

P230/2
ENTREPRENEURSHIP
EDUCATION
Paper 2
July/August
3 hours

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WAKISSHA JOINT MOCK EXAMINATIONS

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP EDUCATION

Paper 2

3 hours

INSTRUCTIONS TO CANDIDATES:

- Answer **four** questions only.
- All questions carry equal marks.
- Credit will be given for the use of relevant diagrams and illustrations.
- Any additional question(s) answered will **not** be marked.

1. You have obtained funds to start a dairy farm in your locality. (7 marks)
- Design an appraisal form for use during employee evaluation. (7 marks)
 - Present guidelines observed in your business to retain workers. (6 marks)
 - Clearly illustrate the communication process flow followed in your enterprise. (5 marks)
 - Write a MEMO to the line managers inviting them for an urgent meeting about customers complaint on the quality of the dairy products. (5 marks)

You are involved in a business that deals in the production and supply of fresh fruit juice in your locality.

- Clearly write down a program followed to develop an effective sales promotion for the business products. (7 marks)
- Present the measures followed by the business to attract customers. (5 marks)
- Write down a product advert to promote sales for your business. (6 marks)
- Prepare a payroll that was followed to make payments to your employees last month. (7 marks)

The trial Balance below relates to NGATO sellers for the year 2020.

Details	Dr (Shs)	Cr (Shs)
Sales		11,000,000
Purchases	6,000,000	
Capital		21,650,000
Buildings	9,000,000	
Bank balance	8,000,000	
Furniture	1,200,000	
Return in wards	100,000	
Accounts payables		1,800,000
Carriage on sales	200,000	
Carriage on purchases	100,000	
Salaries and wages	800,000	
Electricity	230,000	
Water bills	50,000	
Final expenses	150,000	
Motor vehicle	1,000,000	
Accounts Receivable	600,000	
Cash in hand	350,000	
Drawings	200,000	
Opening stock	370,000	
Land	7,100,000	
Total	35,450,000	35,450,000

Additional Information

- Closing stock Shs. 1,000,000
- Unpaid water bills Shs. 10,000
- Accrued salaries and wages Shs. 120,000
- Prepaid electricity Shs. 6,000
- Depreciate motor vehicle and furniture at a rate of 5% and per annum respectively.

- (a) Calculate; (2 marks)
- (i) Net purchases. (2 marks)
 - (ii) Cost of sales. (2 marks)
 - (iii) Gross profit. (4 marks)
 - (iv) Net profit ratio. (3 marks)
 - (v) Non-current assets turnover.

- (b) Compute and interpret the ratios below (4 marks)
- (i) Salaries to turnover ratio. (4 marks)
 - (ii) Average payment period to creditors. (4 marks)
 - (iii) Stock turnover period.

4. You are a general manager of Bee keeping business in your home area. (5 marks)
- (a) What benefits do you enjoy when you sell honey on credit? (6 marks)
 - (b) Prepare a program followed in your business to recover credit. (8 marks)
 - (c) Present a SWOT analysis for the business. (6 marks)
 - (d) Write down guidelines followed to properly manage inventory in your business.

5. Your metal fabrication plant has been facing reduction in sales mainly due to reduction in the quantity of your products.
- (a) Formulate guidelines put in place to ensure maximization of profits in your business. (7 marks)
 - (b) Develop an organizational plan for your business. (7 marks)
 - (c) Present a marketing budget followed to further boost sales in your Business. (6 marks)
 - (d) Design a delivery note for use in your business. (5 marks)

6. (a) Julius's income for the year 2019 was as shown below;
- Business income Shs 4,000,000.
Property income Shs 3,500,000.
Employment income Shs 1,500,000.

In the course of the year he used 10% of his business income to repaint his building and 15% of his property income was used to cater for salaries and wages.
The income that was tax exempt was Shs. 2,820,000

Compute;

- (i) Gross income. (2 marks)
- (ii) Julius' chargeable income. (2 marks)

Given the tax rate below;

Income	Tax rate
Exceeding shs 4,920,000	a) Shs 300,000 + 30 % of income by which chargeable income exceeds Shs. 4,920,000. b) Where chargeable income exceeds Shs. 120,000,000, an additional 10% is charged on income exceeding Shs 120,000,000

- (iii) Compute his tax payable that year. (3 marks)

Turn Over

(b) Abbas collected rental income on a monthly basis as shown below in 2020.

Muyenga houses Shs. 1,000,000.

Mukono building Shs. 1,500,000.

Mukono mall Shs. 3,000,000.

He met 75% of his Gross rent as operational expenses.

Given a rental tax rate of 30%.

Compute his;

(i) Gross rental income. (2 marks)

(ii) Rental income tax paid. (3 marks)

(c) Below are the purchases and sales made by Suubi enterprises during the month of December 2020. The prices were inclusive of VAT at the standard rate of 18%.

December, 1st 2020 purchased 400 units at Shs. 5,600 per unit.

10th sold 200 units at Shs. 7,200 per unit

20th purchased 300 units at Shs. 6,400 per unit

31st sold goods 200 units at Shs. 8,000 per unit.

Compute;

(i) Total VAT payable on purchases that month. (6 marks)

(ii) Total VAT payable on sales that month. (6 marks)

(iii) What are limitations of Value Added Tax (VAT)? (1 mark)

END