

ENTREPRENEURSHIP A- LEVEL GRAND SEMINAR AT BUDDO S.S SCHEDULED ON 5th /10/2024.

PAPER ONE

SECTION A

1. a) State any four principles of a lucrative personal brand in a business.
 - b) (i) Distinguish between innovation and creativity.
(ii) Mention any three reasons why small businesses are more innovative than large businesses.
 - c) (i) Mention any four methods of pricing products.
(ii) Marketing strategies used by entrepreneurs in Uganda.
 - d) (i) State any four factors that necessitate good relationship between family and business.
(ii) Mention any two challenges facing family businesses.
 - e) i) Define feasibility study as used in entrepreneurship education.
ii) Outline the steps involved in determining profitability of a business.

SECTION B.

2. The government of Uganda in its efforts to reduce gender inequality in entrepreneurial activities is promoting women entrepreneurship but their number is still minimal.
 - a) Explain the factors that limit their participation.
 - b) Suggest measures of promoting gender balance in entrepreneurial activities.
3. a) Distinguish between Equity financing and Debt Financing.
b) Explain the advantages and disadvantages of investing in shares.
4. a) Explain the factors considered when;
 - i) Evaluating competition
 - ii) Affecting competition
b) Examine the implication of Business Competition in entrepreneurship.
5. a) Explain the demographic factors that influence the level of entrepreneurship in Uganda.
b) Examine the impact of Globalization.
6. a) Why may an entrepreneur prepare a business plan?
b) Describe the procedures followed when preparing a business plan.
7. a) Under what instances may an entrepreneur segment market?
b) Explain the major considerations for market segmentation.
8. a) Describe the methods used when conducting employees training.
b) Justify the rationale for training business employees.
9. a) Explain the types of taxes paid to local authority.
b) Explain the role of Uganda Revenue Authority in tax administration and assessment
c) Explain the factors determining tax compliance in Uganda.
10. a) With illustration, describe the communication process.
b) Explain the significance of effective communication at any place of work.
11. a) Describe the characteristics of social entrepreneurs.
b) Explain the responsibilities of social enterprises to the community development.

12. a) Describe the various insurance policies that can be taken up by entrepreneurs in Uganda.
- b) Describe the procedures followed when taking up an insurance policy.
13. a) Describe the various internal systems (ICS) used by entrepreneurs in management of their businesses.
- b) Why is it necessary to maintain proper inventory levels?
- c) Explain the factors considered by entrepreneurs when selecting packaging materials.

PAPER 2

1. You own a water bottling company and has recently started packaging juice and other soft drinks. The business is experiencing continuous decline in sales due to unethical business practices exhibited by business employees.
 - a) Write a memo inviting your employees to address above challenges.
 - b) Draft a policy that will be followed by employees to ensure ethical business practices.
 - c) Prepare a work order form for the business.
 - d) Design a document that may caution a customer to prepare a store where dispatched goods are to be kept.
 - e) Draft a survey guide to be used when collecting information from your customers.
2. You have been in the business of importing and selling electrical appliances since September 2021. The company deals in the buying and selling of electronics like computers, telephones, televisions and digital cameras. Your electronic shop is rapidly expanding amidst stiff competition.
 - a) Draft a plan to be followed when practising creative selling as a strategy to cope up with competition.
 - b) Design a job advert for a new security guard a business is intending to recruit.
 - c) Present a recruitment policy to be followed by your business when recruiting employees.
 - d) Prepare a sensitisation message to your employees informing them the innovative practises that can be taken to attract more customers.
3. Obiya Ltd a trading company commenced business in central Kampala in 2016, preparing its financial statements to 31 December. The directors of Obiya Ltd are trying to assess the financial performance and financial position of the company for the year ending 31 December, 2024.

OBIYA LTD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 – 12 - 2024

Details	Amount	Amount	Amount
	Shs	Shs	Shs
Sales		2,850,000	
Sales returns		50,000	2,800,000
Less cost of sales			
Inventory at start		130,000	
Add Purchases	2,000,000		
Add: Carriage inwards	5,000		

Less Purchases returns	<u>55,000</u>	1,950,000	
Less: Inventory at close		240,000	
Cost of sales			1,840,000
Gross Profit			960,000
Add Discount Received			12,100
Add rent received			65,000
Adjusted gross income			1,037,100
Less operating expenses			
Salaries and wages		420,000	
Electricity		5,500	
Insurance		16,000	
Office repairs		3,500	
Rent and rates		14,700	
Transport expenses		164,000	
Entertainment		2,900	
Carriage on sales		2,000	
Discount Allowed		8,000	
General expenses		5,300	
Carriage on sales		<u>85,200</u>	
Total operating expenses			(727,100)
Net profit before interest and tax			310,000
Interest expenses			(17,000)
Net profit Before tax			293,000
Less Income tax			(87,900)
Net profit after Tax			205,100

OBIYA LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31-12-2024

Details	shs	shs	shs
Fixed assets		Shs	Shs
Motor vehicle			190,000
Fixtures and fittings			79,800
Total Fixed assets			269,800
Current assets			
Debtors	450,000		
Bank	650,000		
Cash	50,000		
Inventory at close	240,000	1,390,000	
Current liabilities			
Creditors	367,200		
Overdraft	42,600		
Interest expenses Payable	17,000		
Income tax payable	<u>87,900</u>	<u>514,700</u>	<u>875,300</u>
Capital employed			1,145,100
Financed by			

Capital		600,000	
Add: net profit		205,100	
Less: Drawings		-	
Net worth capital		805,100	
Add long term liability			
5% Bank loan		340,000	
Capital employed			<u>1,145,100</u>

Required:

- a) Calculate the following ratios using the information in the financial statements above.
 - i) Gross profit as a percentage of sales.
 - ii) Net profit (before Tax) as a percentage of Net sales.
 - iii) Debt to equity.
 - iv) Rate of stock turn over period (in days).
 - v) Salaries and wages ratio.
 - vi) Average collection periods for debts (in days)
 - vii) Accounts payable repayment periods (in days).
 - viii) Interest cover.
 - ix) Current ratio.
 - x) Rate on return on capital employed.
 - xi) Expense ratio.
- b) As the Financial Controller of Obiya Ltd, analyze the performance of the company comparing the results against that of the industry average using the following measures.

Gross profit margin	30%
Current ratio	1.6:1
Quick ratio	0.9:1
Accounts receivable collection period	45 days
Accounts payable payment period	55 days
Debt to equity ratio	40%

4. You have mobilised some savings and set up an insurance company at a small Scale.
 - a) Develop the compensation policy to be followed by your business project.
 - b) Write a notice informing your clients about the new office branch opened up in a certain area.
 - c) Design a training programme to be followed when training business employees.
 - d) Write an administrative plan for your project.
5. You are the loan's manager of a saving, credit and cooperative society in your community. You have advanced a loan of Shs. 10,000,000 to be paid in 4 months within 4 equal monthly instalments at an annual interest rate of 12% using a reducing balance.
 - a) Draft a payment plan to be followed by the client.
 - b) Draft a lending policy followed by the loan's department when offering loans to clients.
 - c) Draw a plan to be followed for recovering debts from defaulters.

- d) Develop the instructions you will follow when purchasing SACCO Equipment.
- e) Design a form to be issued out to borrowers.

6. Star Enterprises deals in the production of milk related products in Lyantonde. The following projections were made by during the month of January 2024.

- a) Expected monthly cash sales Shs 6,000,000.
- b) 50% of credit sales are realized in the month of sale and the remaining 50% in the following month of sales for all sales made by the business.

The following units were sold on credit

Month	Liters	cost per Liter (shs)
Dec 2023	1,000	3,000
Jan 2024	2,000	4,000
Feb 2024	3,000	5,450
March 2024	5,000	6,120

- c) Cash purchases Shs 2,000,000 paid in March and Monthly Credit purchases expected at 6,000,000 payment is made in the month of purchase.
- d) Monthly rental income is expected to be shs 8,000,000.
- e) Salaries expenses for all workers are estimated at Shs 2,000,000 paid in February and March respectively.
- f) The company expects to pay rent in US dollars.

Month	USD	Exchange rates
Jan	500	3,700
Feb	500	3,740
March	550	3,750

- g) Utilities for every month of Shs 500,000 will be paid.
- h) On January 1, 2024, the business had a cash balance of Shs. 33,000,000.
- i) The business acquired a loan of Shs. 3,000,000 in January.
- j) The business expected a cash donation of Shs. 2,000,000 in January. This was to increase by 10% monthly.
- k) Each casual worker receives a daily allowance of Shs 2,000, the business employs 23 casual workers and they are expected to work for 26 days every month.
- l) Stationery expenses incurred monthly were Shs 2,000,000 per audit report.
- m) The business was to sell the old vehicle at Shs. 8,000,000 and received 60% of the total price in January and the balance in the ratio 3:2 in the following months.
- n) Purchase of Milk cooling machine worth shs 3,000,000 in March by the purchasing Manager. Depreciation of Milk cooling machine is provided for at 5% per annum on a reducing balance basis and its time apportioned.
- o) The Enterprise expects to buy monthly raw materials worth 7,600,000.
- p) The business was to buy 10 office desks Covers in March each at a cost of Shs. 80,000 each.
- q) The business employs four sales agents who earn a basic weekly allowance of Shs 50,000.
- r) Monthly repairs and maintenance bills of shs 10,000,000 in January and this was to be reduced by 5% monthly.
- s) The business expects to make a monthly cash donations of shs 2,000,000 and this decrease by 10% after two months.

- t) Any business cash deficit will be offset by getting a loan from Stanbic bank Uganda in the following month.
- u) A sales commission differs depending on the quantity sold. For one of its main products yogurt, the monthly sales commission structure has been provided as follows:

Sachets sold	Rate per Sachets (shs)
0 – 40,000	10
40,001 – 50,000	25
above 50,001	50

During the month of March 2024 the following sales were made by the respective salesmen.

Name	Sachets sold
Alex	48,000
Bob	55,000
Andrew	38,000
Ahmed	50,000

Required:

- i) Prepare Star Enterprises' monthly cash flow statement for months January to March 2024.
 - ii) Explain the use of Net cash surplus.
7. You have just returned from Dubai where you spent four years working as a security manager in one of the security companies. Using your accumulated savings, you have started bakery project.
- a) Design a bin card to be used when handling business inventories in the store.
 - b) Develop a store management policy to be followed when managing inventories in the store.
 - c) Illustrate and show how products will reach business customers.
 - d) Design a brand label for to be placed to one of your products.
 - e) (i) Develop a program to be followed when servicing business machine.
(ii) Draft a financial plan for your business.

8. a) Boobo Company Ltd is a small Financial consultancy business, it recruited new five workers For the month ended 31 March 2024, the company paid the employees as per the table below:

Name of employee	Basic salary	Housing allowance	Travel allowance	Advances
	Shs	Shs	Shs	shs
Melanie Amaro	200,000	15,000	15,000	30,000
Nabagala John	250,000	20,000	30,000	50,000
Chris Luwaga	410,000	30,000	-	-
Kona Lwago	12,000,000	30,000	70,000	60,000

Additional information

- i) Boobo Company reimbursed medical expenses to Chris Luwaga and Michael Lwanga shs 100,000 and shs 200,000 respectively.

RATES OF TAX
Resident Individuals

Chargeable income	Rate of tax
Not exceeding Shs 235,000 per month	Nil
Exceeding Shs 235,000 per month but not exceeding Shs 335,000 per month	10% of the amount by which chargeable income exceeds Shs 235,000 per month.
Exceeding Shs 335,000 per month but not exceeding Shs 410,000 per month	Shs 10,000 per month plus 20% of the amount by which chargeable income exceeds Shs 335,000 per month.
Exceeding Shs 410,000 per month.	a. Shs 25,000 per month plus 30% of the amount by which chargeable income exceeds Shs 410,000 per month and b. Where the chargeable income of an individual exceeds Shs 10,000,000 per month, an additional 10% charged on the amount by which chargeable income exceeds Shs 10,000,000 per month.

Required:

- i) Compute the PAYE due from each employee.
- ii) Assist Boobo Company to draft a payroll for its employees.

b) Kintu Moses is an importer of wines and spirits mostly from South Africa for distribution to markets in Uganda. In March 2024, Kintu imported a consignment of assorted wines and spirits from Zulu Brewers Limited (ZBL) in South Africa at a cost of \$ 5,500. The consignment was transported by Southern Airlines (SAL) to Entebbe International Airport (EBB) at \$ 566 while insurance was 1.5% of the cost of the consignment.

Additional information:

The applicable tax rates are as follows:

Import Duty	30%
Excise duty	120%
Value Added Tax	18%
With Holding Tax	6%

The prevailing exchange rate at the time of importation was \$ 1: Shs 3,700.

Required:

Determine the customs value and the custom duties payable by Kintu.

c) Namuli is a business lady who owns and runs several businesses in down town Kampala. Most of her businesses have annual turnover of less than Shs 150,000,000. For the year ended 30 June 2023, the following records were obtained from her boutique, cosmetic shop, and soft-drink outlet.

- i) A boutique on Nabukeera Plaza reported annual turnover of Shs 120,000,000.
- ii) A cosmetic shop in Gaza land had Shs 75,000,000 as turnover.
- iii) A soft drink outlet in the Old Taxi Park with a turnover of Shs 45,000,000 but unfortunately she has no records.

Small Business Taxpayers

Gross Turnover	With records	Without records
Not exceeding Shs 10 million	NIL	NIL
Exceeding Shs 10 million but does not exceed Shs 30 million per annum.	0.4% of annual turnover in excess of Shs 10 million.	Shs 80,000
Exceeding Shs 30 million but does not exceed Shs 50 million per annum.	Shs 80,000 plus 0.5% of annual turnover in excess of Shs 30 million.	Shs 200,000
Exceeding Shs 50 million but does not exceed Shs 80 million per annum.	Shs 180,000 plus 0.6% of annual turnover in excess of Shs 50 million.	Shs 400,000
Exceeding Shs 80 million but does not exceed Shs 150 million per annum.	Shs 360,000 plus 0.7% of annual turnover in excess of Shs 80 million.	Shs 900,000

Required:

Determine Namuli's tax payable for the year ended 30 June 2023.

d) Five Land Lords own some students' hostels around Makerere University. The following are their earnings from each student **per semester**.

HOSTEL	LAND LORDS	NUMBER OF ROOMS	Amount per student
			shs
TIMU	Molly Joyce	3	540,000
TIK TOK	Malunda Peter	5	650,000
TUMU	Namata Julie	3	330,000
EXODUS	Ssebale Yasin	2	280,000
TINT	Ssali Vincent	4	760,000

Additional information:

- All rooms in the hostel take two students each except TINT Hostel that takes strictly one student. The hostels were fully booked for the year.
- Consider the year of income to be two semesters.
- The current annual threshold is shs 2,820,000.
- The current rental tax rate is 12%.

REQUIRED.

Determine the rental tax payable for each Land Lord for the year ended 31 Dec 2023.

e) ABC Ltd. is a registered VAT taxpayer in Uganda, dealing in the importation and sale of electronics. The company imports electronics from China and sells them to retailers across Uganda. The following events occur during one financial quarter:

- Importation of Goods:** ABC Ltd. imports a consignment of electronics worth UGX 100,000,000. The Uganda Revenue Authority (URA) charges import VAT at 18%, which ABC Ltd. pays upon importation.
- ABC Ltd. sells the imported electronics to various Retailers for a total of UGX 150,000,000, exclusive of VAT. The applicable VAT rate is 18%.
- One of the retailers, Retailer A, sells the electronics purchased from ABC Ltd. to the final consumers for a total of UGX 200,000,000, exclusive of VAT.

Required:

Calculate the net VAT payable by ABC Ltd. to the Uganda Revenue Authority for this quarter.

PAPER THREE (3)

CASE STUDY

1. Dr. Balaam Mujuni is the proprietor of Blue Pastures Farm, who also has business establishments in Kiruhura and Isingiro districts. He is among the farmers that have benefited from the bank of Uganda's Agricultural Credit Facility (ACF) to improve his farms.

He practices mixed commercial farming dealing in Fresian cattle for dairy. Boran for beef, Boer goats and banana plantation in 2021, he got a facility through equity bank of shs. 30,000,000 which was repayable over three-year period at a low interest of 12% per annum to buy physical assets, improve his life stock production and value addition, Despite the challenges on the farm, he has aimed at improving quality of farm products, maintains discipline of workers, properly maintains cash, manages farm assets and aims at satisfying customers' needs for the last twenty years.

Questions

- a) What factors have led to the sustainability of this business?
- b) Explain the different ways used by the business to control its physical assets:
- c) Suggest controls that should be used in the business to manage;
 - i) Cash.
 - ii) Discipline of employees, on the farm.
- d) List indicators of satisfied customers in Blue Pastures Farm.

SECTION B (SCHOOL BUSINESS CLUB)

2. Basing on general description of your school project.

- a)
 - i) Show the uniqueness of your business club project.
 - ii) Describe the opportunities and threats used to affect your business club project
- b) Explain the negotiation tactics exhibited by the business project to win customers loyalty and acceptance.
- c) What aspects were considered in evaluating the business idea you selected.
- d) Explain the techniques used to increase profit margin.

3. In reference to your business project

- a) Give the general description of your business.
- b) Explain the books of accounts kept by your business project.
- c) How did the school administration support your project?
- d) Explain the forms of marketing innovation practiced by your school project.
- e) State the duties and rights of club members of your project.

SECTION C (FIELD ATTACHMENT)

4. For any field attached carried out.

- a) Describe the nature of the business.
- b) Analyze the steps followed in purchasing inputs.
- c) Explain the forms of customer care observed at the business attached to.
- d)
 - i) Outline the welfare policies used to enhance performance of workers.

ii) What entrepreneurial skills did you acquire during field attachment?

5. For any field attached carried out.

- a) How does the business you attached manage hazardous substances?
- b) Illustrate the plant layout of the business attached.
- c) How does the business manage time?
- d) Explain the social responsibility of the business attached to the community.

FIELD TRIP

6. For any field trip carried out as an individual/group

- a) State the aims of carrying out a field trip.
- b) How does the business visited enhance proper waste management?
- c) What methods are used to pay workers at the business visited?
- d) Explain the unethical business practices observed at the business visited towards customers and employees.
- e) How did the business handle accounts payable?

7. In reference to any business visited.

- a) Explain the economic factors that limit the growth and development of entrepreneurial activities of the business you visited.
- b) Explain the types of taxes paid by the business visited.
- c) Describe the forms of written communication used by the business visited.
- d) How does the business visited maintain security?

THE STRUGGLE CONTIUNES

END

SEMINAR SOLUTIONS

PAPER ONE

SECTION A

1. a) **State any four principles of lucrative personal branding in a business**

- ✓ Distinctiveness
- ✓ Unity
- ✓ Visibility
- ✓ Leadership
- ✓ Specialization
- ✓ Persistence
- ✓ Good will
- ✓ Personality

b) i) **Distinguish between innovation and creativity**

Innovation refers to the way of transforming resources of an enterprise through creativity of people into new products and wealth

Or

Innovation is the ability to apply creative solutions to problems and opportunities to enrich and enhance people's lives.

WHILE,

Creativity is the ability to develop new ideas and to discover new ways of looking at problems and opportunities.

Or

Creativity is the ability to come up with new innovative solutions to human/ customers' needs and to market them.

ii) **Reasons why small enterprises are more innovative than large businesses**

- ✓ Small enterprises are willing to try new approaches to make business more successful than large enterprises
- ✓ Small enterprises rely on strong social networks to share information needed for innovative thinking unlike large enterprises
- ✓ Small enterprises understand customer's needs, identify new opportunities and fix problems quickly than large enterprises
- ✓ Small enterprises quickly implement new business practices and adapt to changing market conditions as compared to large enterprises
- ✓ Small businesses implement, improvise and accept failure as a path to success unlike large enterprises

c) (i) **Mention any four methods of pricing business products.**

- ✓ Cost oriented pricing
- ✓ Demand oriented
- ✓ Value oriented pricing
- ✓ Bargaining/ Haggling
- ✓ Government pricing policy/ Government price legislation
- ✓ Fashion oriented pricing

- ✓ Auctioning

(ii) Marketing strategies used by entrepreneurs

- ✓ Networking
- ✓ Referrals
- ✓ Writing
- ✓ Advertising
- ✓ Giving information to interested customers
- ✓ Cold calling
- ✓ Offering guarantees

d) (i) State any four factors that necessitate good relationship between family and business.

- ✓ Joint family funding
- ✓ Trained family management
- ✓ Collective family participation in decision making
- ✓ Source of employment to family members
- ✓ Clear inheritance policy
- ✓ Making of managerial decisions
- ✓ Decreased cost
- ✓ Great commitment from family members
- ✓ Fear of hired management
- ✓ Mentoring of junior family members in time
- ✓ Equal benefit sharing in line with the agreement

ii) challenges facing family businesses

- ✓ Decision making is not easy
- ✓ The succession of the enterprise is very complicated especially where it is not clearly spelt out
- ✓ Difficulty in allocating responsibilities and delegating as members would always feel as if they are undermined
- ✓ High rates of indiscipline cases among family members.
- ✓ Difficulty in allocating appropriate remuneration among themselves
- ✓ Emotions. Usually family problems like divorce, separations, health or financial problems create difficulties
- ✓ Informality. Absence of clear policies and business norms for family members.
- ✓ Tunnel vision. The challenge of limited outside opinions and diversity on how to operate the business.
- ✓ The challenge of compensating family members' dividends, salaries
- ✓ Role confusion. The roles and responsibilities of each member are not clearly defined.
- ✓ Poor managerial skills due to hiring of family members who are not qualified
- ✓ High turnover of non- family members.
- ✓ Absence of retirement and estate planning to cover the necessities and realities of older members and when they leave the company.
- ✓ Limited training, no clear information relating to goals expectations and obligations of position.

- ✓ Communication challenge. This results from role confusion, emotions, fear, envy, anger etc
 - ✓ Variations in visions. Each member has a different vision for the business and different goals.
 - ✓ Centralized control system. Control is centralized and influenced by tradition instead of good management practices.
- e) i) **Feasibility** study is the study / analysis conducted to establish the viability of a business idea or opportunity.
- ii) **Steps involved in determining profitability of a potential business**
- ✓ Deciding on the type of business to start for example agri- business, manufacturing etc
 - ✓ Choosing location for the business
 - ✓ Forecasting sales
 - ✓ Estimating the total costs
 - ✓ Estimating the profits

SECTION B

2. a) Factors that limit women participation in entrepreneurial activities.

- ✓ Limited women role models
- ✓ Insufficient career guidance
- ✓ Discrimination against women in the labour market
- ✓ Negative media influence on women
- ✓ Low level of sensitization of women
- ✓ Low levels of education
- ✓ Too many marital responsibilities
- ✓ Early marriages
- ✓ Negative attitudes of women towards entrepreneurship
- ✓ Unfavourable government policy in relation to women participation in business
- ✓ Wrong parental perception on girl child education
- ✓ High risky occupations disfavor females
- ✓ Domestic work overload on women
- ✓ Irrelevance of curricular in relation to girls
- ✓ Limited child care facilities
- ✓ High levels of domestic violence

b) Measures of promoting gender balance in entrepreneurial activities.

- ✓ Sensitizing/Raising general awareness on gender issues
- ✓ Providing free education to all
- ✓ Availing equal job opportunities
- ✓ Provision of equal education opportunities
- ✓ Promoting political stability in all parts of women
- ✓ Providing financial support to all entrepreneurs irrespective of the sex
- ✓ Providing child care facilities at home and at business centers
- ✓ Offering prizes and recognition to outstanding women entrepreneurs
- ✓ Offering career guidance to both women and men
- ✓ Ensuring Favourable working conditions which favour both sex.

- ✓ Publishing information about successful women entrepreneurs in business
- ✓ Avoiding discriminatory labour market practices
- ✓ Promoting entrepreneurship education
- ✓ Eliminating threats of victimization/ exploitation in organisation
- ✓ Offering proper career guidance
- ✓ Designing favorable government policies towards gender balance

3. a) **Equity financing** is one where investors/ businesses raise finance by issuing / selling shares to the general public.

While **Debt financing** is one where a company/ business raises finance by borrowing from the public and institutions through capital markets.

b) **Unpopularity of Collective Investment schemes in Uganda**

Advantages of investing in shares

- ✓ Share holder enjoys capital gains especially when shares are sold at a higher price than the purchase price
- ✓ It earns dividends to the investor in case the company makes profits
- ✓ It gives social recognition to the share holder
- ✓ It enables the investor to save for the future
- ✓ Share certificates act as collateral security when obtaining a bank loan
- ✓ Share holder obtains voting rights in a company when making important decisions
- ✓ Purchasing shares promotes saving on the side of the investor
- ✓ It gives share holder ownership of the company

Disadvantages of investing in Shares

- ✓ Shares prices tend to fluctuate hence returns on investment are unreliable
- ✓ Shares become worthless if the company collapses or insolvent.
- ✓ Shares prices tend to fluctuate hence returns on investment are unreliable
- ✓ There is lack of direct control over the activities of business/ Company especially if the shareholder is not among those who own the majority of the shares.
- ✓ A fall in the share prices leads to fall in the value of shares
- ✓ Profits/ Dividends are shared among the many shareholders which reduces the amount earned.
- ✓ Shareholders are the last to be paid after all the creditors of the company goes into liquidation.

4. a) i) **Factors considered when evaluating competition**

- ✓ Flow of customers.
- ✓ Technology used/ Level of technology.
- ✓ Production orders.
- ✓ Cash flow/Flow of cash.
- ✓ Quality of products offered
- ✓ Price charged by competitors
- ✓ Quality of workers employed
- ✓ Quality of customer care
- ✓ Number of competitors in the market

- ✓ Profit level

ii) **Factors affecting competition**

- ✓ Mobility and accessibility overlap
- ✓ Level of public awareness
- ✓ Product priority
- ✓ Product overlap
- ✓ Level of substitution / Availability of substitutes

b) **Implication of Competition**

Positive implication of competition

- ✓ It leads to better customer satisfaction
- ✓ It leads to effective utilization of idle resources
- ✓ It leads to mass production due to the entry of many firms
- ✓ Leads to production of better quality products
- ✓ Promotes product diversification
- ✓ Leads to reduction in prices of products
- ✓ Leads to improved service delivery
- ✓ Encourages hard work
- ✓ Creates more job opportunities
- ✓ Leads to enjoyment of free services
- ✓ It encourages creativity and innovation
- ✓ Leads to production of a variety of products hence widening consumers' choice.

Negative implications

- ✓ Leads to wastage of resources due to over production
- ✓ Leads to limited or small market share
- ✓ Lowers the profits of the business
- ✓ Reduces morale of entrepreneurs who lose out
- ✓ Leads to resource exhaustion
- ✓ Increases costs of operation
- ✓ It leads to duplication of goods and services
- ✓ Increases employee labour turnover
- ✓ Unemployment results due to collapse of inefficient firms
- ✓ Limited expansion of the firm due to low sales
- ✓ Limits research due to reduced profits
- ✓ It increases shortfall / Shortages in the enterprises
- ✓ It creates bad relationship among entrepreneurs
- ✓ Distorts/misleads consumers' choice

5. a) **Demographic factors that influence the level of entrepreneurship in Uganda.**

- ✓ Income level
- ✓ Changing age structure of the population
- ✓ Level of education
- ✓ Gender differences

- ✓ Population size
- ✓ Marital status
- ✓ Family influence
- ✓ Age structure

b) Impact of Globalisation

Positive impact of Globalisation

- ✓ It widens market
- ✓ It promotes labour mobility
- ✓ It provides employment opportunities through increased trade and investment
- ✓ It improves international relations
- ✓ It provides technological development
- ✓ Promotes the utilization of the would be idle resources
- ✓ Facilitates development of infrastructure such as roads in order to access raw materials and market areas

Negative implication

- ✓ It leads to brain drain whereby all trained labour moves to other places/ countries for greener pastures
- ✓ It leads to moral decay due to cultural mix up.
- ✓ It leads to spread of diseases which reduces the quality of life
- ✓ It leads to economic dependence whereby a country relies on others for survival
- ✓ It leads to unemployment problem especially technological unemployment

6. a) The following are the reasons for preparing a business Plan.

- To test the feasibility and viability of the business idea.
- To give the business the possible chance of success.
- To secure the external funding e.g. getting loans from banks.
- To attract investors.
- To enable shareholders, make investment decisions.
- To identify the challenges which are most likely to face the business in advance.
- To define specific goals and objectives of the business.
- To identify the expected production targets, e.g. quantity targets.
- To provide an entrepreneur with information about where the business is going.
- To enable the shareholder to make investment decisions.
- To guide on tax assessment.
- To enable the entrepreneur to monitor the business performance.
- To assess the SWOT analysis of the business.
- To identify the business target customers.
- To enable business to remain focussed when carrying out business operations.
- To act as a timetable for the implementation of business activities.

b) The following are the steps followed when preparing a business plan.

- Selecting / choosing a type of business to engage in or to establish.
- Conducting market survey for the selected type of the business.
- Collecting / gathering relevant information or data concerning different businesses.
- Drafting a business plan.

- Discussing the drafted business plan with experts.
- Preparing a final business plan.
- Finalise the process by preparing an action plan for the implementation of the business plan.

7. a) Circumstances under which market segmentation may be carried out.

- In case there is a need to match customer needs in a better way.
- In case there is a desire to increase profits.
- In case there is a need to increase opportunities for growth.
- In case there is a desire to retain more customers.
- If there is a need to effectively communicate to the target market i.e. delivering market message to relevant audience.
- When the business desires to out compete its competitors.
- In case there is a need to strategically position the business products in the market places.
- When the business desires to expand its market share.
- In case of a need to increase sales.
- In case there is the need to reduce marketing costs / advertising.
- In case of a need to gain share of the market segment.

b) The following are the factors that provide basis for market segmentation.

- Demographic i.e. customers are grouped basing on age, gender, religion, race, income and family size.
- Psychographic segmentation is done based on life style, social class, personality, etc.
- Social economic characteristics. Here customers are segmented based on income, education and occupation.
- Geography. Here segmentation is done based on customer location as people living in similar areas share similar expenses.
- Generation. Here segmentation of people is done according to period of time they were born.
- Production usage i.e. how frequently a product is used and segmentation is done basing on that.
- Benefit sought. Segmentation is done according to the common interest of people.
- Geo-demographic. This combines built demography and geography.
- Behaviour – as according to the character towards the product.
- Discussion / decision. i.e. basing on the decision to be made by an entrepreneur.

8. a) The following are the methods used when conducting employee training.

- Orientation, this refers to the means of providing information about the job.
- Job instruction training, this is where employees are trained on the instruction of performing a specific task.
- Apprenticeships, this is where trainee is placed under a qualified supervisor or instructor.
- Internships, this is where the trainee is placed under supervision for a short period of time to acquire practical skills for use in an enterprise.
- Job rotation, this involves moving the trainee through a series of jobs in order to get better training and discipline.
- Coaching, this refers to one to a one learning focussed on a specific skill and goal.

- Mentoring, this refers to partnership between two people often working in a similar field sharing work experiences.
- Conferences, this where trainees are organized in small groups to discuss a particular aspect for the job so that feedback is provided.
- Simulation, this involves providing or creating atmosphere which is similar to the original work environment.
- Business games, this method involves providing a market situation in for a game and the trainees are asked to provide solutions.

b) Reasons / Rationale for training business employees.

- To improve on the job knowledge and skills.
- To increase on the productivity and skills among workers.
- To reduce on the supervision costs.
- To reduce on the employee turnover.
- To improve on the workers efficiency and productivity.
- To ensure quality production and better service delivery.
- To enable the business to achieve its set goals and objectives.
- To improve on the relation between the business and its employees.
- To improve on the business profitability.
- To inducting new employees.
- To improve on the workers skills and competence.
- To create good business image.
- To cope up with technology changes and advancements.
- To enable the business compete favourably with the competitors.
- To create a pool of readily available manpower.
- To respond to changing tastes and preferences of customers.
- To meet expansion needs of the business.

9 .a) Factors determining tax compliance.

- Level of tax rate.
- Levels of simplicity of tax laws and regulatory framework.
- The extent to which the tax system is equitable.
- Level of consistence and fairness in application of tax laws.
- Popularity of government and quality of the governance.
- Quality of tax administration.
- The quality of business management in form of records or book keeping.
- Availability of funds.

b) Types of taxes paid to local authority.

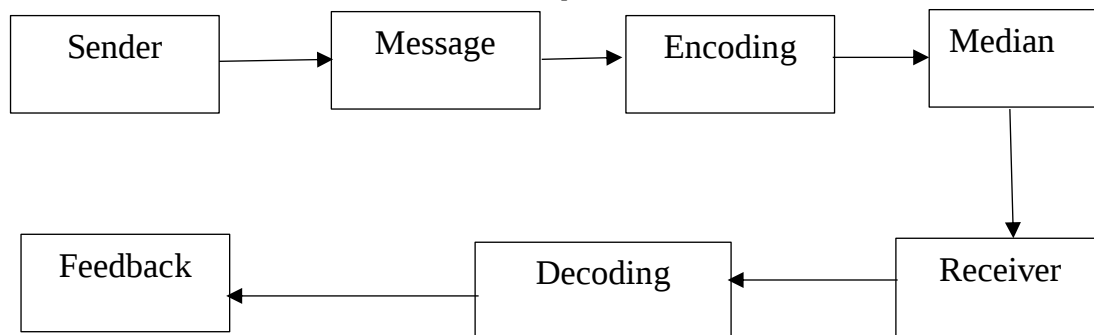
- Property tax in cities and towns.
- Signpost fees and billboards.
- Market dues.
- Street parking fees.
- Permit fees.
- Land fees.
- Trading licence fees.
- Plan fees.
- Local service tax.
- Trading licence fees.

- Hotel tax.
- Billboard fees.
- Registration fees.

10 .a)Communication process.

- Sender.
- Message.
- Encoding.
- Medium or channel.
- Receiver
- Decoding
- Feed back

Illustration of the communication process.



b) Importance of communication.

- Enables an entrepreneur to negotiate with different parties e.g. customers.
- Facilitates recruitment of business employees by advertizing, receiving applications.
- Helps an entrepreneur to implement policies by giving instructions to subordinates and their supervisors.
- Helps in keeping good relationship with old customers and creating new ones.
- Creates understanding between on entrepreneur and his employees leading to efficient and effective production.
- It helps to coordinate operations among various departments of an organisations.
- It helps an entrepreneur to minimise costs for movement since various media of communication will be used.
- Enable the general public to get informed about the business.
- Promotes products for sale through advertising.
- Helps the government and other regulatory authorities to monitor and direct business.
- It links the business to support business organisations like banks, insurance.
- Minimises accidents at place of work.
- Helps an entrepreneur to make decisions from an informed point of view.

11. a) Characteristics of social entrepreneurs

- ✓ Personal leadership.
- ✓ Ethical and principle centered.
- ✓ Goal oriented and visionary.
- ✓ Good listeners.
- ✓ Risk takers.
- ✓ Advocators.

- ✓ Empowering.
- ✓ Optimistic and flexible.

b) The responsibilities of social enterprises to the community development

- ✓ Creating sustainable impact on the society and environment by addressing root cause instead of creating short term solutions.
- ✓ Promoting sustainable infrastructural development.
- ✓ Integrates and caters for marginal groups and vulnerable groups of the population.eg disabled people, poor ones etc.
- ✓ Helping in using community's resources in creative and effective manner
- ✓ increasing access to basic goods and services to the community members
- ✓ Promoting knowledge through community education awareness through community sensitization about the changes and opportunities of their environment.
- ✓ Conserving the environment through social activities like tree planting
- ✓ Promoting innovation through applying existing ideas in a way that look to be new.
- ✓ Ensuring good health of the community members through promoting social activities which aim at safe guarding people's health. E.g energy saving stores does not give out smoke.
- ✓ Promoting creation of social capital.
- ✓ Creating employment opportunities by empowering people in social activities.
- ✓ Improving on quality of life of people by providing employment.
- ✓ Contributing towards government revenue in form of taxes.
- ✓ Providing markets for local products.

12. a) insurance policies that can be taken up by entrepreneurs in Uganda.

- ❖ Personal insurance / life assurance.
- ❖ Fire insurance.
- ❖ Theft and burglary.
- ❖ Loss of profits.
- ❖ Motor insurance.
- ❖ Money at premises or in transit.
- ❖ Employers' liability or workmen's compensation.
- ❖ Machinery break down and consequential loss.
- ❖ Marine insurance.
- ❖ Aviation insurance.
- ❖ Sickness policy.
- ❖ Endowment policy.
- ❖ Fidelity guarantee.
- ❖ Public liability insurance

b) Procedures followed when taking up an insurance policy

- Inquiring about the best insurance company.
- Deciding on which insurance company and type to get along with
- Checking the budget and deciding on the money to pay for insurance
- Filling and signing an insurance application form called a proposal form.
- Calculating of premiums.
- Issuing an insurance policy.
- Filling a claim form.

- Surveying of damaged property.
- Payment / compensation imply the end or termination of the insurance contract

13 a) **Internal systems (ICS) used by entrepreneurs in management of their businesses.**

- Purchasing
- Quality control
- Employee morale
- Financial analysis
- Cost controls
- Sales pricing

b) **Why is it necessary to maintain proper inventory levels?**

- ✓ To maintain adequate so as to avoid production stoppage, loss of customers and revenue to competitors.
- ✓ To avoid excessive investment in inventory ie to avoid tying up a lot of working capital in investment.
- ✓ To reduce stock losses while in stores through theft, expiry of products, damages, unauthorized use, pilferage etc.
- ✓ To relieve management on excessive supervision of inventory.
- ✓ To minimize storage costs in terms of rent.
- ✓ To encourage proper accountability for the goods which have been purchased as issued
- ✓ To allow flexibility in production scheduling as well as marketing. This is possible through ensuring that inventories are available whenever required for production or for sale
- ✓ To ensure efficient use of raw materials
- ✓ To ensure timely replacement of raw materials for production of products for sale. Inventory management helps and entrepreneur to ensure that inventories are available whenever required for production or for sale
- ✓ To meet demand fluctuation and avoid expensive and embarrassing stock out, through ensuring that inventories are available whenever required for production or for sale.

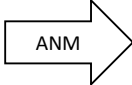
c) **Factors considered by entrepreneurs when selecting packaging materials**

- Sources of packaging materials and suppliers,
- Availability of the packaging materials required,
- The unit cost of packaging materials required per production cycles and inventory levels to be maintained,
- The cost of packaging in relation to the value of the good being packaged,
- Types of goods to be packaged,
- The purpose of packaging.
- Means of transport to be used,
- The nature of goods to be packaged
- The government policies may also be considered ,

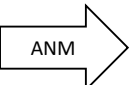
PAPER 2

Question one

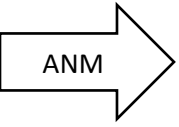
a) Memo inviting employees for meeting.

	AFRICAN NATURAL MINERAL WATER COMPANY PO BOX 2020, GAYAZA TEL: 0752-88-88-99 Email. Africannaturalmineralwater89@gmail.com	
From: General Manager To: All employees RE: INVITATION FOR A MEETING You are hereby invited for an urgent meeting scheduled on 5th October 2024 from the dining hall at 2:00 pm to lay strategies of reviving business' continuous decline in sales. Attend in person Thank You. General Manager		MEMO Date: 6th/10/2024

b) Policies to be followed by employees to promote ethical practices

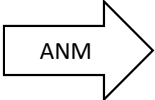
	AFRICAN NATURAL MINERAL WATER COMPANY P.O BOX 2020, GAYAZA. TEL: 0752-88-88-99 Email. Africannaturalmineralwater89@gmail.com	
"The leading producers of pure natural mineral water in East Africa". POLICIES TO BE FOLLOWED BY EMPLOYEES TO PROMOTE ETHICAL BUSINESS PRACTICES • Every employee shall put on smartly through putting on company's uniforms every day except weekend. • Every employee shall timely report at work at 8:00am and leave at 6:00pm in the evening every day. • Employees shall respect organization property entrusted to them such as laptops, furniture, stationary etc. • Employees shall not be allowed in engage themselves in love relationship among each other while at work. • Employees shall not be allowed to use drugs such as alcoholic drugs while at work. • Every employee shall speak politely to customers when communicating to them. • Every employ shall attend all meetings as they are organized by the business. • All employees shall portray a good image of the organization in the public. • Employees shall not use gargets such as phones while at work to allow enough concentration. • Absenteeism without permission shall not be tolerated.		

c) Work order form for the business customers

		AFRICAN NATURAL MINERAL WATER COMPANY P.O BOX 2020, GAYAZA TEL: 0752-88-88-99 Email. Africannaturalmineralwater89@gmail.com			
"The leading producers of pure natural mineral water in East Africa".					
Serial No. 667		WORK ORDER FORM			
DATE	NAME OF CUSTOEMR	WORK ORDER NO	DESCRIPTION OF WORK	customer contact and address	REMARKS
5 th /Oct/24	Kiwengere Dan	001	processing and delivering water	Makindye	
5 th /Oct/24	Nasiike Anna	002	do	Buddo	
6 th /Oct/24	Nakunda Shanita	003	do	Kampala	
8 th /Oct/24	Kanusu Mathew	004	do	Kampala	
8 th /Oct/24	Water Vanessa	005	do	Kibiri	
Prepared by			Authorized by		
Sign: 					
Name: JUMBA LEONARD					
Title: GENERAL MANAGER					

NB: in description of work column, a candidate should fill in customers' orders which are in line with the nature of the project.

d) Dispatch note as a document used to caution an entrepreneur to organize the store.

	AFRICAN NATURAL MINERAL WATER COMPANY P.O BOX 2020, GAYAZA. TEL: 0752-88-88-99 Email. Africannaturalmineralwater89@gmail.com "The leading producers of pure natural mineral water in East Africa". DISPATCH NOTE			
Dispatch note No: 007 Date:..... Purchase Order no:				
TO: The following items and their details have been released from our store and are on their way to you.				
item No	Particulars	Quantity	Rate (shs)	Amount (shs)
Prepared by Sign: Name: Title:			Approved by Sign : Name: Title:	
<i>"Refreshment in every drop"</i>				

NB: don't fill in when designing a source document.

e) Survey to be used when collecting customers' opinions about the cause of decline in sales.

AFRICAN NATURAL MINERAL WATER COMPANY

P.O BOX 2020, GAYAZA.

TEL: 0752-88-88-99

Email. Africannaturalmineralwater89@gmail.com

"The leading producers of pure natural mineral water in East Africa".

Objectives of the survey:

To identify the causes of decline in sales.

However the respondents' response shall be kept with the maximum confidentiality it deserves during this process.

Questions

- a) What is your name Marital status
- b) Age sex:
- c) How do you find the quality of the business products? -----
- d) Can you afford the price of the products charged for the products-----
-----?
- e) Are the distribution channels used to distribute products effective?
- f) do you access enough varieties of the business products?
- g) Are business marketers offer good customer care when selling business products to you?
- h) Are the sales promotion strategies used to promote business products effective to you?
- i) How frequently do you buy our products on credit?

I once again thank you for your co-operation and willingness to answer these questions.

NB questions should not be filled in

Questions should rotate on the basis of discovering the cause of decline of business sales.

2a) program to be followed to promote creative selling

STAR ELECTRONICS

P.O.BOX 324 KAMPALA

TEL: 0772-11-22-33

Dealers in selling all electronics such as TV sets, fridges, radios, phones etc.

PLAN FOR CONDUCTING CREATIVE SELLING

Date	Activities	person in charge	Remarks
4 th /Oct/24	Carrying out pre-sale preparation	NABAYINDA CATHY	
4 th /Oct/24	Prospecting	NABAYINDA CATHY	
5 th /Oct/24	Initial contact to customers	NABAYINDA CATHY	
5 th /Oct/24	Presentation of merchandise	NABAYINDA CATHY	
5 th /Oct/24	Handling objections	NABAYINDA CATHY	
5 th /Oct/24	Closing the sale	NABAYINDA CATHY	
5 th /Oct/24	Suggestion selling	NABAYINDA CATHY	
5 th /Oct/24	Sales follow up	Ssenoga Charles	

Prepared by



ALOBO GABRIELLA

SALES MANAGER

Approved by

.....

Name

Title

2. b) job advert for the post security guard.

STAR ELECTRONICS
P.O.BOX 324 KAMPALA
TEL: 0772-11-22-33

Dealers in selling all electronics like computers, telephones, televisions and digital cameras

Located at Mengo opposite total Fuel station JOB ADVERT

About Us: We are a leading retailer in electronic appliances, including computers, telephones, televisions, and digital cameras. As our business expands, we are looking for a dedicated Security Guard to ensure the safety and security of our premises.

Job Title: Security guard

Job summary: To ensure adequate security at business premises.

Responsibilities:

- Monitor and authorize entrance and departure of employees, visitors, and other persons.
- Patrol the premises regularly to maintain order and establish a secure environment.
- Respond promptly to any alarms or disturbances.
- Report any suspicious activities, persons, or vehicles to the appropriate authorities.
- Ensure the safety of the property by monitoring surveillance equipment and inspecting buildings and equipment.

Academic qualification:

A diploma in security from any related field.

Work experience

Work experience of at least five years in the same field as a registered security officer.

Age limit

Aged between 25 – 45 years

Special skills

- Experience in security work with international agency. Problem solver and ready to work with minimal supervision.
- Excellent surveillance and observation skills

Remuneration / payment

A net pay of shs 500,000 per month

Procedure of application

How to Apply: Interested candidates should send their CVs and cover letters to the HRM of the above address

Duty station

At the business headquarters in Kampala central business town.

Deadline of submission

Not later than 10 October 2024 before 5:00pm

c) **Recruitment process to be followed by the business when recruiting workers.**

STAR ELECTRONICS

P.O.BOX 324 KAMPALA

TEL: 0772-11-22-33

Dealers in selling all electronics such as TV sets, fridges, radios, phones etc.

RECRUITMENT POLICY TO BE FOLLOWED WHEN RECRUITING EMPLOYEES

- Experience employees that have at least 2 years and above shall be recruited.
- Young and energetic employees between the Age of 20-30 years shall be recruited.
- Qualified and educated employees with at least a diploma in any relevant field shall be recruited.
- Employees with good health background without any chronical diseases such as asthma and sick cells shall be recruited.
- Employees that are fluent in English shall be recruited to enhance effective communication.
- Employees that are single shall be recruited.
- Employees with different skills such as communication skills, negotiation skills, decision making among others shall be recruited.
- Employees who stay near the business Premises at least 2 km shall be recruited to minimize transport expenses.

2d) **sensitization message to employees about innovative practices that can attract more customers.**

STAR ELECTRONICS

P.O.BOX 324 KAMPALA

TEL: 0772-11-22-33

Dealers in selling all electronics such as TV sets, fridges, radios, phones etc.

To all employees

SENSITIZATION MESSAGE TO EMPLOYEES ABOUT INNOVATIVE PRACTICES THAT CAN ATTRACT MORE CUSTOMERS

- Charging affordable prices
- Offering quality products
- Opening up different branches
- Offering good customer care
- Advertising business products on different advertising media
- Using door to door selling
- Motivating the sales person team by paying them timely.
- Offering credit facilities
- Offering regular training to salesmen.
- Appreciating customers after selling products to them.
- Offering guarantee
- Carrying out market survey

- Offering discounts
- Communicating to customers regularly and effectively through calling them or texting them.

Question 3

i) Gross Profit as a Percentage of Sales

$$\text{Gross profit as a percentage of sales} = \frac{\text{Gross Profit}}{\text{Net Sales/ Turnover}} \times 100$$

$$\text{Gross profit as a percentage of sales} = \frac{\text{shs } 960,000}{\text{shs } 2,800,000} \times 100$$

$$\text{Gross profit as a percentage of sales} = 32.29\%$$

ii) Net profit (Before tax) as a percentage of Net sales

$$\text{Net profit (Before tax) as a percentage of Net sales} = \frac{\text{Gross Profit}}{\text{Net Sales/ Turnover}} \times 100$$

$$\text{Net profit (Before tax) as a percentage of Net sales} = \frac{\text{shs } 293,000}{\text{shs } 2,800,000} \times 100$$

$$\text{Net profit (Before tax) as a percentage of Net sales} = 10.46 \% \text{ or } 10\%$$

iii) Debt to owner's equity

$$\text{Debt to owner's equity} = \frac{\text{Loan term loan}}{\text{Owner's equity}} \times 100$$

$$\text{Debt to owner's equity} = \frac{\text{shs } 340,000}{\text{shs } 805,100} \times 100$$

$$\text{Debt to owner's equity} = 42.23\% \text{ or } 42\%$$

$$\text{iv) Rate of stock turn over period} = \frac{\text{Average Stock}}{\text{Cost of sales}} \times \text{No of days in a year}$$

$$\text{But average stock} = \frac{\text{Opening Stock} + \text{Closing stock}}{2}$$

$$\text{Average stock} = \frac{\text{shs } 130,000 + \text{shs } 240,000}{2} = \text{shs } 185,000$$

$$\text{v) Rate of stock turn over period} = \frac{\text{shs } 185,000}{\text{shs } 1,840,000} \times 366 \text{ days}$$

$$\text{Rate of stock turn over period} = 36.8 \text{ days Approx. } 37 \text{ days}$$

Or

$$\text{Rate of stock turn over} = \frac{\text{Cost of Sales}}{\text{Average Stock}}$$

$$\text{Rate of stock turn over} = \frac{\text{shs } 1,840,000}{\text{shs } 185,000}$$

$$\text{Rate of stock turn over} = 9.95 \text{ times}$$

$$\text{Rate of stock turn over period} = \frac{\text{No of days in a year}}{\text{No of times stock is sold}}$$

$$\text{Rate of stock turn over period} = \frac{366 \text{ days}}{9.95 \text{ times}} = 36.8 \text{ days approx. } 37 \text{ days}$$

vi) Salaries and wages ratio

$$\text{Salaries and wages ratio} = \frac{\text{Salaries and wages}}{\text{Net sales}} \times 100$$

$$\text{Salaries and wages ratio} = \frac{\text{Shs } 420,000}{\text{shs } 2,800,000} \times 100$$

$$\text{Salaries and wages ratio} = 15\%$$

vii) Average collection period for debts.

$$\text{Average collection period for debts.} = \frac{\text{Total debtors}}{\text{Net sales}} \times \text{No of days in a year}$$

$$\text{Average collection period for debts.} = \frac{\text{shs } 450,000}{\text{shs } 2,800,000} \times 366 \text{ days in a year}$$

$$\text{Average collection period for debts.} = 58.8 \text{ days approx. } 59 \text{ days.}$$

viii) Accounts payable repayment periods.

$$\text{Accounts payable repayment periods} = \frac{\text{Total Creditors}}{\text{Net Purchases}} \times \text{No of days in a year}$$

$$\text{Accounts payable repayment periods} = \frac{\text{shs } 367,200}{\text{shs } 1,950,000} \times 366 \text{ days in a year}$$

$$\text{Accounts payable repayment periods} = 68.92 \text{ days approx. } 69 \text{ days}$$

ix) Interest cover

$$\text{Interest cover} = \frac{\text{Total Profit before interest and tax}}{\text{Total interest expenses}}$$

$$\text{Interest cover} = \frac{\text{shs } 310,000}{\text{shs } 17,000}$$

$$\text{Interest cover} = 18.2: 1$$

x) Current ratio

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{current Liabilities}}$$

$$\text{Current ratio} = \frac{\text{shs 1,390,000}}{\text{shs 514,700}}$$

$$\text{Current ratio} = 2.7:1 \text{ or } 3:1$$

xi) Rate of return on capital employed.

$$\text{Rate of return on capital employed.} = \frac{\text{Profit Before Interest and Tax}}{\text{Capital Employed}} \times 100$$

$$\text{Rate of return on capital employed.} = \frac{\text{shs 310,000}}{\text{shs 1,145,000}} \times 100$$

$$\text{Rate of return on capital employed} = 27\%$$

xii) Expense ratio

$$\text{Expense ratio} = \frac{\text{Operating expenses}}{\text{Net sales}} \times 100$$

$$\text{Expense ratio} = \frac{\text{shs 727,100}}{\text{shs 2,800,000}} \times 100$$

$$\text{Expense ratio} = 25.9\% \text{ approx. } 26\%$$

Comparison with average industry ratios

Ratio	Company	Industry
Gross profit margin	32.9%	30%
Current ratio	2.7:1	1.6:1
Accounts receivable collection period	59 days	75 days
Accounts payable payment period	69 days	55 days
Debt to equity ratio	42%	45%

Comments**Gross profit margin**

The company earns a gross profit of shs 32.9 on every shs 100 sold. The company earns a gross profit of shs 30 on every shs 100 sold. The company has gross profit margin better than the industry.

Current ratio

The company has the ability to pay off its current liabilities using current assets by 2.7 times. The industry can cater for its current liabilities using current assets by 1.6 times. Means the company is better.

Accounts receivable collection period

It takes approximately 59 days for the company to collect its money from debtors, while it takes approximately 75 days to collect its money from debtors. Means that the company has a shorter collection period than the industry.

Accounts payable

The company takes 69 days to pay or settle its creditors / payables compared to the industry which takes 55 days to pay its creditors. Means there much time with the industry to trade with creditor's resources and make a return.

Debt to equity

The company has only shs 42 long term liabilities on shs 100 equity and the industry has shs 45 on shs 100 equity. This means that the industry is highly geared since it has a higher debt to equity

Question four

a) compensation policy used by promise insurance company

PROMISE INSURANCE COMPANY
P.O.BOX 344 KAMPALA
TEL: 0772-11-66-44

COMPESATION POLICY USED BY PROMISE INSURANCE COMPANY

- An insured shall only be compensated on property whose destruction has caused a financial loss to him/her.
- Compensation shall only be made to an individual who had disclosed all the relevant material facts about the property being insured.
- Compensation made to insured shall only aim at restoring him/her to original financial position.
- The insured shall handover all the property destroyed after compensation has been made.
- There shall be a fairly close connection between the cause of the loss and the actual loss suffered.
- Every insured tending to be compensated shall fill a claim form before the compensation is made.
- An insured shall only be compensated after presenting a policy report about the occurrence of the event.

b) Notice informing your clients about the new office branch opened up in a

PROMISE INSURANCE COMPANY

P.O.BOX 344 KAMPALA

TEL: 0772-11-66-44

NOTICE

Date: 6th / 5th/2024

NOTICE: Opening of New Branch in Kampala

Dear Valued Customers,

We are excited to announce the opening of our new branch in **Kampala**! This new location will allow us to serve you better and provide even more convenient access to our products and services.

Branch Location: KAMPALA CENTRAL BUSINESS TOWN OPPOSITE NEW TAX PARK

Opening Date: 15th.Oct.2024

Operating Hours: Monday to Friday: 7:00 am – 7:00 pm

Visit us at our new branch for all your [insert type of services or products] needs. Our friendly staff is ready to offer you the same excellent service you've come to expect from us.

We look forward to welcoming you to our new location!

Thank you for your continued support.

Sincerely,



NAKIMBUGWE PATRICIA
GENERAL MANAGER

c) **Training program to be used when training business employees.**

PROMISE INSURANCE COMPANY

P.O.BOX 344 KAMPALA

TEL: 0772-11-66-44

TRAINING PROGRAMME FOR NEW EMPLOYEES

Date	Activity	Persons responsible	Remarks
3/4/24	Observing / identifying organizational objectives	Malunda peter	
6/4/24	Identifying training needs	Malunda peter	
9/4/24	Selecting the trainees	Malunda peter	
10/4/24	Selecting the trainers	Tracy K	
11/4/24	Selecting training methods	Kato C	
18/4/23	Administering the training	Tom Ellyn	
20/4/24	Evaluating the training	Tracy C	
Designed by Signature  Name : Wasswa Brian Title : HRM manager		Approved by	

d) **administrative plan for the business**

PROMISE INSURANCE COMPANY

P.O.BOX 344 KAMPALA

TEL: 0772-11-66-44

ORGANIZATIONAL PLAN / ADMINISTRATIVE PLAN

- i. **Nature of workers employed.** It employees both skilled and semi-skilled workers. Two (2) Human resource managers, Five (5) insurance brokers, five (5) sales agents, (3) under writers, Four (4) Risk Managers, Five (5) drivers for the company and Five (5) cleaners.
- ii. **Workers qualification, Skilled and knowledge.** The five directors of the company are holders of degrees in business administration while the departmental managers are holders of bachelor's degrees in their respective fields. Their assistants are diploma holders while the casual workers are just semi-skilled with A level certificates.
- iii. **Tasks, duties and responsibilities of workers. G**
 - Risk Managers responsible to Evaluate risks that the company faces and develop strategies to minimize potential losses
 - Sales agents who sell insurance products to customers
 - Marketing and Sales Managers. Develop and implement marketing strategies to promote insurance products.
 - Human Resources Managers. Manage recruitment, staff training, performance management, and employee relations
 - Cleaners; Clean offices, meeting rooms, and common areas such as reception, lobbies, and break rooms.

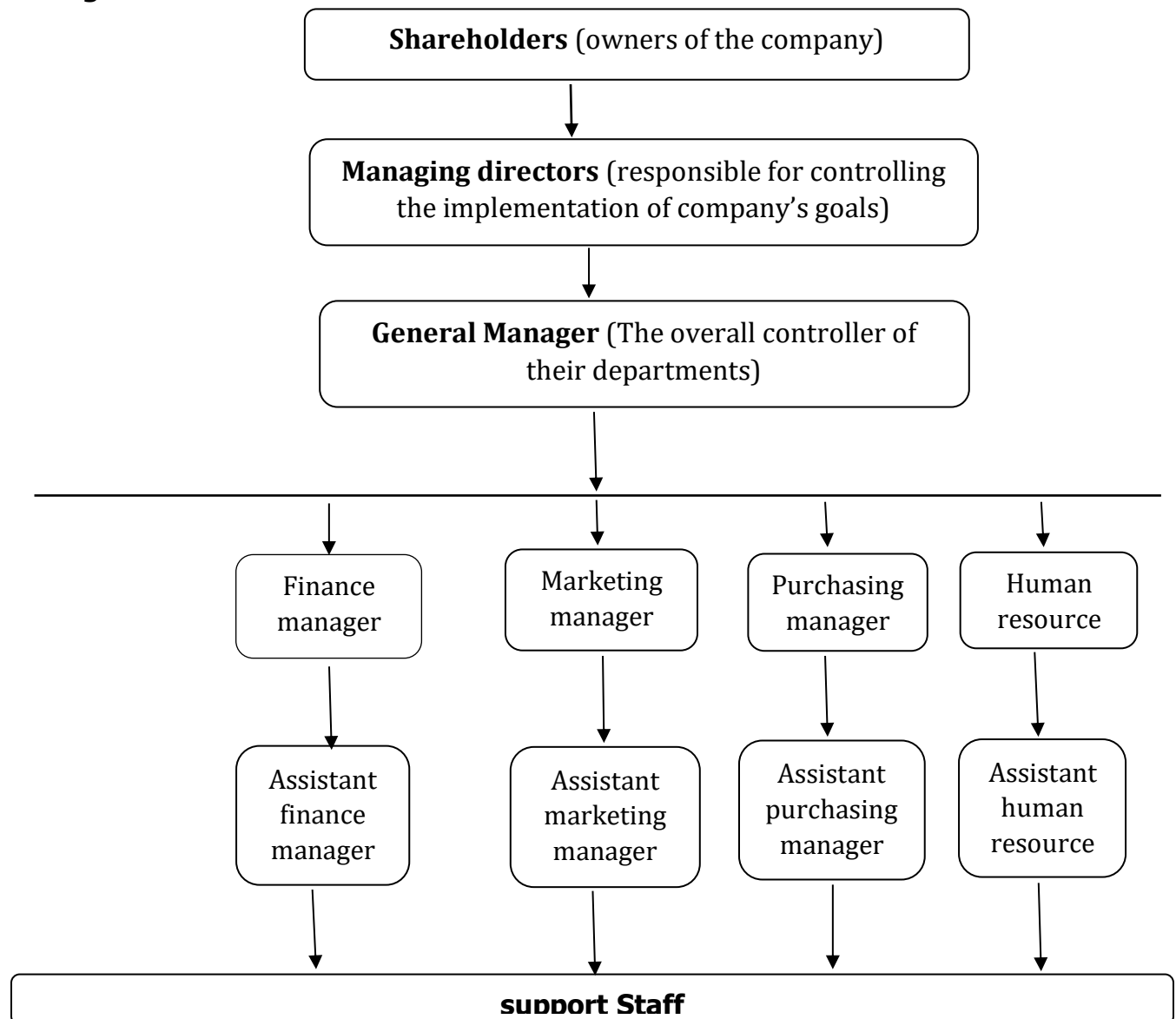
- iv. **Worker's remuneration / pay and other benefits.** Payments are made on every 30th day of each current month of work through individual bank accounts of workers. Each category of workers is paid differently as illustrated.

s/No	Position	Number of workers	Salary (shs)	Amount (shs)
1.	Directors	5	1,200,000	6,000,000
2.	General managers	1	900,000	900,000
3.	Departmental managers	4	700,000	2,800,000
4.	Assistant heads	4	500,000	2,000,000
5.	Casual workers	5	200,000	1,000,000

In addition to salary, all workers are entitled to free breakfast, lunch and medical care. The general manager gets all the above as well as free accommodation and airtime.

v. **Hierarchy of authority.**

An organizational chart for the business



NB: a candidate shall respond to these elements in an applied style.
The tense used is present tense (is, are)

Question 5

a) **Loan repayment schedule.**

MUKISA SAVING AND COOPERATIVE SOCIETY P.O. BOX 891 MAYA TELL 0762836445 Dealers in saving and offering loans LOAN REPAYMENT SCHEDULE Loan size: shs 10,000,000 Loan period: 4 equal installments. Interest rate: 12% per annum Method of calculating interest: Reducing balancing method.					
months	installment	principle	interest	total payment	balance due
		shs	shs	shs	shs
1 st	1 st	2,500,000	100,000	3,600,000	7,500,000
2 nd	2 nd	2,500,000	75,000	2,575,000	5,000,000
3 rd	3 rd	2,500,000	50,000	2,550,000	2,500,000
4 th	4 th	2,500,000	25,000	2,525,000	0
5	TOTAL	10,000,000	250,000	10,250,000	
Borrower's details Signature..... Name Tittle			lenders details signature..... Name Tittle.....		

b) **A POLICY TO BE FOLLWED BY LOAN DEPARTMENT**

MUKISA SAVING AND COOPERATIVE SOCIETY P.O. BOX 891 MAYA TELL 0762836445 Dealers in saving and offering loans	
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POLICY TO BE FOLLWED BY LOAN DEPARTMENT

- The loan interest shall not exceed two years.
- The loan interest shall be 12% per year.
- Every borrower shall fill the loan application before obtaining the loan.
- Every borrower shall present a collateral security of the value not less than 100,000 when obtaining the loan.
- A legal step shall be taken in case a borrower defaults in order to ensure loan recovery.
- Every borrower shall present at least 2 grantees who must members of the SACCO.
- Every loan applicant must present an identification such as national ID before obtaining a loan.

- Loans shall be offered to both members and nonmembers of the SACCO.

c) credit recovery program

MUKISA SAVING AND COOPERATIVE SOCIETY P.O. BOX 891 MAYA TELL 0762836445 Dealers in saving and offering loans CREDIT RECOVERY PROGRAMME			
Time	Activity	Person in charge	Remarks
1/1/24	Identifying of all credit customers' records	Nalubega sophia	
3/1/24	Arranging the debtors' records according to the given credit period	Kato Tonny	
4/1/24	Assessment and allocation of responsible persons to contact customers	Namatovu shum	
6/1/24	Preparing and dispatching debtors' reminder notes /contacting them	Nalubega Joan	
8/1/24	Collecting of payments and updating debtors records	Aisha Nabukalu	
9/1/24	Issuing of statement of accounts	Aisha Nabukalu	
11/1/24	Sending the last reminder to debtors who have defaulted	Namatovu Joan	
12/1/24	Compiling and publishing defaulters giving then the final date to clear	Kato Alfred	
13/1/24	Taking legal action on defaulters like auctioning the collateral security	Arafat Mageege	
Prepared by  WAMBI SWALEH MANAGING DIRECTOR			

d) instructions to be followed when purchasing a printer

MUKISA SAVING AND COOPERATIVE SOCIETY
P.O. BOX 891 MAYA
TELL 0762836445
Dealers in saving and offering loans

INSTRUCTIONS TO BE FOLLOWED WHEN PURCHASING A PRINTER

- Cheap and affordable printer between 450,000-500,000 shillings shall be purchased
- Printer that can print at least 1000 papers per day shall be purchased
- Printer that is easy to repair and maintain shall be purchased
- Flexible printers that can print and photocopy shall be purchased
- Durable printers that can serve for at least 10 years shall be purchased
- Printers that are Japan made shall be purchased
- Printers whose supply can offer a guarantee at least one year shall be purchased.

- Printers that can serve the intended purpose of printing and photocopying shall be purchased
- Printers whose spare parts are available shall be purchased

e) Loan application form used by Mukisa savings and cooperative society.

MUKISA SAVING AND COOPERATIVE SOCIETY P.O. BOX 891 MAYA TELL 0762836445 Dealers in saving and offering loans LOAN APPLICATION FORM	
Name of the borrower-----	
Sex-----	Marital status----- contact-----
Amount of the money applied for-----	
Amount of money approved for-----	
Total amount of saving-----	
Purpose of the loan-----	
Loan duration-----	
Loan interest rate per year-----	
Guarantors' names	
(i)	-----
(ii)	-----
(iii)	-----
Prepared by	
sign-----	
name-----	

Question 6

a) cash flow statement

STAR ENTERPRISES
CASH FLOW STATEMENT
FOR THE MONTHS OF JAN, FEB, AND MARCH 2024.

Details	January	February	March
	Shs	Shs	Shs
Balance c/f	33,000,000	30,354,000	27,183,000
Add: Cash inflows			
Cash sales	6,000,000	6,000,000	6,000,000
Receipt from sales	5,500,000	12,175,000	23,475,000
Rental income	8,000,000	8,000,000	8,000,000
Loan acquisition	3,000,000		
Donation	2,000,000	2,200,000	2,420,000
Sale of old vehicle	4,800,000	1,920,000	1,280,000
Total cash inflows	62,300,000	60,649,000	68,358,000
LESS: Cash Outflows			
Salaries to workers	-	2,000,000	2,000,000
cash purchases	-	-	2,000,000
Payment to suppliers	6,000,000	6,000,000	6,000,000
Stationary expenses	2,000,000	2,000,000	2,000,000
Rent expense	1,850,000	1,870,000	2,062,500
Utilities	500,000	500,000	500,000
Allowances to casual workers	1,196,000	1,196,000	1,196,000
Purchase of cooling machine	-	-	3,000,000
Purchase of Office covers	-	-	800,000
Purchase of Raw materials	7,600,000	7,600,000	7,600,000
Allowance to sales agents	800,000	800,000	800,000
Repairs and maintenance bills	10,000,000	9,500,000	9,025,000
Cash donation	2,000,000	2,000,000	1,800,000
Commission to sales agents			5,580,000
Total cash outflows	31,946,000	33,466,000	44,363,500
Net cash position	30,354,000	27,183,000	23,994,500

Workings.**Sales commission** (for yogurt).

Computation of the firm's total monthly labour expense on the sales men

Sales men	Total Pay	Commission (shs)
ALEX	48,000 X 25	1,200,000
BOB	55,000 X 50	2,750,000
ANDREW	38,000 X 10	380,000
AHMED	50,000 X 25	1,250,000
Total		5,580,000

Weekly allowances for agents = (shs 50,000 x 4 weeks x 4 workers) = shs 800,000

Receipts from debtors.

Months	shs	shs	50% for this month	50% from previous month	Total
Dec	1,000 X 3,000	3,000,000	1,500,000		
Jan	2,000 X 4,000	8,000,000	4,000,000	1,500,000	5,500,000
Feb	3,000 X 5450	16,350,000	8,175,000	4,000,000	12,175,000
Mar	5,000 X 6,120	30,600,000	15,300,000	8,175,000	23,475,000

Casual workers' wages (23 workers × Shs 2,000 × 26 days) = shs 1,196,000

b) Ways of using the business surplus.

- ✓ Putting / banking the money/ cash surplus on a fixed deposit account to earn interest
- ✓ Lending the cash surplus to clear / pay existing business debts
- ✓ Using the cash surplus to clear existing debts
- ✓ Using the cash surplus to repair all fixed assets being used in the business
- ✓ Buying assets especially those that appreciate in value e.g Land
- ✓ Reinvesting the money in the same business
- ✓ Using / spending the cash surplus to motivate workers like on staff parties in research and man power development
- ✓ Maintaining the cash surplus as a cash reserve in the business for future use.
- ✓ Using the cash surplus to contribute towards community development (corporate social responsibility) investing it in other businesses.

7. a) bin card to be used when handling business inventories.

NICE BAKERY LTD Po box 280, Kyengera Tel 0770-06-50-00 STOCK CARD Stock card No. 111								
Name of item: Item code No:								
Maximum stock level: Minimum stock level:								
Re- order level:								
Date received	Date of issue	Quantity received	Quantity issued	Balance of stock	Authorized by	Issued by	Issued to	Authorized by
Remarks								

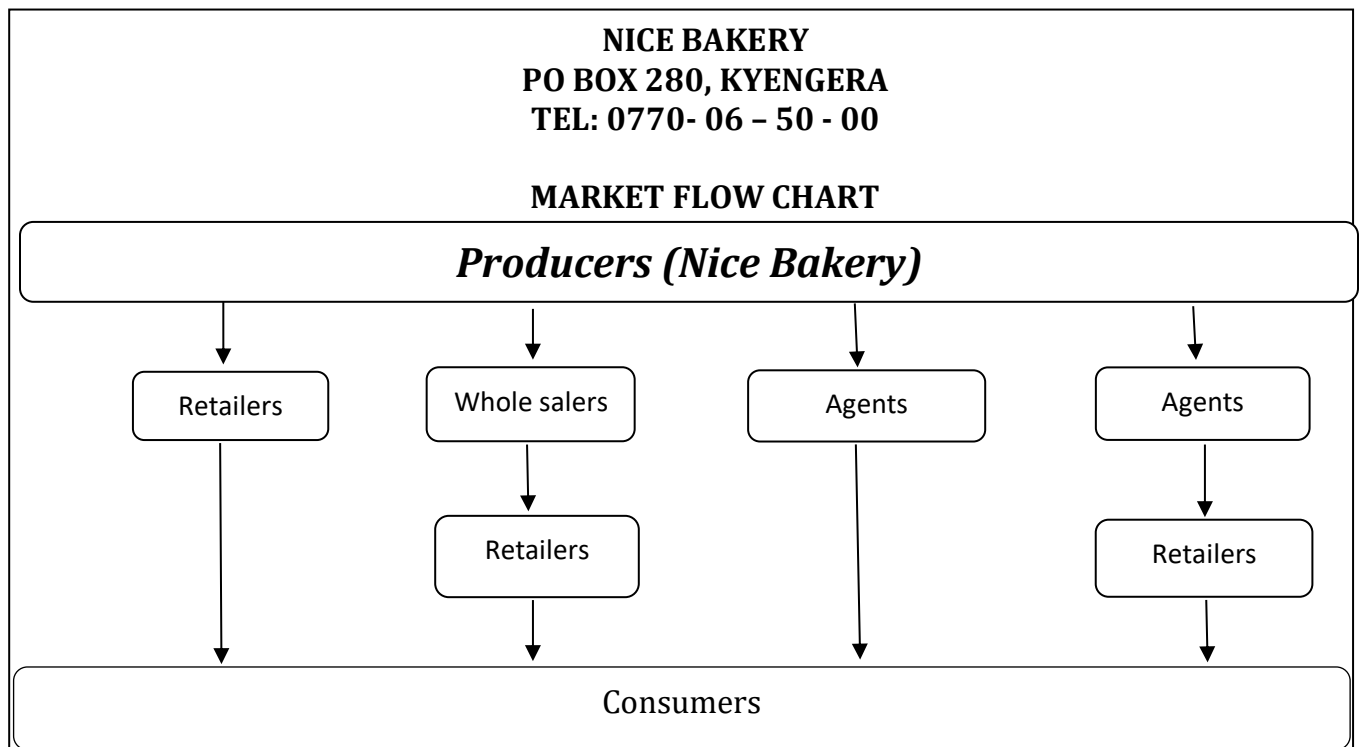
b) Store management followed managing business inventories

**NICE BAKERY LTD
PO BOX 280, KYENGERA
TEL: 0770 – 06 – 50 - 00**

**STORE'S MANAGEMENT POLICY TO BE USED WHEN HANDLING BUSINESS
INVENTORIES**

- ✓ The business shall ensure continuous supply of raw materials to avoid production interruptions and embarrassing stock outs of raw materials.
- ✓ The business shall maintain sufficient supply of finished goods.
- ✓ The business shall strictly use stock cards for proper management of stock flows.
- ✓ The business shall make use of stock requisition and issue forms for proper inventory management.
- ✓ The business shall carry out stock reconciliation every after 3 weeks.
- ✓ Stock taking shall be carried out every week.
- ✓ The business shall set a lead time of 1 week to ensure continuous production.
- ✓ The business shall establish its reorder level at 20 units.
- ✓ Physical stock counting shall be done on a monthly basis to ascertain actual stock available.
- ✓ The business shall maintain sufficient raw materials in products of short supply to ensure continued production.
- ✓ All inventories shall be properly monitored through installation of cameras in different storage rooms.
- ✓ Stock valuation shall be done every week to avoid selling a loss.
- ✓ Appropriate storage facilities shall be provided for different types of inventories.
- ✓ A qualified store keeper shall be hired to keep proper records of stock.
- ✓ Management shall monitor and supervise workers during the production process to avoid wastage of raw materials.
- ✓ Training of workers on proper inventory usage shall be done every after one month.
- ✓ The business shall establish appropriate method for issuing out stock for example First in First out (FIFO).
- ✓ The business shall use stock identification cards to ensure proper stock management.
- ✓ The business shall avoid tying a lot of working capital in stock for example stock should be worth shs 10,000,000 only.
- ✓ The business shall maintain sufficient supply of finished goods in terms of quantity per week.

c) MARKET FLOW CHART SHOWS PRODUCT DISTRIBUTION



d) Design a brand label that is to be placed on one of your packaging materials

NICE BAKERY
PO BOX 280, KYENGERA
TEL: 0770- 06 - 50 - 00
Email. Nicebakery98@gmail.com

NB

Dealers in all kinds of bakery products such as cookies, toasted bread, doughnuts etc.

Ingredients

- whole wheat flour
- water
- wheat Gluten
- Brown sugar
- reduced Iron

1 Kg

Manufacturing date: 23/11/24
Expiry Date: 29/11/24



Dispose of after use

Nutrition facts	
Calories 80	Calories from Fats
	% daily values
Total Fat 0.5g	1%
Saturated fat 0g	0%
Trans Fat 0	-
Sodium 75mg	3%
Total carbohydrate 15g	5%
Dietary fiber 3g	12%
Sugar 0g	
protein 4g	8%
Percent daily value are based on a 2,000 calorie diet	

Location: Kyengera opposite shell petro station
The business has other branches in Kampala, Gulu, Masaka among others

Cautions : Store in dry place

"Your number one bakery"



e) i) **Program for servicing machines**

NICE BAKERY
PO BOX 280, KYENGERA
TEL: 0770- 06 – 50 - 00

Email. Nicebakery98@gmail.com

Dealers in all kinds of bakery products such as cookies, toasted bread, doughnuts etc

PROGRAMME FOR SERVICING MACHINES.

Date	Activity	in charge	remarks
2/10/24	Identification of machines to be serviced	KAMYA K	
4 th /10/24	Determining the nature of service to be nature of service to be done	KATO P	
9 th /10/24	Selection of the technical to do the servicing	WASSWA L	
11/10/24	Contacting the technician Servicing the machines	TONNY L	
11/10/24	Servicing the machines by technician	TONNY LEE	
12/10/24	Receiving a report from the technician about servicing done	VINCENT	
14/10/24	Making payments to the technician	PAUL S	
20/10/24	Setting date for next servicing of machines	PAUL.	

Prepared by:

Sign

Name

Title

Approved by:

Sign

Name

Title

ii) **Financial plan**

NICE BAKERY
PO BOX 280, KYENGERA
TEL: 0770- 06 – 50 - 00

Email. Nicebakery98@gmail.com

Dealers in all kinds of bakery products such as cookies, toasted bread, doughnuts etc

FINANCIAL PLAN

Requirements	Unit cost (shs)	Amount (shs)
i. Fixed capital requirements		
– Purchase of land	1,000,000	
– Construction of building	200,000	
– Purchase of business vehicle	500,000	
– Purchase of tools and equipment	200,000	
– Purchase of computers	100,000	
– Purchase of furniture	80,000	2,080,000
Total fixed capital requirements		
ii. Startup expenses		
– Registering the business	20,000	
– Trading license expenses	30,000	
– Recruiting employees	20,000	
– Carrying out market research survey	10,000	
– Promotional expenses	10,000	

– Installation of utilities	30,000	120,000
Total startup expenses		
iii. Working capital requirements		
– Payment of labour	400,000	
– Raw material costs ie wheat flour	500,000	
– Advertisement expenses	50,000	
– Transport expenses	40,000	
Total working capital requirements		1,800,000
Total financial requirements		4,000,000

iv. Financing of the business

Source of funds	Amount (shs)	Cost implication % interest
Loan from Stanbic Bank	4,000,000	400,000
Total	4,000,000	400,000

v. Expected sales: Nice Bakery expect sales revenue of shs 5,000,000 in one year's time.

Prepared by

Approved by



Sign.....

Kato Sam
ENTREPRENEUR

Name.....

Title

Question 8

a) Chargeable income = Basic salary + allowance deductions (allowances)

	Melanie Amaro	Nabagala John	chris Luwanga	Kona Lwego
Details	shs	shs	shs	shs
Basic salary (per month)	200,000	250,000	410,000	12,000,000
Add: allowances				
Housing allowance	15,000	20,000	30,000	30,000
Travel allowance	15,000	30,000	-	50,000
Medical allowance				20,000
Chargeable income	230,000	300,000	440,000	12,100,000

PAYE

Melanie Amaro	NIL, because Sophia's monthly salary is less than the threshold of shs 235,000 so her salary does not attract PAYE.
Nabagala John	$\text{PAYE} = \frac{10}{100} \times (\text{shs } 300,000 - \text{shs } 235,000)$ $\text{PAYE} = 0.1 \times \text{shs } 65,000$ PAYE = shs 6,500
Chris Luwanga	$\text{PAYE} = \text{shs } 25,000 + \frac{30}{100} \times (\text{shs } 440,000 - \text{shs } 410,000)$ $\text{PAYE} = \text{shs } 25,000 + 0.3 \times \text{shs } 30,000$ $\text{PAYE} = \text{shs } 25,000 + \text{shs } 9,000$ PAYE = Shs 34,000
Kona Lwego	$\text{PAYE} = 25,000 + \frac{30}{100} \times (12,100,000 - 410,000) + \frac{10}{100} \times (12,100,000 - 10,000,000)$ $\text{PAYE} = \text{Shs } 25,000 + 0.3 \times 11,690,000 + 0.1 \times 2,100,000$ $\text{PAYE} = \text{Shs } 25,000 + 3,507,000 + 210,000$ PAYE = Shs 3,742,000
TOTAL	shs 3,742,000 + 6,500 + 34,000 + NIL = shs 3,782,500

a) ii) JPAYROLL FOR THE MONTH OF March 2024

Boobo Company Limited P.O BOX 30 MUKONO TEL: 0777-272727 WORKERS PAYROLL FOR March 2024							
name	basic pay	Allowances			Deductions		
		Housing	Travelling	Gross Pay	PAYE	Advance	Net pay
	shs	shs	shs	shs	shs	shs	shs
Melanie Amaro	200,000	15,000	15,000	230,000	-	30,000	200,000
Nabagala John	250,000	20,000	30,000	300,000	6,500	50,000	243,500
Chris Luwaga	410,000	30,000	-	440,000	34,000	-	406,000
Kona Lwege	12,000,000	30,000	70,000	12,100,000	3,742,000	60,000	8,298,000
Prepared by  NASIKE ANNA MARY Cashier					Approved by Name..... Title.....		

c) Determination Total Tax payable

Determination	
CIF	shs
Cost (5,500 X 3,700)	20,350,000
Freight (566 X 3,700)	2,094,200
Insurance (1.5% x 5,500 X 3,700)	305,250
CIF	22,749,450

Step 2

Deriving import duty

Duty rate = 30 % of custom value

Import duty = $\frac{30}{100} \times \text{shs } 22,749,450$ Import duty = shs 6,824,835

Step 3 Excise duty

Excise duty value = Custom Value + Import duty

Excise duty value = shs 22,749,450 + shs 6,824,835

Excise duty value = shs 29,574,285

Excise duty = 120% Of excise duty value

Excise duty = $\frac{120}{100} \times \text{shs } 29,574,285$ Excise duty = shs 35,489,142

Step 4 Value Added Tax (VAT)

Vat rate = 18%

VAT value = Custom value + Import duty + Excise duty

VAT value = shs 22,749,450 + shs 6,824,835 + shs 35,489,142

VAT value = shs 65,063,427

$$\text{VAT} = \frac{18}{100} \times \text{shs } 65,063,427$$

$$\text{VAT} = \text{shs } 11,711,417$$

Step 5 withholding tax

Withholding Tax = 6% of custom value

$$\text{Withholding Tax} = \frac{6}{100} \times \text{shs } 22,749,450$$

$$\text{Withholding Tax} = \text{shs } 1,364,967$$

Total Tax payable = import duty + excise duty + VAT + withholding Tax

$$\text{Total Tax payable} = \text{shs } 6,824,835 + \text{shs } 35,489,142 + \text{shs } 11,711,417 + \text{shs } 1,364,967$$

$$\text{Total Tax payable} = \text{shs } 55,390,361$$

d) Presumptive tax

A boutique at Nabukeera Plaza

	Amount
Turnover	120,000,000
Turnover bands	80m to 150m
Shs 120m – shs 80m = shs 40m	
Tax rate with records	
Shs 360,000 + 0.7% (40m) = shs 640,000	

Cosmetics shop in Gaza land

	Amount
Turnover	75,000,000
Turnover bands 50m to 80m	
Shs 75m - 50m = shs 25m	
Tax rate with records	
Shs 180,000 + 0.7% (25m) = shs 330,000	

Soft drinks outlet in the Old Taxi Park

	Amount
Turnover	45,000,000
Tax rate without records	= shs 200,000

e) Calculate the VAT chargeable at each stage using the current VAT rate of 18%

Stage 1

$$\text{VAT} = \text{initial cost} \times \text{VAT rate}$$

$$\text{VAT} = \text{shs } 100,000,000 \times \frac{18}{100}$$

$$\text{VAT payable} = \text{shs } 18,000,000$$

Stage 2

$$\text{VAT} = \text{value added} \times \text{VAT rate}$$

$$\text{Value added} = (\text{shs } 150,000,000 - \text{shs } 100,000,000) = \text{shs } 50,000,000$$

$$\text{VAT} = \text{shs } 50,000,000 \times \frac{18}{100}$$

$$\text{VAT payable} = \text{shs } 9,000,000$$

Stage 3

$$\text{VAT} = \text{valued added} \times \text{VAT rate}$$

$$\text{Value added} = \text{shs } (200,000,000 - \text{shs } 150,000,000) = \text{shs } 50,000,000$$

$$\text{VAT} = \text{shs } 50,000,000 \times \frac{18}{100}$$

$$\text{VAT payable} = \text{shs } 9,000,000$$

$$\text{Net VAT payable} = \text{shs } 18,000,000 + \text{shs } 9,000,000 + \text{shs } 9,000,000 = \text{shs } 36,000,000$$

f) Rental tax

HOSTEL	LAND LORDS	No. of rooms	Amount per student	No of students	No of semesters in a year
			shs		
TIMU	Molly Joyce	3	540,000	2	2
TIK TOK	Malunda Peter	5	650,000	2	2
TUMU	Namata Julie	3	330,000	2	2
EXODUS	Ssebale Yasin	2	280,000	2	2
TINT	Ssali Vincent	4	760,000	1	2

MOLLY JOYCE

Details	computations	shs
Gross rental income	$3 \times 540,000 \times 2 \times 2$	6,480,000
Less: Threshold		2,820,000
chargeable income		3,660,000
Rental Tax payable	$(3,660,000 \times 12\%)$	439,200

MALUNDA PETER

Details	computations	shs
Gross rental income	$5 \times 650,000 \times 2 \times 2$	13,000,000
Less: Threshold		2,820,000
chargeable income		10,180,000
Rental Tax payable	$(10,180,000 \times 12\%)$	1,221,600

NAMATA JULIE

Details	computations	shs
Gross rental income	$3 \times 330,000 \times 2 \times 2$	3,960,000
Less: Threshold		2,820,000
chargeable income		1,140,000
Rental Tax payable	$(1,140,000 \times 12\%)$	136,800

SSEBALE YASIN

Details	computations	shs
Gross rental income	$2 \times 280,000 \times 2 \times 2$	2,240,000
Less: Threshold		2,820,000
Ssebale Yasin Pays Nil as rental tax because his rental income is below the annual rental threshold of shs 2,820,000		

SSALI VINCENT

Details	computations	shs
Gross rental income	$4 \times 760,000 \times 1 \times 2$	6,080,000
Less: Threshold		2,820,000
chargeable income		3,260,000
Rental Tax payable	$(3,260,000 \times 12\%)$	391,200

SECTION A

a) Factors that have led to sustainability of the business.

- improving quality of farm products
- proper management of finances
- presence of financial institutions
- favourable government policy on agriculture
- proper management of employee's discipline
- good customer care
- providing variety of products
- creating good business image
- motivating of workers etc

b) Ways to control its physical assets.

- Covering assets when not in use
- Regular servicing
- Painting the assets
- Giving clear instructions to workers on how to use
- Ensuring proper storage
- Regular training of workers on how to use
- Using assets for their intended purpose.

c) Controls to manage cash of a business.

- ✓ Keeping all the cash in safe lockers
- ✓ Banking all the cash received daily
- ✓ Keeping the business with trusted employees
- ✓ Preparing cash expenditure budgets
- ✓ Insuring proper cash documentation like receipts
- ✓ Minimizing cash drawings
- ✓ ensuring proper counting and checking of cash received
- ✓ Recording cash sales made per day and compare with physical cash collected
- ✓ Carrying out proper accountability of cash expenditure
- ✓ Installing security cameras in rooms where cash is kept
- ✓ Carryout regular auditing
- ✓ Seeking for insurance services to insure against loss of business cash

c ii) management of discipline to employees

- ✓ offering guidance and counselling to indisciplined employees
- ✓ questioning and warning indisciplined employees
- ✓ charging penalties to indisciplined employees
- ✓ offering training to employees about discipline management
- ✓ carrying out performance appraisal
- ✓ developing rules and regulation governing discipline which are consistence
- ✓ ensuring effective communication

- ✓ Summoning indisciplined employees to disciplinary committee
- ✓ appreciating employees who have maintained discipline
- ✓ terminating services of indisciplined employees

d) Indicators of satisfied customers

- ✓ reduction in customers' complaints
- ✓ increase in customer referrals
- ✓ increase in repeated purchases
- ✓ increase in quantities purchased
- ✓ presence of good facial expression by customers
- ✓ good personal relationship with the seller
- ✓ making positive complements about the products
- ✓ increased willingness of customers to pay for high price
- ✓ giving positive feedback about the products

SECTION B

2a) Uniqueness of the business club project include the following

- ✓ Production of unique products. eg maintaining the quality eg adding flavor snacks.
- ✓ Packing business products in unique packing materials e.g. boxes, polythene bags, bottles which were durable with glittering colours.
- ✓ Charging unique prices e.g. (mention the price)
- ✓ Packing products in unique quantities (mention quantities)
- ✓ Using unique brand names and labelling e.g. (mention the name)

bi) business opportunities posed by the business project

- ✓ increased number of customers e.g (mention the customer increased)
- ✓ exempted from the charges (mention the charges)
- ✓ adequate support from the school administration (e.g mention the support)
- ✓ getting big orders on special days (mention the days)
- ✓ positive changes in the market trends e.g (mentions the trends)
- ✓ existence of free facilities e.g (mention them)
- ✓ acceptability by the community (mention the community)
- ✓ favourable school administration policy (mention the support)
- ✓ strategic business location e.g (Mention the location)

bii) threats faced by the business project

- ✓ Stiff competition e.g (mention the competitors)
- ✓ high cost of raw material (mention the cost and raw materials)
- ✓ having a busy schedule ie having a tight schedule.
- ✓ high cases of bad debtors (mention them)

b) Negotiation skills exhibited by the business project to win the customers loyalty and acceptance

- ✓ compromising with customers (mention the compromise)
- ✓ controlling the emotions (mention how and the emotions)
- ✓ ensuring clarity when communicating to customers (show how)
- ✓ offering customer rewards (mention the rewards)
- ✓ holding special events (mention the events)
- ✓ launching multicultural programs using local languages
- ✓ Offering quality products (describe the quantity)
- ✓ Being patient with customers
- ✓ Ensuring good customer care e.g being polite

c) Aspects considered when evaluating business ideas.

- market size / present of market
- market growth
- costs involved (mention the costs)
- business risks (mention the risks)
- personal consideration e.g personal skills
- availability of raw materials (mention raw materials)

d) Techniques used by business project to increase the profit margin

- ✓ Reducing Credit Sales to untrusted /credit worth customers e.g. students
- ✓ Buying raw materials and inputs in bulky
- ✓ Producing variety of products
- ✓ opening up different branches the different at points of the school (mention the number of branches)
- ✓ Carrying out mass production (mention quantity)
- ✓ Producing quality products (describe the quality)
- ✓ Charging profitable prices (mention the price)
- ✓ Sourcing raw materials from cheap sources e.g.(mention them)
- ✓ Using cheap packaging materials (mention them)
- ✓ Reducing Fringe benefits (mention them)
- ✓ Using School free facilities e.g water premises Etc

e) The business project handled the accounts payable for the following ways

- ✓ Ensuring of timely payments of creditors as agreed upon
- ✓ Timely Picking reminder debtors notice for payments from the business creditors (how did you pick)
- ✓ Ensuring regular communication with the business creditors (mention how the communication was done)
- ✓ Ensuring timely picking of invoices from creditors (how did you pick)
- ✓ Presenting collateral security to the business creditors e.g. (mention it)
- ✓ Receiving statement of accounts timely from creditors
- ✓ Ensuring proper documentation of cash paid (show documents that were made)
- ✓ Asking for long creditors payment period (mention it)

- ✓ Promoting good relationship between the business and its creditors (show them)

3. a General description of the business

- ☞ Name and address of the business.
- ☞ Business location
- ☞ Products offered.
- ☞ Purpose of the business i.e vision, mission, goals and objectives
- ☞ Date of establishment
- ☞ Nature of the business or legal form or ownership of the business.
- ☞ Sources of business funds
- ☞ Target market/customer needs
- ☞ Description of fixed assets
- ☞ Uniqueness of the business.
- ☞ SWOT analysis

3b) Books of accounts kept by the business.

- ✓ cash book (Recorded cash receipts and Payments)
- ✓ Purchase day book (Recorded goods bought on credit)
- ✓ Sales day book -recorded goods sold on credit
- ✓ Return inwards book -recorded goods returned by business customers due different reasons like expiry
- ✓ Return outwards book recorded goods returned to business supplies
- ✓ Ledger book

3. c) How did the school administration support your project.

- ✓ Provision of land / premise (mention them)
- ✓ Provision of financial support (mention it)
- ✓ Provision of market e.g school students, teachers etc
- ✓ Allowing the project to use school facilities like water, electricity etc
- ✓ Offering training for example workshops e.g workshops were organized every term
- ✓ Accepting the school project to conduct business in school
- ✓ Provision of security.

d) Rights and duties of the club project members

- ✓ right to attend all club meetings
- ✓ right to use club facilities
- ✓ right to access and inspect books of accounts
- ✓ rights to share profits
- ✓ right to participate in day to day activities of the business
- ✓ right to get accountability for the club cash expenditure
- ✓ right to participate in club elections
- ✓ right to equal opportunities in business project
- ✓ right to participate in decision making

Duties of club members

- ✓ to observe rules and regulations of the club
- ✓ to protect the image or reputation of the business project club
- ✓ to protect properties of the business club
- ✓ to subscribe for the membership through paying membership fee e.g shs
- ✓ to contribute capital finance to club finance club activities
- ✓ to observe the school rules and regulations governing the project
- ✓ to attend to all activities of the club such as production, marketing, cleaning etc

FIELD ATTACHMENT

4a) nature of the business attached to

General description of the business;

- Name, address and contacts of the business
- Physical location of the business
- Goods and services offered by the business
- Customers served by the business
- Uniqueness of the business
- Purpose of the business i.e. vision, mission, goals and objectives
- SWOT analysis
- Nature/ legal form of ownership of the business
- Description of business assets
- Date of commencement/establishment
- Sources of funds

4b) steps followed by the business when purchasing inputs

- ✓ Determining the business needs(mention them)
- ✓ Identifying potential suppliers (mention them)
- ✓ Contacting potential suppliers (show how)
- ✓ Ordering for the goods or supplies(mention them and how)
- ✓ Checking for the goods as soon as they are received show how)
- ✓ Checking on the correctness of the invoice
- ✓ Making payments to the suppliers (show how)

c) Forms of customer care observed at the business attached to

- ✓ Being honest to customers
- ✓ Handling customers complaints tactful e.g complaints about high prices charged
- ✓ Responding to customers orders timely
- ✓ Exhibiting sound knowledge about the products
- ✓ Offering variety
- ✓ being polite when communicating with customers
- ✓ opening the business early and closing late
- ✓ offering after sale services e.g delivery
- ✓ offering customers with opinion and suggestion boxes

- ✓ offering quality products
- ✓ visiting customers physically
- ✓ offering occasional price reductions like weekends
- ✓

e) Welfare policies used by the business attached to

- ✓ provision adequate and safe drinking water
- ✓ provision of first aid equipment's
- ✓ provision of safety protective gears
- ✓ provision of resting places and time
- ✓ provision of recreational facilities
- ✓ provision of sanitary facilities
- ✓ provision of good meals
- ✓ attending to workers problems like sickness
- ✓ provision of changing rooms
- ✓ provision of clean areas of convenience like toilets
- ✓ providing workers with good accommodation facilities
- ✓ provision of transport to employees

NOTE evidence is a must

eii) entrepreneurial skills acquired during field attachment

- ✓ Financial management skills
- ✓ Marketing skills
- ✓ Communication skills
- ✓ Production skills
- ✓ Interpersonal/ managing personal skills
- ✓ Risk management skills
- ✓ Negotiation skills
- ✓ Creativity and innovations
- ✓ Time management skills
- ✓ Technical skills
- ✓ Purchasing and procurement skills

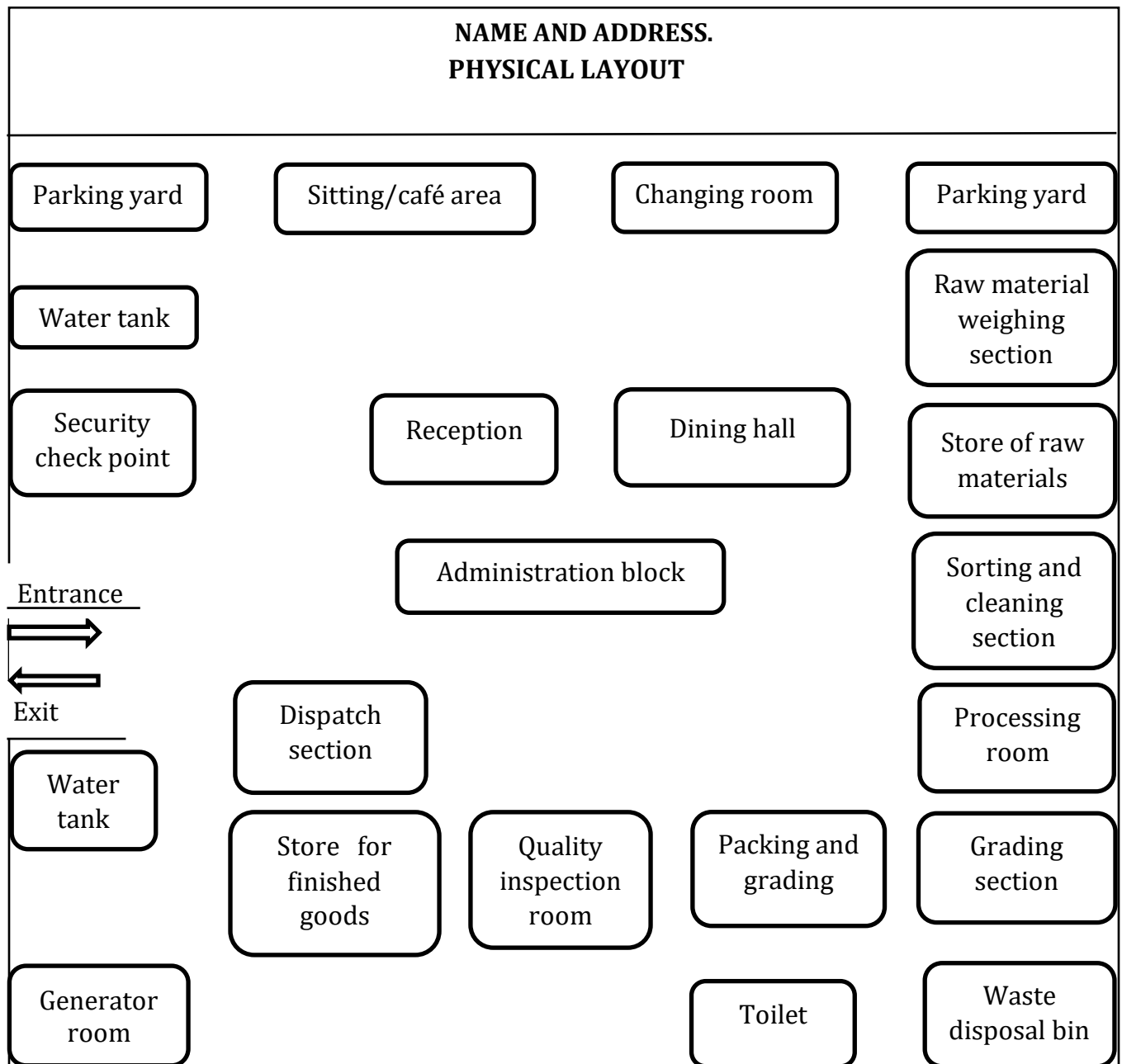
NB evidence is a must to show how each skills was aquired

5a) the business attached to manages hazardous substances in the following ways

- ✓ keeping hazardous substances in covered containers
- ✓ substituting hazardous substances with less hazardous ones
- ✓ provision of adequate and appropriate protective equipments
- ✓ ensuring proper disposal of hazardous substances away from the business premises
- ✓ training of staff, customers, and visitors about proper handling of hazardous substances
- ✓ provision of stand by emergency facilities e.g first aid box and fire extinguishers
- ✓ giving instructions and precaution about proper handling of hazardous substances
- ✓ recycling of some hazardous like plastic materials

- ✓ providing warning labels etc.
- NB evidence is a must

C) Plant layout of the business attached to



d) Ways through the business visited manage time

- ✓ delegating work e.g to business labour like cleaners
- ✓ starting work early e.g at 7:00 am every Saturday
- ✓ designing work schedules and rotas / time tables e.g production schedules, cleaning rotas etc
- ✓ Setting deadlines for achieving targets (mention a target)
- ✓ discouraging private working hours
- ✓ using a to do list (mention any activity on to do list)

e) Social responsibilities of the business visited to the community.

- ✓ Production of goods and services
 - ✓ Provision of employment opportunities to the community
 - ✓ Payment of taxes to the government
 - ✓ Ensuring proper disposal of wastes
 - ✓ Compensating people who have been displaced from their respective locations. e.g. land owners.
 - ✓ Provision of market to the community produce in form of raw materials.
 - ✓ Utilizing idle resources in the community.
 - ✓ Provision of security in the community.
 - ✓ Respecting the values, norms and culture of the community.
 - ✓ Providing information for research and study purposes. etc
- N.B Evidence is a must.

6a) Aims to conduct a business trip.

- ✓ To relate theory to practical work
- ✓ To visualize what takes place at the business visited
- ✓ To Expose ourselves to the business world
- ✓ To acquire entrepreneurship skills such as communication
- ✓ To be introduced to the of field research

b) The following are the ways through which the business visited manage wastes

- ✓ Disposing wastes in the dust bins (mention how)
- ✓ Recycling of the waste materials. e.g. to animal feeds
- ✓ Dumping of waste materials (where)
- ✓ Burning waste materials
- ✓ Selling waste materials to other businesses
- ✓ Re-using waste materials like jerry cans
- ✓ Constructing waste management farms (mention the firm)
- ✓ Using chemicals for decomposing waste materials (mention the chemicals)
- ✓ Offering training about waste management to employees and customers

c) Methods used to pay workers at the business visited

- ✓ sliding scale
- ✓ piece rate
- ✓ overtime payments
- ✓ bonus payments
- ✓ commission payment
- ✓ time rate payment

NB. Evidence is required

d) Unethical behaviors observed towards different stake holders

i) Customers

- ✓ Being impatient and rude to customers
- ✓ Being cheerless to customers
- ✓ Failure to fulfill customer obligations
- ✓ Providing insufficient information about the products
- ✓ Using inappropriate channels of distribution
- ✓ Being dishonesty to customers like selling expired goods
- ✓ Selling poor quality products
- ✓ Charging high prices etc.

ii) Employees

- ✓ Giving unfair pay
- ✓ Giving unfair terms of payment
- ✓ Giving excessive work loads
- ✓ Absence of job security
- ✓ Being impolite and rude to employees
- ✓ Disrespecting employees
- ✓ Failure to provide required training

e) Ways through which accounts payable were handled.

- ✓ Ensuring of timely payments of debtors as agreed upon
- ✓ Picking reminder debtors notice for payments from the business creditors
- ✓ Ensuring regular communication with the business creditors (mention how the communication was done)
- ✓ Ensuring timely picking of invoices from creditors how did you pick)
- ✓ Presenting collateral security to the business creditors e.g. (mention it)
- ✓ Receiving statement of accounts timely from creditors
- ✓ Ensuring proper documentation (show documents that were made)
- ✓ Asking for long creditors payment period (mention them)
- ✓ Promoting good relationship between the business and its creditors (show them)

7a) economic factors that limit entrepreneurial activities at the business visited.

- ✓ Unfavorable administrative issues like tight registration procedures.
- ✓ Limited resources like land, raw materials e.t.c.
- ✓ Underdeveloped infrastructures (show how)
- ✓ Under developed financial systems like underdeveloped banks in the area.
- ✓ High cost of business operation e.g. high cost of raw materials.
- ✓ Absences of economic incentives like tax exemptions e.t.c.

7c) taxes paid by the business visited

- ✓ VAT (value added tax)
- ✓ Pay as you earn (PAYE)
- ✓ Import duty

- ✓ Rental tax
- ✓ Property tax
- ✓ Specific tax
- ✓ Withholding tax

NB evidence given should be in form of how much is paid and when it is paid and charged on what.

7. c) forms of written communication used by the business visited

- ✓ Memos
- ✓ Notes
- ✓ Letters
- ✓ Reports
- ✓ Minute among other

d). the following are the ways through which the business visited maintain security.

- deploying security guards
- installing security cameras
- installing security light
- Deploying security watch dogs.
- construction a perimeter fence
- issuing workers with identity cards
- Checking visitors Luggage before accessing business premises.
- Putting strong padlocks to all rooms.
- Taking attendance of all visitors visiting the business premises.

STRUGGLE CONTIUES

END