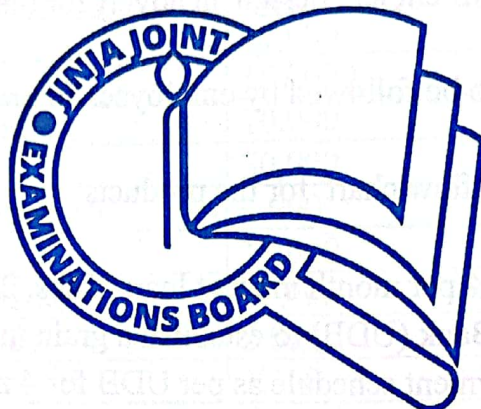


P230/2
ENTREPRENEURSHIP
EDUCATION
Paper 2
AUGUST, 2024
3 hours



JINJA JOINT EXAMINATIONS BOARD

Uganda Advanced Certificate of Education

MOCK EXAMINATIONS – AUGUST, 2024

ENTREPRENEURSHIP

EDUCATION

Paper 2

3 hours

INSTRUCTIONS:

- a) Attempt **four** questions only.
- b) All questions carry equal marks.
- c) Credit will be awarded for use of relevant examples and illustrations.
- d) Any additional question(s) attempted will **not** be marked.

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Turn Over

1. You have been recruited as a sales person in a cosmetics manufacturing business.
 - a) Prepare a programme for carrying out personal selling (06 marks)
 - b) Using a media of your choice, design an advert for the business (06 marks)
 - c) Prepare guidelines to be followed by employees to produce quality products (08 marks)
 - d) Prepare a marketing flow chart for the products (05 marks)

2. You have acquired a 5% per month interest loan of shs. 20 millions from Uganda Development Bank (UDB) to establish a grain milling factory.
 - a) Prepare a loan repayment schedule as per UDB for 4 months using the straight line method. (06 marks)
 - b) Prepare the operational budget for the business (08 marks)
 - c) Write a report on the market research you have just carried out pertaining the grains industry (06 marks)
 - d) Prepare a plant layout for the factory (05 marks)

3. You have been recruited as the general manager of Delicious Bread Bakery.
 - a) Prepare the management plan for the business (06 marks)
 - b) Write a termination letter to Mugisha Enock the cashier who is fraudulent (07 marks)
 - c) Prepare a checklist for the requirements of a new cashier to be placed in the news paper advert. (06 marks)
 - d) Prepare a workers performance appraisal form to be used to appraise workers (06 marks)

4. The following information relates to BYAKIKA TRADERS LTD for the year ended 31.12.2023.

Details	Shs (000)
Bank	12,000
Cash	18,000
Capital	157,000
Opening inventory	10,000
Furniture	30,000
Bad debts written off	4,000
Machinery	15,000
Accounts receivable	20,000
Returns inwards	2,000
Purchases discount	3,300
Carriage on sales	1,000
Purchases	75,000
Sales	90,000
Accounts payable	13,000
Returns outwards	4,000
Carriage on purchases	1,500
Bad debts recovered	8,000
Sales discount	2,000
Closing inventory	1,000
Bank overdraft	2,000

REQUIRED:

a) Compute the:

- i. Average stock (2 marks)
- ii. Cost of sales (2 marks)
- iii. Gross profit (2 marks)
- iv. Net profit (2 marks)

b) Compute and interpret the following ratios:

- (i) Cash ratio (03 marks)
- (ii) Average collection period in weeks (04 marks)
- (iii) Rate of return on capital employed (05 marks)
- (iv) Rate of stock turn (03 marks)

- c) Basing on b(i) above advise the business on whether to go and borrow short term loan for expansion .** (02 marks)

5. The following information was obtained from the books of KOIRE INVESTMENTS LTD for the months of January, February, March and April 2023.
- (i) The business had a cash balance carried down of Shs.4,000,000 by the end of December 2022.
 - (ii) It expected cash sales of Shs.6,000,000 per month; however, it was expected to reduce by 10% in March.
 - (iii) The expected credit sales were Shs,600,000 per month but payment would be made the following month.
 - (iv) The business expected to receive a donation of raw materials worth Shs.800,000 per month, but this was to reduce by 12% after the first two months.
 - (v) The expected income from other sources was projected at Shs.2,000,000 per month, effective the month of February.
 - (vi) The monthly rent income was Shs. 200,000, however, it was expected to increase by 25% after the first two months.
 - (vii) The business planned to purchase a delivery van in January at Shs. 14,000,000 on hire purchase. The down payment is Shs.6,000,000 and balance was to be paid in installments of 4:3:1 respectively in the following months.
 - (viii) The business expected to acquire a loan from Finance Trust Bank Ltd in February of Shs. 4,000,000. The loan was payable in four equal monthly installments at an interest rate of 5% per month on reducing balance, with effect from March 2023.
 - (ix) The expected monthly cash purchases were Shs. 3,000,000. It was expected to reduce by 20% after two months.
 - (x) The business expected to issue a debenture certificate worth Shs.5,000,000 in March 2023.
 - (xi) Monthly payment for five hired workers was sh.1, 500,000. However two workers were laid off at the end of February.
 - (xii) The electricity bill and water bill is expected to be cleared at the end of every month was Shs.1,200,000 and 1,000,000 respectively.

Required:

- (a) Prepare a cash budget for the months of January, February, March & April 2023. (20 marks)
- (b) Suggest measures that KOIRE INVESTMENT LTD can undertake in order to avoid deficits in the cash flow. (05 marks)

6. Messy holdings Ltd employs Amuza, Edith, Godfrey, Keneth and Alice earning annually income of shs.4,200,000, shs.5,400,000, shs.6,000,000, shs.7,320,000 and shs.8,400,000 respectively.

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

- (a) Calculate the income tax payable by:
- (i) Amuza (03 marks)
 - (ii) Edith (03 marks)
 - (iii) God (03 marks)
 - (iv) Keneth (03 marks)
 - (v) Alice (03 marks)
- (b) The following VAT exclusive transactions are availed to you by VAT registered business for the month of July, 2023.
- The business bought goods worthy shs.10,000,000. The goods were sold to the wholesaler at shs. 16,000,000. The wholesaler sold it to a retailer at shs. 21,000,000 and finally the retailer sold to the final consumer at shs.24,500,000. Given the Value Added Tax (VAT) rate as 18%,
- Calculate the VAT charged at each stage of distribution (10 marks)