

845/1
ENTREPRENEURSHIP EDUCATION
PAPER 1
JULY/AUGUST 2019
2:30 MINUTES

INSTRUCTIONS TO CANDIDATES:

- Answer Four questions
- All questions carry equal marks
- Credit will be given for use of relevant diagrams and illustrations
- Additional question(s) answered will not be marked

1. You have acquired a loan of Shs 5,000,000 to establish a poultry project in your home town.

- a) Prepare a budget for the project. 6 marks
- b) Describe the steps you will take when preparing a business plan. 7 marks
- c) Suggest measures you are to take to achieve maximum output. 7 marks
- d) Explain the benefits of your business to the community. 5 marks

2. Namaalo keeps a petty cash book on the imprest system, the imprest amount is Shs 300,000. The following information was available for the month of February 2014.

Feb. 1st received a cheque for the imprest Shs 300,000

Feb 2nd paid for taxfare Shs 20000

Feb 3rd paid for postage stamps shs 9000

Feb 4th paid for cleaning materials shs 15000

Feb 5th paid transport fare for messenger shs 6000

Feb 6th paid for stationary shs 30000

Feb 13th paid for cleaning materials shs 15000

Feb 14th paid for envelopes shs 4000

Feb 15th paid for stationary shs 10000

Feb 19th paid for postage of letters shs 12000

Feb 22nd paid for manager's bus fare shs 8000

Feb 23rd paid transport fare for messenger shs 8000

Feb 25th paid for pens for office use shs 20000

Feb 26th paid a supplier Tom for food supplied on credit shs 40000

Feb 27th paid for cleaning brushes shs 10000

Feb 28th paid for envelopes and stamps shs 15000

Required

- a) Prepare Namaalo's petty cash book using analysis columns for; communication, stationary, cleaning, travelling, ledger. 15 marks
- b) Post the expenses to their appropriate accounts in the ledger. 5 marks
- c) Give any Five importances of source documents to a business. 5 marks

3. You are operating a Juice processing project in your Community.

a) Give reasons why you package your products. 6 marks

b) Write a marketing plan for your project. 8 marks

c) What business ethics does your business exhibit to employees. 5 marks

d) How does the business attract customers. 6 marks

4. The following trial balance was extracted from the books of MUSA BODY Enterprises as at 31st /Dec/2015

MUSA BODY Enterprises

TRIAL BALANCE

As at 31st /Dec/2015

Particulars	Debit (Shs)	Credit(Shs)
Sales		1,280,000
Purchases	90,000	
Returns	6000	5000
Carriage in words	10,000	
Stock 1 st –Jan-2015	28000	
Rent	4000	
Advertising	8000	
Premises	122000	
Machinery	75000	
Debtors	18000	
Creditors		31,000
Bankloan		60,000
Cash in hand	14,000	
Cash in bank	27,000	
Drawings	10,000	
Discount allowed	5000	
Discount received		6000
Commission received		20,000
Capital		190,000
Carriage out words	8000	
Wages and Salaries	15,000	
TOTALS	440,000	440,000

Stock 31st –Dec-2015 was valued as Shs 48000

Require to prepare

- a) An income statement for the year ended 31st-Dec-2015. 9 marks
- b) Balance sheet as at 31st-Dec-2015. 7 marks
- c) Compute:
 - i. Rate of return on Capital employed. 3 marks
 - ii. Quick Asset ratio. 3 marks
 - iii. Average collection period for debts in days. 3 marks

5. KAMWESIGYE is a trader in Ntinda. His business is VAT registered. The following transactions appeared in her books for the Months of January 2016.

No.	PRODUCTS	PURCHASES (Shs)VAT Exclusive	SALES (Shs) VAT
1	Apples	4,000,000	9,000,000
2	Pineapples	4,500,000	6,500,000
3	Pawpaw	9,000,000	14,000,000
4	Mangoes	8,000,000	12,000,000
5	Oranges	12,000,000	18,000,000
		37,500,000	59,500,000

- a) Use 18% as VAT rate. Calculate
 - i. VAT paid by KAMWESIGYE on each type of product. 10 marks
 - ii. Compute VAT paid to URA. 3 marks
- b) NAMUSOKE is an employee of an NGO and she earns Shs 8,000,000 per year. The company uses monthly pay tax rates below to calculate PAYE deductions.

MONTHLY CHARGEABLE INCOME (Shs)	RATE OF TAX
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 Shs 335,000
410,000 – 10,000,000	i. Shs 25,000 plus 30% of the amount by which chargeable income exceeds shs 410,000 ii. Above Shs 10,000,000, charge additional 10%

Calculate NAMUSOKE's monthly PAYE deductions. 4 marks

- c) BUKIRWA owns a house in Kamwokya town where She earns rental income of Shs 28,000,000 a year.
- Use 20% as provision for expenses and losses of the total rental income
 - Use Shs 1,560,000 as Tax Threshold
 - Use 20% as rental income tax rate.
- Calculate.
- i. Chargeable rental income. 2 marks
 - ii. Rental income tax. 2 marks
 - iii. Net rental income. 2 marks
- d) State two reasons for non tax compliance in Uganda today. 2 marks

END