consumer		4,000,000	
V	Final consumer			

- (c) **Mpako** earned the following income for the year 2015 as below

Property income	shs 1,000,000
Employment income	shs 7,000,000
Business income	shs 5,250,000
Income that is tax exempt	shs 250,000
Expenses and losses	shs 8,100,000

**MPAKO had some additional information;**

Tax threshold	shs 2,820,000
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Rate of tax is shs 120,000 plus 20% of the amount by which chargeable income exceeds shs 4020,000 calculate for;

- (i) Gross income for the year (04marks)  
(ii) Chargeable income (03marks)  
(iii) Income tax paid in 2015 (03marks)

34. (a) Study the table below and answer questions that follow.

Income Earner	Business Income	Property Income	Employment Income
Mukasa Denis	2,000,000	6,000,000	1,500,000
Mugerwa Moses	3,000,000	8,000,000	2,000,000
Nsimbe John	4,000,000	4,500,000	2,500,000

Given that the tax exempt for all income earners is 8% of their total income and expenses is 12% of their total incomes.

Compute for all income earners

- (i) Gross income.

- (ii) Taxable income.

(b). Given that the threshold for rental tax is shs 2,820,000 and the tax rate for rental income being 20%. Calculate the rental tax payable by landlords who earned the following rental incomes in the year 2017.

- (i) Wamala John Shs 20,000,000  
(ii) Jjemba Dennis Shs 18,000,000  
(iii) Lwanga Charles Shs 22,000,000  
(iv) Ssebukalu Bonny Shs 24,000,000

35. (a) **Malaya** a producer sold goods to a wholesaler at shs. 50,000,000. The wholesaler sold them to the retailer at shs 56,000,000. The retailer sold them to the final consumer at shs 70,000,000 exclusive of tax. Calculate the VAT chargeable at each stage.

- (c) Use the table below to calculate the VAT payable at each stage.

Stage	Activity	Buying price(shs) VAT inclusive	Selling price(shs) VAT inclusive	Value added shs.	VAT paid Shs.
1	Importer	16,000,000			
2	Wholesaler	16,000,000	48,000,000		
3	Retailer	48,000,000	56,000,000		
4	Consumer	56,000,000			

36. Akuna Belvah earned the following incomes from various sources during a given year.

Shs

Profit made on sale of business machinery	6,000,000
Salaries earned	6,000,000
Property interest received	4,000,000
Transport allowance	2,400,000
Rent income	12,000,000
Gross sales	9,000,000

In addition, she incurred total expenses and losses of shs 12, 400,000. Tax exempt income for the year amounted to shs 7,080,000

She uses the following annual chargeable income tax rates to make computations.

Annual chargeable income	Tax rate
Exceeding shs 4,020,000 but not exceeding shs 4,920,000	Shs 120,000 +20% of the amount chargeable income exceeds shs 4,020,000
Exceeding shs 4,920,000	Shs 300,000 +30% of the amount by which chargeable income exceeds shs 4, 920,000

a)

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- Gross annual income.
- Chargeable income for the year.
- Monthly income tax paid.

b) Akuna Belvah also owns two rental rooms. She earned monthly rental income of shs 350,000 from each room in 2016. Both rooms had tenants for the entire year. Provision for expenses and losses is 20% of gross rental income. The annual tax threshold is shs. 2,820,000.

Compute;

- Gross rental income for 2016.
- Rental income tax she paid in 2016.

c) The following VAT exclusive transactions were carried out by Akuna Belvah and other VAT registered business at various stages of distribution for the month of June 2016.

- Akuna bought goods worth shs 30,000,000
- Akuna sold all the goods for cash to Akello for shs 54,000,000
- Akello sold all the goods for cash to Onyait for shs 75,000,000
- Onyait sold all the goods for cash to a final consumer at shs 114,000,000

Required; Using the VAT rate of 18%;

- Compute the VAT chargeable at each stage.
- How much did the consumer finally pay for the goods?

37. (a) Study the table below and answer questions that follow.

Income Earner	Business Income	Property Income	Employment Income
Mukasa Denis	2,000,000	6,000,000	1,500,000
Mugerwa Moses	3,000,000	8,000,000	2,000,000
Nsimbe John	4,000,000	4,500,000	2,500,000

Given that the tax exempt for all income earners is 8% of their total income and expenses is 12% of their total incomes.

Compute for all income earners

(iii)Gross income.

(iv)Taxable income.

(b) Given that the threshold for rental tax is shs 2,820,000 and the tax rate for rental income being 20%.

Calculate the rental tax payable by landlords who earned the following rental incomes in the year 2017.

(v) Wamala John Shs 20,000,000

(vi) Jjemba Dennis Shs 18,000,000

(vii) Lwanga Charles Shs 22,000,000

(viii) Ssebukalu Bonny Shs 24,000,000

38. B & L Construction Company employs five categories of workers and managers. The respective payment for each category is as follows.

	Category	No. of Employees	Monthly Gross Pay
1	Cleaners	4	200,000
2	Drivers	2	320,000
3	Machine Operators	5	400,000
4	Technicians	2	3,800,000
5	Managers	1	12,400,000

**Required:** Using the P.A.Y.E tax rates provided, below, calculate the amount of P.AYE payable by:

(a) Each category of employees. (22 marks)

(b) B & L Construction Company to Uganda Revenue Authority. (03 marks)

#### MONTHLY P.A.Y.E TAX RATES

Chargeable income	Rate
Below shs235,000	NIL
Above shs235,000 but not exceeding shs335,000	10% of the amount exceeding shs235,000
Above shs335,000 but not exceeding shs410,000	Shs10,000 plus 20% of the amount exceeding shs335,000
Above shs410,000	<p>(a) Shs25,000 plus 30% of the amount exceeding shs410,000</p> <p>(b) Where chargeable income exceeds shs10,000,000, an additional 10% charged on the amount by which chargeable income exceeds shs10,000,000</p>

(c) A VAT registered business had the following information during the year 2017.

- Bought raw materials shs.200,000. (excluding VAT)
- Processed the raw materials into finished goods at a cost of shs.100,000
- Sold the finished goods at a profit of 20% on cost. Required, use 18% as VAT rate to calculate;
  - (i) Input tax.
  - (ii) Output tax
  - (iii) VAT paid to URA.

(d) MK investments a sole proprietorship owns land in Nauyo parish. A plot of land is rented out at a rate of shs.1,200,000 per year. The agreement also provides that 10% of the value of produce is paid to MK investments.

One of the tenants rented out 6 plots and harvested tomatoes valued at hs.76,850,000. The income tax provides as follows:

- 20% is allowed as deduction from gross income to cater for expenses.
- A tax free allowance of shs.2,820,000 is deducted to arrive at a taxable income.
- The tax rate is 20% of taxable income.

Required to calculate;

- (i) Gross rental income.
- (ii) Taxable income on rent.
- (iii) Tax payable to URA.

39. (a) The following information relates to BLESSED INVESTMENTS LTD for the months of May, June, July and August 2017.

- (i) Opening balance as at 1<sup>st</sup> May 2017 was shs 320,000.
- (ii) Output of 800,900,700 and 100 units were sold at shs 500 each during the months of May, June, July and August respectively less 10% discount.
- (iii) Capitalization loans of shs 500,000 and shs 300,000 were obtained from Opportunity Bank in June and August respectively.
- (iv) Receipts from debtors of shs 100,000, shs 80,000 and shs 30,000 were registered for the months of June, July and August respectively.
- (v) Purchases of 700,800,900 and 1000 units for raw materials were made in the months of May, June, July and August respectively at a cost of shs 200 per unit.
- (vi) Labour costs for the months of May, June, July and August were shs 150,000, shs 120,000, shs 100,000 and shs 140,000 respectively.
- (vii) A generator was bought and paid for in July for shs 1,000,000. This was expected to depreciate at a rate of 10% per annum.
- (viii) Monthly supervision and marketing expenses of shs 20,000. This was to reduce by 20% in August.
- (ix) Monthly rent income was shs 50,000. This was to increase by 10% monthly.
- (x) The owner withdrew goods worth shs 100,000 in the month of June 2017.
- (xi) The thieves broke into the cash office and stole shs 70,000.

Required;

- a) Prepare a cash budget for Blessed Investments Ltd for the months of May to August 2017.
- b) Comment on the net cash position of the business for the four months.

40. (a) Using the table below, calculate the income tax paid by each employee.

Employee	Monthly chargeable income (shs)	Tax rate
Mpako	300,000	10%
Sigala	600,000	12%
Sigaba	920,000	15%
Kafumisi	780,000	14%

(b) DATS enterprises is a VAT registered business. it had had the following VAT exclusive transactions as given below.

On 1<sup>st</sup> January 2016, bought 100 boxes of soap at shs2,270,000 and sold each box of soap at shs45,200 (VAT rate is 18%)

Compute the;

- (i) VAT on purchases
  - (ii) VAT on sales
  - (iii) VAT refund DATS enterprises will claim from URA
- (e) An individual earns shs1,000,000 as a basic pay. He is entitled to the following allowances per month.

Transport allowance shs.50,000

Accommodation shs.100,000

House helper shs.80,000

Medical allowance shs.40,000

Required to calculate;

- (i) The chargeable income for the individual
- (ii) The P.A.Y.E for the individual using the current tax rates.



## PROJECT MANAGEMENT QUESTIONS

32. Your electronic shop is experiencing declining sales due to poor customer care. The management has decided to recruit new staff as a means of solving this problem.

(a) Design a job application form to be used in the recruitment process.

(b) Develop a root cause analysis tool for declining sales

(c) Write an invoice for a customer who has taken goods worth shs.10, 000,000.

(d) Write an invoice for a customer who has taken goods worth shs.10, 000,000.

33. You are engaged in the production and packaging of poultry and animal feeds in your town.

(a) Prepare a marketing plan for your business

(b) Prepare a marketing plan for your business

(c) Design a brand label to be placed on your packaging materials

(d) Write an appreciation letter to the best employee of the year

34. You are running an agriculture produce store handling different categories of agriculture produce

a) Present policy guidelines for presenting business products to customers

b) Design a daily distribution schedule for your business products

c) Prepare a delivery note for delivering 1000 kgs of beans to one of your customers.

d) Draw a programme for recovering money from business debtors.

35. You are operating a small scale tea processing project

(a) Draw a programme for taking an insurance policy for your business.

(b) Develop guidelines for enhancing good customer care in your business.

(c) Design a newspaper advert for promoting business products.

(d) Write a bid notice for the supply of 3(three) business vehicles.

36. You are engaged in the production and packaging of Tomato sauce. The project has taken off and you have set aside shs.3000, 000 to establish a new branch

(a) Prepare a budget for the planned project

(b) Write an action plan for implementing the planned business activities

(c) Present policy guidelines for ensuring quality products in your enterprise

(d) Design a programme for purchasing business requirements

37. You have established a social enterprise aimed at solving unemployment problem.

(a) Develop a root cause analysis tool for unemployment

(b) Present a GEPIC structure for advocacy for promoting your business mission

(c) Present policy guidelines for maintaining gender partnership in your enterprise

(d) Design a programme for becoming a social entrepreneur

38. You are operating a leather tanning factory in your town

(a) Write an inquiry for required raw materials

- (b) Prepare a financial plan for your business
- (c) Draft a customer satisfaction survey form for use in your business
- (d) Develop policy guidelines for enhancing innovation in your enterprise

38. You are operating a small tea processing plant in your town in a congested place. You would like to shift the business to a more spacious place.

- (a) Write a notice to the public about your intentions of changing the location.
- (b) Present policy guidelines for presenting business products.
- (c) Design a newspaper advert for the post of the sales manager.
- (d) Draft a questionnaire that will be used to collect data from your potential customers.

39. You have obtained money worth shs600, 000,000 to establish a fruit growing project.

- (a) Prepare a pre-operating budget for your project.
- (b) Develop a production plan for your project.
- (c) Write an appreciation letter to your marketing manager for outstanding performance.
- (d) Develop a quality policy for your enterprise.

40. You have established a social enterprise aimed at addressing dangers of deforestation.

- (a) Present a programme for becoming a social entrepreneur.
- (b) Develop a GEPIC structure for advocacy for promoting your mission.
- (c) Describe the steps you will undertake to prepare for successful negotiation.
- (d) Draft a one week induction programme for new employees.

41. You have been appointed a marketing manager of a declining bakery.

- (a) Present a root cause analysis for the declining business sales.
- (b) Write a monthly departmental report to the general manager.
- (c) Design a programme for taking an insurance policy for the business.
- (d) Formulate guidelines to be followed by the sales workers when handling difficult customers.

42. You are operating bus transport business

- (a) Design a bus fare ticket for use in the business.
- (b) Draw a daily travel schedule for the buses.
- (c) Develop guidelines for your employees to observe for handling the buses.
- (d) Prepare a weekly maintenance programme for your buses.

43. You are a dealer in school laboratory chemicals. The business offer both cash and credit sales

- (a) Prepare a charge sheet for your products.
- (b) Draw your debt recovery programme.
- (c) Write a purchase order to the supplier of laboratory equipments.
- (d) Design a stock requisition form to be used in business.

44. You have obtained a loan of shs100,000,000 to improve on your carpentry workshop.

- (a) Prepare a budget for the pre-operating expenses.
- (b) Write an Agenda for the meeting with workers about expansion of the workshop.
- (c) How will you ensure sustainability of the business?
- (d) Present a theory of change for your business.

45. You own a restaurant specializing in local dishes. Sales promotion has been your target to attract more customers. The business is in the process of expanding its human resource.

- (a) Formulate a statement of mission, goals and objectives for your business.
- (b) Prepare an advertising message for your business.
- (c) Prepare a recruitment programme for the required workers.

- (d) Present a management plan for your business.
46. You are in the process of turning your cosmetic shop into a public limited company.
- (a) Prepare a memorandum of association to be used during company formation.
  - (b) Write a memo to the sales manager inviting him for a discussion about turning the shop into a cosmetics company.
  - (c) Prepare a prospectus inviting the general public to subscribe for shares in the company.
  - (d) Make a share certificate to a shareholder who has bought shares in your company.
47. You have been appointed the new medical superintendent of Hope Health Centre.
- (a) Draw a weekly treatment programme for your health Centre.
  - (b) Develop guidelines to maintain cleanliness in the medical Centre.
  - (c) Design an asset register for your medical Centre.
  - (d) Propose guidelines to be followed by workers when attending to messages from visitors and customers.
48. Your construction company has won a contract to construct District Offices for Mbale District.
- (a) Prepare terms and conditions to be included in the contract to be signed.
  - (b) Design a contract information board to be placed at the construction site.
  - (c) Draft policy guidelines that shall lead to the termination of the contract.
  - (d) Develop a job specification for an engineer.
  - (e) How will you establish a market size for your business?
49. You have established a social enterprise to fight unemployment problem in your locality.
- (a) Present a programme for the visionary approach to address the situation.
  - (b) Describe the components you will include in the social enterprise plan.
  - (c) Develop an innovation matrix to the address the issue.
  - (d) Propose guidelines to be followed to ensure effective communication in the enterprise.
50. Your electronic shop is experiencing declining sales. You are in the processing of reviving its glory.
- (a) Present guidelines for ensuring its success.
  - (b) Draw a programme for determining the profitability of the business.
  - (c) Formulate guidelines to be followed by workers when ensuring effective time management.
  - (d) Present a job analysis for usage during expansion of the human resource structure.
51. You are operating a small scale tea processing project.
- (a) Draw a programme for creative selling process,
  - (b) Propose guidelines for developing your products.
  - (c) Write a bid notice for the supply of three (3) business vehicles.
  - (d) Design a delivery note to accompany your products to be sent to customers.
52. You own a juice processing plant in one of the busy towns.
- (a) Draw a work schedule to be followed by your employees.
  - (b) Make a brand label to be placed on your packaging material.
  - (c) Propose guidelines to be followed when designing a personal brand.
  - (d) Formulate guidelines for coping with change.
53. You are procurement manager of a bus company which is in serious competition with many other bus companies in your country.

- a) Write a purchase order for two brand new buses from an exporter in Japan
- b) Prepare a travel schedule for your firm
- c) Write an appreciation letter to your best driver to be given to him at the end of your party.
- d) Formulate a man specification document for the proposed new bus mechanic

54. You plan to start a plastic and waste management project in your community.

- (a) State the;
  - (i) Vision
  - (ii) Mission and
  - (iii) Objectives of the business.
- (b) Prepare the GEPIC structure of advocacy of the community
- (c) Draw a programme for the official launch of the project by the District Environment officer.
- (d) Formulate guidelines for ensuring safety and security of your employees at the work place.

55. You are the marketing manager of a bakery producing a variety of baked items in your home area.

- (a) Design a sign post for your bakery
- (b) Design a flier to be issued to the potential customers
- (c) Prepare a marketing plan for the business
- (d) Design a customer satisfaction survey to be used to get feedback from customers about your business.

56. You plan to start a money lending project in your home area.

- (a) Write a letter to the District Trade Licensing Authority for permission to register your business
- (b) Prepare a report about the operation of the business that you will read at the launch of the register.
- (c) Draw a programme for the launch of the project.
- (d) Design a sign post for your business

57. Your fish farming business has expanded and you plan to recruit more employees.

- (a) Identify the sources of recruitment of your employees.
- (b) Prepare an induction programme for the new employees.
- (c) Design a policy for the remuneration structure of your employees.
- (d) Draft strategies for the retention of the employees.

58. You own a restaurant specializing in local dishes. Sales promotion has been your strategy to attract more customers, and the business is in the process of expanding its human resources;

- (a) Formulate a statement of vision and mission for the restaurant
- (b) Choose a medium and prepare an advertising message for promoting business products.
- (c) Design a training programme for the workers.
- (d) Develop guidelines for the employees to observe to promote good customer care.

59. You are operating a business which deals in sale of cosmetics and it has been reported that workers have exhibited insufficient customer care. No wonder you have noted gradual decline in sales.

- (a) Develop a root cause analysis for the declining sales.
- (b) Design a customer satisfaction survey tool to be used by the business.

(c) Present a market flow chart for your business.

(d) Prepare a programme for carrying out personal selling.

60. You have been appointed a marketing manager in a defining bakery

(a) Draw a program for purchasing business requirement.

(b) Prepare a marketing plan for the business

(c) Design a daily distribution schedule for business products.

(d) Formulate guidelines for ensuring high quality standards of the products.

61. You are operating a business which imports electric appliances. It was reported that your workers lack customer, no wonder you have noted the gradual decline in sales.

(a) Develop a root cause analysis for the declining sales

(b) Prepare guidelines to ensure importation of quality products.

(c) Present a market flow chart for your business.

(d) Develop a consumer satisfaction survey tool to be used by the business.

62. You have established a juice processing plant in your home area. The demand is increasing and you are to recruit more workers to attend to the increasing number of customers.

(a) Develop;

i) Mission statement

ii) Objectives for your business

(b) Design a daily time sheet to be used in the business.

(c) Prepare a programme for conducting interviews

(d) Prepare cash receipt for use in the business

63. You are reviving a video library that also offers disco for hire on different occasions.

(a) Develop guidelines for proper handling of business machinery.

(b) Design a programme for taking an insurance policy for the business.

(c) Draft a newspaper advert for promoting your products.

(d) Prepare an invoice for a customer who has been served with services worth shs.200, 000.

64. You have obtained funds worth shs.60, 000,000 to establish a social enterprise dealing in tree planting. The business also aims at promoting gender partnership.

(a) Prepare a budget for the project

(b) Design a programme for becoming a social entrepreneur.

(c) Develop a GEPIC structure for advocacy to promote your mission.

(d) Formulate policy guidelines for enhancing gender partnership in your business.

65. You own a maize milling plant and you have noted with great concern the need to stock more raw materials.

Due to inadequate funds you have decided to acquire a loan of shs.10, 000,000 payable in four equal installments at an interest rate of 5% per month on reducing balance method.

- a) Prepare a programme for purchasing raw materials for the business
  - b) Draft a working capital budget for the business
  - c) Prepare guidelines to ensure proper management of the loan in the business
  - d) Design a cash payment voucher to be used in the business.
66. You are the marketing manager of a bakery producing a variety of baked items in your home area.
- a) Design a sign post for your bakery
  - b) Design a flier to be issued to the potential customers
  - c) Prepare a marketing plan for the business
  - d) Design a customer satisfaction survey tool to be used to get feedback from customers about your business.
67. You have established a bee keeping project in your home area which you would like to launch.
- (a) Write a letter to the police station seeking permission to launch your business project.
  - (b) Prepare a programme for launching your project
  - (c) Write a Cheque in payment to one of your service providers
  - (d) Design a newspaper advert for your business
68. You have accumulated funds to operate a juice processing plant in your home area and you are to recruit workers.
- (a) Prepare a Programme for determining profitability of the business.
  - (b) Draft a production plan for your business
  - (c) Design a stock requisition form to be used in your business
  - (d) Develop guidelines to ensure proper conduct of workers at the work place.
69. You are operating a project that deals in the processing and packaging of fruit juice.
- (a) Draft a questionnaire for use in carrying out market research for your business.
  - (b) Prepare a production plan for your project
  - (c) Design a brand label to be placed on your packaging materials.
  - (d) Draw a marketing flow chart for the business
70. Your farm tractor is persistently breaking down due to poor handling. You are planning to sell it in order to acquire a new one
- (a) Prepare the terms and conditions for the sale of the old tractor.
  - (b) Design a job description for a new tractor driver.
  - (c) Formulate policy guidelines that should be followed by your employees when handling farm machinery.
  - (d) Draft a tractor maintenance service schedule.
71. You are the general manager of a bakery, which is operating as a public limited liability company.
- (a) Write a notice inviting all shareholders to an annual general meeting
  - (b) Prepare an agenda for the meeting

- (c) Present the organizational plan for the bakery
- (d) Design a flier to be issued to your potential customers.

72. You are operating a rapidly expanding large scale retail stationery business. You would like to start a new branch and have other suppliers so as to meet the increasing demand.

- (a) Write a letter of inquiry to one of the suppliers
- (b) Develop a budget for pre-operating expenses for the new branch
- (c) Prepare an Action Plan for the new branch
- (d) Draft rules and regulations to ensure proper conduct of workers.

73. You are operating a business which imports electric appliances. It was reported that your workers lack good customer care, no wonder you have noted the gradual decline in sales.

- (a) Develop a root cause analysis for the declining sales.
- (b) Prepare guidelines to ensure importation of quality products
- (c) Present a market flow Chart for your business.
- (d) Develop a consumer satisfaction survey tool to be used by the business.

74. You have established a juice processing plant in your home area. The demand is rapidly increasing and you are to recruit more workers to attend to the increasing number of customers.

- (a) Develop
  - (i) Mission statement
  - (ii) Objectives for your business
- (b) Design a daily time sheet to be used in the business
- (c) Prepare a Programme for conducting interviews.
- (d) Prepare cash receipt for use in the business.

75. You are operating a large book shop in an urban centre. You have realized that the marketing manager is inefficient and sales have started declining

- (a) Write an appointment letter to the newly recruited marketing manager.
- (b) Develop a root cause analysis for the declining sales.
- (c) Prepare guidelines to promote creative ability among your workers.
- (d) Design an interview program to be followed in your project.

76. You have been appointed a marketing manager in a declining bakery

- (a) Draw a program for purchasing business requirements.
- (b) Prepare a marketing plan for the business.
- (c) Design a daily distribution schedule for business products.
- d) Formulate guidelines for ensuring high quality standards of the products.

77. You have acquired funds to establish a mobile money business in your local community.

- (a) Design a press advert for your mobile money business

(b) Prepare a local purchase order for your business requirements.

(c) Prepare a capital expenditure budget for your business.

(d) Design guidelines to improve welfare facilities for your workers.

78. You own a soda depot and you are selling your products on credit as a promotional strategy

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(b) Design a goods returned note for business use

(c) Prepare guidelines to be followed when selling your goods on credit

d) Prepare a cash sale receipt for a customer who has bought soda for shs 120,000

79. You are operating an outside catering business in your country.

(a) Prepare a mission statement for your business

(b) Design a market survey guide to use in conducting market assessment

c) Draw a business card to use in advertising of your business services.

(d) Prepare a marketing plan for your business services.

80. You are operating a large bookshop in an urban centre. You have realized that the marketing manager is inefficient and sales have started declining

(a) Write an appointment letter to the newly recruited marketing manager.

(b) Develop a root cause analysis for the declining sales

(c) Prepare guidelines to promote creative ability among your workers.

(d) Design an interview programme to the following in your project

81. You have taken over a fruit processing business which is experiencing decline in sales. You have conducted a market survey. You are in the process of making it to regain its glory.

(a) Write a report on the market survey you have just carried out.

(b) Draw one- month promotional programme for your business

(c) Formulate guidelines for developing creative ability among the sales personnel

(d) Prepare a marketing budget of shs.10 million for your business.

82. Your construction company has won a contract to put up a multi-million building to house the headquarters of your district

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(b) Formulate the terms and conditions to be included in the contract.

(c) Prepare an invitation for bids for supply of building and construction materials to your company.

(d) Design a stock requisition form for use in the business

83. You own a hire purchase business dealing in expensive household goods. Prospective customers have already shown interest in the commodities and sent you letters of inquiry

(a) Design client information form for use in the business.

(b) Develop the terms and conditions to be included in the hire purchase agreement.



(c) Prepare a credit status inquiry on a customer who wants goods on credit worth shs.5, 000,000

d) Design the ded v q t u ø " r c { o g p v " x q w e j g t " h q t " t g e q t f k p i " e c u j "

84. You have been appointed the Managing Director of a reputable firm which lacked proper monitoring and supervision.

(a) Develop guidelines for the staff to ensure proper code of conduct for your staff.

(b) Prepare a weekly work schedule for your business

(c) Design a time sheet for use in the business

(d) Draft one week training Programme for the employees.

85. You intend to start a market gardening project dealing in the production and marketing of vegetables and fruits.

(a) Develop a capital expenditure budget for the business

(b) Prepare an implementation plan for your project

(c) How will your project endanger the natural environment?

(d) Present guidelines for ensuring sustainability of your business.

86. You are operating a supermarket. The National Environment Management Authority (NEMA) has passed a law banning the use of polythene bags (Kaveera) because of its dangers to the natural environment.

(a) Develop guidelines for ensuring gender balance in the business.

(b) Design a label you will put on the packaging materials

(c) Prepare an operating budget for your business.

(d) Write a notice informing your staff of the NEMA directive.

87. You are operating a fruit processing project and you would like to recruit sales agents to carry out marketing.

(a) Prepare a job specification for the post of sales agent.

(b) Work out an Administrative plan for your project

(c) Design a purchases order to be used when ordering materials for your business.

(d) Formulate policy guidelines for developing creative ability among your staff.

88. You plan to start a Plastic and Waste Management Project in your community.

(a) State the;

(i) Vision,

(ii) Mission and

(iii) Objectives of the business.

(b) Prepare GEPIC structure advocacy of the community.

(c) Draw a programme for the official launch of the project by the District Environment Officer.

(d) Formulate guidelines for ensuring safety and security of your employees at the work place.

89. You have decided to start a medium scale maize milling business in your village.

(a) Prepare guidelines that you will follow to ensure gender balance of employees in the business.

(b) Develop the terms and conditions for the supply of maize flour to your customers,

- (c) Of what benefit is your business to the community?
- (d) Write instructions that your employees should observe for proper maintenance of the milling machine.
90. You intended to start a juice processing plant in your home town.
- (a) Prepare a production plan for the business.
- (b) Estimate the start-up expense for the business.
- (c) Place an order to your supplier of fruits for the business.
- (d) Draft rules that your employees will follow for effective time management in the business.
90. You have been hired as a Human Resource Manager of DAKS enterprises which is experiencing high labour turnover.
- (a) Draft a questionnaire to find out causes of the high labour turnover in the enterprise.
- (b) Prepare a job specification for an accountant of the business.
- (c) Advise management on strategies that should be adopted to improve the welfare of the employees.
- (d) Design a producer that should be followed by management when handling indisciplined employees of the enterprise.
91. You have agreed with your family to start a micro-finance company.
- (a) Prepare the memorandum of association required for registration of the company.
- (b) Write an application letter to the town clerk for a trading license.
- (c) Develop a credit policy for business use.
- (d) Design a share certificate to be issued to the shareholders.
92. You plan to start a business dealing in fish farming as a social enterprise in your community.
- (a) Prepare a programme becoming a social entrepreneur.
- (b) develop an Action Plan for the business.
- (c) How will you ensure sustainability of your social enterprise?
- (d) Design an invoice for business use.
92. You are planning to start production of confectionaries to meet high demand from your community.
- (a) Prepare a production plan for your business.
- (b) Draft a capital expenditure budget for your business.
- (c) What guidelines would you follow to ensure production of quality goods?
- (d) Design a label to be attached to your products.
93. You are the general manager of a bakery, which is operating as a public limited liability company.
- (a) Write a notice inviting all shareholders to an annual meeting.
- (b) Prepare an agenda for the meeting
- (c) Present the organizational plan for the bakery.
- (d) Design a flyer to be issued to your potential customers

94. You are operating a rapidly expanding large scale retail stationery business. You would like to start a new branch and have other suppliers so as to meet the increasing demand.

- (a) Write a letter of inquiry to one of the suppliers.
- (b) Develop a budget for pre-operating expenses for the new branch.
- (c) Prepare an Action plan for the new branch.
- (d) Draft rules and regulations to ensure proper conduct of workers.

## **U.A.C.E ENTREPRENEURSHIP EDUCATION**

### **PAPER THREE (P230/3)**

#### **SECTION A: CASE STUDY**

##### **1. Carefully read the case study below and answer the questions that follow**

Unique Fast Foods and snacks located in Maluku, Mbale, Uganda is unique fast growing foods and snacks business specializing in producing high quality snacks and packaging them for sale all the time. The business was established by Mukasa blessed to offer with smile classic snacks to the growing university/campus population in Uganda Christian University and the surrounding areas as well as serve the ever increasing market

of urban professionals who enjoy eating more adventurous high quality fast foods and snacks purchased on weekly basis.

In order to reach out and support its customers, the business products are advertised and promoted through sponsorship of snacks preparation show on NBS, a website awareness and distribution of flyers in hostels and halls of residence.

Being a sole trader, Mukasa blessed has managed to recruit a graduate of Business Administration as general manager and a graduate of Food Science and Technology as an Operations Manager with few other workers, whom he motivates well, trains, appraises and gives them clear instructions.

To add strategic advice and direction, he has assembled a board of directors comprising a business consultant with diverse experience, corporate lawyer and a lecturer of food science and technology.

Mukasa blessed is honest, calm, empathic, healthy, and thinks creatively as well as has ability to meet challenges and no doubt on himself. He supervises and monitors the production process.

Unique fast foods and snacks has three direct competitors that sell their products at higher prices. However, the business has a strong relationship with large scale poultry farmers and suppliers of other products. This enables the business to get high quality inputs at lower cost hence sell at lower prices to its customers. The enterprise reaches out mostly to the average and low income earners and student population unlike competitors that focus primarily on the rich.

The business invested shs150, 000,000 in the previous years in attracting packaging, product design, market research, and towards working capital requirements and realized revenue of shs360, 000,000 and incurred expenses of shs50, 000,000.

(a) Describe the personal characteristics of Mukasa blessed as a good negotiator in business.

(b) How does unique Fast Foods and snacks cope up with competition?

(c) In what ways does the business promote quality of its products?

(d) Re-draft the marketing plan of the business

(e) Calculate the;

i) Net profit

ii) Return on capital invested in the business

2. Read the case study below of O c o c ø u " F k c r g t u " N k o k v g f " c p f " c p u y g t " v j c v "

In a recent business contest for women sponsored by Young Innovative Minds, a non-governmental organization, three hard working and self-confident young ladies won the first prize. They planned and started a p g y " e q o r c p { " e c n n g f " O c o c ø u " F k c r g t u " N k o k v g f " v j c v " the growing trends towards conserving the natural environment, Mary, Eva and Lydia developed a plan for manufacturing and servicing cloth diapers.

The company developed a new product design for a new cloth diaper that has proved excellent for users and does not harm the environment. This diaper has an edge over others that are made for one time use and quick disposal because they are reusable n g 0 " O c o c ø u " f k c r g t u " c t g " e q p x g p k g p v

expensive than other diapers on the market, and the cloth diapers have proved reliable under the rigors of commercial laundries.

The company aims to have its diapers in day - care centers and nursing homes. The output of diapers is steadily increasing due to increasing demand. The company now receives orders for 5,000 diapers per month. The projected production is expected to reach 30,000 diapers per month at the start of the second year.

Mary is the Managing Director of the company, responsible for designing of the diapers and is also the quality expert. Lydia, the Assistant Managing Director provides marketing expertise. Eva brings her experience from the textile industry to her position of the Production Manager, and in addition, is in charge of research and development. The shareholders believe that their combined experiences make them to have a winning team and a winning company. They have demonstrated that old ideas can be successfully repackaged in a modern fashion. The Uganda government has promised financial and technical support to the company. The company educates the public on how to use, maintain the diapers plus where to get them using media like newspapers, radio programmes among others.

### Questions

- G z r n c k p " v j g " h c e v q t u " v j c v " h c x q w t g f " v j g " h q t o c v k q p
- Describe the composition of the company in terms of gender.
- J q y " j c u " O c o c ø u " F k c r g t " d g g p " c d problems brought by one time use j g " c disposal diapers.
- R g t h q t o " c " U Y Q V " C p c n { u k u " q h " O c o c ø u " F k c r g t u " N k o k v
- Draft the mission statement for the company to adopt.
- What entrepreneurship lessons do you learn from the case study as an entrepreneur?
- Give any three entrepreneurial characteristics possessed by the three women.

### 3. Read the case study below and answer the questions that follow.

U c p { w " C k u j c ø u " o serving food's vendor on the shores of Lake Victoria. She operates Sanyusee Restaurant in a rented room where she pays shs. 20,000 per month. The restaurant is located in the market area where fishermen and other traders from Jinja town and the rural areas meet for the businesses. Sanyu Aisha studied sciences at Advanced level and later joined a technical institute where she studied mechanical engineering. She failed to get employment after her course and decided to assist her mother in the restaurant. The restaurant sales immediately doubled. The family managed to construct a good house from the business profits. Despite working for her mother, Sanyu had a dream to own a business in her field of training. She was able to save shs20, 000,000 by 2012, but still needed shs.10, 000,000.

C k u j c " r t g r c t g f " c p " c v v t c e v k x g " d w u k p g u u " r n c p " v q " g DFCU Bank with her business plan for assistance, and was given a loan in form of machines and equipment. A local leader in her community allowed her to use a room as her shop. The shop employed three workers while the restaurant also got two workers.

The two businesses generated a lot of profits and by 2013; Aisha was able to buy a small truck to assist in transporting items. Aisha became a happy woman because she was her own boss. The family also gained recognition from the community due to their speedy success. She is able to use her creativity to do better. Both o q v j g t " c p f " f c w i j v g t " y q t m " j c t f " c p f " c t g " e q o o k v v g f decisions that she implements. Since she also sells on credit, some customers default. Mapengo Joe, a worker once got an accident while lifting a heavy machine, and had to be treated by the business.

Recently, the shop got burnt by fire resulting from electrical fault. Everything in the shop got destroyed. Now Aisha is in a dilemma.

**Questions:**

- (a) Explain the factors that influenced Aisha to venture in the machine business.
- (b) Give the risks the machine shop faced.
- (c) Advise the family on what to do in future ventures in relation to the present dilemma.
- (d) What measures should Aisha take to deal with the loan issue?
- (e) Explain the advantages of self-employment to Aisha.
- (f) What entrepreneurship lessons have you learnt from the case study?
- (g) What other business opportunities can Aisha set up apart the above?

4. Read the case study below and answer the questions that follow:

U w w d k " e q o r n g v g f " j k u " D c e j g n q t ø u " B s g M a n a g e m e n t a t M U B S i p v t g r  
2004. He had plans of getting a juicy job after his education before he persuaded the course. On completion of the course, he had changed his mind and no longer needed paid employment. He formulated concrete and moderate goals that stretched his abilities and efforts. He used to record all ideas to be accomplished. He later realized that his home area of Kamwokya had poor waste disposal, and as a result many children and other people used to suffer from diseases related to poor hygiene including diarrhea and dysentery. At times this could lead to death of the people involved. He conceived an idea of processing the wastes into fertilizers for sale to farmers in his village of Kyamuliibwa. He went through all steps of business formation and mobilized people of Kamwokya to support him to end that social evil. His factory started operation under the name Suubi waste clinic, processing waste products into fertilizers. These are loaded on the distribution truck and sent to Kyamuliibwa and others areas of Masaka. This improved agricultural production in Masaka and made Kamwokya and the neighboring places waste free.

**Questions:**

- (a) Identify any four entrepreneurial qualities Suubi possess.
- (b) Explain the factors that enabled Suubi to succeed in business.
- (c) Of what benefit is Sw w d b u s i n e s s to the community?
- (d) Describe the benefits of self-employment to Suubi.
- (e) What lessons do you learn from Suubi?

5. Read the case study below and answer the questions that follow

Mutesi Charity who grew up as an orphan and was later married as a house wife had Little hope of becoming successful in life and make a name in Kajara County, Ntungamo District.

In her youthful age as an orphan Mutesi was able to perform any type of work and associate with many people in order to survive. This enabled her to develop peculiar unchangeable qualities, have information on various production activities, markets, customers and business opportunities as well as have the ability to acquire and develop knowledge through practice. She was able to communicate effectively having learnt several languages and communication skills.

Mutesi being a person who adopted successive approximations to solve immediate problems used her scarce resources she had saved to take advantage of opportunities created during the changes of governments in Uganda that made the environment dynamic. She engaged in the business of goat rearing and selling and donating at least one female goat to a needy family irrespective of gender and political affiliation. She was able to mobilize the men and women in the community to whom she had donated goats to engage in income generating activities and help other members of the community.

Having seen that many of the community members had started businesses to improve their lives, Mutesi advised the proprietors to sustain the projects by acquiring contracts of insurance, have organized rearing of animals and plant pasture for animals. Many people in the area were able to invest, get employed and earned more income hence improved their lives and developed managerial skills.

Mutesi maintained that everyone can learn something to teach. This means that despite age, gender ability or class, everyone must respect and appreciate what others have to teach. Because of this, Mutesi was able to

### Questions:

- Identify the essentials of effective communication that enabled Mutesi to associate with people and mobilize members of the community.
- Outline any three dimension frame work for entrepreneurial development that could have influenced the entrepreneurial attitude and opportunities identification of members of the community in the case study.
- Describe the major competences the proprietor in the case study had for successful entrepreneurship.
- Identify any five characteristics that Mutesi had as a social entrepreneur
- Briefly explain any two insurance policies that members of the community should have taken to cover their businesses of rearing and selling goats
- State any five factors Mutesi might have considered to enhance true and effective gender partnership.

### 6. Read the case study below and answer the questions that follow:-

Mwanainchi and Mwanaduniya were great friends who met at Uganda College of Commerce in Tororo where they were both offering a diploma in entrepreneurship and they graduated in the year 2010.

At first, they both wanted to be prosperous business people during their conversation; they said to each that this was a great blessing from God in answering their dream. On graduation, they invited many people and among

After two months at home, these two friends mobilized their savings, requested from their parents some money and they also got assistance from a financial institution and decided to open a cereal selling store mainly selling maize flour, rice and cassava flour at Bugembe town.

At first, they failed to get customers but they never gave up. They did not know the local language properly and some people thought they were too young to be honest, this was coupled by the fact that they had located their store on the behind street where very few people passed because of their desire to pay less rent.

We had to be very honest with our scale, charge relatively low prices and also to work for longer hours in order to capture the attention of customers. After getting little income, we relocated our store to Jinja-Kampala High way and here we got many customers including those from the entire East African region, says Mwanaduniya in an interview. Indeed these two great friends earn enough income to meet their needs, help their relatives, and

### Questions;

- (a) What influenced Mwanainchi and Mwanaduniya choice of career?
- (b) What challenges are they likely to face by being self-employed?
- (c) Apart from dealing in produce, give any other type of business opportunities one can engage in.
- (d) Drawing from your experience, state the business ethics reflected in this case study towards their customers.
- (e) State the personal entrepreneurial characteristics that have enabled Mwanainchi and Mwanaduniya to start and manage business
- (f) Why did they decide to locate the business in Bugembe particularly?

## SECTION B: SCHOOL BUSINESS CLUBS

1. For any business project owned by your school business club:
  - (a) Present the general description of the business.
  - (b) Mention the vision and mission of the business.
  - (c) How did you raise the startup capital?
  - (d) Describe the duties that you performed in the project.
  - (e) Explain the entrepreneurship skills you acquired from the project.
2. Based on your school entrepreneurship club project
  - (a) Describe the business project
  - (b) Draw the organizational chart of the school business club
  - (c) Explain why your project was a good business opportunity
  - (d) Write an executive summary of the business plan for your project
  - (e) How did you plan to sustain your project?
3. In relation to your school entrepreneurship club business project.
  - (a) Describe the project
  - (b) What market gaps did your business project try to fill?
  - (c) Describe the procedures you followed when establishing the business.
  - (d) Explain the factors you considered for capacity planning and design.
  - (e) Show the elements that helped you to create an effective personal brand for your business project.



- (f) Prepare the theory of change for your project
4. With a reference to a business project owned by your school business club.
- (a) Present the general description of the business project you carried out.
  - (b) State the;
    - (i) Vision
    - (ii) Mission, statements of your business project
  - (c) Explain how you developed a business area
  - (d) Describe how you avoided the common causes of business failure
  - (e) Show how sales promotion strategies helped you in promoting your project
  - (f) Describe the steps you followed to determine the profitability of your business project.
5. With reference to a business project owned by your school business club;
- (a) Present the general description of the business project you carried out.
  - (b) Describe the measures you employed to manage cash of your business project.
  - (c) Mention the operating expenses of your business project.
  - (d) Explain the measures taken to ensure sustainability of your business.
  - (e) Describe the relevancy of your project to community.
6. With reference to a business project operated by your school business club
- (a) Describe the nature of the business
  - (b) What factors favoured establishment of the project in your school
  - (c) (i) What risks did your project encounter?
    - (ii) Give the measures that were taken to manage the risks given in c(i) above.
  - (d) Give the entrepreneurship skills you acquired when establishing the business
  - (e) Describe the record books that were used by the project
7. With reference to a business project operated by your school business club
- (a) Describe ways in which you wasted time in your business activities.
  - (b) Explain the production process followed by your business.
  - (c) Describe the marketing strategies employed by the project.
  - (d) (i) Explain how you implemented the theory of change in your business project.
    - (ii) How did you dissolve your business project?
  - (e) (i) Mention the costs that were involved in starting and operating your business project.
    - (ii) How did you ensure cost minimization in your business project?
    - (iii) Describe the ways in which you wasted time in your business activities.

## **SECTION C: FIELD TRIP/FIELD ATTACHMENT**

### **FIELD TRIPS**

1. For any one business field trip you made as an individual or as a group
  - (a) Describe the nature of the business you visited
  - (b) (i) Mention the objectives of the field trip  
(ii) Draw a sketch of the physical layout of the business you visited
  - (c) Explain how the business ensures (i) Proper waste management  
(ii) Proper maintenance of production machines
  - (d) Explain how the business ensures effective communication
  - (e) Give the competitive advantage of the business you visited
2. With reference to any one business field trip you made either as an individual or group;
  - a) Describe the business
  - b) State the objectives of the field trip
  - c) Explain the major role of each support service to the development of the business visited
  - d) How does the business you visited manage labour turnover?
  - e) What record of books are used by the business you visited?

3. For any field trip you made as an individual or group
- (a) (i) State any two objectives of the field trip
  - ii) Describe the business you visited
  - iii) Draw a layout of the business you visited
  - (b) How does the business you visited market its products?
  - (c)(i) Explain the problems faced by the business you visited
  - ii) What recommendations can you give the business visited to address the problems in (c)(i) above
  - (d) How does the business you visited handle credit or debt management?
  - (e) What contributions does the local community make to the business you visited?
4. For any one business field trip you made as an individual or as a group
- (a) (i) Mention the objectives of the field trip.
  - (ii) Draw a sketch of the physical layout of the business you visited.
  - (b) Explain how the business ensures
    - (i) Proper waste management
    - (ii) Proper maintenance of productive machines
  - (c) (i) Explain how the business ensures effective communication.
  - (ii) Give the competitive advantage of the business you visited.
  - (d) (i) Advise the proprietor about the criteria to use for evaluating the business visited.
  - (ii) How do the sales personnel clear all the doubts and objections of the customers without entering into controversial arguments and losing temper?
  - (e) (i) Describe the categories of inventory possessed by the business.
  - (ii) Explain the factors the business you visited considers when selecting the channel of distribution.

### **FIELD ATTACHMENT**

1. For any field attachment you carried out
- (a) Describe the nature of the business you were attached to
  - (b) Describe the plant layout for the business you were attached to
  - (c) State any three objectives of the field attachment
  - (d) Identify the forms of written communication used by the business
  - (e) (i) Mention any three social costs of the business you were attached to
  - (ii) Describe the measures being employed to overcome the social costs stated in d (i) above
2. For any business enterprise you were attached to;
- (a) Describe the nature of the business
  - (b) (i) Mention any three social costs of the business you were attached to
  - (ii) Describe the measures being employed by the business to overcome costs stated in b(i) above.
  - (c) Explain the contribution of the community to the business you were attached
  - (d) List any five administrative expenses of the business
  - (e) What controls did the business you were attached to put in place to manage the flow of funds?
3. For any business field attachment you carried out.
- (a) Describe the business/give the general description of the business.
  - (b) State the vision and mission statement of the business.

- (c) State the objectives of the field trip.
- (d) Mention the objectives of the field attachment.
- (e) Draw the physical layout of the business.

4. For any field attachment carried out.

- (a) Give the general description of the business you were attached to.
- (b) (i) List any three source documents used by the business you were attached to.
- (ii) Explain how the source documents in (b) (i) above were being used.
- (c) Identify any three competitive advantages of the business you were attached to
- (d). (i) Identify any three market gaps in the business environment
- (ii) Advise the business owner on how to fill the gaps identified in (d)(i) above
- (e) Explain the entrepreneurial skills you acquired from the business

5. For any field attachment you carried out:

- (a) Present an executive summary for the business you were attached to.
- (b) State any three objectives of the field attachment.
- (c) Identify the forms of written communication used by the business.
- (d) (i) Mention any three social costs of the business you were attached to.
- (ii) Describe the measures being employed to overcome the social costs stated in d(i) above.
- (e) (i) What techniques are used by the owner when bargaining with customers.
- (ii) Explain the impact of the business you were attached to on the community.

## U.A.C.E ENTREPRENEURSHIP EDUCATION

### PAPER THREE (P230/3)

#### GUIDING NOTES

#### INTRODUCTION

This paper comprises of three section i.e. section A, B and C.

Section A is about Case Studies which is compulsory, section B is about Business Clubs where two questions are always examined and section C which is about Field Attachments/Field Trips where two questions are always examined.

Five questions are examined and a candidate is required to attempt four questions. Section A is compulsory, so a candidate is expected to attempt any other three questions from section B and C. Two questions from section B and one from section C or one question from section B and two from

Common areas examined in paper three include;

- Introduction to entrepreneurship e.g. Qualities/ characteristics of a good entrepreneur, Business Entrepreneurial skills, negotiation, creativity and innovation, changes in business, effective communication, personal branding, Lesson learnt, among others
- Gender and entrepreneurship.
- Business opportunities i.e. Indicators of a good business opportunity, Indicators/factors that show responsible or sources of business failure , Other business opportunities, Characteristics of a good business opportunity e.g. factors which favour the establishment of a business
- Small and Medium Enterprises (SMEs) i.e. factors that affect the growth and expansion of a business family and business (factors that necessitate and challenges of family business) Business risks and insurance policies, Business problems, challenges and there solutions.
- Financial management i.e. accounting ratios, books of accounts maintained by the business, cash management, source documents used in business.
- Marketing management. i.e. pricing of goods and services, Marketing strategies
- Sales promotion i.e. promotion strategies used, Distribution channels
- Production management i.e. Various control systems i.e. cash management, proper inventory management, production assets, of goods and services, purchasing skills, budgets/ Expenses/costs, time management, among others
- Business planning e.g. tools used in monitoring business performance, General/Executive Summary, SWOT analysis of the business i.e. strengths, weaknesses, opportunities and threats, of the business i.e. vision, mission, goals and objectives, among others.
- Social entrepreneurship i.e. characteristics of social entrepreneurs, Benefits/contributions of the business to the community, Benefits/contributions of the community to the business
- Business ideas e.g. sources of business ideas, turning a business into a product etc
- Business competition i.e. how to overcome competition in business, forms of business completion, among others

## SECTION A: CASE STUDY

### 1. Nature of Questions.

(a) Questions involving direct responses i.e Questions whose answers are got directly from the story hence implied.

#### QUESTION

Isaac and Stephen are friends who decided to start a restaurant which they named Never give up resta

The two friends involved workers in decision making, ensured job security for all the workers and provided fringe benefits.

The two friends operated a restaurant from Monday to Sunday, opening as early as 5:00 a.m and closing at Midnight. They charged higher prices compared to the competitors for the services offered. Despite the existence of other restaurants, the two friends never gave up.

Sample Questions.

(a) Describe the ways the business uses to ensure employee motivation.

Solution

(a) The following are the ways in which the business motivates the employees

- Involving employees in decision making.
- Ensuring job security for all the workers.

Note. Similarly, questions that involve justify the view all the answers must come from the case study.

2. Questions involving indirect responses. They are divided into two.

(i) Questions whereby the evidence is provided in the case study which evidence is used to identify the required or correct response. These questions are commonly applied in areas that involve characteristics, principles, methods, sources, factors that affect/determine/influence.

Sample question

(a) Describe the entrepreneurial characteristics that enabled the two friends to succeed in a business venture.

Solution

(a) The following are the entrepreneurial characteristics that enabled the two friends to succeed in a business venture

- Ø Hardworking operated from 5:00 a.m to mid night.
- Ø Persistence they never gave up despite the existence of other restaurants.
- Ø Profit oriented charged higher prices compared to the competitors for the services offered.

(ii) Questions whereby both the evidence and the response required are not provided in the case study hence one may use the general knowledge of entrepreneurship or may apply the knowledge of paper one and paper two.

Sample question

(a) What are the contributions of the business to the community?

Solution

(a) The following are the contributions of the business to the community.

- Ø Provision of employment opportunities, to the waiters, waitresses, chiefs, security guards etc.
- Ø Acting as a training ground for the local labour like providing marketing skills.
- Ø Generating revenue to the government through paying taxes like local service tax

3. Presentation of direct responses:

Direct responses to a given question tend to appear in the same paragraph unless otherwise, for example

Avoid referring to the case study in terms of paragraph, line etc to support or give evidence for direct responses.

4. The tense. There is no standard tense for each question is answered depending on the tense in that question.
5. Questions involving steps/stages/process or procedures

Approach

- Ø All responses must be prescribed in present continuous tense following fairly systematic order and information must be got from paper one.

Sample question.

(a) Describe the steps that could have been followed when purchasing inputs for the business

Solution

(a) The following are the steps followed when purchasing business inputs

- (i) Determining the business needs.
- (ii) Identifying the potential suppliers.
- (iii) Contacting the suppliers

6. Questions involving lessons derived from the case study.

Approach

- ◁ Lessons relating to the case study can be any educative or inspiring statement, concept, condition hence it involves personal opinion regarding the case study. It is necessary

NB: Avoid personalizing the statement

Sample question.

(a) What lessons can anyone learn from the case study?

Solution

(a) The following are the lessons one can learn from the case study

- ◁ It is necessary/important to motivate business employees.
  - ◁ It is necessary to involve workers in decision making
7. Questions involving advice, suggestion, recommendations or Questions involving speculative cases like will, can, should, shall, may, might, would, could, likely, possibly (for section A and C)

## Approach

◁ Give a correct response with or without evidence is awarded.

8. Questions regarding/involving calculations.

The following are the basic steps to follow when handling calculations.

- ◁ State/give the correct formula without abbreviations.
- ◁ Make the correct substitution.
- ◁ Give the final answer considering the requirements.

## Note

- (i) Read the case study more than once. (At least 3 times.)
- (ii) Begin with the case study question.
- (iii) Present the sub sections in their correct order i.e A, B, C, D and E.
- (iv) Introduce each question before giving the answers.
- (v) Present points or answers separately/independently. This should be paragraph form
- (vi) Application of paper one and paper two knowledge is vital.
- (vii) Language to be used in this section depends on how the question is framed or asked.

## SECTION B: SCHOOL BUSINESS CLUBS

### Meaning of school business club

A school business club is an association of school students or pupils who subscribe money membership fees and also contribute capital to establish and operate businesses in which they earn money or income.

Various stakeholders of a school business club and their duties and responsibilities

### Meaning of stakeholders

These are individuals, people or organizations (bodies) that have personal interests in establishing and operations of the school business club. They include the following parties among others.

1. The school board of governors or directors. These are the top management or players or the actual owners of the school.

Their responsibilities include the following:

- ◁ To permit the establishment of the business club in the school
- ◁ To oversee the operations of the school business club



- ◁ To support the activities of the business club in the school
  - ◁ To link the business club to outsiders e.g other school business clubs, business support organizations, parents, the surrounding community etc.
2. The school administration This comprises of the head teacher or other school administrators. They have the following responsibilities
- ◁ They provide the business club with the required resources or facilities like land, room, and others financial support.
  - ◁ To perform advisory and supervisory roles in the school business club.
  - ◁ To link the business club to outsiders like other schools
  - ◁ To provide market for the goods or services of the business club by buying from the club
3. Club patrons These are teachers elected or appointed by the school administration entrepreneurship club members to be the head of the business clubs of individual schools.

They are required to perform the following responsibilities

- ◁ To oversee all the activities of the club
  - ◁ To link the students to the school administration
  - ◁ To provide appropriate training to the business club leadership or student leaders
  - ◁ To find or identify required resources and business opportunities for the students
  - ◁ To attend the business club meetings, give advice and act as mentors to the students
4. Staff members (teachers and support staff)
- These are the workers in the school.
- They have the following responsibilities towards the school business club
- ◁ To invest in the business clubs e.g by shares, contributing capital etc
  - ◁ To offer expert advice or assistance in their individual areas of specialization
  - ◁ To link the club with other school business clubs.
  - ◁ To provide market for the goods or services sold by the club

## 5. Guardians , parents and the community

These include the mothers, fathers and relatives of the students and the members of the social wishers.

Their responsibilities to the school club include the following:

- ◁ Parents and guardians responsibility could be to provide market for the clubs goods and services
  - ◁ To offer moral and financial support to the school business club
  - ◁ To provide useful advice to the school club or club project
  - ◁ To provide raw materials, equipment and other facilities for operation of the business club.
6. Students. These are the learners in a school
- Their responsibilities include the following

- ◁ To become members of the business club by paying membership fee and then participation in club activities.
- ◁ To contribute funds or capital to run the business club
- ◁ To initiate new ideas for the club e.g generate business ideas so as to help identify opportunity
- ◁ To actively participate in the activities of the club like involve in the production of goods for sale
- ◁ To implement what is learnt in class in the business club e.g practicing doing personal selling.
- ◁ To keep records of the business club like the cash book where cash transactions are recorded.
- ◁ To participate in national or regional or district club activities

## 7. Business support organizations and well wishers

These provide specialized support to the business clubs. Their responsibilities include the following

- ◁ To provide specialized support to business clubs like by giving grants, giving tools and equipment, providing technical support and others.
- ◁ To provide market or help in the marketing of the club goods or services
- ◁ To provide entrepreneurship training and centers where students conduct field attachments or field trips

### Guidelines to forming a business club in a school

- ◁ Every school offering entrepreneurship education shall be required to have a business club for its students, to enable them put to practice or apply the learnt in class.
- ◁ Students taking entrepreneurship shall automatically become members of the business club. Membership shall also be open to other students who meet the entry requirements
- ◁ The entrepreneurship education teacher shall introduce to the students the idea of forming club right from first term senior five in case the club is newly to be formed.
- ◁ The members, through the guidance of the entrepreneurship teacher shall then brainstorm and choose a name for the business club.
- ◁ The business club members shall register all its members and then select a committee to write the club constitution.
- ◁ The business club members shall then elect the business club leadership including the club president
- ◁ The club officials shall register the business club with the school administration.
- ◁ The business shall be allowed to have multiple or more than one project run by a specific number of students. In other words diversification of club projects shall be allowed.

### Membership Requirements

- ◁ Membership shall be open to both students and the staff of the school.
- ◁ An application form shall be filled by an intending member and shall be filed by the secretary.
- ◁ All members shall pay once in full membership fee as determined by the executive committee thereafter the general meeting.
- ◁ A member shall be a person of good character
- ◁ The application shall be accompanied by co relevant information as required by the executive committee from time to time.

- Membership application shall be considered by the executive committee or committee set up for that purpose.
- Following acceptance of the application, the applicant shall be required to pay the required dues.

#### Termination or cessation of membership

Membership in the business club shall be terminated under the following circumstances:

- By death or lunacy
- By expulsion in which case the member shall have the right to appeal during the next general meeting
- Disciplinary procedures as a measure to relieve the club of problems

#### The Bylaws of the Business Club

- A member shall attend all the general meetings and actively participate in its deliberations.
- A member shall abide by the constitution and the resolutions passed by the general meeting.
- A member shall pay promptly his or her registration, membership and subscription fees as determined by the executive committee and approved by the general meeting.
- A member shall be hard working and willing to take up any assignment given in the club.
- A member shall be honest, keep all the club secrets as well as protect the interests of the club.
- A member shall be God fearing and shall respect others.
- A member shall possess a school identify card
- A member shall pay a registration fee of shillings 3,000 which is refundable.
- A member shall be a member of the school community i.e. A student or a staff member.

#### Rights and privileges of the members

- Right to fully participate in the general meeting deliberations and votes in the elections of the assembly
- Right to use the club facilities or to get assistance as may be describe by club by laws regarding such facilities
- Right to be treated equally as regards to possession of the right and privileges as any other member of the club
- Right to share the profits made by the club
- Right to inspect the books of accounts

Sources of funds of funds of the club as determined in the general meeting shall consist of:

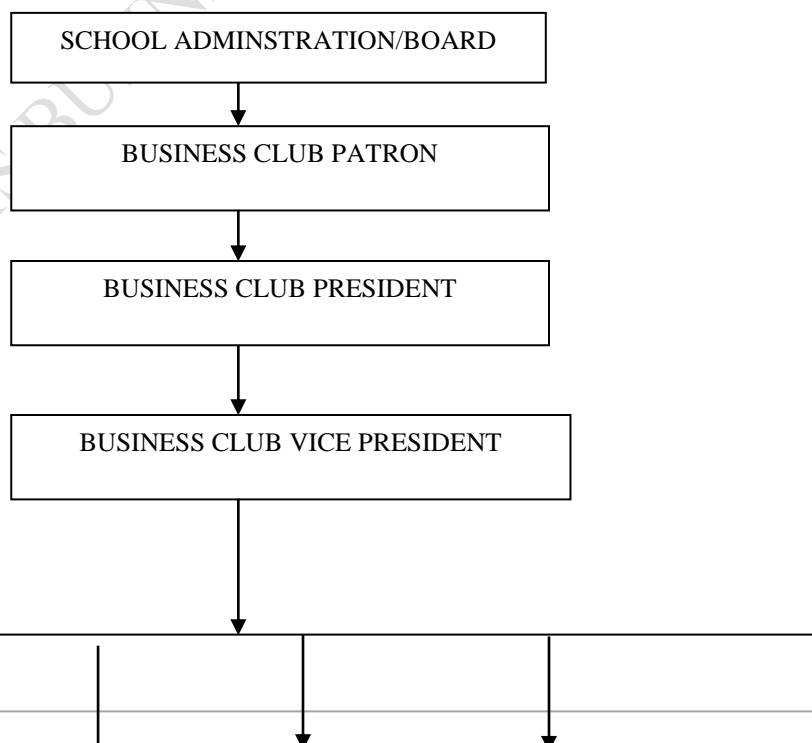
- Membership fee
- Subscription fee
- Selling of shares of the club
- Saving in the club
- Fundraising

- ◁ Donations
- ◁ Gifts and grants
- ◁ Borrowing from the school, from financial institutions, governmental organizations and other with the terms being agreed upon by the club.
- ◁ Selling of personal properties by the members.

Business club leadership structure.

This refers to the arrangement of leadership or frame work of activities in the business club. summarized or illustrated using club organizational chart.  
Below is a suggested organizational chart for a school business club.

BUSINESS NAME AND ADDRESS  
ORGANISATIONAL CHART



1. Duties and responsibilities of business club patron.

- ◁ To oversee all the activities of the club
- ◁ To link the students to the school administration
- ◁ To provide appropriate training to the business club leadership or student leaders
- ◁ To find or identify required resources and business opportunities for the students
- ◁ To attend the business club meetings, give advice and act as mentors to the students

2. Duties and responsibilities of the business club president.

- ◁ Overseeing all the club activities / providing leadership for the club.
- ◁ Planning for all the club meetings and presiding over these meetings.
- ◁ Endorsing or signing of all the club documents like letters, reports and minutes of meeting proposals, club financial statements and others in his or her position as the principal signatory.

- ◁ Linking the school business club to other business clubs and representing the club in District and national business club workshops or seminars
- ◁ Initiating club development plans, stimulating, creating and motivating club members to work for the good of the club.
- 3. Duties and responsibilities of the club vice president.
  - ◁ The vice president shall assist and deputize or perform all the functions of the president in the absence of the president or when delegated to do so.
- 4. Duties and responsibilities of club secretary.
  - ◁ Summoning and attending all general and committee meetings of the club.
  - ◁ Recording or taking minutes at all the club meeting.
  - ◁ Making reports about the club activities and events.
  - ◁ Keeping of up to date register of all the club members.
  - ◁ Preparing and sending out or issuing of relevant documents to specific groups of members or e.g preparing circulars, notices and other documents.
  - ◁ Reminding the president of important issues before the start of meetings and discussing the same with the president.
  - ◁ Reading minutes of the previous meetings during meetings.
  - ◁ Organizing for any refreshments during meeting.
  - ◁ Acting as the chairman in the absence of the president and vice president.
  - ◁ Making sure that the attendance sheets are signed by all the members who attend meetings.

#### 5. The duties of club treasurer

- ◁ Attending of all the of the club
- ◁ Collecting and receiving all monies payable to the club, keeping together and depositing or banking club money every week in the club bank account or elsewhere as agreed upon by the members.
- ◁ Preparing relevant books of accounts for the business club e.g the cash books
- ◁ Recording and presenting financial reports to the club members during the end of the month or year meetings.
- ◁ Advising the club members on financial and investments issues
- ◁ Making recommended payments e.g paying for refreshment for the club leaders
- ◁ Keeping an up to date records of paid up members and these who have not paid their members
- ◁ Being a careful custodian of the club funds

#### 6. Responsibilities of the club assistant secretary.

The club assistant secretary shall perform the same responsibilities as the secretary when the secretary is absent or when assigned to do so

- 7. Mobilizing club members for all the club activities and making sure that every club member participates in the activities
  - ◁ Organizing and planning for the days when the club shall hold meetings.
  - ◁ Making all the necessary administrative arrangements for the meetings e.g arranging the room/ venue, distributing copies of memos etc.

8. Responsibilities of the assistant club mobilizer.

- ◁ He or she shall do the functions of the club mobilize is absent or sick or when delegated to do so.

9. Responsibilities of the production or sales manager.

- ◁ Supervising of all the activities in the production or selling of the goods and services.
- ◁ Ensuring the safety of the productive machinery tools and equipments.
- ◁ Maintain accurate production or sales records.
- ◁ Allocating work or tasks to the club members involved in production or selling activities.

10. Responsibilities of the assistant production or sales manager

- ◁ He or she shall do the work of the assistant production or sales manager during absence of the production manager or when delegated to do so.

11. Responsibilities of the purchasing manager.

- ◁ Purchasing the necessary requirements for the club project e.g raw materials
- ◁ Maintaining relevant purchases records like purchasing plans.
- ◁ Preparing a monthly and yearly report relating to purchasing activities.
- ◁ Conducting research in collaboration with the production manager to identify and affordable supplies.

12. Responsibilities of the assistant purchasing manager.

- ◁ He or she perform the duties of the purchasing manager during the absence of the purchasing manager or when delegated to do so.

13. Other club members

- ◁ These shall perform any tasks in the club as assigned by the club leadership for executive committee.

Plan/Programme for establishment and management of a new business club in a school

Name and address of the new business club

Programme for the establishment and management of the business club.

Time frame (term)	Class	Activity	Person responsible	Remarks
Term 1	S.5	Establishing the business club by registering members and forming a committee to write the club constitution	Club members	
Term 1	S.5	Electing club leadership and registering the club with school administration	Club members	
Term 1	S.5	Launching of the business club by developing or generating business ideas and select projects to set up	Club members	
Term 2	S.5	Writing the business plan and raising funds for the club project.	Club members	
Term 2	S.5	Establishing the business club	Club members	

		project and managing it.		
Term 2	S.5	Continuing with club and project activities by implementing what was learnt in class, field attachment and field trips.	Club members	
Term 1	S.6	Continuing with the club and project activities, participating in regional or national business plan writing competition writing a business plan for selected project.	Club members	
Term 1	S.6	Continuing with the club activities by producing or marketing the product ensuring proper financial management, ensuring proper personnel management and others.	Club members	
Term 2	S.6	Winding up of the club project preparing final account apportioning of the profit earned, closing of the projects or transferring or selling the projects to S.5 members  Developing of personal business ideas, selecting a project implementation during the vacation,	Club members	

#### Challenges likely to be faced by the business club

- < The challenge of raising enough funds / capital for starting a business
- < The challenge of identifying viable business to establish
- < The challenge of looking for market for the goods or services
- < The challenge of coping with business competition in the market.
- < The challenge of balancing classroom studies and operating the club project(s)
- < The challenge of looking for good quality and affordable raw materials, goods and services applicable.
- < The challenge of controlling or minimizing production costs / operating costs and related costs.
- < The challenge of managing changes in weather conditions that affect business activities;
- < The challenge of protecting or ensuring the safety of club properties.
- < The challenge of maintaining or improving the quality of goods or services by the club project.
- < The challenge of maintaining discipline among the club members.

#### Financial management in the business club/ Business club project.



- < The information from the source documents should be transferred to the appropriate subsidiary like: the cash book for receipt and payments, the sales journal for credit sales and the purchase for credit purchases
- < Ledgers and the trial balance may then be extracted. This is optional.
- < (That is, for the end of senior five (if any) and for the end of senior six, to determine the net profit)
- < Accounting ratios can then be calculated from the final accounts information.
- < There is also need to have a simple cash flow statement for the last two years of senior six.

#### Profit and loss management.

- < Profits from the project(s) may be handled in the following ways; that should be clearly stated in constitution.
- < Sharing a specified percentage of the profits made by the project among the club members
- < Re-investing all or a stated percentage in the same business.
- < Using the profits to start a new or different business in the school.
- < Loaning of part or a stated percentage of the profits to another business in the club or to club students or staff members or even to the school at a stated interest rate per month.

Some suggested methods / ways of winding up the project in term 3 of senior six.

- < Closing up the business project by selling off all its properties and then sharing all the proceeds among the members.
- < Closing the project in the school and then using the resources to open a new business in the school by the senior six members
- < Selling the business to the senior five club members and then sharing the proceeds.

#### SECTION B SCHOOL BUSINESS CLUB QUESTION APPROACH

1. The tense. The recommended one is past tense because by the time of national exams, all project activities must have ended. e.g. The business was located.
2. Presentation of the General Description (Description of the Nature of the business).  
Presentation of the components of the General description MUST be in paragraph format.

General Description/Executive Summary/Describing the business.

The components include;

- < Name of business
- < Address and location. ie Box number and along which its located, district, town/municipality/village/parish/cell/ward, plot number, opposite or next to which business
- < Nature of business. Legality of the business ie sole proprietorship, partnership etc
- < Business background ie when it was started/ date of establishment
- < Business products

- ◁ Business customers
- ◁ Business competitors
- ◁ Description of business assets
- ◁ The SWOT Analysis of the business ie business strengths, weaknesses, opportunities and threats
- ◁ Purpose of the business. ie its vision, mission and objectives
- ◁ Sources of business capital

#### Note

Business objectives should be SMART (they should be specific, measurable, realistic and time bound) they should not exceed 10% and one year but goals can go over a year.

For Example

(1) With reference to project carried out by your school

(a) Present the general description of the business.

Solution

(a) The general description the business

(i) Name and address of the business: EXCEL BAKERS, P.O Box 923, MBALE, Tel 0701 203040

(ii) Business location: It was located in Mbale district, Northern division, Namakwekwe village

(iii) Products offered: They were Pancakes, doughnuts, cookies.

(iv) Target market: They were Teachers and students

(v) Date of establishment of the business: The business started on 17 March 2017.

(vi) Nature of the business: It was a Manufacturing/processing business.

(vii) Description of fixed assets: The business assets included frying pans, charcoal stoves, ledgers.

#### 3. Evidence

(i) Evidence is **MUST** or paramount in SECTION B whether phrases like Outline/Give/Explain/Mention have been used.

(ii) The evidence given must be realistic/relevant/applicable or achievable at a school business context.

NB: Some cases of evidences should be avoided in SECTION B should include the following.

(i) Advertising the products using radios, televisions or Newspapers.

(ii) Insuring the business.

(iii) Contributing to government revenue through taxation of the business products.

- (iv) Employing/Hiring the security guards.
- (v) Raising large sums of money like 2 Billion shillings etc.

- ◁ Variation of Evidence is allowed.
- ◁ Separate the evidence from the main response or point.

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#### 4. Nature of Evidence

- ◁ For documents/tools/Books, the evidence should focus or bring out the use.
- ◁ For capital/finance/cash/funds/loan/price/costs/ Expenses, the evidence should bring out/invent how much?
- ◁ For products/Goods/services/Raw materials, the evidence should bring out example/type.
- ◁ For discounts, the evidence should bring out the percentage and the reason e.g. cash discount encourage prompt payment.
- ◁ For strategies/ways/measures/controls/techniques etc, the evidence should bring out how?
- ◁ For questions that involved steps/stages/process/procedures, the evidence should bring out the aspects.
  - (i) The general requirement of the step or stage.
  - (ii) Who which can either be the title or name. E.g: Making payments for the inputs. If for payments inputs were made on cash basis by the finance manager.

5. Questions that involve two aspects whereby the second aspect needs the input of the first one
- (a) What challenges were faced by the business?
  - (b) Mention the measures you took to overcome the challenges.

#### Solutions

- (a) Challenges that were faced included
  - Ø Bad debts.
  - Ø Un-co-operative club members.
  - Ø Limited capital.
- 6. Questions involving challenges.

The following should be considered.

- (i) Avoid using lack of, use limited, inadequate, etc.
  - (ii) Do not involve use the word problems.
  - (iii) ~ « · ª « ° · § œœ« © ¬ § ª µ · ° ¤ ; · 3 « ® Ÿ · œ ¤ § ¨ ¨ ; ª £ ; · 3 ¥ ° ¤ · ª ; £ § challenge of limited capital but one can either say limited capital or challenge of capital.
7. Questions involving reasons/objectives all responses must start with To/In order to/So as to/For with no evidence need apart from the objectives of the school business club/project.

#### NOTE

- (1) Always maintain the same project for question 2 and 3.
- (2) The business name should be complete reflecting nature of the business and the products dealt in.
- (3) Avoid using the name of the school when the describing the business project.

### How the theory of change was applied in the business

1. Vision ( « ' > j œ« © j ' ° ¢ j ' a ± © > j ® ' « a j ' - ± j -š-''° ¥ j i ®® -'' ® j ¢£ ¥-« ± a š
2. Impact: Provided employment to community members.
3. Outcomes: Provided employment to 50 students as marketers, sales agents among others
4. Output: cakes, doughnuts, pan cakes
5. Activities: - Advertising the products
  - Purchasing raw materials.
6. Inputs: Raw materials include wheat flour, cooking oil, baking powder

### SECTION C: FIELD ATTACHMENT AND FIELD TRIP QUESTION APPROACH.

1. Evidence. Answers in this section must be fully supported ie evidence is required
  - ‹ For documents/tools/Boo, the evidence should focus or bring out the use.
  - ‹ For capital/finance/cash/funds/loan/price/costs/ Expenses, the evidence should bring out/invo how much?
  - ‹ For products/Goods/services/Raw materials, the evidence should bring out example/type.
  - ‹ For discounts, the evidence should bring out the percentage and the reason e.g. cash discount encourage prompt payment.
  - ‹ For strategies/ways/measures/controls/techniques etc, the evidence should bring out how?
  - ‹ For questions that involved steps/stages/procedures, the evidence should bring out two aspects.
- (iii) The general requirement of the step or stage.

- (iv) Who which can either be the title or name. E.g: Making payments for the inputs. E.g. payments for inputs were made on cash basis by the finance manager

## Non-evidence questions

These are questions which may not require evidence.

They include questions on

- < Advise
- < Suggestive questions like "Should we...?" etc.
- < Speculative statements such as "We may..."

## 2. Presentation of the General Description.

- < The General Description for section C is presented in present simple tense. For example, "The business is located because the business is still in existence apart from one point of date of establishment." present tense is used.

Field attachment is carried out individually hence where personal responses are required like personal observations, etc.

General Description/Executive Summary/Describing the business. The components include;

- < Name of business.
- < Address and location. ie Box number, road along which its located, district, town/municipality/village/parish/cell/ward, plot number, opposite or next to which business
- < Nature of business. Legality of the business ie sole proprietorship, partnership
- < Business background ie when it was started/date of establishment
- < Business products
- < Business customers
- < Business competitors
- < Description of business assets
- < The SWOT Analysis of the business ie business strengths, weaknesses, opportunities and threats
- < Purpose of the business. ie its vision, mission, goals and objectives
- < Sources of business capital
- < Directors of the business attached or visited

Note

Business objectives should be SMART (they should be specific, measurable, realistic and time bound) they should not exceed 10% and one year but goals can go over a year.

3. Questions that involve factors considered (affect) determine/ influence

#### APPROACH

Ø Give/state a neutral point but the evidence should be one sided and mostly should focus on the or favorable part of the factor.

#### Sample questions

- (i) What factors determined quality standards in an enterprise?
- (ii) What factors should be considered by the owner of the business when recruiting employees?

#### Solution

- (i) The following are the factors that determine quality standards in the enterprise.
  - Quality of raw materials. The business uses high quality raw materials like high quality wheat, cooking oil, eggs etc.

4. Questions involving reasons/objectives. All responses must start with To/In order to/So as with no evidence need apart from the objectives of the business club/project.

#### Sample question

- (a) Explain the need for training employees in an enterprise.

#### Solutions

- (a) The following are reasons for training employees in the enterprise

- To increase the productivity of employees.
- To improve on the quality of the business products.

5. Questions involving plant layout.

- (i) Draw: Needs an illustration.
- (ii) Describe: Just give the role/purpose of the components involved.

#### Objectives of the field trip or attachment

- Ø To introduce ourselves to the field of research.
- Ø To relate the theory learnt in class to practicals.
- Ø To observe what takes place in the business enterprise visited/attached.
- Ø To introduce ourselves to the field of research.
- Ø To introduce ourselves to the business world.
- Ø To expose ourselves to common areas in business.

#### NOTE

- (i) The business name should be complete reflecting the nature of the business and the product.

- (ii) Avoid using the name of the school when describing the business.
- (iii) The tense to others questions depends on how the question has been framed.

BHS BUSINESS STUDIES'S DEPARTMENT-2017