

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.

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, Kenneth 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: (03 marks)
- (i) Amuza (03 marks)
 - (ii) Edith (03 marks)
 - (iii) God (03 marks)
 - (iv) Kenneth (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)

Tr. Makaya



JINJA JOINT EXAMINATIONS BOARD

UGANDA ADVANCED CERTIFICATE OF EDUCATION

MOCK EXAMINATIONS JULY/AUGUST 2024

P230/2 - ENTREPRENEURSHIP EDUCATION

PROPOSED MARKING GUIDE

1. a)

CHOSEN BEAUTY COSMETICS LTD
P.O BOX 111, JINJA

PROGRAMME FOR CARRYING OUT PERSONAL SELLING

Date /Time	ACTIVITY	PERSON IN CHARGE	REMARKS
20 th /5/024	- pre-customer contacting - prospecting	Sales manager	✓
24 th /5/024 10:00am	- initial contacting ✓	Sales personnel	
10:15-20am	- presentation of products to customers	Sales personnel	
10:30-35am	- demonstrating how to use products	Sale personnel	
10:40- 11:00am	- handling objections ✓ - closing the sales	Sales personnel	
11:20 – 1:30am	- suggesting additional selling	Sales personnel	
1 st /6/024	- sales follow up ✓	Sales personnel	

Prepared by: A.A

ALINDA ALEX ✓
GENERAL MANAGER

APPROVED BY: ✓

Any 12 ✓ x ½ = 06mks

b) Mentioning the media -1mark

A well prepared advert should include the following;

- business name and address
- telephone contact
- business logo
- illustrations
- products offered
- benefits to the customer
- appealing phrase

M.R

- > working hours
- > direction and distance
- > an arrow/stand for sign post
- > ~~name~~

Any 5 x 1 = 05mks

c)

CHOSEN BEAUTY COSMETICS LTD
P.O BOX 111, JINJA
TEL: 0777 708090

GUIDELINES TO BE FOLLOWED BY EMPLOYEES TO PRODUCE QUALITY PRODUCTS

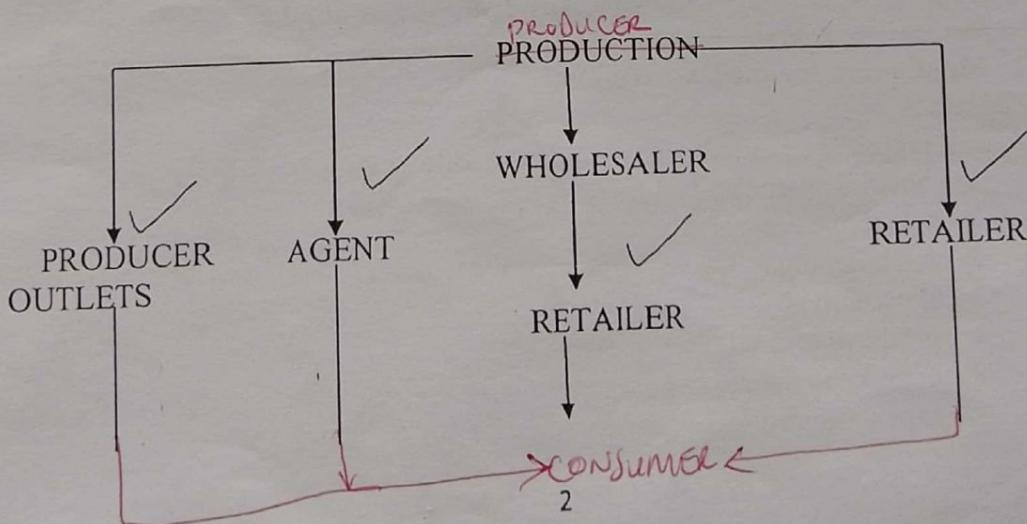
- ✓ Thorough research shall be carried out to ensure production of quality goods.
- ✓ High quality raw materials and inputs shall be used.
- ✓ Proper storage facilities shall be used to store raw materials, and finished products.
- ✓ Maximum supervision and monitoring of workers shall be done daily.
- ✓ Specialized skilled personnel shall be employed in the production department.
- ✓ Appropriate technology shall be used to produce high quality cosmetics.
- ✓ Proper technical specifications shall be followed.
- ✓ Proper hygiene shall be maintained at all times at the work place.
- ✓ Clear instructions shall be given to workers regarding the production process.
- ✓ Workers shall be trained continuously to equip them with production skills.
- ✓ Machines shall be regularly serviced to produce ~~high quality~~ high quality products
- ✓ Products shall be properly packaged to maintain quality

Any 8 x 1 = 08mks

d)

CHOSEN BEAUTY COSMETICS LTD
P.O BOX 111, JINJA
TEL: 0777 708090

MARKETING FLOW CHART



→ CONSUMER /CUSTOMER

Any 5 ✓ x 1 = 05mks

2.

a)

UGANDA DEVELOPMENT BANK
P.O BOX 13 KAMPALA ✓

LOAN REPAYMENT SCHEDULE

Loan amount: shs.20,000,000 }
Interest rate 5% P.M } ✓
Loan period: 4 months
Customer: Kampala Grain Millers Ltd

LOAN PERIOD (MONTH)	PRINCIPAL REPAYMENT (SHS)	INTEREST (SHS)	TOTAL PAYMENT (SHS)	PRINCIPAL BALANCE (SHS)
1 st	5,000,000	1,000,000	6,000,000	15,000,000
2 nd ✓	5,000,000 ✓	1,000,000 ✓	6,000,000 ✓	10,000,000
3 rd	5,000,000	1,000,000	6,000,000	5,000,000
4 th	5,000,000	1,000,000	6,000,000	-
TOTAL	20,000,000	4,000,000	24,000,000	

Prepared by: oc

OKELLO CHARLES ✓
CEO

Any 6 ✓ x 1 = 06mks

b)

KAMPALA GRAIN MILLING LTD
P.O BOX 444 KAMPALA ✓

OPERATIONAL BUDGET

ITEMS	UNIT PRICE SHS	TOTAL SHS
Projected sales:		
- Maize flour	15,000,000	
- Brand	2,000,000	
- Millet grain	3,000,000	
		20,000,000 ✓
Less Projected cost of sales:		
- Maize grains	5,000,000	
- Millet grains	1,000,000	
		6,000,000
Projected Gross profit		14,000,000 ✓

Less Projected operating expenses:		
- Transport	2,000,000	
- Rent & Rates	1,000,000	
- Salaries	3,000,000	
- Packaging expenses	800,000	
- Marketing expenses	700,000	
Total projected expenses		
PROJECTED NET PROFITS		

Any 8 ✓ x 1 = 08marks

c)

KAMPALA GRAIN MILLING LTD

P.O BOX 444 KAMPALA ✓

TEL: 0777703070

REPORT ON MARKETING RESEARCH CARRIED OUT

Date: 20th – July, 2024

To: The C.E.O

From: MANAGING DIRECTOR ✓

Dear sir

Re: REPORT ON MARKETING RESEARCH CARRIED OUT
ABOUT THE GRAINS INDUSTRY

Introduction: On July 1st – 2024 the CEO carried out market research to investigate how the grains industry is operating in terms of costs, challenges and customers. ✓

Methods used: The CEO issued questionnaires to customers and competitors in order to obtain market information; she also used field observations to monitor buying habits of customers. ✓

Findings:

- ✓ It was discovered that the price of grains keeps rising and falling depending on the season.
- ✓ Customers prefer to buy already packaged grains than unpackaged one ✓
- ✓ Both cash and credit methods of payments are employed in the industry.

Conclusion: for the grains industry to thrive, one needs to buy grains when they are in plenty (season) and store to substitute scarcity. Also good packaging and credit sales strategies can help to attract more customers. ✓

Recommendations: There is need for designing a good credit policy for the project, generate enough capital to stock grains when harvest season is on and ensure proper packaging. ✓

Prepared by

mm

MUKUNGU MOSES
MANAGING DIRECTOR

Any 6 ✓ x 1 = 06marks

NB: - the findings and recommendations should relate around the marketing mix component

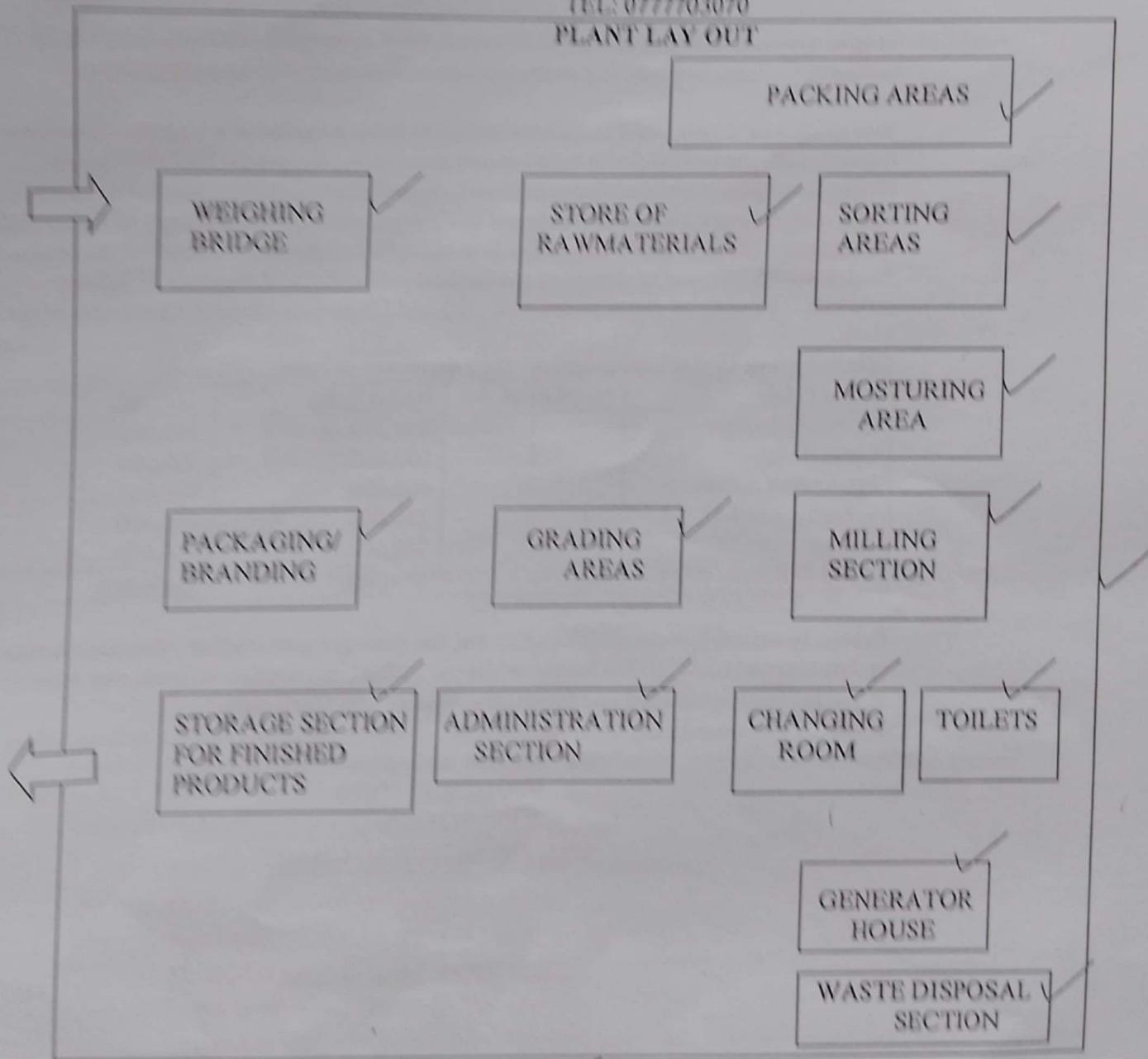
Q)

JINJA GRAIN MILLING LTD

P.O BOX 444 JINJA ✓

TEL: 0777703070

PLANT LAY OUT



Any 10 x $\frac{1}{2}$ = 05marks

3.

a)

DELICIOUS BREAD BAKERY
P. O BOX 01 IGANGA
TEL: 0778785432
MANAGEMENT PLAN.

People working in the business: Delicious Bakery employs 6 workers, the General manager, Cashier, two working in the production section and a security guard and cleaner.

Worker's qualifications: The General manager holds a bachelor's Degree in Business management, the cashier holds a diploma in accounting, the production staff holds certificate in pastry, the security guard is a S.6 graduate and cleaner is a P.7 graduate.

Roles and responsibilities of workers: The general manager is in charge of the overall management of the project. The cashier is in charge of all financial affairs of the business. Production officers are in charge of production, packaging and dispatch of bakery products. The security guard ensures security and Cleaners maintains cleanliness of work place.

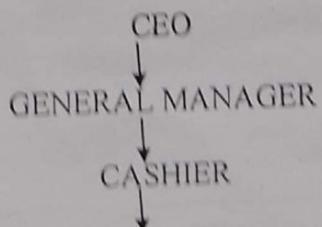
Salaries given to workers monthly: the salaries are as indicated below.

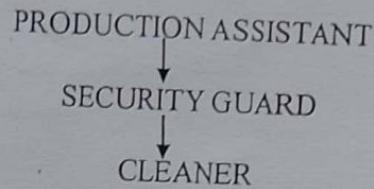
POSITION	NUMBER	SALARIES	TOTAL
General Manager	1	700,000	700,000
Cashier	1	500,000	500,000
Production Assistants	2	400,000	800,000
Security guard	1	250,000	250,000
cleaner	1	150,000	150,000
		TOTAL	2,400,000

Fringe benefits: The monthly benefits are, the manager gets medical allowance transport and accommodation 20% of salary, while the cashier, production assistant and security guard get accommodation and lunch. The cleaner gets lunch only.

Chair of command: the organization chart showing the flow of authority is as below.

DELICIOUS BREAD BAKERY
P. O BOX 01 JINJA
TEL: 0778785432
ORGANISATIONAL CHART





- b) Termination letter to Mugisha Enock should include;
- Name and address of Bakery
 - Date (date of exam)
 - Ref. (our Ref:.....)
 - Receivers Address (same as baker) include Name that is Mugisha Enock – Cashier
 - Salutation (Dear sir)
 - Subject: TERMINATION FOR BEING FRAUDULENT.
 - Body:
 - Appreciation for the work done for the company
 - Informing Mugisha that he is terminated due to fraud
 - Any benefits given
 - Expression of hope
 - Signatory:

Sign	}
Name	
Title	

 in that order.
 - Enc. Month's payment
 - C.C – File

Any 7 x 1 = 7marks

- c) Checklist for requirements of a new cashier to be placed in the newspaper advert.

DELICIOUS BREAD BAKERY

P. O BOX 01 JINJA

TEL: 0778785432

CHECKLIST FOR POST OF CASHIER

Job Title: Cashier

Job summary: Preparation of financial estimates, payment of workers and general management of finance.

Qualification: B.A Accounting and finance.

Special abilities: Team work, minimal supervision.

Skill / competences: Computer skills.

Age limit: 20 – 40 years.

Marital status: Single.

Reports to: General Manager

Job summary: Preparation of financial estimates, payment of workers and General management of finances.

Any 6 x 1 = 06 marks

- d) Workers performance appraisal form.

DELICIOUS BREAD BAKERY

P. O BOX 01 JINJA

TEL: 0778785432

STAFF PERFORMANCE APPRAISAL FORM

Period of assessment from to

SECTION A: Personal information (To be filed by the appraise).

Name of appraise:..... Salary scale:.....

Job Title: Dept:.....

Name of appraiser..... Job Title:.....

SECTION B. Assessment level of achievement

Agreed key Key input	Agreed Assessment performance					
	Appraise		Appraiser		Comment of performance	

SECTION C: Assessment of core competences.

Competence	Assessment performance level attained Please tick						Comments
	5	4	3	2	1	NA	
Knowledge and skills							
Planning							
Leadership							
Team work							
Time management							

SECTION D. Action plan to improve performance

Performance gap	Agreed achievement	Time frame

SECTION E. Comments, Recommendations and signature

Comments of Appraisee:..... Sign..... Date.....

Comments of Appraiser:..... Sign..... Date.....

Comments of responsible officer:..... Sign..... Date.....

Name:.....

Title:.....

4. a)

(i) Average stock = $\frac{\text{Opening stock} + \text{Closing stock}}{2}$

$$= \frac{10,000,000 + 1,000,000}{2}$$

$$= \text{shs. } 5,500,000$$

(ii) Cost of sales = Opening stock + Net purchase - Closing stock

Where Net purchase = Total purchases - Returns outwards

$$= 75,000,000 + 1,500,000 - 4,000,000$$

$$= \text{shs. } 72,600,000$$

$$\text{Cost of sales} = 10,000,000 + 72,600,000 - 1,000,000$$

$$= \text{shs. } 81,600,000$$

(iii) Gross profits = Net sales - cost of sales

$$= (90,000,000 - 2,000,000) - 81,600,000$$

$$= \text{shs. } 6,400,000$$

(iv) Net profits = Gross income - Total operating expenses

But Gross income = gross profits + purchase discount + Bad debt recovered

$$= 6,400,000 + 3,300,000 + 8,000,000$$

$$= \text{shs. } 17,700,000$$

Also Operating expenses = Bad debts written off + Carriage on sales + Sales discount.

$$= 4,000,000 + 1,000,000 + 2,000,000$$

$$= \text{shs. } 7,000,000$$

$$\text{Net profits} = 17,700,000 - 7,000,000$$

$$= \text{shs. } 10,700,000$$

3 X 5 = 15 marks

b) (i) Cash Ratio = $\frac{\text{Cash} + \text{Bank}}{\text{Current liabilities}}$

$$\begin{aligned}\text{But Total current liabilities} &= \text{Account payable} + \text{Bank overdraft} \\ &= 13,000,000 + 2,000,000 \\ &= \text{shs. } 15,000,000\end{aligned}$$

$$\begin{aligned}\text{Cash Ratio} &= \frac{18,000,000 + 12,000,000}{15,000,000} \\ &= \frac{30,000,000}{15,000,000} \quad \frac{2}{1}\end{aligned}$$

$$\text{Cash Ratio} = 2 : 1$$

Interpretation: This Ratio of 2:1 means that the business can pay off its current liabilities 2 times using its Cash at hand and Bank.

(ii) Average Collection period in weeks.

$$= \frac{\text{Total Debtors} / \text{Account receivable}}{\text{Net sale}} \times \text{No of weeks in a year}$$

$$= \frac{20,000,000 \times 52}{88,000,000}$$

$$= \frac{(20 \times 52)}{88} \text{ Weeks}$$

$$= 11.8 \text{ Approximately 12 weeks}$$

Interpretation: This ratio of approximately 12 weeks means that on average the business collected its money from the debtors within 12 weeks.

$$(iii) \text{Rate of Return on capital Employed} = \frac{\text{Net profit}}{\text{Capital employed}} \times 100$$

$$\begin{aligned}\text{But Capital Employed} &= \text{Total fixed Assets} + \text{Working capital} \\ &= \text{furniture} + \text{machinery} \\ &= 30,000,000 + 15,000,000 \\ &= \text{shs } 45,000,000\end{aligned}$$

$$\begin{aligned}\text{Working capital} &= \text{Total current Assets} - \text{Total current liabilities} \\ &= (12,000,000 + 18,000,000 + 1,000,000 + 20,000,000) - 15,000,000 \\ &= 51,000,000 - 15,000,000\end{aligned}$$

$$= \text{shs. } 36,000,000$$

$$\begin{aligned}\text{Therefore, Capital Employed} &= 45,000,000 + 36,000,000 \\ &= \text{shs. } 81,000,000\end{aligned}$$

$$\text{Rate of Return on Capital employed} = \frac{10,700,000}{81,000,000} \times 100$$

81,000,000

$$= \frac{1070}{81} = 13.2\%$$

$$= 13\%$$

Interpretation: This ratio of approximately 13% means that for every shs. 100 of the capital employed, the business got shs.13 as Net profits.

(iv) Stock Turn over = cost of sales

$$\begin{aligned} &\text{Average stock} \\ &= \frac{81,600,000}{5,500,000} \\ &= \frac{816}{55} \\ &= 14.8 \quad = 15 \text{times} \end{aligned}$$

Interpretation: This ratio of approximately 15 times means that the business converted its stock into cash 15 times in the trading period.

OR

The business replaced its stock 15 times in the trading period.

c) The cash ratio of 2:1 indicate that Byakika traders has capacity to pay the short term loan so is advised to borrow for expansion.

5.

**KOIRE INVESTMENTS LIMITED
CASH BUDGET
FOR THE MONTHS OF JAN, FEB, MAR AND APRIL, 2023**

Details	January (shs)	February (shs)	March (shs)	April (shs)
Balance b/d	4,000,000	(2,500,000)	(300,000)	3,250,000
<u>Add</u> CASH INFLOWS				
Cash sales	6,000,000	6,000,000	5,400,000	6,000,000
Receipts from Debtors	-	600,000	600,000	600,000
Income from other source	-	2,000,000	2,000,000	2,000,000
Monthly rent income	200,000	200,000	250,000	250,000
Loan acquisition	-	4,000,000	-	-
Issue a debenture certificate	-	-	5,000,000	-
TOTAL CASH INFLOWS	10,200,000	10,300,000	12,950,000	12,100,000
<u>Less</u> CASH OUTFLOWS				
Purchase of delivery van	6,000,000	4,000,000	3,000,000	1,000,000
Principle payment	-	-	1,000,000	1,000,000
Interest payment	-	-	200,000	150,000

Cash purchases	3,000,000	3,000,000	2400,000	2,400,000
Monthly payment for workers	1,500,000	1,500,000	900,000	900,000
Electricity bill payment	1,200,000	1,200,000	1,200,000	1,200,000
Water bill payment	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL CASH OUTFLOWS	12,700,000	10,700,000	9,700,000	7,650,000
Net cash position	(2,500,000)	(300,000)	3,250,000	4,450,000

44 x 1/2 = 22 marks

5'6 x 0.4

b) Ways of reducing/avoiding cash deficit.

- By postponing increase in expenditures e.g. salaries
- By selling off some of the fixed assets
- By increasing on cash sales
- By speeding up debt collection
- By selling on cash only
- By obtaining loan from low interest rate sources
- By laying off some workers
- By negotiating for longer credit period for supplies

Any 3x1 = 03marks

6. a)

(i) Amuza earning shs. 4,200,000 annually
Shs. 350,000 monthly.

$$\text{PAYE for Amuza} = \frac{10}{100} \times (350,000 - 235,000)$$

$$= \frac{10}{100} \times 115,000$$

$$= \text{shs. 11,500 Monthly}$$

$$= \text{shs. 138,000 Annually}$$

(ii) Edith earning shs. 5,400,000 annually
Shs. 450,000 monthly.

$$\text{PAYE for Amuza} = 25,000 + \frac{30}{100} \times (450,000 - 410,000)$$

$$= 25,000 + \frac{30}{100} \times 40,000$$

$$= \text{shs. 37,000 Monthly}$$

$$= \text{shs. 444,000 Annually}$$

(iii) God earning shs. 6,000,000 annually
Shs. 500,000 monthly.

$$\text{PAYE for Amuza} = 25,000 + \frac{30}{100} \times (500,000 - 410,000)$$

$$= 25,000 + \frac{30}{100} \times 90,000$$

= shs. 52,000 Monthly

= shs. 624,000 Annually

- (iv) Kenneth earning shs. 7320,000 annually
Shs. 610,000 monthly.

$$\text{PAYE for Amuza} = 25,000 + \frac{30}{100} \times (610,000 - 410,000)$$

$$= 25,000 + \frac{30}{100} \times 200,000$$

= shs. 85,000 Monthly

= shs. 1,020,000 Annually

- (v) Alice earning shs. 8,400,000 annually
Shs. 700,000 monthly.

$$\text{PAYE for Amuza} = 25,000 + \frac{30}{100} \times (700,000 - 410,000)$$

$$= 25,000 + \frac{30}{100} \times 290,000$$

= shs. 112,000 Monthly

= shs. 1,344,000 Annually

b) Stage 1.

$$\text{VAT} = \text{Rate} \times \text{Cost price}$$

$$= \frac{18}{100} \times 10,000,000$$

$$= \text{shs. } 1,800,000.$$

Stage 2.

$$\text{VAT} = \text{Rate} \times \text{Taxable value}$$

$$= \frac{18}{100} \times (16,000,000 - 10,000,000)$$

$$= \frac{18}{100} \times 6,000,000
= \text{shs. } 1,080,000.$$

Stage .3.

$$\begin{aligned}\text{VAT} &= \text{Rate} \times \text{Taxable value} \\ &= \frac{18}{100} \times (21,000,000 - 16,000,000) \\ &= \frac{18}{100} \times 5,000,000 \\ &= \text{shs. } 900,000.\end{aligned}$$

Stage .4.

$$\begin{aligned}\text{VAT} &= \text{Rate} \times \text{Taxable value} \\ &= \frac{18}{100} \times (24,500,000 - 21,000,000) \\ &= \frac{18}{100} \times 3,500,000 \\ &= \text{shs. } 630,000.\end{aligned}$$

END