

845/1  
Entrepreneurship  
Education  
Paper 1  
2024  
2½ hours



UGANDA NATIONAL EXAMINATIONS BOARD

Uganda Certificate of Education

ENTREPRENEURSHIP

Paper 1

2 hours 30 minutes

### INSTRUCTIONS TO CANDIDATES

*This paper consists of sections **A** and **B**. It has **five** examination items.*

*Section **A** has **three** compulsory items.*

*Answer **one** item from Section **B**.*

*Answer **four** examination items in all.*

*Any additional item(s) answered will **not** be scored.*

*All answers **must** be written in the answer booklet(s) provided.*

## SECTION A

*Answer all items in this section.*

### Item 1:

Gonzag has an acre of land next to a lake. He has saved UGX4,000,000 and would like to use these resources to start a business. However, he is not sure of what to do.

#### Task:

Use your entrepreneurial skills to guide Gonzag;

- (a) select a viable type of business.
- (b) budget for the selected business.
- (c) register the business.

### Item 2:

Mariam is operating a tailoring business in her home town. She employs five workers who usually conflict on their roles especially when taking measurements, cutting, sewing, fixing button or zips and ironing clothes of customers.

The business has three manual sewing machines. When Mariam gets many orders from her customers, she fails to complete the work in time and sometimes fails to finish sewing them neatly. Other customers are also complaining that their orders are either forgotten or given clothes that are not theirs. This has made many customers to take their clothes to other tailors.

Mariam is planning to buy more machines but she is not sure from where to buy them.

#### Task:

- (a) Identify the qualities demonstrated by Mariam as an Entrepreneur.
- (b) How can Mariam solve the challenges in the scenario as an Entrepreneur?

### Item 3:

Joseph owns a bakery in a trading centre in his home area. He recruited employees who start working from 5:00 am to 11:00 pm at a pay of UGX1,500 per day yet none of them has a working contract. The town council authorities have threatened to close Joseph's business for not paying taxes. Joseph does not know the taxes to pay. At times, customers return bread bought to Joseph claiming that it weighs less than what is indicated on the label.

Last week, there was a short circuit that caused fire in the bakery. An oven was destroyed and production in the bakery stopped for two days. The bakery delivery van which had a comprehensive insurance policy was also stolen. Joseph is now confused and is wondering whether he should close the business or continue with it.

**Task:**

- (a) What are the likely effects of Joseph's behaviour on the business?
- (b) Explain to Joseph how he should solve the challenges in the scenario.

**SECTION B**

*Answer one item from this section.*

**Item 4:**

Juma trades in farm produce but lacks book-keeping skills. He employed Sarah as the accounts assistant. Unfortunately, Sarah left the job before checking the arithmetic accuracy of the balances extracted from the business ledger and determine the profit or loss of the business as at 31/12/2023. The balances were as follows.

ITEM	UGX
Stock (1st January, 2023)	4,100,000
Purchase of farm produce	5,700,000
Purchases returns	1,100,000
Sale of farm produce	10,200,000
Sales Returns	1,200,000
Land and Buildings	44,400,000
Vehicle	13,000,000
Transport	700,000
Weighing scale machine	500,000
Capital	63,460,000
Furniture	3,500,000
Debtors	600,000
Creditors	1,300,000
Electricity bills	200,000
Salaries and wages	2,160,000
Stock (31st December, 2023)	2,200,000

**Task:** Prepare for Juma the relevant business financial statements.

**Item 5:**

In January 2023, Michael's Cashier left for another job before preparing the financial statements for the business. The Cashier left the details obtained from the ledger balances of the restaurant for the year ending 31<sup>st</sup> December 2023 as follows;

ITEMS	UGX
Capital	6,850,000
Sales	5,200,000
Purchases	3,800,000
Cash at hand	5,720,000
Furniture	600,000
Discount received	400,000
Refrigerator	1,200,000
Creditors	870,000
Repairs for refrigerator	320,000
Drawings	1,100,000
Electricity bills	1,440,000
Salaries and wages	1,800,000
Stock of food items (31/12/2022)	720,000
Bank loan	2,660,000

However, Michael is too busy to complete the process.

**Task:**

Prepare for Michael the relevant financial statements to;

- (a) check the arithmetic accuracy of the ledger balances.
- (b) determine the profit or loss made by the business.

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**Paper 1**

# ***SCORING GUIDE***

## ENTREPRENEURSHIP SAMPLE PAPER SCORING GUIDE

### ITEM 1:

Element of Construct	Basis of Assessment	Success Criteria	Scoring	Total
Appreciate Business Start-up Process	1. Analysis of business opportunity	2 or more ideas generated	02	02
		1 idea generated	01	
		No/wrong idea	00	
		E.g.;		
		<ul style="list-style-type: none"> <li>• Tree planting</li> <li>• Crop production</li> <li>• Fishing (Acqua-culture)</li> <li>• Animal rearing</li> <li>• Bee keeping (Api-culture)</li> <li>• Irrigation</li> <li>• Flower growing (Floriculture)</li> <li>• Recreation centre</li> <li>• Washing bay</li> <li>• Sand mining etc</li> </ul>		
		<b>Analysis of ideas</b>		
		3 or more ideas analysed		03
		2 or more ideas analysed	03	
		1 or more ideas analysed	02	
		No/wrong area of analysis	01	
			00	
		E.g.		
		-Products needed/ Demand/ Market		
		-Business risks		
		-Competitors		
		-Market growth		
		-Profitability		
		-Availability of finances, etc		
		<b>Use of market survey/research tool/Human wants</b>		
		- Identification of market survey/research tool with justification		
		- Identification of market survey/research tool without justification	02	02
		- No/wrong tool	01	
			00	
		3 contents of market survey/Research		
		2 contents of market survey/Research	03	03
		1 content of market	02	

		<p>survey/Research No/wrong content</p> <p>E.g. products needed, target customers, income, education, age, location, etc., competitors; products sold, price, packaging, location, etc</p> <p><b>Decision on type of business</b> (agro-business, agri-business, manufacturing, trading and service) <b>Decision</b> Decision with justification Decision without justification No/wrong decision</p>	<p>01 00</p> <p>02 01 00</p>	<p>02</p>
	2.Budget	<p>Title No title</p> <p><b>List of 3 or more items with monetary value</b> -Identification of 3 required items with estimates of monetary value -Identification of 2 required items with estimates of monetary value -Identification of 1 required item with estimates of monetary value -No/wrong item in relation with</p> <p><b>Total budget</b> Correct total No/wrong total</p>	<p>01 00</p> <p>03</p> <p>02</p> <p>01 00</p> <p>01 00</p>	<p>01</p> <p>03</p> <p>01</p>
	3.Fomalisation	<p>Registration- should be in line with form of business selected. E.g.: Sole proprietorship; trading license Partnership; partnership agreement and its purpose and content Company; memorandum of Association, Articles of Association, certificate of incorporation, etc.</p>		

		<b>Registration process</b> <b>1. Form of business</b> -Choosing a suitable business form -Wrong/no form of business Selected  <b>2. Registration</b> -Registering the business name and the physical address -Obtaining the required document eg certificate of incorporation/trading license etc. in relation to the selected form of business -Explaining the purpose of the documents(s) -Securing Tax Identification Number (TIN) -Registering for National Social Security Fund (NSSF) 3 or more steps @ 1score 2 steps @ 1score 1 step @ 1score No/wrong step  Logical flow No logical flow	01  00          03 02 01 00  01 00	01          03      01
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## ITEM 2

Element of Construct	Basis of Assessment	Success Criteria	Scoring	Total
Manage a business	The entrepreneur	<b>1.The Entrepreneurial qualities</b> e.g. perseverance, hardworking, risk taker, goal oriented, information seeker, opportunity oriented Commitment to the work, Self-confident, Creative and innovative, visionary, etc.  3 or more qualities described 2 or more qualities described 1 or more qualities described No/wrong quality identified	03 02 01 00	03



	Production skills	<b>2. Selection of a source for a sewing machine</b> Eg Compatibility Flexibility Guarantee Durability Costs of maintenance Installation costs Location of supplier, etc. 3 or more factors explained 2 or more factors explained 1 or more factors explained No/wrong factor explained	         03 02 01 00	         03
		<b>3. Division of labour and diversification</b> Justifies division of labour e.g scheduling work, spelling out roles, etc Justification of need for division of labour No/wrong justification	   01 00	   01
		<b>4. Creativity &amp; innovation</b> Challenge; <ul style="list-style-type: none"> <li>Failing to honour customers' orders on time.</li> <li>Poor quality- fails to finish sewing neatly</li> </ul> Solutions; <ul style="list-style-type: none"> <li>Sub-contract</li> <li>Hire more employees</li> <li>Work longer hours, etc.</li> </ul> 1 challenge & solution No/wrong Challenge/solution	                     01 00	                     01
		<b>5. Record keeping in production</b> e.g. Records of customers' orders as solution to: -forgetting of customer orders & -serving customer wrong orders & Explanation of an issue with appropriate record No/wrong issue identified	                     01 00	                     01

### ITEM 3

Element of Construct	Basis of Assessment	Success Criteria	Scoring	Total
Appreciate Business Support	1.Ethical issues in relation to business development	<b>Identification of Effects of Entrepreneur’s behaviour on business e.g.</b> <ul style="list-style-type: none"> <li>Employee turnover</li> <li>Legal battles/law suits</li> <li>Poor image</li> <li>Loss of customers</li> <li>Accidents</li> <li>Low sales/low profits</li> <li>Production of low quality products</li> <li>Business closure, etc.</li> </ul> 5 effects identified 4 effects identified 2 - 3 effects identified Less than 2 /No/wrong effect identified	          03 02 01 00	03
	2.Business ethics towards stakeholders	<b>Explanation of business ethics towards;</b> <ol style="list-style-type: none"> <li>Employees;               <ul style="list-style-type: none"> <li>Over working</li> <li>Low pay</li> <li>Job insecurity/no contract</li> </ul> </li> <li>Government;               <ul style="list-style-type: none"> <li>Non tax compliance</li> </ul> </li> <li>Customers               <ul style="list-style-type: none"> <li>Underweight products</li> <li>Dishonesty</li> </ul> </li> </ol> 3 or more ethics & solutions explained. 2 or more ethics & solutions explained  1 or more ethics & solutions explained No/wrong business ethic explained	          03 02  01 00	

	3.Risks in business and insurance	<p><b>Explanation of risks and mitigation measures.</b>  <b>Risks e.g.;</b> Fire, Theft, Accident, Machine breakdown &amp; Loss of profits, etc.  <b>Mitigation measures e.g.;</b></p> <ul style="list-style-type: none"> <li>claim compensation for van</li> <li>Take insurance policies like Accident policy, Fire Policy, Machinery breakdown &amp; consequential loss policy, etc.</li> <li>insure other assets</li> </ul> <p>improve security, etc</p> <p>3 or more risks &amp; solutions explained</p> <p>2 or more risks &amp; solutions explained</p> <p>1 risk &amp; 1 solution explained</p> <p>No/wrong risk/solution explained</p> <p><b>Mitigation measures e.g.;</b></p> <ul style="list-style-type: none"> <li>claim compensation for van</li> <li>Take insurance policies like Accident policy, Fire Policy, Machinery breakdown &amp; consequential loss policy, etc</li> <li>insure other assets</li> <li>improve security, etc</li> </ul> <p><b>Decision</b>  Decision taken  No/wrong decision taken</p>	<p>03</p> <p>02</p> <p>01</p> <p>00</p> <p>01</p> <p>00</p>	<p>03</p> <p>01</p>
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#### ITEM 4

Element of Construct	Basis of Assessment	Success Criteria	Scoring	Total
Apply book keeping skills	Prepare Trial balance	<b>Preparation of Trial balance</b> Title No/wrong title  Format No/wrong format  <b>Entries/postings</b> Makes 10-15 entries Make 8-9 entries Makes 4-7 entries Makes 0-3 / No/wrong entry  <b>Total</b> Any correct total No total correct	01 00  01 00  03 02 01 00  01 00	01   01  03  01
	Prepare Income statement	<b>Preparation of Income statement</b> Title No/wrong title  Format No/wrong format  <b>Entries/postings</b> Makes 7-11 entries Make 6 entries Makes 3-5 entries Makes 0-2 / No/wrong entry  <b>Total</b> Any correct total No total correct	01 00  01 00  03 02 01 00  01 00	01   01  03  01

#### Success criteria

##### a) Trial balance

$\frac{2}{3}$ of entries made; 10 - 15 entries	=	3 scores
$\frac{1}{3}$ of entries made; 8 – 9 entries	=	2 scores
$\frac{1}{4}$ of entries made; 4 - 7 entries	=	1 score
No/wrong entry / 0 – 3 entries	=	0 score

**MICHAEL'S RESTAURANT**  
**TRIAL BALANCE AS AT 31/12/2022**

<b>Details</b>	<b>Debit (Shs)</b>	<b>Credit (Shs)</b>
Capital		6,850,000
Sales		5,200,000
Purchases	3,800,000	
Cash at hand	5,720,000	
Furniture	600,000	
Discount received		400,000
Refrigerator	1,200,000	
Creditors		870,000
Repairs for the refrigerator	320,000	
Drawings	1,100,000	
Electricity	1,440,000	
Salaries and wages	1,800,000	
Bank loan		2,660,000
<b>Total</b>	<b>15,980,000</b>	<b>15,980,000</b>

**b) Income Statement**

$\frac{2}{3}$ of entries made	7 - 11 entries	=	3 scores
$\frac{1}{3}$ of entries made	6 entries	=	2 scores
$\frac{1}{4}$ of entries made	3 - 5 entries	=	1 score
No/wrong entry and 0 – 2 entry		=	0 score

MICHAEL'S RESTAURANT  
INCOME STATEMENT FOR THE YEAR ENDED 31/12/2022

Details		Debit (Shs)	Credit (Shs)
Sales			5,200,000
<b><u>Less cost of sales</u></b>			
Purchases		3,800,000	
Less closing stock		<u>720,000</u>	
Cost of sales			<u>3,080,000</u>
Gross profit			2,120,000
Add other incomes			
Discount received			<u>400,000</u>
Total income			2,520,000
<b>Less Operating expenses</b>			
Repairs		320,000	
Electricity bills		1,440,000	
Salaries and wages		<u>1,800,000</u>	
Total expense			<u>3,560,000</u>
<b>Net Loss</b>			<b><u>1,040,000</u></b>

## ITEM 5

Element of Construct	Basis of Assessment	Success Criteria	Scoring	Total
Apply book keeping skills	Prepare Trial balance	<b>Preparation of trial balance</b> <b>Title</b> Correct Title No/wrong title  <b>Format</b> Correct Format No/wrong format  <b>Entries/postings</b> Makes 9-13 entries Make 4-8 entries Makes 3 entries Makes 0-2 / No/wrong entry  <b>Total</b> Any correct total No /wrong total	01 00  01 00  03 02 01 00  01 00	01   01  03   01
	Prepare Income statement	<b>Preparation of Income Statement</b> Title No/wrong title  Format No/wrong format  <b>Entries/postings</b> Makes 6 - 9 entries Make 3 - 5 entries Makes 2 entries Makes 0 - 1 / No/wrong entry  <b>Total</b> Correct Total income/Net profit No total correct	01 00  01 00  03 02 01 00  01 00	01  01  03   01

Success criteria

### a) Trial balance

$\frac{2}{3}$ of entries made	9 - 13 entries	=	3 scores
$\frac{1}{3}$ of entries made	4 - 8 entries	=	3 scores
$\frac{1}{4}$ of entries made	3 entries	=	1 score
No/wrong entry and 0 – 2 entries		=	0 score

**JUMA'S FARM PRODUCE**  
**TRIAL BALANCE AS AT 31<sup>ST</sup> DECEMBER, 2023**

<b>PARTICULARS</b>	<b>DEBIT (UGX)</b>	<b>CREDIT (UGX)</b>
Stock (1st January, 2023)	4,100,000	
Purchases	5,700,000	
Purchases returns		1,100,000
Sales		10,200,000
Sales Returns	1,200,000	
Land and Buildings	44,400,000	
Vehicle	13,000,000	
Transport	700,000	
Weighing scale machine	500,000	
Capital		63,460,000
Furniture	3,500,000	
Debtors	600,000	
Creditors		1,300,000
Electricity Bills	200,000	
Salaries and wages	2,160,000	
<b>Total</b>	<b>76,060,000</b>	<b>76,060,000</b>

**b) Income Statement**

$\frac{2}{3}$  of entries made; 6 - 9 entries = 3 scores

$\frac{1}{3}$  of entries made; 3 - 5 entries = 3 scores

$\frac{1}{4}$  of entries made; 2 entries = 1 score

0 – 1 entry/ No/wrong entry made = 0 score



**JUMA'S INCOME STATEMENT  
FOR THE YEAR ENDED 31ST DECEMBER, 2023**

<b>PARTICULARS</b>	<b>AMOUNT (UGX)</b>	<b>AMOUNT (UGX)</b>	<b>AMOUNT (UGX)</b>
Sales			10,200,000
Less Sales Returns			<u>1,200,000</u>
<b>Net Sales</b>			<b>9,000,000</b>
<b>Less Cost of Sales:</b>			
Stock (1st January, 2023)		4,100,000	
Purchases	5,700,000		
Less Purchases returns	<u>1,100,000</u>		
Net Purchases	<u>4,600,000</u>	<u>4,600,000</u>	
Cost of goods offered for sale		8,700,000	
Less Closing stock		<u>2,200,000</u>	<u>6,500,000</u>
<b>Gross Profit</b>			<b>2,500,000</b>
<b>Less Operating expenses:</b>			
Transport		700,000	
Electricity bills		200,000	
Salaries and wages		2,160,000	3,060,000
<b>NET LOSS</b>			<b>560,000</b>