

P230/2
ENTREPRENEURSHIP
EDUCATION
Paper 2
24 July 2018
3 hours

ENTEBBE JOINT EXAMINATION BUREAU

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP EDUCATION

Paper 2

3 hours

INSTRUCTIONS TO CANDIDATES:

*This paper consists of **six** questions.*

*Answer any **four** questions only.*

***All** questions carry equal marks.*

Credit will be given for use of relevant diagrams and illustrations.

*Any extra question(s) will **not** be assessed.*

1. You own a bakery project in your home town. Some bakery products have been returned to the business by your customers.
 - (a) Prepare a goods – returned note for stock returned. (06 marks)
 - (b) Present a program for undertaking insurance against business risks. (07 marks)
 - (c) Design a daily time sheet for workers to be used in your business. (06 marks)
 - (d) Prepare a pay roll for the workers in your business. (06 marks)

2. You have established a real estates management company.
 - (a) Write up the company profile. (06 marks)
 - (b) Design an asset register for use in the company. (06 marks)
 - (c) Prepare a credit status inquiry on the new customer who has asked you for credit facilities. (06 marks)
 - (d) Prepare a marketing budget for your business. (07 marks)

3. Kaka Enterprises had the following information.
 - (i) The business expects to sell goods worth Shs. 30,000,000 every month and receive 70% in the month of sale and the remaining balance to be received two months after the month of sale for all sales.
 - (ii) The business hopes to acquire a bank loan of Shs. 10,000,000 from DFCU Bank in the month of February at an interest rate of 10%.
 - (iii) On 31 December 2018, the business expects a cash balance of Shs. 5,000,000
 - (iv) The business expects to buy 800 units of raw materials in January at Shs 5,000 each. The quantity of raw materials is to increase by 10% every month. Purchase of raw materials is strictly on cash basis.
 - (v) The monthly rent income is expected to be Shs. 6,000,000 but this is expected to reduce by 5% and 10% respectively after the first two months.
 - (vi) Expected credit sales are Shs. 6,000,000, Shs. 7,000,000, Shs 8,000,000 and Shs 9,000,000 respectively, collecting 50% in the month of sale and the remaining amount in the following months less 10% cash discount on payment received.

- (vii) The business has a policy of paying 4% as monthly sales commission from its total sales.
- (viii) The business hopes to buy a machine by cash worth Shs 1,200,000 and pay Shs 200,000 in the first month as down payment. The balance is to be effected as installments in the ratio of 5:3:2 respectively.
- (ix) A delivery van is expected to be bought on credit in the second month of operation at a cost of Shs 25,000,000.
- (x) Income tax of Shs 1,500,000 is to be paid at the beginning the second quarter.
- (xi) The business expects an income tax refund of Shs. 500,000 after three months in operation.
- (xii) The business is to transfer Shs. 8,000,000 to a private fund of the proprietor one month after the month of operation.
- (xiii) The business will finance any cash shortfall with a debenture at the beginning the next month with an interest rate of 5% payable after a lapse of one month.

Required:

- (a) Prepare a cash budget for Kaka Enterprises for four months for the year 2019. *(21 marks)*
 - (b) Comment on the net cash position of the business. *(04 marks)*
- 4.** You are operating a maize milling plant in your home town and you are in the process of signing a contract to supply maize grains to Whitney secondary school.
- (a) Prepare the terms and conditions to be included in the contract. *(07 marks)*
 - (b) Design a label to be put on your packaging materials. *(06 marks)*
 - (c) Write a tender inviting a potential supplier of packaging materials to your business. *(06 marks)*
 - (d) Design a job application form to be used for recruiting workers. *(07 marks)*

5. Raymond imported rice from Pakistan at CIF value of US\$ 60,000. The rice attracts 20% import duty, 50% excise duty, 15% VAT, 4% withholding tax. If 1 US\$ = UShs 3,600;

(a) Calculate:

(i) the amount of each tax paid. (10 marks)

(ii) the total amount of tax remitted to URA. (04 marks)

(iii) the purchase value paid by the final buyer of the rice. (04 marks)

(b) The table below shows the fourth bracket Pay As You Earn (*PAYE*) monthly tax rate basing on the 2012 – 2013 financial year.

Chargeable monthly income	Tax rate
Exceeding Shs. 410,000	(a) Shs. 25,000 + 30% of the amount by which chargeable income exceeds Shs. 410,000 (b) Where chargeable income exceeds Shs. 10,000,000, an additional 10% is charged on incomes exceeding Shs. 10,000,000

Calculate the monthly tax payable by Mr. Kamau, a manager of Jimtex Enterprises, who earns an annual gross salary of Shs. 168,000,000.

(04 marks)

(c) Outline any **three** limitations of the *PAYE* tax system.

(03 marks)

6. You intend to start a company dealing in the production of clay products;

(a) Prepare a marketing plan for your business. (07 marks)

(b) Explain the social responsibilities of your business. (06 marks)

(c) Write a letter to the relevant authorities seeking permission to set up a building for your business. (06 marks)

(d) Draft a training program for the employees in your business. (06 marks)