

ENTREPRENEURSHIP PAPER 2

1. You have established a tailoring project in your home area. As the general manager, you want to improve the general operations and the market share of the project.
 - (a) Write a marketing plan of the project. **(06 mks)**
 - (b) Draft new guidelines for improving the creative ability of your employees. **(07mks)**
 - (c) Present the social responsibilities of your project. **(06mks)**
 - (d) Design a work order form for the business. **(06mks)**
2. The following values were extracted from the books of UNIQUE RESTAURANT for the year 2017.

Details	Shs '000'
Total fixed assets	43,000
Average debtors	3,000
Average creditors	2,400
Net sales	65,000
Stock (31/12/2017)	5,000
Net Purchases	38,000
Cash	4,000
Bank	26,000
Stock (1/1/2017)	2,000
Total operating expenses	8,000
Bank loan	4,000
Unpaid salaries	4,600
Accrued commission income	3,000

REQUIRED;

- (a) Compute the values of;
 - (i) Gross profit margin. **(03mks)**
 - (ii) Average mark up. **(03mks)**
 - (iii) Credit payment period in weeks. **(03mks)**
- (b) Compute and interpret the following ratios;
 - (i) Stock turnover. **(04mks)**
 - (ii) Cash ratio. **(04mks)**
 - (iii) Net profit to sales **(04mks)**
 - (iv) Rate of return on capital employed. **(04mks)**
3. You have taken over a declining soap making business. You are planning to introduce a new brand of liquid soap on the market in order to make the customers satisfied.

- (a) Prepare a brand label for the liquid soap packaging materials **(07mks)**
 - (b) Draw a programme for effective personal selling of your products. **(07mks)**
 - (c) Generate strategies to be adopted by the business to overcome business failure. **(06mks)**
 - (d) Present policy guidelines for presenting business products to customers. **(05mks)**
4. You are operating a construction firm and you have won a tender to construct headquarters for Mukono Municipality.
- (a) Write acceptance letter to the municipal Tender Board. **(05mks)**
 - (b) Present a contractor's information board for this project. **(07mks)**
 - (c) Formulate terms and conditions to be included in the contract. **(07mks)**
 - (d) Design a stock requisition form for business use. **(06mks)**
5. Toto Enterprises Ltd had the following information for the year 2012.
- (i) Opening cash balance as at 1st July 2012 Shs.4,000,000.
 - (ii) Monthly cash purchases of 10 cartons of salt each at Shs.200,000.
 - (iii) A generator to be bought in the month of August worth Shs.6,000,000 under the following arrangement; shs.2,000,000 to be paid as initial deposit, 30% of the balance to be paid in the following month and the remaining balance to be paid in October.
 - (iv) Monthly cash sales amounted to Shs.12,000,000 and monthly credit sales are expected to be shs.5,000,000. Debtors will be expected to pay in the month of sale.
 - (v) Monthly rent income of Sh.400,000 was expected. However, it is expected to increase by 10% monthly.
 - (vi) The business acquired capitalization loan from DFCU Bank in July, 2012, Shs.5,000,000. The principal of Shs.3,000,000 was paid in the month of August and the balance was paid in the ratio of 2:3 in the months of September and October respectively.
 - (vii) The business expects donation in cash worth Shs.3,000,000 monthly. This is expected to reduce by 5% in the month of October, 2012.
 - (viii) Monthly salaries and wages amounted to Shs.1,500,000.
 - (ix) Tax of Shs.100,000 was paid every month but it reduced by 20% in the month of November, 2012.
 - (x) Thieves broke into the cash office and stole shs.10,000,000.
 - (xi) Monthly expected depreciation of fixed assets, Shs.100,000.

REQUIRED:

- (a) Prepare Toto enterprises' cash budget for the months of July, August, September and October 2012. **(22mks)**
- (b) Comment on the net cash position of the business for the four months. **(03mks)**

6(a) Study the following table and answer the question that follows;

Tax payer	Taxable income (shs)	Tax rate (%)
Masikini	9,000,000	15
Mkuu	6,800,000	14
Mzee	5,700,000	13
Mtoto	10,000,000	16

Calculate the tax liability for each tax payer. **(08mks)**

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

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|-------|---------|----------------|----------------|
| (i) | Sam | Shs.12,000,000 | |
| (ii) | Saundah | Shs.14,000,000 | |
| (iii) | Samson | Shs.16,200,000 | |
| (iv) | Sarah | Shs.11,800,000 | (12mks) |

- (c) Explain the consequences of tax evasion to the businesses. **(05mks)**

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