

Uganda Certificate of Education
ENTREPRENEURSHIP EDUCATION
SELECTED SEMINAR/REVISION QUESTIONS

SECTION A

1. (a) (i) Distinguish between barter exchange and monetary exchange
(ii) Mention any **two** merits of Barter exchange.
- (b) (i) Define the term decision making.
(ii) Mention any **three** factors that influence decision making in a business.
- (c) (i) Differentiate between an invoice and statement of account.
(ii) Give any **two** contents of an invoice.
- (d) (i) What is retail trade?
(ii) Give any **three** types of large scale retailers in Uganda.
- (e) (i) What is meant by the term “investment”.
(ii) Suggest any **three** measures that should be taken to promote investment in Uganda
- (f) (i) Differentiate between a share and a debenture.
(ii) Outline any **two** importance of stock exchange.
- (g) (i) What is a distribution chain?
(ii) State any **three** conditions under which a wholesaler may be necessary in the distribution chain
- (h) (i) Distinguish between the terms “credit sales” and “credit purchases”.
(ii) Outline any **two** advantages of selling on credit.
- (i) (i) State any **two** elements of a marketing plan.
(ii) What are the benefits of a marketing plan to an entrepreneur?
- (j) AGASCO Company LTD’s records of books of accounts showed the following,
- | | |
|-------------------------|---------------|
| - Total costs of sales: | Shs 480,000/= |
| - Average mark up: | 25% |
| - Expenses: | Shs 40,000/= |
- Calculate AGASCO’s
- i. Turnover
 - ii. Gross profit.
 - iii. Net profit.
1. (a) (i) Define the term **income**.
(ii) Mention any **three** sources of income to an entrepreneur.
- (b) (i) Distinguish between **direct** and **indirect** taxes.
(ii) Give any **two** reasons why a business should pay taxes.
- (c) (i) State **two** elements of a business plan.
(ii) Outline any **two** benefits of a business plan to an entrepreneur.

- (d) (i) What is a **contract**?
(ii) Mention any **three** advantages of a contract to a business.
- (e) (i) Differentiate between a **partnership** and a **limited company** business.
(ii) Give any **two** features of a limited company.
- (f) (i) Define the term “**Risk**.”
(ii) Mention any **three** factors that should be considered when assessing risks.
- (g) Outline any **four** roles of retailers in a business distribution channel.
- (h) (i) What is meant by the term “**market**?”
(ii) Give any **three** factors that determine potential market.

- (i)(i) Define the term ‘**investment**.’
(ii) Suggest any **three** measures to promote investment in Uganda.

- (j) (i) Define the term ‘**work**.’
(ii) Give any **three** advantages of paid employment.

1. a) (i) Define the term Dignity of work.
(ii) State any **two** values of doing work.
- b) (i) What is a career?
(ii) List **two** factors that determine the choice of a career.
- c) (i) Distinguish between direct costs and indirect costs.
(ii) Give **two** examples of direct costs.
- d) (i) Define the term **employee**.
(ii) Give two factors to consider when deciding the number of employees.
- e) (i) Distinguish between a share certificate and a sale contract.
(ii) Give any **two** contents of a share certificate.
- f) (i) Give **two** reasons why it is necessary to interpret financial statements.
(ii) A business has the following information.
- | | |
|---------------------|-------------|
| Fixed assets | shs 200,000 |
| Current assets | shs 100,000 |
| Current liabilities | shs 50,000 |
| Net profit | shs 80,000 |
- Calculate the rate of return on capital.
- g) (i) Define business ethics.
(ii) Mention any two ethics towards customers.
- h) (i) Distinguish between tax compliance and tax evasion.
(ii) Give two roles of taxes in your country.

- i) (i) Define the term Sole Proprietorship.
 - (ii) Give two characteristics of Sole Proprietorship.
- j) (i) Define job description.
 - (ii) Give two contents of job description.
1. (a) (i) What is meant by the term Income?
 - (ii) Mention any three sources of income in Uganda?
- (b) (i) Define the term Depreciation.
 - (ii) If an asset is bought at shs 100,000 depreciation per annum is 10%. Calculate the value of the asset after the 3rd year.
- (c) (i) What is market assessment?
 - (ii) Give any three factors considered when carrying out market assessment.
- (d) (i) Mention any four advantages of packaging to an Entrepreneur.
- (e) (i) What are pre-operating expenses?
 - (ii) Outline any three pre-operating expenses of a manufacturing business.
- (f) Mention any two;
 - (i) Business laws used in Uganda.
 - (ii) Importance of business laws in Uganda.
- (g) (i) What is meant by a financial plan?
 - (ii) Mention any three factors considered when drawing a financial plan.
- (h) (i) Distinguish between Fidelity guarantee and loss of profit insurance policy.
 - (ii) Mention any two principles of insurance.
- (h) (i) What is a petty cash book?
 - (ii) Give three advantages of an imprest system.
- (j) (i) Distinguish between Accounting and Book keeping.
 - (ii) Mention any two reasons for keeping Accounting Records.
1. (a) (i) Define the term **work**.
 - (ii) State any **three** values of doing work.
- (b) (i) Define job description.
 - (ii) Give **three** contents of job description.
- (c) (i) Distinguish between indemnity and subrogation.
 - (ii) Give **two** examples of insurable risks in business

- (d) (i) What are **pre-operating expenses**?
- (ii) Give any **two** examples of pre-operating expenses of a business.
- (e) Outline any **four** business ethics an entrepreneur should practice towards employees.
- (f) (i) Define the term advertising.
- (ii) Give any **three** factors which should be considered when choosing a medium of advertising.
- (g) Outline any **four** books of accounts kept in business
- (h) The following information was extracted from the books of NABUNYA Enterprises Ltd for the year ended 31/12/2014
- | Items | shs |
|--------------------|-------|
| Net sales | 45000 |
| Cost of sales | 32250 |
| Salaries and wages | 6000 |
| Discount received | 1500 |
| Discount allowed | 2250 |
- Calculate**
- (i) Gross profit.
- (ii) Net profit.
- (I) (i) What is meant by the term Trial Balance?
- (ii) State any **three** errors that will not affect the totals of the trial balances.
- (j) Mention **four** roles of an entrepreneur in management of a small business

1. (a) (i) What is a **business opportunity**?
- (ii) Outline **three** factors you will consider when choosing a profitable business opportunity in your community.
- (b) State any **four** functions of management in a business.
- (c) (i) Define the term **market assessment** as used in entrepreneurship.
- (ii) State **three** objectives of carrying out market assessment.
- (d) Mention any **four** indicators of quality as perceived by customers of a product
- (e) List any **two**:
- (i) Ways in which family members can support your business.
- (ii) Disadvantages of involving family members in your business.
- (f) (i) Distinguish between **prime costs** and **overhead costs** of a business.
- (ii) Mention **two** examples of overhead costs of a manufacturing business.
- (g) GG enterprises had sales of shs 10,000,000, cost of sales shs 5,500,000 and returns inwards shs 2,000,000. Calculate the gross profit ratio for the enterprise.
- (h) (i) Differentiate between a **share certificate** and a **debenture**.
- (ii) Outline **two** requirements a company should fulfill before selling shares to the public.

- (i) Give any **four** forms of written communication used by entrepreneurs in your country.
- (j) Name any **four** beneficiaries of business ethics.
- 1a) (i) Distinguish between **fixed capital** and **working capital**. *2mks*
(ii) Mention any **two** ways in which a business can increase its cash flows. *2mks*
- b) (i) Distinguish between persuasive and informative advertising. *2mks.*
(ii) State any **three** factors considered when choosing a medium of advertising. *3mks*
- c) (i) Define self assessment. *1mk*
(ii) Give any three benefits of self assessment to an entrepreneur. *3mks*
- d) (i) What is meant by Tax identification number (TIN)? *1mk.*
(ii) List any two benefits of the TIN to the tax payer. *2mks*
- e) A machine was bought for shs 1,000,000/= on 1st Jan 2009 and depreciation is to be charged at a rate of 20% p.a.
(i) Calculate the amount of depreciation by the end of 1st year.
(ii) What will be the value of the machine at the beginning of the 2nd year? *2mks*
- 2) (a) Explain the factors considered when conducting market assessment. *10mks*
(b) Why should an entrepreneur carry out market assessment? *10mks*
- 3) (a) Why is there need for the government to tax businesses? *10mks*
(b) Suggest possible ways of increasing on the level of tax revenue in your country. *10mks*
- 4) (a) Under what circumstance may an entrepreneur be justified to sell goods on credit? *6mks*
(b) Explain the advantages and disadvantages of selling on credit. *14mks*

SECTION B

2. (a) Explain the importance of aids to trade to an entrepreneur.
(b) Describe the various channels of distribution an entrepreneur may use to supply his products
3. (a) What are the components of a business plan?

- (b) Give reasons why entrepreneurs prepare business plans for their undertakings.
4. (a) Describe the sources of information for conducting market surveys on a firm's products.
(b) What are the importances of conducting a market survey to an entrepreneur?
5. (a) Explain the essential elements of a valid contract.
(b) Under what circumstances may a contract be terminated.
6. (a) Explain the importance of basic principles of insurance
(b) Describe the procedures an entrepreneur would take to claim compensation from the insurer.
7. (a) Outline the various pre-operating expenses of a manufacturing business.
(b) How can a business minimise its pre-operating expenses?
8. (a) In what ways have businesses damaged the natural environment in your country?
(b) Suggest measures that should be taken to minimise the damage caused by business to the natural environment.
9. (a) Explain the importance of advertising a product.
(b) Describe the various forms of advertisement that may be used by an entrepreneur.
10. (a) Explain the factors an entrepreneur should consider when choosing a means of transport.
(b) Outline the importance of transport when planning for his business.
11. (a) Explain the services offered by commercial banks to Entrepreneurs.
(b) Why do most entrepreneurs open up current accounts?
12. (a) What are the causes of unemployment in your country?
(b) How can this problem be overcome?
13. (a) Outline the challenges faced by the manufacturing business.
(b) How can these challenges be overcome?
- 14.. (a) Describe four ways in which an entrepreneur can distribute his products.
(b) Outline the factors considered when choosing a channel of distribution.
15. (a) Explain **five** effects of a degraded natural environment to the existing businesses in Uganda.
(b) Suggest **five** measures that should be taken to reduce harmful effects of businesses on the natural environment.
16. (a) Describe any **five** insurances policies undertaken by manufacturing businesses.
(b) Under what circumstances may an insurance contract be terminated? **10mks**
17. (a) Describe any **five** subsidiary books of accounts used by large-scale businesses in Uganda.
(b) Give **five** reasons why an entrepreneur should keep proper business records.
18. (a) Other than loans, explain six services offered by financial institutions to entrepreneurs in Uganda.

- (b) State **four** requirements considered by a financial institution before giving a loan to an entrepreneur.
19. (a) Describe **five** characteristics of a good tax system.
 (b) Explain **five** factors which influence tax compliance in Uganda.
20. (a) Describe various uses of the business plan
 (b) Why is it necessary for entrepreneurs to prepare business plan?
21. (a) What is the importance of communication to an entrepreneur?
 (b) Explain the essential elements of effective communication in business.
22. (a) Describe the factors considered by entrepreneurs when choosing the mode of transport.
 (b) Explain the importance of transport in planning a business
23. (a) Explain the importance of packaging a product for sale
 (b) What factors should an entrepreneur consider when choosing a wrapping material?
24. (a) Explain the factors leading to low tax compliance in your community
 (b) In what ways is tax compliance encouraged in your community.
24. (a) Explain the importance of Transport to a business.
 (b) What factors do entrepreneurs consider when choosing a mode of Transport for their products?
25. (a) Distinguish between a Limited Liability Company and a Partnership.
 (b) Explain the merits and de-merits of partnership businesses.
26. (a) Describe the essential of a valid contract.
 (b) Under what circumstances may a contract be terminated?
27. (a) Explain the challenges faced by manufacturing businesses in Uganda.
 (b) Suggest the solutions to the challenges of manufacturing businesses in Uganda.
28. (a) Describe the functions of Bank of Uganda.
 (b) Explain the various ways through which the central Bank controls the amount of money in circulation in your country.

8451/1 PAPER ONE

1. The following information was extracted from the books of **SAATH SAATH** business for the month of March 2011.

| 2011 | shs |
|------------------|----------------------------|
| March 1 | balances brought down from |
| | February 2011: |
| Cash balance | 290,000 |
| Bank balance | 6, 540,000 |
| Debtors Accounts | |
| K.Oyende | 1,200,000 |
| S. Atikwi | 2, 800,000 |
| S. Mafuta | 400,000 |

| Creditors Accounts | |
|--------------------|--|
| | T.Olupot 600,000 |
| | L. Kairo 4,400,000 |
| | J. Mukandoli 1,000,000 |
| March 2, | K. Oyende settled his account by cheque less 2 ½ % cash discount. |
| 5 | sold goods by cheque shs 2,000,000. |
| 8 | paid J. Mukandoli by cheque after deducting 5% cash discount. |
| 9 | bought goods on credit from Makula and sons shs 3,000,000. |
| 11 | withdrew shs 1,000,000 from bank for business use. |
| 16 | S. Atikwi settled her account by cheque less 2 ½ cash discount. |
| 18 | sold goods on credit to Kakinda shs 420,000. |
| 25 | paid wages in cash shs 920,000. |
| 26 | S. Mafuta paid cash less 5% cash discount. |
| 27 | paid T. Olupot by cheque less 5% cash discount. |
| 28 | paid Makula and sons the amount due by cheque less 5% cash discount. |
| 29 | Kakinda paid the amount due from him by cash less 2% cash discount. |
| 30 | Paid L. Kairo by cheque less 2 ½ cash discount. |

Required:

- (a) Write **SAATH SAATH** Three Column Cash Book and balance it. **12mks**
- (b) Show all the relevant accounts in the:
- | | | |
|-------|-------------------|-------------|
| (i) | Sales Ledger, | 5mks |
| (ii) | Purchases Ledger, | 5mks |
| (iii) | General Ledger. | 5mks |

2. The following balances were extracted from the books of **BAHDI ACHE ENTREPRISES** Ltd as at 31st December, 2012.

| | Shs |
|-----------------------|------------|
| Opening stock | 5,000,000 |
| Buildings | 24,000,000 |
| Sales | 52,000,000 |
| Returns inwards | 3,000,000 |
| Purchases | 28,000,000 |
| Salaries and wages | 3,500,000 |
| Fixtures and fittings | 2,500,000 |
| Discount allowed | 750,000 |
| Discount received | 450,000 |
| Returns outwards | 180,000 |
| Machinery | 14,000,000 |
| Rent | 560,000 |
| Advertising | 1,040,000 |
| Insurance | 380,000 |
| General expenses | 720,000 |

| | |
|----------------|------------|
| Debtors | 6,000,000 |
| Creditors | 4,300,000 |
| Cash | 240,000 |
| Bank overdraft | 1,860,000 |
| Drawings | 600,000 |
| Capital | 31,500,000 |
| Closing stock | 6,000,000 |

Required to:

- (a) Extract **BAHDI ACHE ENTERPRISES** Ltd's Trial Balance as at 31st December, 2012.
13mks
- (b) Explain the merits of Book keeping in Business. **12mks**
3. You wish to expand your small-scale cooking oil processing factory to meet the increasing demand.
- (a) Write a letter to the District Engineer seeking technical advice on the proposed expansion. **6mks**
- (b) Design a marketing plan for the business. **7mks**
- (c) Explain the factors you will consider when choosing a distribution channel. **6mks**
- (d) How will society benefit your business? **6mks**
4. You are running a dairy plant after receiving a grant from the Uganda manufacturers' Association.
- (a) State two goals and objectives for your business **(04mks)**
- (b) Prepare marketing plan for your business **(08mks)**
- (c) Present a programme for recruitment of more sales persons. **(08mks)**
- (d) Explain the challenges you are likely to face in the business. **(05mks)**
5. You have received shs 50,000,000 to set up a Restaurant in your locality:
- (a) Design a menu card for your business. **6mks**
- (b) Outline the types of personnel you will use in your business. **6mks**
- (c) What factors will you consider when recruiting personnel in your business? **6mks**
- (d) What measures will you use to reduce Production costs in your business? **5mks**
6. (a) You have raised shs.300 million for establishing a micro-finance company.
- a) Design a cash deposit slip to be used in business. **(05 marks)**
- b) Write a letter requesting for an operating licence from the district chairperson. **(07 marks)**
- c) Describe the various ways of assessing the credit worthiness of borrowers. **(06 marks)**
- d) How will ensure that borrowers always pay back the loans. **(07 marks)**
6. You intend to start a small scale fruit processing plant.
- (a) Give the general description of your proposed project **05mks**
- (b) Describe the factors you will consider when locating the project **08mks**
- (c) Explain the methods you will use to promote the products **08mks**
- (d) How would you determine the price of your products? **04mks**
7. The following details relate to the business called High Quality Limited for the year ended 31/Dec/2014

| Details | shs |
|-------------------|-----------|
| Stock 1/Jan/2014 | 230,000 |
| Sales | 1,280,000 |
| Purchases | 900,000 |
| Purchase returns | 50,000 |
| Sales returns | 60,000 |
| Carriage inwards | 150,000 |
| Discount received | 50,000 |
| Discount allowed | 30,000 |
| Stock 31/12/2014 | 280,000 |
| Auditing Expenses | 40,000 |
| Carriage outwards | 50,000 |
| Advertising | 30,000 |

Required:

- (a) Prepare a statement to determine the gross profit and Net profit for the year ended 31/12/2014
12mks
- (b) Compute the following
- (i) Mark up *03mks*
 - (ii) Gross profit ratio *03mks*
 - (iii) Average stock *03mks*
 - (iv) Rate of stock turn *02mks*
 - (v) Percentage of operating expenses to turn over *02mks*
8. You have obtained a loan of Uganda shs 2,000,000 for starting a poultry business
- (a) Prepare a budget for the business *08mks*
 - (b) Describe the steps that you will take when preparing a business plan. *06mks*
 - (c) Outline the risks that may affect the business *05mks*
 - (d) Suggest the strategies you will use to increase the sales of your products. *06mks*
9. You have acquired funds to operate a grinding mill.
- (a) Outline the factors you will consider when selecting the machinery and equipment for the business. *06mks*
 - (b) Mention the aspects you will include in your production plan. *06mks*
 - (c) In what ways would you improve the working conditions of your employees? *7mks*
 - (d) Explain the effects the business may have on the environment *08mks*
10. You intend to set up a juice processing project.
- (a) What factors would you consider when choosing the type of packaging materials to be used? *7mks*
 - (b) Why would it be important for you to package your products well? *7mks*
 - (c) How will your business benefit the community? *5mks*
 - (d) Prepare a purchase order for your business inputs. *6mks*
11. You own a hire purchase business dealing in Electronics. To promote good customer care, you intend to review the marketing strategies.
- (a) Design a market flow chart for your business. *6mks*
 - (b) Describe the various sources from which you will establish the credit worthiness of your customers. *6mks*

- (c) Explain the various ways you will use to encourage customers pay promptly. **7mks**
 (d) Develop the terms and conditions to be included in the hire purchase agreement. **6mks**

12. The following Trial Balance was extracted from the books of **KITONE DESIRE** as at 30th June 2012.

| | Dr (Shs) | Cr (Shs) |
|------------------------------------|--------------------|--------------------|
| Capital | | 60,000,000 |
| Sales | | 201,000,000 |
| Stock (1 st July, 2011) | 9,000,000 | |
| Purchases | 127,800,000 | |
| Drawings | 27,000,000 | |
| Lighting | 5,700,000 | |
| Loan (10 years) | | 33,000,000 |
| Discount received | | 4,500,000 |
| Rent | 7,200,000 | |
| Cash | 1,200,000 | |
| Interest received | | 1,000,000 |
| Salary and wages | 15,600,000 | |
| General expenses | 2,100,000 | |
| Bank | 3,600,000 | |
| Provision for bad debts | | 500,000 |
| Carriage outwards | 3,300,000 | |
| Creditors | | 27,000,000 |
| Premises | 60,000,000 | |
| Commission | 6,000,000 | |
| Debtors | 36,000,000 | |
| Furniture | 22,500,000 | |
| Total | 327,000,000 | 327,000,000 |

Additional information:

- Salaries and wages outstanding shs 500,000
- Stock 30th June 2012 shs 12,000,000
- Provision for bad debts to be increased to 10% of the Debtors.
- Prepaid rent is shs 200,000
- Depreciate furniture at 10% per annum.
- More drawings worth shs 9,400,000 were made.

Required:

- (a) **Trading, Profit and Loss Account** for the year ended 30th June, 2012. **9mks**
- (b) **Balance Sheet** as at 30th June, 2012. **7mks**
- (c) Calculate and interpret the;
- (i) Rate of return on capital employed. **2mks**
 - (ii) Average creditors repayment period. **2mks**
 - (iii) Debt ratio. **2mks**
 - (iv) Fixed assets turnover. **3mks**

13. URA has organized a Tax Education Workshop and has invited you as an Expert in Taxation to speak to different employers and their employees
- (a) (i) Explain to the audience any non-taxable employment benefits. **4mks**
(ii) Explain to the traders the consequences of tax evasion. **4mks**
- (b) Explain to the traders the difference between;
(i) VAT Inclusive and VAT exclusive Transactions. **2mks**
(ii) Chargeable income and Threshold income **2mks**
- (c) **FRESH DADDY LTD** has his annual income from the retail shop as shs 2,500,000. he also earns shs 1,200,000 annually from the property he owns and her job earns shs6,000,000 annually . Ten percent Of the income from his shop is tax exempt while the annual expenses and losses amount to shs 400,000. The annual threshold income is shs. 2,820,000
Calculate his;
(a) Gross income **3mks**
(b) Chargeable income **3mks**
(c) Taxable income **3mks**
(d) The amount of income tax she would pay annually using the PAYE System. **4mks**
14. You have secured a loan of shs 5,000,000 to expand your furniture workshop.
- a) Prepare a budget for the expansion. **5mks**
b) Present a sign post for your business. **5mks**
c) How do you ensure quality in your business? **8mks**
d) Prepare a marketing plan for your business. **7mks**
15. Mr. Musana's business recorded the following transactions during the month of January 2014.
- Jan 1st started business with cash in hand shs 90,000
cash at bank shs 100,000
- 2nd paid business rent by cash shs 20,000
4th bought goods by cash shs 60,000
5th bought office furniture by cheque shs 40,000
6th sold goods and received a cheque shs 30,000
9th cash sales shs 45,000
10th paid wages in cash shs 15,000
12th cash purchases shs 45,000
14th sold goods in cash shs 60,000
16th bought stationery by cash shs 10,000
19th sold goods and received a cheque shs 50,000
25th bought more goods by cheque shs 30,000
27th sold goods by cash shs 24,000

30th paid insurance by cheque shs 25,000

Required:

- a) Prepare Mr. Musana's two column cash book to record the above transactions. 15mks
- b) Extract the sales and purchases ledger accounts for the business. 10mks
16. You operate a restaurant in a busy town.
- a) Present the general description of your business. 16mks
- b) Design a news paper advert for your business. 6mks
- c) Design a local purchase order form for use in your business. 8mks
- d) Outline any five (5) business ethics you practice towards your employees. 5mks
17. You are provided with the following balances of Nabukenya and Nalwanga Enterprises as at 31st.12.2013.

| Item | Amount (shs) |
|------------------------|--------------|
| Motor vehicles | 3,200,000 |
| Bank loan | 2,000,000 |
| Stock of goods | 2,400,000 |
| Creditors | 1,600,000 |
| Debtors | 1,800,000 |
| Bank overdraft | 800,000 |
| Cash at hand | 1,200,000 |
| Buildings | 4,000,000 |
| Furniture and fittings | 2,320,000 |
| Accrued rent | 300,000 |

Required:

- a) Complete the business capital. 3mks
- b) Present a balance sheet for Nabukenya and Nalwanga Enterprises as at 31st. Dec.2013. 12mks
- c) Calculate the following:
- (i) Current ratio 3mks
- (ii) Quick ratio 4mks
- (iii) Capital employed 3mks
18. The following transactions were extracted from the books of **ABU ENTERPRISES LIMITED** for the month of November 2010.
- shs
- | | | | |
|------|----|--|------------|
| Nov. | 1 | Bought goods on credit from Addy..... | 30,000,000 |
| | 2 | Bought goods on credit from peter..... | 34,500,000 |
| | 3 | Sold goods on credit to Omar..... | 43,000,000 |
| | 5 | Some of the goods were returned to Addy..... | 23,000,000 |
| | 10 | Omar returned goods worth..... | 5,200,000 |
| | 11 | Bought goods on credit from John..... | 63,400,000 |

| | | |
|----|--|------------|
| 14 | Sold goods on credit to Andrew..... | 36,000,000 |
| 16 | Credit purchases from Abel..... | 21,000,000 |
| 19 | Some goods were returned to peter..... | 32,000,000 |
| 21 | Andrew returned goods worth | 4,500,000 |
| 23 | Credit sales to Annah..... | 32,000,000 |
| 25 | Credit purchases from George..... | 21,000,000 |
| 28 | Annah returned goods worth..... | 1,900,000 |
| 29 | Credit purchases from Odoki..... | 53,000,000 |
| 31 | Returned goods to Levi worth..... | 3,500,000 |

Required:

(a) Prepare

- | | |
|------------------------------|-------------|
| (i) Sales Day book, | <i>4mks</i> |
| (ii) Purchases Day Book, | <i>7mks</i> |
| (iii) Returns in wards Book, | <i>4mks</i> |
| (iv) Returns out wards Book, | <i>4mks</i> |

(b) Post the above transactions into the:

- | | |
|------------------------|-------------|
| (i) Purchases Account, | <i>3mks</i> |
| (ii) Sales Account. | <i>3mks</i> |

19. You are operating a hardware shop in your home town.

- | | |
|--|--------------|
| (a) Design a sign post for your business. | <i>5mks</i> |
| (b) Design an invoice that you intend to use in your business. | <i>10mks</i> |
| (c) Prepare a business card for your sales manager. | <i>5mks</i> |
| (d) Write a letter to the Town Clerk requesting for renewal of your operating license. | |

20. The following balances were extracted from the books of **HAZEL EMPORIUM** on 31st December, 2009:

| Shs | |
|------------------------------|------------|
| Sales | 7,200,000 |
| Stock (01.01.09) | 1,200,000 |
| Returns inwards | 1,600,000 |
| General expenses | 600,000 |
| Purchases | 10,000,000 |
| Returns outwards | 1,400,000 |
| Creditors | 1,200,000 |
| Cash at Bank | 1,520,000 |
| Carriage on sales (outwards) | 1,200,000 |
| Debtors | 1,800,000 |
| Premium | 240,000 |
| Industrial machinery | 2,400,000 |
| Furniture & fittings | 960,000 |
| Stock (31.12.09) | 1,960,000 |
| Salaries and wages | 2,000,000 |
| Cash in hand | 480,000 |
| Advertising | 200,000 |
| Drawings | 800,000 |

Required to:

- (a) Prepare a Trial Balance for the above business to establish capital. (10mks)
- (b) Prepare **HAZEL EMPORIUM's** Income statement for the period ending 31st December (08mks)
- (c) Calculate and interpret the:
- (i) Rate of Turnover. (03mks)
 - (ii) Mark-up (03mks)

21. You plan to start a business based on the environment in your community.

- (a) Mention five indicators of good business opportunities in your environment.

5mks

(b) Using SWOT analysis, state three;

- (i) Strengths,
- (ii) Weaknesses,
- (iii) Opportunities and
- (iv) Threats of your business.

12mks

- (c) Explain any four factors you will consider when determining a potential market for your

business.

8mks

22. The following transactions were extracted from the books of **JAGRON ENTERPRISES** for the month of September, 2015:

| | | Shs |
|-----------|--|---------|
| September | 1 Started business with | 300,000 |
| | 2 Bought goods on credit from Asiku | 40,000 |
| | 4 Bought canteen equipment cash | 10,000 |
| | 7 Sold goods on credit to Geoffrey | 25,000 |
| | 9 Cash sales | 60,000 |
| | 11 Paid telephone expenses cash | 10,500 |
| | 14 Returned goods to Asiku worth | 2,000 |
| | 15 Sold goods to Bua on credit | 10,000 |
| | 16 Paid Asiku cash | 40,000 |
| | 17 Paid rent cash | 45,000 |
| | 18 Received from Geoffrey cash | 25,000 |
| | 19 Borrowed from Esau cash | 60,000 |
| | 20 Amos repaired canteen electricity on credit | 15,000 |
| | 21 Purchased goods on credit from Likambo | 50,000 |
| | 25 Cash sales | 80,000 |
| | 28 Paid wages cash | 10,000 |
| | 29 Paid wages cash | 70,000 |
| | 30 Received from Asiku cash | 2,000 |

Required:

Prepare the necessary ledger accounts to record the above transactions. **25mks**

23. You intend to start a restaurant in your home area.

(a) State four objectives of the business. **4mks**

(b) Describe the steps you will follow when preparing a business plan for the project. **10mks**

(c) Prepare a financial plan for your business. **6mks**

(d) What five factors will you consider when determining the working capital requirements for your business? **5mks**

24. You have obtained the following balances from the books of Majanga Enterprises for the period ended 31st December 2014.

| | Shs |
|-------------------|------------|
| Business premises | 10,000,000 |
| Opening stock | 1,940,000 |

| | |
|------------------------|------------|
| Bank overdraft | 600,000 |
| Capital | 11,500,000 |
| Cost of sales | 41,700,000 |
| Debtors | 5,600,000 |
| Furniture and fittings | 5,800,000 |
| Loan (7 years) | 8,500,000 |
| Operating expenses | 5,450,000 |
| Sales | 48,200,000 |
| Cash | 1,200,000 |
| Closing stock | 2,750,000 |
| Creditors | 3,700,000 |

Required: Use the above balances to;

(a) Determine;

- (i) Gross profit, **3mks**
(ii) Net profit for the year. **3mks**

(b) Prepare a Balance Sheet as at 31st December, 2014. **10mks**

(c) Calculate and comment on the following ratios;

- (i) Rate of stock turn. **3mks**
(ii) Margin. **3mks**
(iii) Mark - up. **3mks**

25. You are an entrepreneur employing several workers who are entitled to allowances.

(a) List four examples of nontaxable employment benefits for your employees. **4mks**

(b) In the month of May 2016, KASUMAALI had VAT exclusive transactions with VAT registered enterprises as follows.

| | |
|-----------|---------------|
| Purchases | shs 2,200,000 |
| Sales | shs 3,600,000 |

Calculate:

- (i) VAT paid to Uganda Revenue Authority by KASUMAALI (use 18% as VAT rate). **5mks**
(ii) Total sales price that KASUMAALI should charge to the consumer **4mks**
(c) Odoki, an employee earns a gross salary of shs 4,200,000 per year. The employer uses the monthly PAYE tax rates below to calculate PAYE deductions.

| | Chargeable monthly income | Tax rate |
|----|--|---|
| 1. | Not exceeding shs 235,000 | Nil |
| 2. | Exceeding shs 235,000 but not exceeding shs 335,000. | 10% of the amount by which chargeable income exceeds shs 235,000. |
| 3. | Exceeding shs 335,000 but not exceeding shs 410,000 | Shs 10,000 plus 20% of the amount by which chargeable income |

| | | |
|----|-----------------------|---|
| | | exceeds shs 335,000 |
| 4. | Exceeding shs 410,000 | Shs 25,000 plus 30% of the amount by which chargeable income exceeds shs 410,000. |

Required:

- (a) Calculate the monthly amount of PAYE deductions for Odoki. **4mks**
 (b) Explain **four** benefits a business gets from paying taxes. **8mks**

26. You intend to start a bakery business as a family.

- (a) Write a letter inviting the district environmental officer to inspect your business. **8mks**
 (b) What makes your business a good business opportunity? **6mks**
 (c) Develop measures for ensuring production of quality products. **6mks**
 (d) What challenges will you experience from running the business as a family? **6mks**
 (e)

27. You are a large scale simsim grower in your locality.

- (a) Design a mission statement and vision for your business. **4mks**
 (b) Prepare a marketing plan for your business. **8mks**
 (c) Write a cheque paying one of the suppliers of seed. **5mks**
 (d) Write measures for promoting creativity in the business. **8mks**

28. The following balances were extracted from the books of **TRUMP KITOKO** as at 30th June 2014.

| | Shs |
|------------------------------------|------------|
| Stock (1 st July 2013) | 200,000 |
| Stock (30 th June 2014) | 240,000 |
| Capital | 2,000,000 |
| Bank | 850,000 |

| | |
|-----------------------------------|-----------|
| Cash | 210,000 |
| Premises | 1,195,000 |
| 3 years' loan | 1,000,000 |
| Purchases | 607,000 |
| Creditors | 300,000 |
| Wages | 100,000 |
| Carriage inward | 200,000 |
| Shop fittings | 660,000 |
| Returns outwards | 120,000 |
| Debtors | 930,000 |
| Returns inwards | 185,000 |
| Interest on loan | 20,000 |
| Drawings | 40,000 |
| Rent income | 263,000 |
| Salaries | 230,000 |
| Rent | 50,000 |
| Money on fixed deposit account | 150,000 |
| Commission on sales | 20,000 |
| Carriage outwards | 40,000 |
| Commission income | 255,000 |
| Interest on fixed deposit account | 15,000 |
| Sales | 1,730,000 |

Required:

(a) Prepare TRUMP KITOKOs

(i) Trial Balance

10mks

(ii) Income Statement.

10mks

(b) Compute the;

(i) margin

2mks

(ii) rate of stock turn

3mks

“YOU CAN’T CHANGE WHAT YOU CANNOT CONFRONT”

“ALL IS WELL THAT ENDS WELL”