SAVANNAH ENTREPRENEURSHIP EDUCATION - A LEVEL PAPER 2

SAVANNAH - ENTREPRENEURSHIP EDUCATION

FOR A LEVEL

PAPER 2

Any submissions or inquiries on this manual are highly welcome.

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Look for Paper 2 and 3 by the same author with more revision questions.

Designed for entrepreneurs, teachers and students.

Written by Walugembe Lawrence @Kyotera District.

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PROJECT MANAGEMENT DETAILS

BUSINESS PLAN

i. Executive summary

This is the second thing in the business plan after the table of contents. It summarizes the key points of a document for its readers, saving them time and preparing them for the upcoming content. It's the executive people (readers) time they would have spent going through the whole document. E.g

LAVAS CHICKEN TONIGHT P.O BOX 234, KAMPALA TEL: 0783177885   EXECUTIVE SUMMARY

Lavas chicken tonight is located in Wandegeya, Kampala, Uganda, is a snacks selling business specializing in producing high quality snacks and packaging them for sale. The business was established to offer classic snacks to the growing University Campus out-going population area as well as to serve an ever-increasing market of urban professionals who enjoy eating more adventurous specialty fast foods.

Research indicates that the fast foods and snacks industry in Uganda has annual sales of shs. 3,600,000 and is growing at an annual rate of approximately 30%. The gross profit margin in the fast foods and snacks industry are typically between 30% and 40%. There is essentially a growing snack consuming population in Kampala and a ig percentage of this population purchase high quality snacks and fast foods on a monthly basis.

As a sole proprietor, I have managed to hire services of a graduate in Business Administration as a General Manager and a graduate of food science and technology as an operations manager with a few other workers.

There are three direct competitors for our share of the market. Although all three seem to be thriving there are a number of fronts on which we are competing. Price is the strongest factor: all three competitors sell their products at higher prices than our business. Our strong relationship with large scale poultry farmers and suppliers of chicken products and suppliers of other products enables us to get raw materials at lower cost and therefore to sell at lower prices to our customers. In addition, the three competitors have focused primarily on the rich section of the urban population but our enterprise reaches out mostly to the average an advertised low income earners and student population.

In order to reach out and support our customers, our products are advertised and promoted in the following ways

Sponsorship of a snacks preparation show on NTV

A website, which raises awareness of our products.

Distribution of flyers in hostels and halls of residence

In addition to the management and staff mentioned above, I have a board of advisors who add strategic advice and direction. The board consists of Lukwago John, a lawyer, Macumi Peter lecturer in Faculty of Food Science and Technology at Makerere University and Bangi Evans, Director Bangi Business Consultants ltd.

I am seeking an operating line of shs. 5,000,000 to finance our growth in year two. I have invested shs.

10,000,000 in the previous years in packaging, design, product and market research and towards working capital requirements.

ii. General description of a business.

PREMIUM QUALITY SNACKS

P.O BOX 275, KYOTERA

Email: premiumqs@gmail.com

PROJECT GENERAL DESCRIPTION

Business name and address: The business name is Premium Quality Snacks and its address is P.o Box 275, Kyotera.

Business location: the business is located Kabano parish, Kasasa sub county, Kakuuto county, Kyotera

District in Uganda Purpose of the business. Vision: The leading producers of quality snacks in Kyotera district. Mission: To improve people's diet through provision of quality snacks at lower prices. Business type: it is a Manufacturing business. Business nature of ownership: it owned as a Partnership Business products: its products include; Popcorns, Flied Irish. Business customers: these include Schools, retailers in Kyotera district. Uniqueness of business: Providing quality snacks, well fried in different colors and shapes sold at lower prices. Sources of funds: the sources of funds are Member's contribution and personal savings. Period or date of formation: June 2019 Description of business assets and premises: it has no premises but has assets such as buckets, jerricans, cash SWOT Analysis of the business project. Project strengths: high demand, friendly prices, possession of marketing skills Project Weaknesses: Small capital base, Limited skills. Project Opportunities: Large customer base, supportive patron and school administration. Project Threats: Tight academic schedules, insecurity, accidents
PREPARED BY APPROVED BY

iii. Statement of vision, mission, goals and objectives

BUSINESS PROJECT VISION: This describes what the business is to be in the future.

BUSINESS PROJECT MISSION: This indicates the purpose of the business. It has two parts i.e. "Needs" part and "how" to achieve the needs.

BUSINESS PROJECT GOALS: These are long term targets that the business intends to achieve. They are based on the mission statement.

BUSINESS PROJECT OBJECTIVES. They are specific targets to move the business in the direction of achieving goals. They are achieved within 1 year.

BEST MEALS RESTAURANT P.O BOX 234, KYOTERA. TEL. 0759748844
PROJECT VISION STATEMENT "The leading provider of high quality local foods in Kyotera.
PROJECT MISSION STATEMENT "To improve people's diet through providing high quality meals at affordable prices.
PROJECT GOALS To increase sales by 40% in 2years To attain 60% of the market share in a period of 3 years. To open up 2 more branches in a period of 2 years To employ 6 people in 5 years
PROJECT OBJECTIVES. To increase sales by 10% in six months To attain 15% of the market share in 8 months. To open up 1 branch this year in October To employ one worker this year in August.

i. Production plan

KASOLO JUICES P.O BOX 23, KYOTERA TEL. 0759748844

PRODUCTION PLAN

Business site. Kyotera town opposite Centenary bank- Kyotera district Uganda.

Production Process flow. The business still uses manual production system where juice is cooked manually on firewood using saucepans

Plant capacities required. The resent demand id 200 boxes per week

Specification of machines, tools and equipments required. It has no machines yet but equipment such as saucepan

DETAILS AND SPECIFICATION	QTY	UNIT COST (SHS)	TOTAL COST (SHS)
Generator	1	2,0000,000	2,000,000
Blenders	2	400,000	800,000
Stabilizer	1	800,000	800,000
Filters	4	150,000	600,000
Capping machines	2	300,000	600,000
Labeling machine	1	600,000	600,000
Packaging machine	1	1,000,000	1,000,000
Total cost			6,400,000

Estimated production quantity: the business produces 100 boxes per week

Production standards and quality objectives. The business aims at meeting UNBS quality standards.

Raw materials and consumables. They include fruits, flavours, sugar, water, citric acid, food colour, preservatives.

Type of raw materials	quantit y	Unit cost (shs)	Total cost (shs)
Natural identical flavor			700,000
Sugar			500,000
Citric acid			230,000

Fruits Preservatives			180,000 212,000
TOTAL			

Labour requirements. The business plans to employ 2 technicians, 3 casual assistants.

POSITION	NO.	WAGE (SHS)	ALLOWANCES	AMOUNT
Technicians	2	450,000	200,000	1,300,000
Casual assistant	3	170,000	-	510,000

Packaging. Juice is packaged in plastic jerrycans and bottles and finally enclosed in boxes.

Type of packaging material	Qty	Unit cost	Amount (shs)
Jerrycans (all sizes)	1000		700,000
Bottles (all sizes)	2000		300,000
Boxes	2000	100	200,000
Polythene bags (100ml)	500	20	100,000
TOTAL			1,300,000

Power and utilities. It uses electricity, water.

Transport. It hires a vehicle to move the raw materials from sources of supply to the market and finished juices to the market. The monthly transport cost for raw materials is estimated at shs. 200,000 and finished products at shs. 473,000/= including costs on fuel.

Other facilities required. The business bought 20 office chairs 25 office tables, 5 refrigerators, a television set, a computer, a printer and some stationery.

Item	no	Unit cost (shs)	Amount (shs)

Computer	1	600,000	600,000
Printer	1	900,000	900,000
Office tables	2	100,000	200,000
Office chairs	3	40,0000	120,000
Refrigerator			700,000
Television set			400,000
Source documents			150,000
Other stationery			300,000
TOTAL			3370,000

Purchase and re-order level. The business buys materials in bulk to obtain discounts arising from bulk purchases and reduce transportation costs. The re- order level for all items is a half of the total quantity required weekly.

Waste disposal. Waste products include fruit husks. These are used in production of bio gas to supplement the power used and some is sold to piggery farmers. Wastes are not burnt neither disposed in environment nor water bodies

ii. Marketing plan

This is the analysis of the possible position and opportunities of the business being planned in the present market situation.

KAKODI MAIZE MILLERS

P.O BOX 251, IGANGA

0783177885

MARKETING PLAN

Target customers: our target customers include residents/ people and institutions (schools, hospitals etc) in Iganga town council and all surrounding areas in the whole of Iganga District, Individuals and schools need maize flour on daily basis while those who rear animals need maize brand and other animal needs.

Products to be offered: Our products include maize flour for both food and porridge and maize brand. Products are packaged in bags and sacks. We also offer smaller packages of maize flour in smaller proportions of 1kg, 3kg and 5ky in paper bags to cater for all income levels of customers.

Position of competitors. There are few competitors in our target area including Quality maize millers, Nakaseke grain millers and Cheap Maize Packers. All these factories have been in operation over the past five years and are therefore well known to the customers but have poor distribution strategies and the quality of their products is still wanting. I expect to outcompete them by expanding my distribution points, extensive advertising, producing better quality products and selling at lower but profitable prices.

Pricing and sales: prices of our products are set depending on the costs of production, level of demand, and prices charged by my competitors. The price structure and projected sales of the factory are given below.

The pricing structure for Kakodi Maize Millers.

Products	My prices	Competitors' price	Difference
Maize flour	600 per kg	700 per kg	100
Maize brand	500 per kg	650 per kg	150

Projected sales per month.

Products	Quantity	Price	Amount
Maize flour	50,000 kgs	600 per kg	30,000,000
Maize brand	25,000 per kg	500 per kg	12,500,000
Total projected sales			42,000,000

Promotion and advertising: the objectives to be achieved by my promotion and advertising strategies are:

To inform my target customers about the availability of my business products

To increase sales and profits

To create market for my products

To outcompete my business competitors

The above objectives are achieved through advertising and promotion tools such as offering samples and discounts, attractive packaging and branding, producing high quality products, putting up a sign post, giving out business cards and brochures on streets and in institutions among others.

Distribution strategy: the factory distributes products directly to customers who come to the retail outlet at our factory premises and to institutions that make direct orders while for customers who cant reach the business premises, my business products reaches them through wholesalers and retailers.

Projected marketing expenses: Marketing expenses incurred by the factory are as detailed below;

Projected marketing expenses per month/ year.

Promotional method	**Period**	**Quantity**	**Unit cost**	**Total cost for the month**	**Total for the year**
Sign post	Per year	1	100,000	100,000	100,000
Business card	Per year	500	300	150,000	150,000
Brochures	Per year	500	500	250,000	250,000
Sales person	Per month	1	50,000	100,000	500,000
Newspaper	Per month	4	50,000	200,000	800,000
Total marketing expense				800,0000	1,800,000

Prepared by:

Sign:

Name:

Tittle:

iii. ORGANIZATIONAL/ HUMAN RESOURCE/ ADMINISTRATIVE/ MANAGEMENT PLAN

This is the framework around which people, machines, equipment and other physical parts of the plan are put together to have a moving organization. It includes people working in the project, their tasks, qualifications fringe benefits and remuneration.

KADODI MAIZE MILLERS P.O BOX 251, IGANGA 0783177885 ORGANISATIONAL PLAN

Organizational structure. On top of organizational frame work are the shareholders or business owners, followed by the board of directors, followed by the general manager below whom are the different department managers like the production manager, financial manager/ accountant and the sales manager.

Human resource needs. The business employs a General Manager, an account, a production manager, a marketing manager, a security person and some casual laborers.

Job duties and responsibilities. Casual laborers do manual work involving loading and off loading, cleaning the factory premises, preparing meals for workers etc and other duties as may be assigned. The security official ensures safety of factory property and premises, the accountant is in charge of book keeping system; production manager is in charge of production activities and quality management, while the general manager takes the overall co ordination of production activities both within and outside the factory.

Skills and knowledge/ Qualifications: the general manager is required to possess a minimum of a Bachelors Degree in Business management, the accountant should have a minimum of a Bachelors Degree in Marketing, the Production manager should have a minimum of a Bachelors Degree in Food science and technology, a minimum of Ordinary level Certificate of Education is a must for all casual workers but for security personnel in addition to that should have been passed successful from a credible military training school or security organization.

Basic pay salary/ worker's remuneration. The payment shall be as follows;

POSITION	**NUMBER**	**WAGE/ SALARY (SHS)**	**TOTAL AMOUNT (SHS)**
General manager	1	600,000	600,000
Accountant	1	400,000	400,000
Production manager	1	400,000	400,000
Sales manager	1	400,000	400,000
Casual labourer	6	100,000	600,000
Watch man	1	60,000	60,000
Total labour cost			**2,460,000**

Fringe benefits to be given to the workers. In addition to the salary and wage structure to be given to the workers, all workers are entitled to transport allowance and lunch….

Monitoring and evaluation of employees. Monthly performance appraisal is carried out.

Summary of administrative expenses: these include communication expenses, transport expenses among others totaling up to Shs. 200,000 per month.

iv. Financial plan

(Covers the financial requirements of the business) it includes the fixed capital expenditure, start-up capital, working capital, financing, profitability of the business, break even analysis and the periodic cash flow statements of the business.

KIKKOKO POULTRY FARM

P.O BOX MASAKA

TEL: 0783177885

FINANCIAL PLAN FOR EXPANSION OF KIKOOKO POULTRY FARM		
REQUIREMENTS	AMOUNT (SHS)	AMOUNT (SHS)
Fixed capital		
Acquisition of more land	3,000,000	
Construction of more buildings	5,000,000	
Purchase of a farm wheelbarrow	200,000	
Purchase of more drinkers	300,000	
Purchase of more feeding troughs	500,000	
Purchase of more egg trays	500,000	
Purchase of more water reservoirs	500,000	
Total		**10,000,000**
Start up expenses		
Extension of water to new sites	400,000	
Installation of electricity	600,000	
Installation of laying centres	200,000	
Total		**1,200,000**
Working capital and consumables		
Chicks	2,100,000	
Poultry feeds	2,500,000	
Labour	400,000	
Water	1,000,000	
Electricity	200,000	
Interest on loan	2,000,000	
Marketing expenses	200,000	
Administrative expenses	150,000	

Transport expenses Total	250,000	 **8,800,000**
TOTAL FUNDS REQUIRED		**20,000,000**
Financing of the business Loan from Bank Members contribution Sale of personal assets	Amount (shs) 14,000,000 6,000,000 2,000,000	**Cost implication % interest** 1,600,000
TOTAL	22,000,000	**1,600,000**

- ❖ Expected sales: Shs. 43,000,000/=
- ❖ Profitability of the business: it expects a profit of shs. 6,000,000/=
- ❖ Break even scale of the business = $\frac{\text{Fixed expenses}}{\text{Unit contribution}} \times 100$

$$= \frac{10,000,000}{(32,000,000-8,800,000)} \times 100$$

- ❖ Periodic cash flows. Kikoko poultry farm expects the following inflows and outflows from January – June 2019. It can also cover a full year, 2 years, 10 years etc

Business balance sheet.

DETAILS	JAN	FEB	MAR	APRIL	MAY	JUNE
	SHS “000”	SHS “000”	SHS “000”	SHS “000”	SHS “000”	SHS “000”
Balance B/F	-	9,350	10,980	10,310	7,840	5,590
<u>Add: cash inflow</u>						
Cash sales	-		-		-	4,000
Loans	20,000		-		-	-
Receipts from debtors	-		1,000		-	-
Own funds	-	2,000	-		-	-
Trade credit	2,000	-	1,000		-	-
Total inflow	***22,000***	***11,350***	***12,980***	***10,310***	***7,840***	***9,590***
<u>Less: outflows</u>						
Purchase of chicks	2,100	-	-	-	-	-
Poultry feeds	1,000	-	-	-	-	1,000
Fixed assets	8,000	-	500	-	-	200
Labour	100	-	-	100	-	-
Loan principal Payment	-	-	2,000	2,000	2,000	2,000
Interest on loan	200	200	-	-	200	200
Utilities	1,200	120	120	120	-	120
Indirect costs	50	50	50	50	50	50
Total outflow	***12,650***	***370***	***2,670***	***2,470***	***2,250***	***3570***
Net cash position	9,350	10,980	10,310	7,840	5,590	6,020

v. ACTION PLAN

INFLIX GENERAL TRADERS P.O BOX 34, MUBENDE TEL. 078659483 ACTION PLAN for ____________(week/ month/ year)					
ACTIVITY	TIME FRAME	RESOURCES NEEDED	PERSON RESPONSIBLE	INDICATORS OF SUCCESS	COMMENTS
Formalizing the formation of the partnership				Partnership deed	
Opening up a bank account				Bank account	
Carrying out preliminary survey of the product					
Selection of business site/ rental					
Construction of premises					
Acquisition of tools and equipment					
Installation of equipment					
Recruitment of personal					

Purchasing of stock				stock	
Production trial					
Publicity					
Commercial production				Products for sale	
Launching of the business.					
PREPARED BY Sign: Name: Tittle: OPERATIONS MANAGER				APPROVED BY Sign: Name: Tittle:	

OTHER SUPPORTING FILES IN THE BUSINESS PLAN.

vi. Budgets which include:

- Operational budget

(Summary of the income and expense projections of the business in a given period of time. It shows the expected sales, cost of sales, gross profit, general and administrative expenses and the net profit.

UNIQUE LIQUID SOAP P.O BOX 275, KYOTERA. OPERATIONAL BUDGET TO FINANCE EXPANSION		
Details	shs	Shs
Projected sales revenue		7,000,000

Less: expected cost of sales		
- Labour/ wages	1,000,000	
- Raw materials	800,000	
- Packaging	340,000	2,140,000
Expected gross profit		4,860,000
Less: operating expenses		
- Utilities	300,000	
- Advertising	560,000	
- Insurance	990,000	
- Salaries	610,000	2,460,000
Net profit		2,400,000

- Ordinary/ general budget.

  This includes only the fixed capital and working capital.

  Example. You are planning to expand your poultry project. Prepare a budget for expansion of your poultry project given shs 15,000,000.

REQUIREMENTS	AMOUNT (SHS)	AMOUNT (SHS)
Fixed capital		
Buildings and constructions	4,000,000	
Feeding troughs	1,000,000	
Lifgthing system	1,500,000	
Farm tools	1,000,000	
Water tank	2,000,000	
Purchase of egg trays	600,000	
		Xxxxxxx
Working capital		

Chicks	2,000,000	
Poultry feeds	3,000,000	
Coffee husks	400,000	
Labour	800,000	
Electricity	500,000	
Water	150,000	
Marketing expenses	405,000	
Administrative expenses	375,000	
Transport costs	170,000	xxxxxxxx
TOTAL		xxxxxxx

- Functional budget

Capital expenditure budget. This covers expenses on fixed assets.

REQUIREMENTS	QTY	UNIT COST	AMOUNT (SHS)
Buildings			4,000,000
Feeding troughs			1,000,000
Farm tools			1,500,000
Water tank			1,000,000
TOTAL			

✓ Marketing budget

This covers only expenses attributed to the marketing department

SAWUBA POULTRY FARM P.O BOX 237, GULU TEL: 0789-272783

MARKETING BUDGET FOR POULTRY PRODUCTS

Date: ………………….

ITEM	QUANTITY	UNIT COST (Shs)	AMOUNT (SHS)
Sales person's wages	4	100,000	400,000
Marketer's transport	1	50,000	50,000
Utilities like water and electricity			780,000
Signpost	1	110,000	110,000
Business cards	500	100	50,000
TOTAL			1,390,000

Submitted by,

Signature:………………………………

Name of customer:……………………..

Approved by;……………………

Signature:…………………………

Tittle: ………………………………..

- ✓ Pre-operating expenditure budget.

This shows cost estimates for expenditure incurred by the business before starts operations. E.g.

Items	Quantity	UNIT COST(SHS)	AMOUNT (SHS)
Business license expenses			1,000,000
Business name and registration			500,000
Expenses on installation of machinery			400,000
Market research expenses			300,000
Clearing land expenses			600,000
Business consultation expenses			56,0000
			34,0000

Technical preparation expenses Expenses on recruiting workers			75,000
			XXXXX

✓ Utility budget

This covers expenditure on utilities. These may include water, electricity, telephone etc. never include items that are not utilities.

✓ Production budget

/ Production cost statement

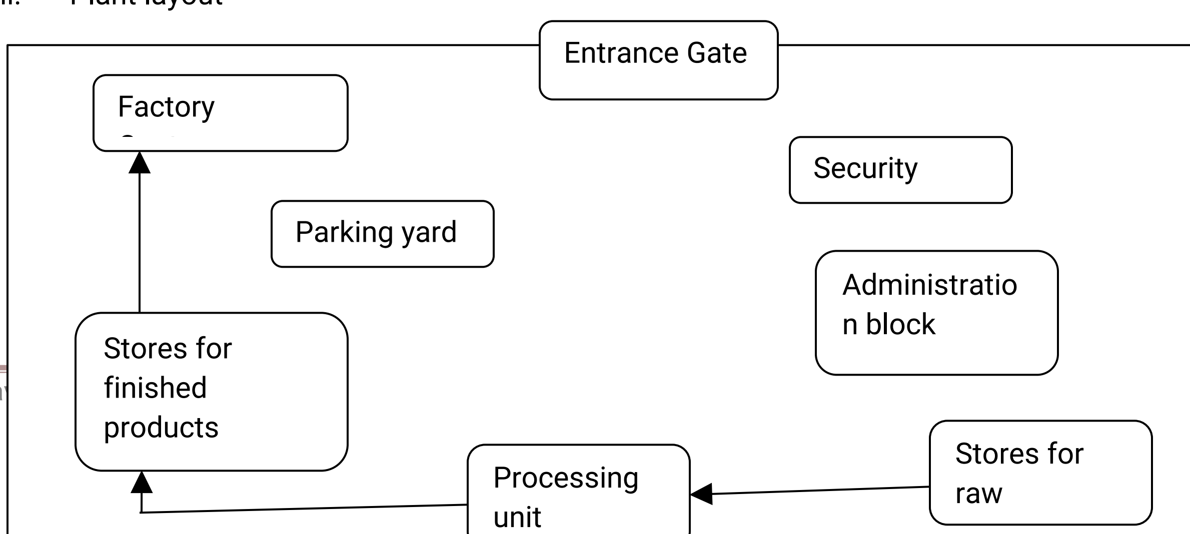
ITEMS	*AMOUNT (SHS)*	*AMOUNT (SHS)*
PRIME COSTS (A)		
Direct material cost	*100,000,000*	
Direct wages	*85,000,000*	
Direct expenses	*1,400,000*	
Total prime cost		*18,900,000*
WORK COSTS (B)		
Indirect wages	*24,200,000*	
Rent	*4,600,000*	
Worker's salaries	*5,400,000*	
Store keeper's wages	*800,000*	
Power	*10,100,000*	
Light	*1,800,000*	
Machinery repairs	*5,700,000*	
Machinery depreciation	*12,800,000*	
Total work costs		*65,400,000*

TOTAL MANUFACTURING COST (A+B)		*252,300,000*
ADMINISTRATION OVERHEADS (C)		
Auditor's fees	*200,000*	
Postage and stationery	*600,000*	
Office salaries and expenses	*2,900,000*	
Total administration overheads		*3,700,000*
SELLING AND DISTRIBUTION COSTS (D)		
Salesmen's salaries	*9,200,000*	
Salesmen's allowances	*2,800,000*	
Driver's wages	*4,000,000*	
Total selling and distribution cost		*16,000,000*
TOTAL OR GROSS COST (A+B+C+D)		***272,000,000***

- ✓ Working capital budget.

This covers expenses on working capital requirements such as labour, feeds, transport, marketing, administration, water, electricity etc

vii. Plant layout



viii. Profile of the business.

VANCE INSURANCE

P.O BOX 279, KYOTERA

Email: vance@gmail.com

PROFILE OF VANCE INSURANCE

Business name and address: The business name is Vance Insurance and its address is P.o Box 279, Kyotera.

Line of business. The business deals in insurance services and policies.

Back ground of the business. The business has been in existence for 10 years. It started as a small business operating in temporary structures and kept on expanding due to the creativity of the partners and management.

Business nature of ownership: it owned as a Partnership

ix. Project proposal and work plan

Example: A Project proposal report seeking for fund for establishment of structures at african development farms -kyotera branch located on nkoni hill kakuuto sub-county in kyotera district.

ELEMENTS OF THE PROPOSAL

i) project identification
ii) brief description of the organization
iii) brief description of the project
iv) beneficiaries
v) sustainability
vi) work plan
vii) project budget

A project proposal seeking for funds for the Construction of structures for Poultry and animal rearing.

1. **PROJECT IDENTIFICATION.**

(a) Project title:

(b) Name and address of the organization. African Development Farms- Kyotera branch.

(c) Location of the proposed project. Nkoni hill, Kakuuto county Kyotera District Uganda.

(d) Duration of the project. Four (4) months.

(e) Amount of funds requested in Ug shs. 49,705,000/= OR US Dollars 16568.3/=

2. **BRIEF DESCRIPTION OF THE ORGANIZATION**

i. Business name and address:.

ii. Business vision: Having the leading poultry and livestock farms in Africa.

iii. Business mission: To create sustainable development in Africa through innovative agriculture.

Business target:

1. To rear 50,000 chickens, 10,000 turkeys, 10,000 ducks, 100 goats, 100 sheep, 5000 rabbits.
2. To gather almost all fruit species on the farm to save the disappearing nutritious fruits.
3. To create employment opportunities for Community members and youths.
4. To improve nutrition in both animals and people through producing a variety of fruits.

iv. Nature and type of business: Sole proprietorship and Agribusiness

v. Uniqueness of the business: The farm has a collection of both wild and domestic fruits, insects and animals.

vi. Products offered: Animals: Goats, Sheep, Rabbits, Milk, Fur, skins and Hides.

Birds: Turkeys, Chicken, Ducks, Eggs

vii. Customers offered: Kyotera community and consumers of poultry and livestock in Africa.

viii. Date of formation: Started 2015

ix. Sources of funding. Past savings and re-investment

3. **BRIEF DESCRIPTION OF THE PROJECT**

a) Problem statement: Construction of structures for Poultry and animal rearing.

b) Purpose. To improve the housing facilities for farm poultry and animals.

c) Immediate expected results. African Development Farms –Kyotera branch will be able to house a number of birds and animals which will also enable it create sustainable development in Africa through innovative agriculture.

4. **BENEFICIARIES.**

i. Housing facilities for poultry birds and livestock will be improved

ii. More employment opportunities will be created for the community.

iii. The farm will act as a center for eco tourism as its different fruits attract a variety of wild birds thus improving national and international tourism.

iv. The farm will act as a research centre on fruits, poultry, insects and livestock.

5. **SUSTAINABILITY.**

The organization will be able to continue funding its activities after the end of the project funding opportunity as its future sources of income will be past savings and re-investing profits.

6. WORK PLAN

ACTIVITY	REQUIRED INPUTS	TIME IN MONTHS				PERSONS	BUDGET COST	SOURCE OF
		SEP	OCT	NO	DEC			

		2020	2020	V 2020	2020	**IN CHARGE**		**FUND**
Leveling and grading of site	Tractor Six workers	*	*			Owner	2,400,000	DONATION
Establishment of poultry and livestock facilities	Cement, sand, stones, workers, building materials		*	*		Workers	20,320,000	DONATION
Establishment of water source & reliable supply facility	Electricity, machines and equipment			*	*	Owner All workers	3,260,000	DONATION
Establishment of Staff quarters and toilet facility.	Building materials				*		4,050,000	DONATION
Farm electrification	Generator, water pump				•		4,675,000	DONATION
Farm truck							15,000,000	DONATION

7. PROJECT BUDGET

ACTIVITY	ITEMS REQUIRED	QUANTITY	UNIT COST (SHS)	TOTAL COST (shs)
Leveling and grading of site	Grader	1	1,500,000	1,500,000
	Fuel	200 litres	2,500	500,000
	Workers	2	200,000	400,000
Establishment of poultry and livestock facilities	Bricks	50,000	100	5,000,000
	Sand	6 trips	120,000	720,000
	Stones	5trips	200,000	1,000,000
	Workers	5	300,000	1,500,000
	Iron sheets	200	24,000	4,800,000
	Timber	50	7,000	350,000
	Poles	50	15,000	750,000
	Cement	120 bags	25,000	3,000,000
	Vehicle	1	400,000	400,000
	Nails	100 kgs	3000	300,000
	Wirenets (ft4X8)	100	25000	2,500,000
Establishment of water source & reliable supply facility	sand	2 trips	120,000	240,000
	cement	4 bags	25,000	100,000
	Bull dozer	1	800,000	800,000
	Water pump	1	400,000	400,000
	Water tanks	2	800,000	1,600,000

	Water Pipes	4	30,000	120,000
Establishment of Staff quarters and toilet facility.	Iron sheets	30	24,000	720,000
	workers	2	100,000	200,000
	stones	1 trip	200,000	200,000
	Timber	20	7,000	140,000
	bricks	20,000	100	2,000,000
	Nails	30 kgs	3,000	90,000
	Cement	20 bags	25,000	500,000
	Doors	5	40,000	200,000
Farm electrification	Generator	1	3,000,000	3,000,000
	Power saving bulbs	15	5,000	75,000
	Solar panel	2	800,000	1,600,000
Farm truck	Pick up	1	10,000,000	15,0000,000
GRAND TOTAL				= **Shs. 49,705,000/=**
Expected source of funds				
Business own savings				5,000,000
Business profits to be reinvested				7,450,000
Donations				

Attached are banking details.

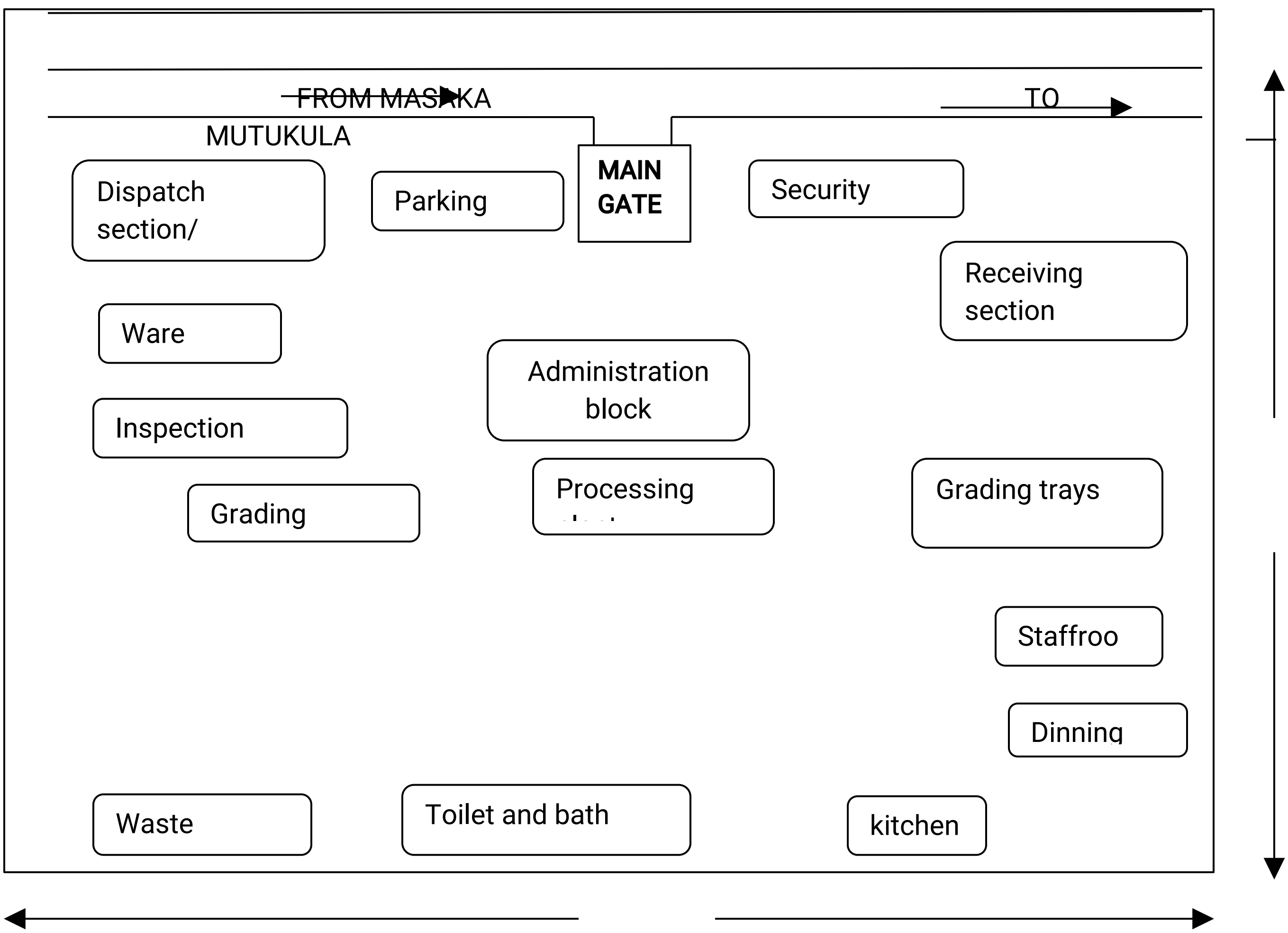
BANK ACCOUNT NUMBER: **32014506973**

BANK ENTITY: **CENTENARY BANK**

BANK ACCOUNT NAME: xxxxcccccccc jjjjons

x. Site plan

This includes the components of plant lay out however there is no need to show production process flow and arrangement of machinery using arrows in a site plan. Instead it is only the production block which is named.



100

100M

250M

14. CERTIFICATES

iv. Certificate of incorporation.

v. Certificate of recognition

UGA FUELS
P.O BOX 234, KYOTERA
TEL 0759748844

CERTIFICATE OF RECOGNITION

NO. 034

DATE: ……………………………

This certificate of recognition is awarded to ………………………………………………… for having excelled in …………………………………………… while at the company. He /she has been head/ member of ………………………………………………… Department/ section.

Signed by …………………………………….. *Signed by …………………..…………………..*

Name: …………………………………… *Name:………………………………………………*

Title …………………………………………… *Title:……………………………………………..*

"To become the hub of excellent performance"

vi. Share certificate.

This is issued to shareholders to confirm ownership of shares in a company.

KAWOOMA RESTAURANT

P.O BOX 123, KIWATULE

TEL: 078945673

SHARE

Registered capital of shs …………………………… divided into ………… Shares of shs 500 each.

Certificate No: ………..

This is to certify that: ………………………………… is a registered holder of ………….ordinary shares numbered from ______ to _____ inclusive of Ug.shs. 500/= each fully paid in the above named company subject to the memorandum and articles of association there of.

Date	Transfer no.	No. of shares	Numbered	
			From	To

Note: No transfer can be registered unless accompanied by this certificate.

Given under the common seal of the company this ………………….day of …………….20……..

For and on behalf of Kawooma Restaurant.

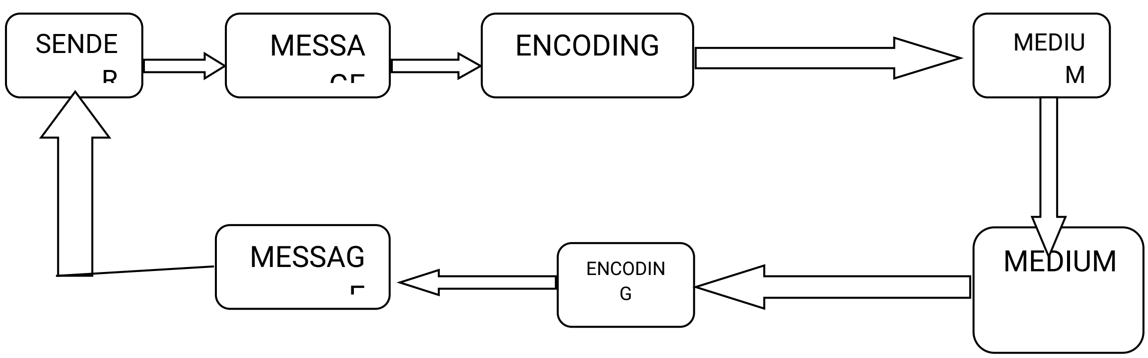
________________________ ____________________

Chairman Board of Directors Company Secretary

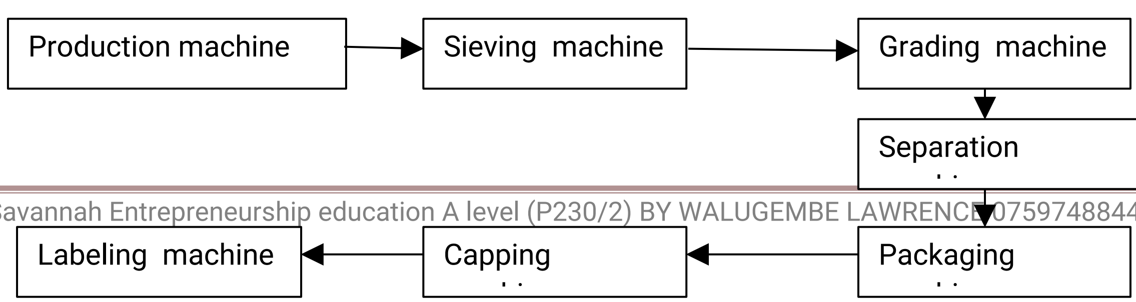
15. <u>CHARTS</u>

vii. Communication chart

This shows the steps followed to convey a message between different parties.

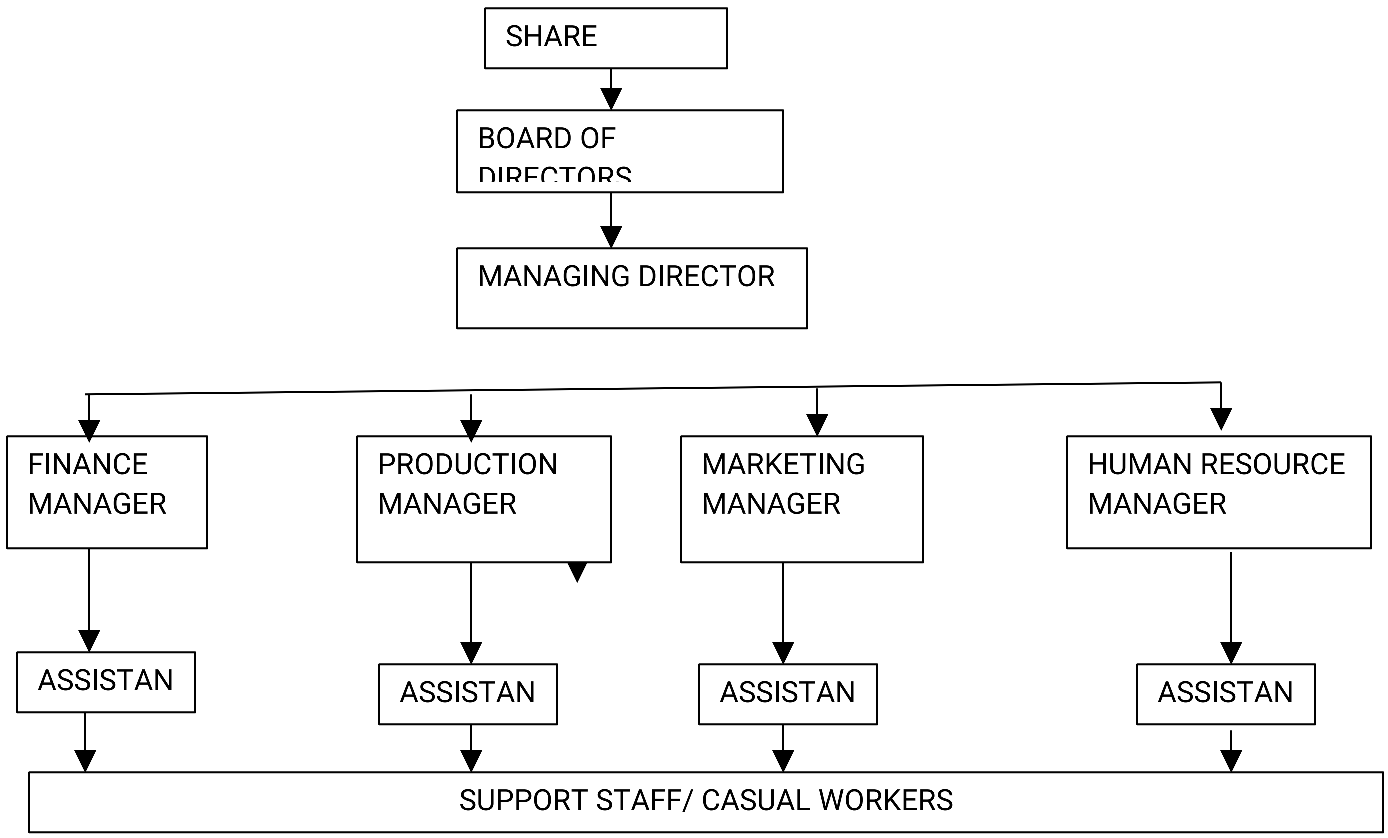


viii. Machinery layout



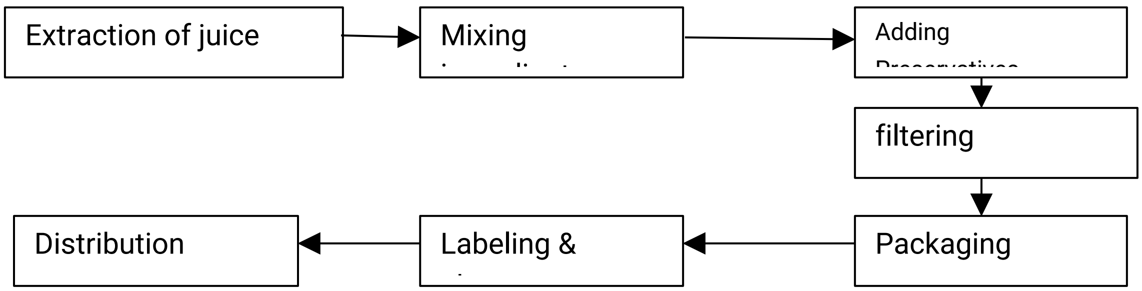
ix. Organizational chart

This shows the hierarchy of authority within an organisation. It shows the superiors and subordinates within an organisation showing clearly who reports to another.



x. Process flow chart

This shows the procedure followed to produce goods. It shows the stages followed to produce a given product.



16. <u>CORRESPONDENCE/ COMMUNICATION</u>

xix. Agenda

BUWOOMA DELICIOUS JUICE

P.O BOX 234, KYOTERA

TEL: 0759748844

An agenda for the meeting scheduled for Monday 2nd August, 2019.

1) Recording apologies

2) Opening prayer 3) Communication from the Chairperson 4) Reading previous minutes 5) Matters arising from 3 and 4 6) Treasurer's report 7) Date for the next meeting 8) Closing prayer Signed …………………………………………… KAKUU BEDBUG SECRETARY

xx. Apology .This is written by someone who performed what is not good. It asks for pardon and forgiveness. The body should include the evil you committed and a phrase promising never to do it again.

xxi. Application letters

This is written by the job applicant seeking for employment in a given enterprise. Its body should contain the quote of the advert, age, nationality, academic background, gender and the post applied for and experience.

Qn. You have completed studies and thus looking for employment before you finally venture into self employment.

BYENDA INTESTINES P.O BOX 234, KAGADI TEL: 0783177885 Our Ref: BI/DFI/23/ 07/2019

TO: THE HUMAN RESOURCE MANAGER

DEVELOP FARMERS INITIATIVE

Dear Sir,

RE: APPLICATION FOR THE POST OF FINANCIAL MANAGER.

I have just seen the advertisement for the above post in the New Vision of Tuesday 10th July 2019 and I wish to humbly submit in my application for the above post.

I am a male Ugandan aged 24 ready to work under minimum supervision to the expectations of the company in the port folio of accountant. I hold a Bachelors Degree in Commerce specializing in Accounting.

I have enclosed copies of my curriculum vitae, academic documents and recommendation letters from referees. I am looking forward to seeing your positive response.

Your faith fully

…………………………..

BYENDA INTESTINES

xxii. Appointment letter

This shows the terms and conditions under which someone has been employed. The body contains five major parts / elements i.e. salary, job title, duties in responsibilities, when to start working, immediate supervisor, appointing authority, duty station minute number and terms of employment.

LUWEERO CONSTRUCTIONS LIMITED

P.O BOX 234, LUWERO

TEL: 0774884455

Date: 23/07/2019

Our Ref: LCL/JK/23/7/2019

Your Ref: ……………………..

TO MADAM JOAN KIRABO

P.O BOX 2435

KAMPALA

Dear Sir,

RE: APPOINTMENT AS AN ACCOUNTANT

Subsequent to your successful interview, the Board of Directors of Luwero Constructions Limited has under Minute No 13 (114/2019) recruited you as an Accountant occupying Room No. 5 as your duty station.

Your duties shall be;

- Supervising daily cash receipts and payments
- Preparing books of accounts
- Preparing workers payroll
- Any other financial related matter

You are reporting to the General Manager and will give you further guidance in your duties. The following are terms and conditions of your service.

Your basic monthly salary shall be shs. 1,200,000/=. You are entitled to a car for full time use. The company shall rent for your a house at a cost shs 550,000 per month and also meet your domestic electricity, telephone and water bills.

Your appointment letter is effective 1st August 2019.

Yours faithfully,

……………………………….

MATU EARS

HUMAN RESOURCE MANAGER

For: LUWERO CINSTRUCTIONS LIMITED

C.C File

C.C Head of finance department

Appreciation letter. This is written in recognition of the good service performed for you. The body should contain the good things done for you for which you are appreciating. For example it may be the business appreciating workers.

xxiii. BUSINESS LETTER

This is the same as a formal letter discussed in letter writing. It is used to send information from the business organization to an individual or another business organization on specific areas of interest between the business and the addressee. It should contain the following;

Name and address of the business
Date of writing the letter
Reference – for filing purposes.
Inside address/ receivers address/ addressees address.
Salutation. This is the greeting to commence a letter. E.g. Dear Sir/ Madam
Subject heading/ line. This gives a brief indication of the content in the letter. It must be in capital letters (bold print) and underlined. It must be below salutation.
Body of the letter. This takes more marks and it changes from one letter to

another.
Complementary clause. This is the general closing of the letter.
Signature, name and tittle of the sender
Enclosure. This is used if some contents were enclosed in the letter. The abbreviation "Enc" is used.
Carbon Copy/ copies circulated (C.C): This indicates the authority which has received a similar copy of the letter.

xxiv. Circular

This is used to give the same information to different persons. One document is prepared and copies are produced to circulate it to various parties.

Qn: You are operating a Coffee Hulling Factory. The contracts of your General Manager, quality controller and the secretary have expired. Through internal sourcing you have identified suitable replacement for the quality controller and secretary. You are making preparations to communicate the changes to your employees and to recruit a new general manager. Write a circular inviting all heads of department to an urgent meeting.

MUJJE COFFEE HULLING FACTORY

P.O BOX 123, MAKINDWE

TEL:0772457314

Date 23th July, 2019

Our Ref: MCHF/AE/23/07/2019

Your ref:

To: All Employees

Mukisa Coffee Hulling Factory.

RE: INVITATION TO AN URGENT MEETING.

You are hereby invited to attend an urgent meeting to be informed of the changes in our human resource structure and to lay grounds to recruit the general manager for the factory. The meeting is to take place on the 20th July 2019 in the factory conference Hall at 9:00am

Keep time. Hoping to see you then.

Yours faithfully

…………………………….

LULIMI JOHN

HUMAN RESOURCE MANAGER

C.C Board of Directors

C.C Heads of Department

C.C Shareholders

C.C Employees

xxv. Complaining letters .Some times in business you may not be given the appropriate quality of goods order for or there may be anything which is contrary to the business expectations. This may call for a letter to complain about the same. The body is blended with words complaining but not quarreling.

xxvi. Credit status inquiry

xxvii. Invitation letters

You run a rapidly growing maize milling factory operating in a small and congested area. You would like to shift to a new location. Write a letter inviting environmental officials to advise you on the construction of the proposed factory.

BEST MAIZE FLOUR

P.O BOX 334, MASAKA

TEL: 0759748844

Date: 24th July, 2019

Our Ref: BMF/DEO/24/07/2019

Your Ref: ……………………………………

THE ENVIRONMENTAL OFFICIALS

MASAKA DISTRICT

THROUGH: THE DISTRICT ENVIRONMENT OFFICER

MASAKA DISTRICT

Dear Sir,

RE: ADVICE ON CONSTRUCTION OF MAIZE MILLING FACTORY.

I humbly forward in my request to your esteemed office (s) seeking advice about the construction of the new factory premises for the above business in Kimanya. The essence of this letter is to invite you to inspect the chosen site and comment whether it is suitable for such business type depending on the environmental standards.

Awaiting for your positive response

Yours faithfully

……………………

ODOKO JOHNSON

OPERATING OFFICER

C.C District Environment

C.C Municipal Clerk

C.C Chairman L.C 1 Kimanya B

C.C All partners

Enc Site plan.

Sample 2

BUWOOMA DELICIOUS JUICE

P.O BOX 234, KYOTERA

TEL: 0759748844

Date 13th August, 2019

Our Ref: MCHF/AE/23/07/2019

Your ref:

To: All Employees

Buwooma Delicious Juice.

RE: **INVITATION TO AN URGENT MEETING**.

You are hereby invited to attend an urgent meeting to be informed of the changes in our human resource structure and to lay grounds to recruit the general manager for the factory. The meeting is to take place on the 20th

August 2019 in the factory conference Hall at 9:00am

Keep time. Hoping to see you then.

Yours faithfully,

…………………………….

LULIMI JOHN

HUMAN RESOURCE MANAGER

C.C Board of Directors

C.C Heads of Department

C.C Shareholders

C.C Employees

xxviii. Memo

xxix. Minutes

xxx. Notice

xxxi. Notice for dismissal of a worker to the general public

xxxii. Recommendation letter.

This acts as basis for employment of the person recommended. The person recommending should include positive words in the body concerning the workers work profile. The employers will base on this record to consider the employee for recruitment or not.

Qn: You are the personnel manager of Chakichi Metal Works. Write a recommendation letter to Njala Johnson an engineer seeking to join Quality Steel Rolling Limited

CHAKICHI METAL WORKS

P.O BOX 713, ARUA

TEL: 0783177885

Date: 23/7/2019

Our ref: CMW/QSRL/23/7/2019

Your ref: …………………………….

The Human Resource Manager

Quality Steel Rolling Limited.

P.O BOX 7643, KAMPALA

Dear Sir,

RE: RECOMMENDATION OF MR NJALA JOHNSON FOR A POST OF MECHANICAL ENGINEER

I struggle recommend without any reservation Mr Njala Johnson for a post of Mechanical Engineer. I have worked with this gentleman for 15 years and is a very careful, hardworking and responsible worker. His change for work place is not connected to behavior but it is change of environment of work.

Any assistance rendered to him is highly appreciated.

Your faithfully,

………………………..

BUGERE MARVIN PERSONNEL MANAGER

xxxiii.

xxxiv. Report.

A report contains conclusions and recommendations after an investigation. A report must be accurate, clear, complete, concise and logically arranged. Example: you are engaged in marketing of bakery products as a manager. The company has experienced declining sales. Write a report on the market research you have just carried out.

A report to the managing director concerning market research carried out

DIDIDADADA BAKERY

P.O BOX 333, KAMPLA

TEL 0759748844

Date: 24th 07 2019

THE MANAGING DIRECTOR

DIDIDADADA BAKERY

P.O BOX 333, KAMPALA

Dear Sir

REPORT ON THE MARKET RESEARCH CARRIED OUT ABOUT DIDIDADADA PRODUCTS

Introduction.

On the 20th of July 2019, the Managing Director of Dididadada Bakery instructed the marketing manager to carry out market research to establish the causes of declining sales in Didadadada bakery.

Procedure/ methods: the marketing manager distributed questionnaires to the customers to the customers in order to obtain market information. The marketing manager also moved to the field and observed the way agents and sales persons deal with the selling process. He also had oral interviews with the middlemen in the distribution channel and then customers.

Findings. It was discovered that the distribution trucks just used to stop in the big towns ignoring the semi urban and rural areas, two of the sales persons had skin rashes and one was severely coughing and unattractive to look at by customers, the 1kg loaf of bread was highly priced. In some areas the sliced breads would reach when they have broken to powder form.

The sales persons were very unsocial when dealing with customers.

Conclusion. The causes of declining sales in Dididadada bakery is as a result of inadequate production distribution, unattractive and unskilled sales persons, poor relationship between sellers and customers, high product prices and chice of wrong modes of delivery to customers.

Recommendations: there is need for using more distribution trucks to enable all the customers access the product, recruitment of sales persons in good health, regulating the price of the products, choice of a better method of delivery of the product and increasing customer care by the sales persons.

Prepared by,

…………………………………………………..

KIKU BEDBUG

MARKETING MANAGER

xxxv. Termination letter

xxxvi. Warning letters

The words used in the body of a warning letter must be strong enough to enable the culprit change behavior for the success of the business.

Qn. You have been appointed the medical officer in charge of GOOD HEALTH CLINIC in Gulu. Write a letter to Mrs Odongo PETER the cashier whose performance is below the minimum acceptable standards.

xxxvii.

GOOD HEALTH CLINIC

P.O BOX 456, GULU

TEL: 0759748844

23/ 01/2019

Our ref: GHC/OP/23/01/2019

Your ref:

To MRS ODONGO PETER

Dear Cashier;

RE: WARNING LETTER

I write to inform you that the management is not satisfied with the way you perform your duties.

You are therefore warned to improve your performance and create change in your attitude towards otherwise we shall be forced to do away with you.

Yours sincerely,

………………………..

MATU JOAN

MEDICAL SUPERITENDANT

17. DOCUMENTS USED IN A WORK PLACE

xviii. Arrival book

This records the time of arrival and departure for employees.

KIKO POULTRY

P.O BOX 23, WAKISO

TEL: 0784987543

ARRIVAL BOOK

DATE	EMPLOYEE NAME	EMPLOYEE NO.	ARRIVAL TIME	DEPARTURE TIME	SIGNATURE	REMARKS

SUPERVISOR'S SIGNATURE:…………………………………………

DATE:………………………………………..

xix. Assets register.

This records all fixed assets owned by the business.

KIKO POULTRY

P.O BOX 23, WAKISO

TEL: 0784987543

ASSETS REGISTER

ITEM	ACQUISTION DATE	QTY	UNIT VALUE	AMOUNT VALUE	DEPRECIATION VALUE	BOOK VALUE
Motor vehicle	7.7.2019	2	30,000,000	60,000,000	4,000,000	56,000,000
Buildings	5.11.2018	3		13,000,000		13,000,000
Land	01.01.2016			9,000,000		9,000,000
furniture	6.4.2017			23,000,000		23,000,000
Total						XXXXX

Prepared by : ………………………………………

KALUUSU J.K

COMPANY MANAGER

xx. Cash record book.

This records cash receipts and cash payments.

KIKO POULTRY

P.O BOX 23, WAKISO

TEL: 0784987543

CASH RECORD BOOK

FOR THE MONTH OF ________________ 20__________

Dr.
Cr.

DATE	DETAILS	FOLIO	AMOUNT (SHS)	DATE	DETAILS	FOLIO	AMOUNT

xxi. Cheque payment voucher

This is used to make payments using cheques. Example; You are operating a petro station. Design a cheque payment voucher to be used when making cheque payments.

UGA FUELS

P.O BOX 9823, WAKISO

TEL: 0784987543

CHEQUE PAYMENT VOUCHER

Cheque payment voucher No: …………………….. Date: ……………………………

Payee' name: …………………………

Dr.
Cr.

PARTICULARS	AMOUNT
TOTAL	

Prepared by ………………………………………………………….. DATE …………………………………………..

Checked by …………………………………………………………. DATE …………………..

Authorized by ……………………………………………………. Date: ……………….

Received by ……………………………………………………… Date:

xxii. Daily time report

This shows how long employees were on jobs.

KIKOKO POULTRY

P.O BOX 23, WAKISO

TEL: 0784987543

DAILY TIME REPORT

Report Number: ……………… Date: ……………………..

Nature of work: …………………………………………..

JOB NO.	TIME ON		TIME OFF		TIME WORKED	
	Hours	Minutes	Hours	Minutes	Hours	Minutes

Signed ……………………………………….

FOREMAN/SUPERVISER

xxiii. Daily time sheet

This is used to monitor workers performance on a given job to establish the hours worked and the remuneration.

KIKOKO POULTRY

P.O BOX 23, WAKISO

TEL: 0784987543

DAILY TIME SHEET

Workers Number: ……………… Date: ……………………..

Worker's name : ………………………………………….. Department: ……………………

WORK ORDER NO.	DETAILLS OF WORK DONE	TIME	TOTAL HOURS	RATE (UGX)	AMOUNT	
		FROM	TO	ORDINARY	Over time	ordinary
	Workman …………………		Foreman ……………………	Supervisor …………………		

Signed ……………………………………..

GENARAL MANAGER

xxiv. Debtor payment voucher

xxv. Evaluation worksheet.

This is used to monitor the progress of the business.

KEKO FURNITURE

P.O BOX 237, KAMPALA

TEL: 0784987543

EVALUATION WORKSHEET

Objectives to be accomplished	Information needed	sources	Techniques/methods to use	instruments

Signed …………………………………….

PROJECT MANAGER

xxvi. Identity card

These are provided to employees such that they can easily be identified as employees of the business or as part of the business.

KALIBU RESTAURANT

P.O BOX 234, MASAKA

STAFF IDENTITY CARD

Pass port photo:

Employee name: ……………………………. Designation: …………………………….

Issue date: ………………………………………..	Expiry date: ………………………………
Issuing authority: ……………………….…… …………………….	Holders signature:
If found return to the above address	

xxvii. Job cost sheet.

This is used when costing jobs in terms of money. Example; You are operating a construction firm which operates on contract basis. Design a job cost sheet for usage in the construction department.

DET CONSTRUCTION COMPANY

P.O BOX 23, WAKISO

TEL: 0784987543

JOB COST SHEET

Name of the client : …………………… Date of commencement: ……………………..

Job no: ………………. Date of completion: ……………………………

Materials											
Date	Ref. no.	Qty	Amount (shs)	Date	Dept.	Hours worked	Amount (shs)	Date.	dept	hours	amount
Total			X				T				

Signed ………………………………………

COSTING MANAGER

xxviii. Pay roll

This is a sheet including all the employees names and their respective salaries. It is normally prepared covering a period of 1 month for employees salaries of that particular month.

DET CONSTRUCTION COMPANY

P.O BOX 23, WAKISO

TEL: 0784987543

EMPLOYEES PAYROLL

,

Employee name	Employee no.	Basic pay	Allowances		Gross pay	Deductions		Net pay.
			housing	transport		taxes	Advances	

Kabaata	01	400,000	40,000	30,000	470,000	60,000	-	410,000
Lukoko	02	500,000	60,000	40,000	600,000	30,000	50,000	520,000
Kokoko	03	170,000	-	-	170,000	-	70,000	100,000
Total		1,070,000	10,000	70,000	1,240,000	90,000	120,000	1030,000

Prepared by …………………………………

MAGANJO

HUMAN RESOURCE MANAGER

xxix. Pay slip

This is an extract of the payroll indicating payments to an individual employee.

JOHNPAUL METAL WORKS

P.O BOX 119, KYOTERA

TEL.

PAY SLIP

Name ……………………………………………………………. period ………………………………………

Department …………………………………………………. Tittle ……………………………………….

Bank code and name ………………………………………………………………….

Basic pay ……………………………………………………. Gros pay ……………………..

P.A.Y.E N.S.S.F Total deductions Net pay

………………….. …………………………… …………………………… …………………..

Prepared by ………………………………………. Date ……………………..

Name …………………………………………………… Position. …………………………………..

xxx. Payment voucher.

This is used when paying salaries and allowances of workers. It used when making payments to an individual.

DET CONSTRUCTION COMPANY

P.O BOX 23, WAKISO

TEL: 0784987543

PAYMENT VPOUCHER

Payment voucher No. …………… Date. …………………………..

NO.	PARTICULARS	AMOUNT (SHS)
	TOTAL	

Amount in words: ……………………………………………………………..

Prepared by ………………………………….……. Checked by: ………………………………………….

Authorized by: ……………………………………… Received by: ………………………………………….

xxxi. Petty cash voucher

This is used when paying for small expenses. It is written by the petty cashier whenever expenditure is to be made from the petty cash. Example. You are operating a restaurant in your home town. Design a petty cash voucher you use to pay for small expenses.

DELICIOUS FOODS RESTAURANT

P.O BOX 23, WAKISO

TEL: 0784987543

PETTY CASH VOUCHER

Petty cash voucher No. …………… Date. …………………………..

Dr to ………………………………………………………………… A/C ……………………………………………..

PARTICULARS	AMOUNT (SHS)
TOTAL	

Amount in words: ………………………………………………………………..

Prepared by ………………………………….……. Checked by: ………………………………………………

Authorized by: ………………………………………… Received by: ………………………………………………

xxxii. Roster.

This shows the personnel in-charge of the activity and the time within which the activity is to be done.

DAY	NAME OF WORKER	TIME	DESCRIPTION OF WORK
Monday			
Tuesday			
Wednesday			
Thursday			

Friday			
Saturday			
Sunday			

xxxiii. Stock card

This is used to record stock received and issued out of the store. It is where information regarding the stock of items kept in the store are written.

DET CONSTRUCTION COMPANY

P.O BOX 23, WAKISO

TEL: 0784987543

STOCK CARD

Name of item : …………………… Items no.: …………………….

Maximum stock level: ………………. Re- order level (mm): ……………………………

	Materials			Issues			Balance		Issued to	Authorized by
Date	Qty	RATE	Amount (shs)	Qty	Rate	Amount (shs)	Qty	Amount		

Comments/ Remarks ……………………………………………

Methods used in issuing ……………………………

Signed …………………………………….

Stores manager.

xxxiv. Visitors book/ reception register.

This is a book where visitors register on arrival to the business premises. It is kept at the reception i.e. the place where visitors are first attended to.

KEKO FURNITURE

P.O BOX 237, KAMPALA

TEL: 0784987543

RECEPTION REGISTER

DATE	VISITOR'S NAME	ADDRESS	TEL NO.	REASON	ARRIVAL TIME	SIGNATURE	COMMENTS/REMARKS

Signed …………………………………….

RECEIPTIONIST

18. DOCUMENTS USED IN TRADE

xxix. Bill of exchange.

This is a written order addressed by a creditor to the debtor requiring him (debtor) to pay on demand or at a future stated date, the stated sum of money to a named person or to his order. E.g. You are operating a business dealing in distribution and extension of electricity in your community. Write a bill of exchange requesting your customer to pay your money.

DET ELECTRICITY COMPANY

P.O BOX 23, MUBENDE

TEL: 0784987543

BILL OF EXCHANGE

Date. 23/12/2019

To: Kamiro restaurant

P.O BOX 123, Mityana

Two weeks after this date, pay us or our order, the sum of four hundred thousand shillings only (400,000/=), value received being cost of electricity to your restaurant premises.

____

. JOHN SSEGAWA

FOR DET ELECTRICITY COMPANY.

xxx. Cash deposit slip

This is used to deposit cash into a bank.

	Shs	amount
TWEZIMBE SACCO		
Name of person paying in ……………………………….	50,000	
Account number	10,000	
Date: ……………………………….	5,000	
Address and tel no:……………………………………	1,000	
Amount deposited: …………………………………………….	500	
Amount in words …………………………………………….	100	
………………………………………………………………………	50	
	total	

Depositor's signature:…………………………………….

'Thank you for banking with us'

xxxi. Cash sale slip

This serves the same purpose as a receipt but it is used during sale of tangible goods. It does not acknowledge payment of debts.

SAWUBA POULTRY FARM

P.O BOX 237, GULU

TEL: 0789-272783

CASH SALE SLIP

Cah sale slip No. …………… Date: ………………….

M/S :……………………………………………………..

ITEM NO.	QUANTITY	PARTICULARS	UNIT COST (Shs)	AMOUNT (SHS)
TOTAL				1,600,000

SIGNED: ……………………………

For SAWUBA POULTRY FARM

xxxii. Catalogue.

This is also sent in response to an inquiry. It may go along with a quotation or may be sent instead of a quotation. It contains outline of items sold, their respective prices and their appearances. It has specific products sold, prices per item and real appearance in form of attractive pictures drawn.

xxxiii. Cheque.

This is a written order from an account holder to his bank to pay a specifies sum of money to the person named on it or to the bearer or to his order. E.g. you are the newly appointed managing director of KALIBU GUEST HOUSE. Write a cheque of shs. 2,000,000/= in favour of Maganjo Grain Millers a supplier of maize grain.

CENTENARY BANK

MASAKA BRANCH Date:

P.O BOX 23, MASAKA Account Payee only Account No. 128293442

TEL 034567854 Cheque No. 0474

Pay ____________________________-- or order The sum of shs. 2,000,000/=

Two million Uganda shillings only.

Bank code.

Signed. ---

For KALIBU GUEST HOUSE.

NOTE: A cheque ha two parts i.e. a cheque leaf and a counter foil. A counter foil remains in the book as a record of payment after removal of the cheque leaf.

CENTENARY BANK

Date: ……………………………………………………………………

Pay: ……………………………………………………………………..

Cheque No. ……………………………………………………………….

Shs. ……………………………………………………………………….

xxxiv. Cheque deposit slip

This is used to deposit cheques on the current accounts. E.g you are a shareholder in a collective investment scheme established in your home town. Draw a structure of a cheque deposit slip used in your scheme.

CENTENARY BANK

MASAKA BRANCH

P.O BOX 23, MASAKA

Branch: ……………………… Date:……..……………………

Account name: ………………………………… Account no.

Bank:…………………………………………….. Drawer's account no.

Amount in words:………………………………………………………..

UGX: …………………………………………………..

Signature of person paying in ……………………………………………………………………………..

Name of person paying in: ………………………………………………………………………………………

xxxv. Consignment note.

This summarizes all the details of goods sent by the seller (consignor) to the buyer (consignee). E.g. You own a business dealing in sale of poultry products. Draft a consignment nate to be sent to your customer.

SAWUBA POULTRY FARM

P.O BOX 237, GULU

TEL: 0789-272783

CONSIGNMENT NOTE

Consignment note No. 11 Date: 20/12/2019

To: Uhuru Hotel

P.o box 123, Kamwokya

Please receive the following;

ITEM NO.	QUANTITY	PARTICULARS	UNIT COST (Shs)	AMOUNT (SHS)
1.	30	Broilers (80 weeks)	8,000	240,000
2.	50		15,000	750,000
3.	40	Broilers (4 months)	10,000	400,000

4.	30 trays	Off-layers eggs	7,000	210,000
TOTAL				1,600,000

Prepared by, | Approved by;……………………

Signature:……………………………… | Signature:…………………………

KAKOONA (SALES MANAGER) | Tittle: ………………………………..

xxxvi. Credit note/ letter of credit.

On return of items to the supplier, the supplier issues the buyer with a credit note or letter of credit to correct an overcharge on the original invoice, by deducting the returned goods.

It may be prepared in form of a document or may simply be a letter.

SAWUBA POULTRY FARM

P.O BOX 237, GULU

TEL: 0789-272783

CREDIT NOTE

Credit note No. 131 | Date: 23/12/2019

To: Uhuru Hotel

P.o box 123, Kamwokya

We have credited your account as follows. Reason: To correct an overcharge on the invoice

PARTICULARS	AMOUNT (SHS)
Broilers (80 weeks)	40,000
Broilers (4 months)	50,000
Off-layers	10,000

eggs	210,000
TOTAL	230,000

Prepared by, Approved by;………………………

Signature:……………………………… Signature:……………………………

KAKOONA (SALES MANAGER) Tittle: ………………………………….

xxxvii. Delivery note

This is a document sent by the seller with the goods to assist the buyer check on the goods. It gives the buyer right to claim goods should any of them be damaged.

SAWUBA POULTRY FARM

P.O BOX 237, GULU

TEL: 0789-272783

DELIVERY NOTE

Delivery note No. …………… Date: ………………….

Purchase order No.

To: Uhuru Hotel

p.o box 123, Kamwokya

please receive the following;

ITEM NO.	QUANTITY	PARTICULARS	UNIT COST (Shs)	AMOUNT (SHS)
1.	30	Broilers (80 weeks)	8,000	240,000
2.	50	Broilers (4 months)	15,000	750,000
3.	40		10,000	400,000

4.	30 trays	Off-layers Eggs	7,000	210,000
TOTAL				1,600,000

The following goods are received in good order and conditions.

Delivered by, Approved by;…………………….

Signature:……………………………… Signature:……………………………

Name of customer:…………………….. Tittle: ………………………………….

xxxviii. Dispatch note/ Advice.

This is sent by the seller to the buyer on receipt of an order from the buyer. If the delivery is not to be made promptly, the seller sends an advice note to acknowledge receipt of the order and to indicate when the delivery is to be made so that the buyer can organize the ware house where to keep the items.

HALALI BISCUITS LIMITED

P.O BOX 23, KASESE

TEL: 0789-442783

DISPATCH NOTE

Dispatch note No. 234 Date: 24/2/2019

To: Lwali supermarket

P.O BOX 111, MUBENDE

The following goods as per your order No. 23 have been sorted ready for dispatch. Organize the warehouse where to keep them.

ITEM NO.	QUANTIT	PARTICULARS	UNIT COST	AMOUNT (SHS)

	Y		(Shs)	
1.	30 boxes	Biscuits	7,000	210,000
TOTAL				1,600,000

Prepared by, Approved by;………………………

Signature:………………………………… Signature:……………………………

xxxix. Goods received note.

This acknowledges receipts of goods by the buyer.

SAWUBA POULTRY FARM

P.O BOX 237, GULU

TEL: 0789-272783

GOODS RECEIVED NOTE

Purchase order No………………….. Date: ………………….

Date of ordering: ……………………………

Received from M/S: ……………………………..

SERIAL NO.	DESCRIPTION CODE NO.	STOCK ORDER NO.	QUANTITY	RATE IN UGX	AMOUNT (SHS)
TOTAL					

Counted by: ……………………………….	Approved by;…………………….
Inspected by:……………………………….	Signature:………………………….
Delivered by:…………..……………………..	Received by: ………………………….

xl. Goods returned note.

The goods received by the buyer may have some defects which may tempt/ force him to return them to the seller. When this is done these goods are accompanied by a goods returned note. It is sent by the buyer to the seller.

SAWUBA POULTRY FARM

P.O BOX 237, LUKAYA

TEL: 0789-272783

GOODS RETURNED NOTE

Goods returned note No. 784 Date: 11/5/2019

To : MASAKA FARM SUPPLIERS

P.O BOX NNYENDO

Please accept the following goods as returned:-

ITEM NO.	DETAILS	REASON.	QUANTITY
1.	Chicken drinkers	Damages	2
2.	Egg trays	Not required	4
3.	Troughs	Wrong size	5
TOTAL			

Please issue us with a credit note

Approved by;…………………….

Signature:…………………………. Received by: ………………………….

xli. Invoice.

This is sent by the seller to the buyer to show the amount due as a result of goods sold on credit.

SAWUBA POULTRY FARM

P.O BOX 237, LUKAYA

TEL: 0789-272783

INVOICE

Invoice No. 74 Date: 11/5/2019

Your order no. 13

M/S KAMMESE RATS TRADERS

P.O BOX 231, MUKONO

ITEM NO.	QUANTITY	DETAILS.	UNIT PRICE(SHS)	AMOUNT(SHS)
1.	30	Broilers	25,000	750,000
2.	20	Trays of eggs	10,000	200,000
TOTAL			35,000	950,000

Terms of delivery: FREE

Terms of payment: Net 20 days with 5% discount if fully paid before 5days

Issued by: Paddy

Signed, ………………………………………………………..

Title: Sales manager

I/ We undertake to comply with the invoice terms and conditions and are fully liable for the amount as stipulated in this invoice.

Signed by, ……………………………………………..

Tittle: PURCHASING MANAGER

xlii. Letter of inquiry.

This document is sent by a prospective buyer to the seller requesting for information about products available, their prices, delivery terms, terms o sale. It may be made about machines, raw materials, packaging materials, merchandise for sell etc. therefore students should prepare it according to the question. It may also be placed when the buyer has not specified the particulars.

GUWWOMA BREADS

P.O BOX 237, MBALE

TEL: 0789-273483

LETTER OF INQUIRY

Inquiry No. 74 Date: 11/5/2019

To: Nnyange wheat flour

Mutukula.

Dear sir,

Please quote us our prices, terms of payment and delivery terms for the following machines

ITEM NO.	QUANTITY	DETAILS.
1. 2.	300kgs 200kgs	Baking flour Wheat flour
TOTAL		

Note that the items are required urgently.

Prepared by, …………………………………….

BAGUMA JOHNSON

PURCHASING MANAGER

xliii. Package sheet.

This shows the details of the goods enclosed in a given package (packet) such that the buyer can know the contents inside even before opening it.

GUWWOMA BREADS

P.O BOX 237, MBALE

TEL: 0789-273483

PACKAGE SHEET

Package sheet No. 14 Date: 11/5/2019

Purchase order no. 36

To: WEWE MINI SUPERMARKET

P.O BOX 34, KASESE

This package contains following;

ITEM NO.	QUANTITY	DETAILS.
1.	310	Dougnnuts
2.	203	cakes

3.	100 packets	haha biscuits
TOTAL		

Prepared by, ……………………………………. Checked by: …………………………..

BAGUMA JOHNSON AWUNYATI PEERIE

PURCHASING MANAGER

xliv. Price current. This shows the changes from the original prices sent in the price list. It has the same appearance as a price list.

xlv. Price list.

This provides an outline of all goods sold and their respective prices. Sometimes it accompanies a quotation or it may be sent instead of a quotation.

TUZIMBE GENERAL HARDWARE

P.O BOX 237, ARUA

TEL: 0789-273483

PRICE LIST

ITEM NO.	ITEM	AMOUNT(SHS)
1.	Nails (each kg)	4,500
2.	Iron sheets 28 gauge	25,000
3.	Iron bars @	20,000
4	Wheelbarrow	100,000
5	Paint (each tin)	10,000
6	Limestone (50 kgs)	28,000
7	Spades	30,000
8	Hoes	10,000
9	Half bricks	200
10	Hammers	10,000
11	Slashers	4,500
12	Glasses (10mm) @metre	60,000
TOTAL		

Prepared by, ……………………………………

BAGUMA JOHNSON- SALES MANAGER

THANK DEAR OUR CUSTOMERS

xlvi. Proforma invoice.

This resembles an ordinary invoice but it does not debit. It does not hold the addressee liable to pay. It is sent when payment is expected before delivery to enable the buyer obtain necessary permission from the central bank or to help the buyer sort out the customs formalities before the goods reach the port. It applies in International trade. It is issued to customers by seller.

SURE ELECTRICALS LIMITED

P.O BOX 237, KAMPALA

TEL: 0789-272783

PROFORMA INVOICE

Proforma Invoice No………………….. Date: ………………….

Item NO.	QUANTITY	RATE IN UGX	AMOUNT (SHS)
TOTAL			

Accounts are due on demand.

Signature: …………………………….

For: SURE ELECTRICALA LIMITED

xlvii. Promissory note

This is a document addressed by the buyer to the seller promising to pay a stated sum of money to a named person (seller) or his order at a future stated period.

SAWUBA POULTRY FARM

P.O BOX 237, GULU

TEL: 0789-272783

PROMISSORY NOTE

No: …………………..

Date: 24/11/2019

One month after this date, we promise to pay Ugachick Limited, or their order a sum of three hundred thousand shillings (300,000/=) value received.

…………………………………………….

MAGERE TIMOTY

FOR: SAWUBA POULTRY FARM

xlviii. Purchase contract note.

This is used in the process of selling shares. It shows the price of the shares, brokerage, amount of stamp duty and transfer duty, fee for registering the name of the new shareholder payable to the company and the details of the shares bought. It is sent by the broker to the client.

e.g. You are a promoter of a newly incorporated limited liability. Design a purchase contract note for company use.

SAWUBA POULTRY FARM

P.O BOX 237, GULU

TEL: 0789-272783

PURCHASE CONTRACT NOTE

USE Trading slip No Trade date Settlement date Instructing party		Purchase contract No. Your order No. Your net No. Customer No.	

PURCHASE BY ORDER AND ON ACCOUNT OF ……………………………………………. SUBJECT TO RULES, REGULATIONS AND CUSTOMS OF USE. SECURITY …………………………………………………………………..

NO. OF SHARES	PRICE	CONSIDERATIONS
Deductions Registration Contract stamp Commission @ 1.9% CMA Comm. @ 0.16% USE comm… @ 0.16%		Net amount Payable inwards

Compensation @ 0.04% Total deduction @4%		

……………………………………………………….   …………………………………………..

Stock broker   CUSTOMER

xlix. Purchase order/ORDER/ LOCAL PURCHASE ORDER.

This is a document issued by the buyer to the seller requesting to be supplied with the goods. After the buyer has received a quotation, he selects the goods required and places an order for them. A purchase order states the type of goods required, qualities, quantities and prices for each item ordered for.

UGA CONSTRUCTIONS LIMITED

P.O BOX 123, BOMBO

TEL: 0789-273483

PURCHASE ORDER

Purchase order No. 72 Date: 01/01/2020

To: TUZIMBE GENERAL HARDWARE

P.O BOX 237, ARUA

Please supply and deliver to us the following machines.

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE(SHS)	AMOUNT(SHS)
1.	Nails	10kgs	4,500	45,000
2.	Iron sheets	100	25,000	2500,000
3.	Iron bars	50	20,000	1000,000
4	Wheelbarrow	3	100,000	300,000
5	Paint	15tins	10,000	150,000
6	Limestone	20 kgs	28,000	540,000
7	Spades	4	30,000	120,000
8	Hoes	10	10,000	100,000
9	Half bricks	200	200	40,000
10	Hammers	13	10,000	130,000
11	Slashers	20	4,500	90,000
TOTAL				5,015,000

Delivery date: 9/01/2019

Packaging: mixed

Delivery place: Factory premises

Enclosed: Cheque No. 1928 for shs. 5,000,000 Being part payment for the machines.

Prepared by, …………………………………….

BAGUMBA JOHNSON- PURCHASING OFFICER

I. Quotation.

This is a document sent by the seller to the buyer responding to the inquiry. In this document the information requested for by the buyer in the inquiry is provided by the seller in form of feedback to the buyer.

E.g. You own a construction company. Write a quotation to your customer responding to the inquiry you received.

UGA CONSTRUCTIONS LIMITED

P.O BOX 123, BOMBO

TEL: 0789-273483

QUOTATION

Quotation No. 72 Date: 01/01/2020

To: TUZIMBE GENERAL HARDWARE

P.O BOX 237, ARUA

Thank you for your inquiry letter No. 36 dated 11/5/2019. I have pleasure of sending you the pricelist for our products as below;

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE(SHS)	AMOUNT(SHS)
1.	Nails	10kgs	4,500	45,000
2.	Iron sheets	100	25,000	2500,000
3.	Iron bars	50	20,000	1000,000
4	Wheelbarrow	3	100,000	300,000
5	Paint	15tins	10,000	150,000
6	Limestone	20 kgs	28,000	540,000
7	Spades	4	30,000	120,000
8	Hoes	10	10,000	100,000
9	Half bricks	200	200	40,000
10	Hammers	13	10,000	130,000
11	Slashers	20	4,500	90,000
TOTAL				5,015,000

Delivery period: 1 week from date of receipt of an order

Terms: 20% cash discount if payment is done within 1 week

Mode of transport: Our business van

Delivery place: Customer premises

Thnks for giving us priority to be your suppliers.

Prepared by, …………………………………….

TUTUNDA JOHNSON- SALES OFFICER

Ii. Receipt

This is issued by the seller to the buyer to acknowledge receipt of the money from the buyer. A receipt is used paying for services (intangible items). It can also be used when a debtor clears a debt. Otherwise in case of sale of tangible goods, the seller issues a buyer a cash sale or cash sale slip.

BUWOOMA DELICIOUS JUICE

P.O BOX 234, KYOTERA

TEL: 0759748844

Receipt no………. RECEIPT Date:…………………

Received with thanks from:…………………………………………… Class:…………
Stream:……….

The sum of shillings:………………………………………………………………………………………………..

Being payment of:…………………………………………………………………………………………………..

Cash/ Cheque…………………………………………… Balance ……………………………………………

Sign SHS. .
……………………………….

For: BUWOOMA DELICIOUS JUICE.

Iii. Standing order.

This is an instruction by a bank customer to his bank to pay a named person a specified amount of money at regular intervals until the arrangement is cancelled. E.g. You are operating a carpentry workshop which uses heavy machinery and thus consume too much power.

BANKER'S ORDER

TO: CENTENARY BANK

MBALE BRANCH

With effect from 1st June, 2019 and on every first day of each subsequent month thereafter until cancelled by me or us, please pay to;

Umeme Electricity Distributors Ltd for Account of FURNITURE AFRICA workshop P.O BOX 127, MPIGI, Account No. 2349430242 the sum of sh. 400,000/= debiting my or our account with all charges.

KIMERA MARVIN

FOR FURNITURE AFRICA.

Iiii. Statement of account.

UGA CONSTRUCTIONS LIMITED

P.O BOX 123, BOMBO

TEL: 0789-273483

STATEMENT OF ACCOUNT FOR November 2019

Statement of Account No. 72 Date: 01/01/2020

To: TUZIMBE GENERAL HARDWARE

P.O BOX 237, ARUA

ITEM NO.	DATE	DESCRIPTION	DEBIT (SHS)	CREDIT (SHS)
1.	3/11/2019	Invoice No. 21	1,300,000	
2.	5/11/2019	Invoice No. 99		100,000
3.	8/11/2019	Credit note No. 37	800,000	
4	14/11/2019	Invoice No. 112		600,000
			2,100,000	700,000

			2,100,000	2,100,000
TOTA L			Amount due to shs. 1,400,000/=	

Terms of payment 5%, 1 month, 2% after E&OE

Prepared by, …………………………………….

TUTUNDA JOHNSON- SALES OFFICER

liv. Tax invoice.

This contains information about what has been supplied from or to a taxable person. It shows details of transaction required to support a claim or refund of an input tax.

e.g. You are operating a chemical manufacturing company in your home town. Design a tax invoice to be issued to your customers.

AFRICAN CHEMICALS LIMITED

P.O BOX 123, SOROTI

TEL: 0789-273483

QUOTATION

VAT No. 72

TIN No. B. 99 234844…X

Date: 01/01/2020

M/S………………………………………………………	TAX INVOICE NO.	
	DATE	

ITEM NO.	QUANTITY	DESCRIPTION	UNIT PRICE(SHS)	AMOUNT(SHS)
TOTAL	E&OE	SUB TOTAL VAT %............ GRAND TOTAL		

Accounts are due on demand

Prepared by, …………………………………….

TUTUNDA JOHNSON- SALES OFFICER

Iv. Tender notice/ invitation for bids.

This is an invitation to a willing supplier of the required materials. It is inviting the willing and prospective suppliers to bid for supply of specified materials. It is both a document and a letter.

SURE CURE HOSPITAL

P.O BOX KYOTERA

Date: 12/2/2020

To the General Public.

RE: TENDER FOR SUPPLY OF DRUGS

Premier Hotel is a medium sized business dealing in health services including nursing, operation located in Kyotera.

The procurement officer and the managing Director of Premium Hospital invite sealed bids from eligible bidders for the supply of drugs t the hospital. Bidders are required to submit documents in triplicate to the procurement unit room No. 23. JackPemper street. The pre qualification document is obtained from the office of the procurement officer on payment of a non-refundable fee of shs. 100,000 (One hundred thousand shillings only).

Prepared by,…………………….

KABBAT A GEORGE

PROCUREMENT OFFICER

lvi. Withdraw slip.

This is used to withdraw cash from the bank.

DFCU BANK

MASAKA BRANCH

P.O BOX 234, MASAKA

WITHDRAW SLIP

Branch: ……………………………

Account Number:

Amoun t in words: …………………………………………………………

Amount in shs: ………………………………………………………………

Customer's signature: ……………………………………………….

Supervisor, ………………………………………….. FOR: DFCU BANK

19. FORMS

xv. Client information form.

This is filled by person applying for share in a company. It provides information about a person who wants to become a shareholder in a company.

CHIEF CHEEF BAKERY COMPANY

P.O BOX 234, NTUNGAMO

TEL: 0772345678

CLIENT INFORMATION FORM

Form No……………………….

Surname……………………………………………………………. Other Name(s)……………………………………….

Business Name (where applicable) ……………………………………………………………………………………….

Reg. No……………………………………… ID No………………………………. Passport No……………………….

Maiden Name (If applicable)……………………………………………………………………………………………….

Marital status………………………………………………….. Occupation……………………………………………….

Date of birth………………………………………………….. Tin No…………………………………….

Physical Address: Building No……………………………………. Floor ………………………………………….

Road/ Street………………………………. P.O Box…………………………. Town………………………………….

Tel………………………………………………………… Fax ………………………………………..

Contact person.

Surname:……………………………………………………… Other Name(s)…………………….…………………

Relationship……………………………………………………… Tel ……………………………………..

Signature……………………………………………………… Date…………………………………………………

FOR OFFICIAL USE ONLY.

Officer in charge……………………………………………………………………………………..

Designation: Supervisor…………………………………………………… Account No…………………………..

xvi. Field visit guide.

This contains questions to be asked during the field visit.

CHIEF CHEEF BAKERY COMPANY

P.O BOX 234, NTUNGAMO

TEL: 0772345678

FIELD VISIT GUIDE

Name of the business visited…………………………………………..……………………….

Location of the business.……………………………………………………………………

Brief description of the business……………………………………………………………….

Nature and type of the business……………………………………………………………….

Name of the entrepreneur visited…………………………………………………………….

Competitors in the area……………………………………………………………………….

Reasons for starting business……………………………………………….

xvii. Funds requisition form.

This is filled to request for funds from the office/cash office.

ELITE PRIMARY SCHOOL

P.O BOX 234, KOTIDO

TEL: 0772345678

FUNDS REQUISTION FORM

Section…………………………………. Date……………………………….

Funds are required to cover the following expenditure

ITEM	Details of expenditure	Amount required	Amount approved

Amount in words…………………………………………………………………………………………….

Person requisitioning funds………………………………………. Signature………………………..

Approved total……………………………………………………………………………………………….

Payment authorized by…………………………………………………..

Title:…………………………………………………………………………………………

xviii. Interview guide.

This contains questions to be asked during interview sessions.

ERIAS MOTOR GARAGE

P.O BOX 234, KAKUUTO

TEL: 077234111

INTERVIEW GUIDE

1. What is your name?
2. Why did you choose to apply for this post?
3. Have you ever served as a cashier?
4. If yes why did you opt to leave the job?
5. Give five duties of a cashier in a business?

xix. Job application form.

This is filled by the applicant applying for a job in a given enterprise.

HHAA HAA TYRES

P.O BOX 23, SSEMBABULE

TEL: 077234111

JOB APPLICATION FORM

Fill this form in triplicate and send it direct to the human resource manager.

1. Post/appointment applied for:…………………………………………………………………………………..
2. Father/ guardian's name………………………………………. Nationality …………………………………….
3. Schools/Colleges/Universities attended
4. When would you be available for appointment if selected……………………………………………….
5. Have you ever been convicted of a criminal offence? If so give details including the sentence imposed………………………………………………………………………………………..

6. I hereby declare to the best of my knowledge that the participants given in this application are true and complete in all aspects.

Date:………………………………………………………… Signed: ………………………………………..

Names:…………………………………………………………………………

Referees

(i) ……………………………………………..

(ii) ……………………………………………………………………………………………………….

OFFICIAL STAMP

……………………………………………………………….

DIRECTOR

xx. Loan application form.

This is filled by the borrower when applying for a loan from a financial institution to act as a loan agreement between the financial institution and the borrower.

HHAA HAA TYRES

P.O BOX 23, SSEMBABULE

TEL: 077234111

LOAN APPLICATION FORM

Part 1: Personal details.

Surname…………………………………………………. Other Name……………………………. First name………………..

Sex: F ☐ M ☐ Marital status:………………… Employee ID No…………….

Residential address.(Attach document to confirm residence)

Plot No…………………………………. Street……………………………… Village………………….. County…………

District ………………………….Email:……………………………………………… Country:……………………….

Telephone:………………………………………………….. Mobile:…………………………………

Part 2: Banking details.

Bank: …………………………………… Branch:…………………………………. Account no……………………………..

Do you have another loan with other bank/employer: ………………………

If so provide the following details.

Bank/ Institution	Credit balance	Monthly installment	Pay A/C No.

Part3. Employment details.

Employment type. FORMAL INFORMAL SELF PAID NONE

Primary occupation:……………………………………………………………………………………………..

Terms of employment :…………………………………………………………………………………………………..

Employer name:……………………………………………………………. Salary date:……………………………

Net income per month……………………………………………………..

EMPLOYER DETAILS

Plot No……………………………………. Village/Town …………………………. Contact:………………………

County……………………………………. District………………………………… Country……………………………

Department length of employment (months/years)…………………………………………………..

Part 4. Loan request details

Amount requested for………………………………… Tenor…………………………..

Part 6. Declaration and acceptance

I hereby certify that all the particulars given by me are true and complete. I understand that upon approval of my loan application I shall be notified of the insurance premium and arrangement fee deducted and my account will be credited with the difference. I also accept all the terms and conditions and agree to be bound by them should my loan be approved.

Applicant's name:………………………………….. Signature:………………………………….. Date:……………………

Part 7. Employers consent and recommendations (Affix employer's stamp)

(a) We confirm the details as above. We confirm that we will not accept any instruction to discontinue salary without banks notice.

(b) We confirm that we shall advise the bank immediately the employees services are terminated and provide necessary assistance to collect the outstanding loan.

(c) We recommend the loan proposal for approval.

Name:……………………………………………….. Signature:…………………………………….. Date:…………………..

FOR OFFICIAL USE ONLY.

Loans officer: Name………................................... Signature………………………. Date……………….

General manager: Name:……………………………………………. Signature:…………………. Date:…………………

xxi. Market assessment guide.

This is followed when carrying out market assessment.

MAGEZI TAILORING PROJECT

P.O BOX 23, NAMASUBA

MARKET ASSESSMENT GUIDE

1. Assessment of customer's identity.

   (i) Who are the customers? Are they male or female?

   (ii) What age brackets are they?

   (iii) What kind of occupation do they have?

   (iv) How much income would they be having on a monthly or yearly live?

   (v) Other than individuals, are their companies, businesses or institutions that will buy the products to be provided?

   (vi) Where are they located?

   (vii) What quantity and how often will they buy?

   (viii) How large or small are these companies?

   (ix) Who is` in charge of buying the products.

   (x) What are their interests and hobbies?

2. Assessment of customer's wants.

   (i) What particular services or products are your target customers looking for?

   (ii) What special features are they looking for in the product in terms of size?

   (iii) What special services are they looking for; is it longer business hours, free delivery or guarantee?

   (iv) How often do they buy the products?

   (v) How large or small are these companies?

3. Assessment of the competition level.

(i) Are there many of few businesses that are making the same goods or offering the same services.

(ii) Are they able to sell or service all the potential customers?

(iii) How much sales volume do they have?

(iv) What attracts customers to buy them?

(v) What strengths do these competitors have?

(vi) Are there any products similar to the ones you went to produce that are being imported? If yes what is the cost? How is the market responding to it?

(vii) Are there products being sold in the market that conserve a substitute to the product that you intend to sell?

Signed by:……………………..

MAGUMBA BORNS

Tittle: MARKETING MANAGER

xxii. Market survey guide.

This contains questions about the market survey to be conducted about business products. Questions are based on the marketing mix (P's).

MAGEZI TAILORING PROJECT

P.O BOX 23, NAMASUBA

MARKET SURVEY GUIDE

The purpose of this survey is to find out the needs of the customers, activities of competitors and the market gap to be filled.

Name of customer………………………………………………. Sex…………………………………………

Age……………………………………………. Marital status……………………………….

Location …………………………………………………..

Income segment: Poor ☐ Middle ☐ Rich ☐

1. What products are most preferred and why?
2. What unique features should the product have?
3. Who are my competitors?
4. What are the strengths and weakness of the competitors?
5. What prices are charged in the market?
6. What prices are afforded by customers?
7. What prices will I charge?
8. What other opportunities are offered by the market?
9. What promotional strategies will be effective?
10. What new changes are expected to be made on the product in the near future?
11. How will any change in attitude or fashion by the customers affect the sales of your product?
12. How did customers get to know about the products?
13. How best would the customers wish to be informed?
14. How do customers compare our products with competitor's products?
15. General comments/ remarks about the business.

xxiii. Medical form

This is used to patients in hospitals to have record of their medication.

GOOD CARE HOSPITAL

P.O BOX 231, MBALE

MEDICAL FORM

Form No:………….. Date: ………………………………

Name of patient: ……………………………………………. Sex……………… Age: …………………………

Age……………………………………………. Marital status……………………… Residence:…………….…………

Number of visits ……………………… Temperature: ……………………… Pressure…………. Weight……………..

Date	Clinical notes/ diagnosis	treatment	Doctors details
	(details of sickness)	(doctors prescription)	

1. Bring this medical form at every visit

Signed ………………………………………..

DOCTOR

xxiv. Performance appraisal form

This is used to judge whether employees have performed to their expected job standards.

WORK ENGENEERING SOLUTIONS

P.O BOX 125, LUKAAYA

TEL: +256772384576

STAFF PERFORMANCE APPRAISAL FORM

Period of assessment: From…………………………………………… To …………………………………………

Section A: Personal information (To be filled in by the appraise)

Name of appraise…………………………………………………. Date of birth……………………………………….

Job title/ rank……………………………………… Salary scale…………………………………………………

Date of present appointment……………………………. Terms of employment………………………..…

Name of appraiser…………………………………. Job title/ rank………………………………………….

Salary scale…………………………………. Department……………………. Division…………………………….

Section B: Assessment of the level of achievement.

Key outputs	Performance indicators	Performance targets	Performance level	Comments on performance

Section C: Assessment of core competencies.

The maximum points per competence are 5 where 5 is for excellent, 4 very good, 3 good, 2 fair, 1 poor and N/A not applicable.

COMPETENCE	ASSESSMENT Performance level attained (please tick)						COMMENT
	5	4	3	2	1	N/A	
Professional knowledge and skills Planning and organizing leadership Creativity and innovation Customer care Any other competence							

Section D: Action plan to improve performance

Performance gap	Agreed action	Time frame

Section E: Comments, Recommendations (if any) and signatures

Comments of the appraise……………………………………………………………………………………

Signature………………………………………………………. Date………………………………………………

Comments of the appraiser…………………………………………………………………

Signature…………………………………………   Date…………………………….

Comments of the responsible officer.

Name…………………………………………………………

Job tittle …………………………………………………. Date…………………………………………………

xxv. Questionnaire.

This involves carefully designed questions which are printed on paper and then sent to possible respondents to give answers.

SKIN MASTER JERRY

P.O BOX 231, KABOJJA

TEL: 0759746588

QUESTIONNAIRE/CUSTOMER' OPINION FORM

Greetings from skin master jerry an enterprise dealing in manufacture and distribution of skin jelly. You are requested to fill for us this questionnaire to help us in our market research programme.

1. Name…………………………………………………… Sex:………………………….
2. Location and address………………………………………………………………………………

3. How often do you buy this jelly?..
4. Is the quality good? YES NO
5. How did you come to know about it? Adverts Friends
6. Is its packaging good/ favorable? Yes No
7. Does it control skin rashes? Yes No
8. Comment on the prices of 100g, 200g, 500g and 1kg tins of jelly…………………………….
9. How should we improve our products and services? ………………………………………………………

………

xxvi. Stock requisition form

This is filled to request for required stock from the store.

MAGEZI TAILORING PROJECT

P.O BOX 23, NAMASUBA

STOCK REQUISTION FORM

No:……….

Department:…………………………….. Date: ………………….

Description of materials	Quantity	rate	Value

Authorized by,……………………………………. Supplied from Bin No;……

Signature:………………………………… Entered in the bin card by::………

Signed by:……………………..

Tittle: …………………………………..

xxvii. SWOT analysis guide.

This is used to analyse the strengths, weaknesses, opportunities and threats of a given business.

MAGEZI TAILORING PROJECT

P.O BOX 23, NAMASUBA

SWOT ANALYSIS GUIDE

Magezi tailoring project has the following;

1. Strengths.
   - (i) High quality products
   - (ii) Lower but profitable prices
   - (iii) Ability of the product to meet customer's tastes
   - (iv) Effectiveness of serving customers
   - (v) Ability to attract customers
   - (vi) Good location of the business
   - (vii) Good and trained marketing staff
   - (viii) High and effective entrepreneurial spirit.
2. Weaknesses.
   - (i) Marketing skills are ineffective
   - (ii) Narrow product line
   - (iii) Inability to finance market changes
   - (iv) Not used to customers being in a new market
   - (v) Poor at calculation thus losses tend to arise.
3. Opportunities.
   - (i) Changes in tastes and fashions of customers are in favour of the products
   - (ii) Faster market growth
   - (iii) High female population within an area

(iv) Taxes are low

4. Threats .

(i) Growing bargaining power of customers

(ii) New businesses are being started

(iii) High level of competition

(iv) Shifts in trade policies

(v) Raising sales of substitute goods

Magezi tailoring has more strengths and opportunities compared to competitors. Thus it is more advantages to operate and therefore has competitive advantage over competitors.

xxviii. Work order form

This is prepared so as to keep accurate record of a customers' order and allocate the work to the employees.

MAGEZI TAILORING PROJECT

P.O BOX 23, NAMASUBA

WORK ORDER FORM

Work order form No:……….. Date: ………………….

Name and address of the customer	Work order No.	Work description (Nature of service)	Vehicle description (Reg. no model)	Employee responsibilities	Starting date and time	Ending date and time	Total job cost	remarks

Submitted by, Approved by;…………………….

Signature:…………………………………	Signature:……………………………
Name of customer:……………………..	Title: …………………………………..

20. <u>ILLUSTARATIONS</u>

i. Human resource management

- ❖ Job advertisement.

The availability of a job can be published through various media like newspapers, radios, posters, televisions etc to make the public aware. It has been in operation for 8 years. It is in the process of expanding its human resource structure and thus need to recruit a dynamic able bodied person to boast its sales.

PREMIUM BAKERY LIMITED

P.O BOX 876, GULU

0756345632

JOB ADVERTISEMENT

Premium bakery is a medium manufacturing business located in Gulu dealing in manufacture of breads, cakes, daddies, doughnuts etc. it has been in operation for 8 years. It is in the process of expanding its human resources structure and thus need to recruit a dynamic able bodied person to boast its sales.

Job title: Sales manager

Job duties and responsibilities.

- Identify suitable promotion strategies
- Recruit sales persons
- Ensure proper distribution of products
- Select appropriate ways of increasing sales.
- Report to: The managing director.

Qualification: University Degree in marketing from a recognized institution.

Age: 20- 30 years

Experience: Atleast four (4) years of field experience working as a marketing personnel.

Duty station. Gulu town

Remuneration: Negotiable and attractive but depends on sales results.

Other competences

- Preferebly male
- Should be single
- Should have knowledge about different languages.

Successful applicants shall be contacted on Phone No. 0783177885

Submission of applicants: Qualified and interested Ugandans should submit in their hand written applications in duplicate with certified copies of academic documents, curriculum vitae, addresses of any two referees to;

The human Resource Manager

Premium Bakery Limited

Tel: 0783177885

- Job description/ Job analysis.

This is a written summary of what a worker is supposed to do on a specific job. It shows the job holders responsibilities, specific tasks and reporting relationships.

BEST LIQUID SOAP

P.O BOX 44, KABOJJA

TEL: 0786453272

JOB DESCRIPTION FOR A CASHIER

Job title: Cashier

Job duties and responsibilities

- Preparing books of accounts
- Controlling cash flows in the business
- Prepare worker's payroll

Nature of supervision: Reports to the General Manager

Equipments to be used: Computers, office phone, stapling machine etc

Working conditions: Workers are to be given breakfast, lunch, evening te, transport and medical allowances.

Relationship with other jobs: To ensure that all departments are well facilitated in terms of funding.

Prepared by …………………………………….

MABEERE JACKSON

HUMAN RESOURCE MANAGER

❖ Job specification.

This is a detailed statement of the minimum acceptable human qualities required for successful performance of a job.

TUGUNYWA BAR

P.O BOX 236, MAKINDYE

TEL: 075345876

JOB SPECIFICATION FOR A BAR ATTENDANT

Physical requirements: Good health

Qualifications: Should posses a diploma in lesisure and hospitality from a recognized institution

Working exptience: 4 years working in a bar

Remuneration: Negotiable but attractive

Other competencies

- Preferably female
- Between 20 -29 years
- Resing in makindye
- Should be single
- Should be computer literate

Prepared by, …………………………………………….

SSEGAMWENGE OLGA

❖ Curriculum vitae.

This shows the brief background of a person applying for a job. It includes education profile and working experience.

CURRICULUM VITAE.

Personal data:

NAME: WAREN hohn

ADDRESS: SSANJE – ST MARY'S SECONDARY SCHOOL

DATE OF BIRTH: 5th November 1995

RELIGION: Christian

TELEPHONE: 0759748844 / 0783177885

Email: warenwaren2@gmail.com

VILAGE/ PARISH: KASOGA KAKUUTO

HOME DISTRICT: KYOTERA

NATIONALITY: UGANDAN

Education and qualifications:

2017-	Bachelor of Science with Education with Mathematics And Economics. (DEGREE)
	Kampala University. Expected 2020.
2015-2016	Uganda Advanced Certificate of Education (PEM/ICT)
	ST MARY'S SECONDARY SCHOOL- SSANJE.
2011-2014	Uganda Certificate of Education,
	Sacred Heart Kiteredde Secondary School- Kyotera.
	20 AGGREGATES. DIVISION ONE.
2007- 2010	Primary Leaving Examinations
	St Simon Nazareth Primary School – Kyebe.
	8 AGGREGATES DIVISION ONE
2005 - 2006	Primary Three & Primary Two :- Mary Hill Preparatory School Kakuuto
2004	Primary One :- Kakuuto Advanced Primary School
2002- 2003	Nursery School :- Nkoni Nursery and Primary School Kakuuto.

WORK AND RESPONSIBILITIES

YEAR	**RESPONSIBILITIES**
2020 -	•
2017- 2019	• Teaching Commerce and Entrepreneurship in secondary school. • Started Business Club St Mary's Secondary Ssanje and became its Patron. • Elected as the In service M.P, Kampala University. • Produced a Wednesday weekly program of development " Olugendo Lwenkulakulana" on radio SEMA- a community radio based in Ssanje. • S.2 Class teacher.
2015 - 2016:	• The Speaker Students' Parliament (Council) • The chief mobiliser- Patriotism activities. St Mary's ssanje. • Leader Youths Desk- Partnership In Development (PID), Makindye.
2011 - 2014:	• Became in charge of the metrology office, Kiteredde Statistics Centre, • Renewed and Coordinated Writers' Club. • Exhibited local soap making process and Won the Uganda Science Education Program (USEP)- Contest. • Became the Education minister and later Vice President of Kiteredde Secondary school.
2006 - 2010	• Head Prefect St Simon Nazareth • Debate prefect • Class captain

SKILLS

Teaching, Computer literate, Driving, Public speaking, Good communication, Creative and Innovative, risk taking, negotiation, business planning, coping with change,

REFEREES:

1. MR. KALALI CHRISTOPHER

   0752 641416

   DEPUTY HEAD TEACHER

   KITEREDDE SEC. SCHOOL-KYOTERA.

   ----

2. MR. SSEMBATYA FRANCIS

   +256704419346 / +256772913998

   LECTURER

   KISUBI BROTHERS UNIVERSITY.

   ----

3. HON. KALEMBA CHRISTOPHER

   0772518671

   MEMBER OF PARLIAMENT (2016-to date)

   KAKUUTO CONSTITUENCY-KYOTERA DISTRICT.

DECLARATION

I Warence Hohn do hereby certify that the information given above is true and complete to the best of my knowledge with on material facts being misrepresented or suppressed.

Signed:

This ______________________ Day of

- Employee personal record card.

  This records information concerning workers employed in an enterprise.

KYOTERA PREPARATORY SCHOOL

P.O BOX 234, MUTUKULA

TEL: 0784 665544

PERSONAL RECORD CARD

Name of employee…………………………………………………… Address……………………………………….

Qualification and training……………………………………………………………………………………………….

Date of birth………

Future transfer, promotion or Dismissal ……………………………………………………………………………

Ref. No	NSSF NO	Date of employment	Salary

Medical History ………………………………………………………………………………………….

Terms of employment ………………………………………………………………………………………….

21. MARKETING

Areas covered under marketing include adverts

All advertisements look alike but change appearance depending on the material used to make the advert.

Features of an advert.

- Name and address of the business
- Location of the business
- Line of business i.e. what the business deals in.
- Frame
- Attractive/ appealing words
- Logo
- Illustrations.

N.B All adverts are filled in i.e. Designing is not applicable.

xvii. Advert for goods.

TESCO BAKERY

P.O BOX 178, KASESE

TEL: 0758746382

Dealers in manufacture of breads, cakes, daddies and doughnuts.

We manufacture breads of 2kgs, 1kg, ½ kg and small bans of shs 200 each, cakes of shs 500 @, 300@ and shs. 200@, doughnuts of sh. 500@ and 200@ and daddies of shs. 1000 @ packet.

Located along Kakumiro road behinda Kasese Referal hosipital.

Try us for quality products.

xviii. Advert for sale of assets/ assets disposal.

TWEKULAKULANYE BANK SERVICES

P.O BOX 14, FORT POTAL

0785738291

SALE BY AUCTION

Under registration of property Act, CAP 232

Following the instruction from our client Katumbwe Edward we hereby advertise sale of his security a PICK UP at shs 7,000,000/= worth value defaulted from Twekulakulanye Bank Services.

Conditions of sale.

Date of sale: 14 days from date of advertising

Time of sale: 11:00am at the bank premises

Terms of sale: cash/ bank draft subject to reserve price.

Place of sale: At the premises of our bank

Viewing: Arrange with us at our offices.

Signed: ……………………………………………….

KAGONGO HEHE

General Manager

xix. Advert for services

CURE BEST CLINIC

P.O BOX 124, LYANTONDE

078922233374

Dealers in all medical facilities including dental services, Antenatal and Post natal care, family planning, laboratory services, X- rays and general treatment, counseling services in all health fields.

Located along Lyantonde road.

xx. Banners.

This is printed on piece of cloth normally hanged on buildings, trees and electric poles. It is carrying the same information as other advertising media.

xxi. Bill boards.

xxii. This is an advert placed on big post and planted along bust roads and in cities basically to capture mass market.

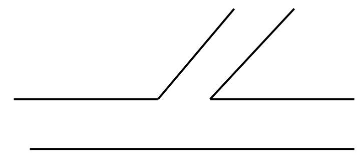
EMO ELECTRICAL SERVICES

Dealers in sale and repair of electrical appearances.

Located at Plot 23, Waggwa road opposite Centenary bank in Alur, town.

"Best services ever"

xxiii. Brochure.

KAMU KAMU TRADERS **P.O BOX 7884, KATIKAMU** **TEL: 0772345678** **Mission:** To improve homes through providing better household items. **Vision**: A leading provider of house items.	**Products**: Televisions, Woofers, Sofa sets, Chairs, Side board. **Uniqueness:** We offer at cheapest price, provide delivery and consultation services.	**Location**: We are located in Katikamu town opposite Centenary Bank.  To highway From Kampala Try us for quality household items. For more information: Call 0772345678 For prompt services

xxiv. Business card.

This is also used to promote business products. It contains the names of the person owning the card and designation/ title.

COOL THE THIRSTY WATERS Dealers in packaging and distribution of high quality, clean, safe and purified drinking water. KIYENJE COCK GENERAL MANAGER

Located in Kyengera town TEL: 07564729110

xxv. Contract information board

xxvi. Flier

xxvii. Label.

This is placed on the packaging materials of products that are packaged. It includes name of product and name of business, address, ingredients used, manufacturing and expiry date, batch number and guidelines regarding product usage. Sometimes this information is printed on the packaging material or a label is a fixed.

WOONA FEVER SYRUP

Prepared from local herbs by Herbal Centre Manufacturers.

Located at Kakuuto

Shake well before use.

Adults 2 X 4 tea spoonful daily.

Infants ½ X 4 tea spoonful daily

Keep in a cool and dark place away from children.

Batch No. 234812HZ MFD 2.4.2019 EXP. 2.4.2021

xxviii. Logo.

A.D.F.S

AFRICAN DEVELOPMENT FARMS – P.O BOX 347, KABALAGALA

For poultry and livestock products.

xxix. Menu.

This is found in restaurants and hotels indicating the food items and drinks offered and their respective prices.

SUPREME HOTELS.

P.O BOX 234, KIBOGA

TEL: 07843621280

'For best dishes'

MENU CARD

1. Dishes

   Passion juice 1,000

   Soda 1,000

   Mineral water 1000

   Bushera 600

   Milk tea 1,000

   Black tea 500

2. 2. Snacks

   Chips and liver 6000

   Chips and chicken 10,000

   Chapats 500

   Kikomando 1000

   Sausage 2,000

3. Drinks.

   Luwombo special

Gravy 4500

Beef 8000

Fish 4000

G nuts and mushrooms 4,0000

Served with Matooke, rice, posho, Kalo, Cassava, Pumpkins, Tomatoes, Yams, Irish, Macrons etc

xxx. Newspaper advert.

xxxi. Posters.

xxxii. Prospectus.

This is used to advertise company shares. It is aimed at inviting shareholders to buy shares from the company.

XIXII COMPUETR DISTRIBUTERS LIMITED.

P.O BOX 343, KARAMOJA

TEL: 077234561

PROSPECTUS

Date: 23/12/2020

Xixii Computer distributors limited invites the Public to subscribe to shares totaling to 10,000 each at a value of 1000 shillings.

History of the company. The company has been in operation for 2 years and it has 10,000 shares of which 6000 will be ordinary and the balance preference shares.

Future plans of the company. It intends to have 6000 ordinary shares and hopes to provide them other products like bonds and debentures.

Products dealt in. it deals in ordinary and preference shares and bonds.

Risks faced in its operations. Limited capital for expansion

Purpose of additional capital. To meet the minimum requested capital of shs. 10,000,000

Dividends shared in the past. No dividends shared in the past since it has just been incorporated into a company.

Signed …………………………………

KIBAATA XVISIXI

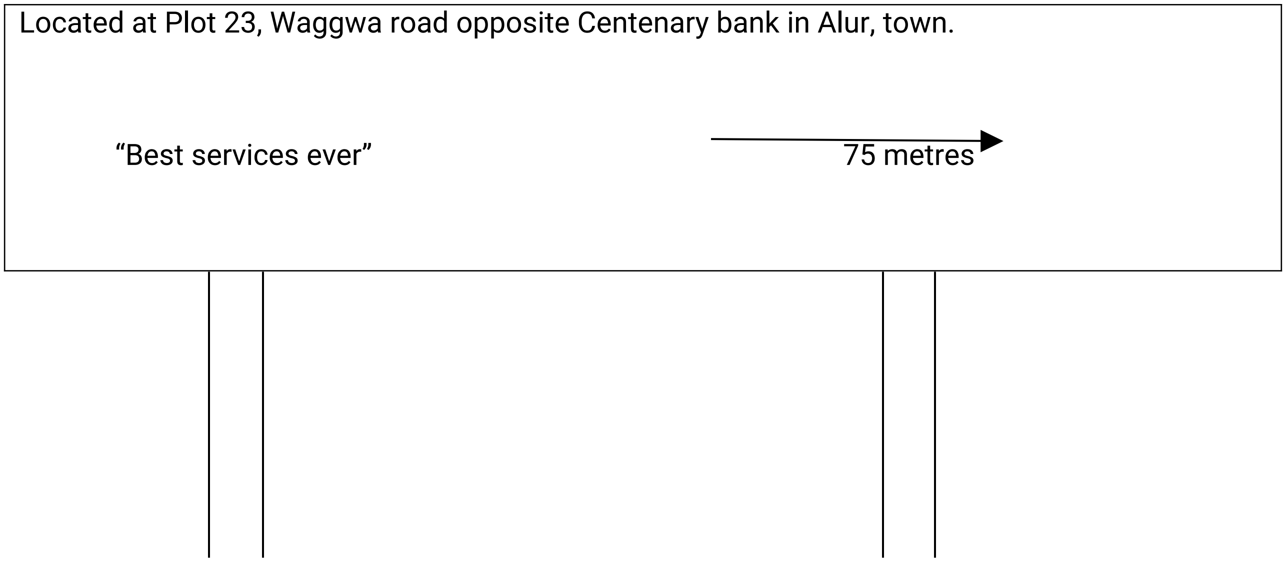
xxxiii. Radio announcement

xi. Signpost .

This shows direction of the business premises as long as advertising the business products.

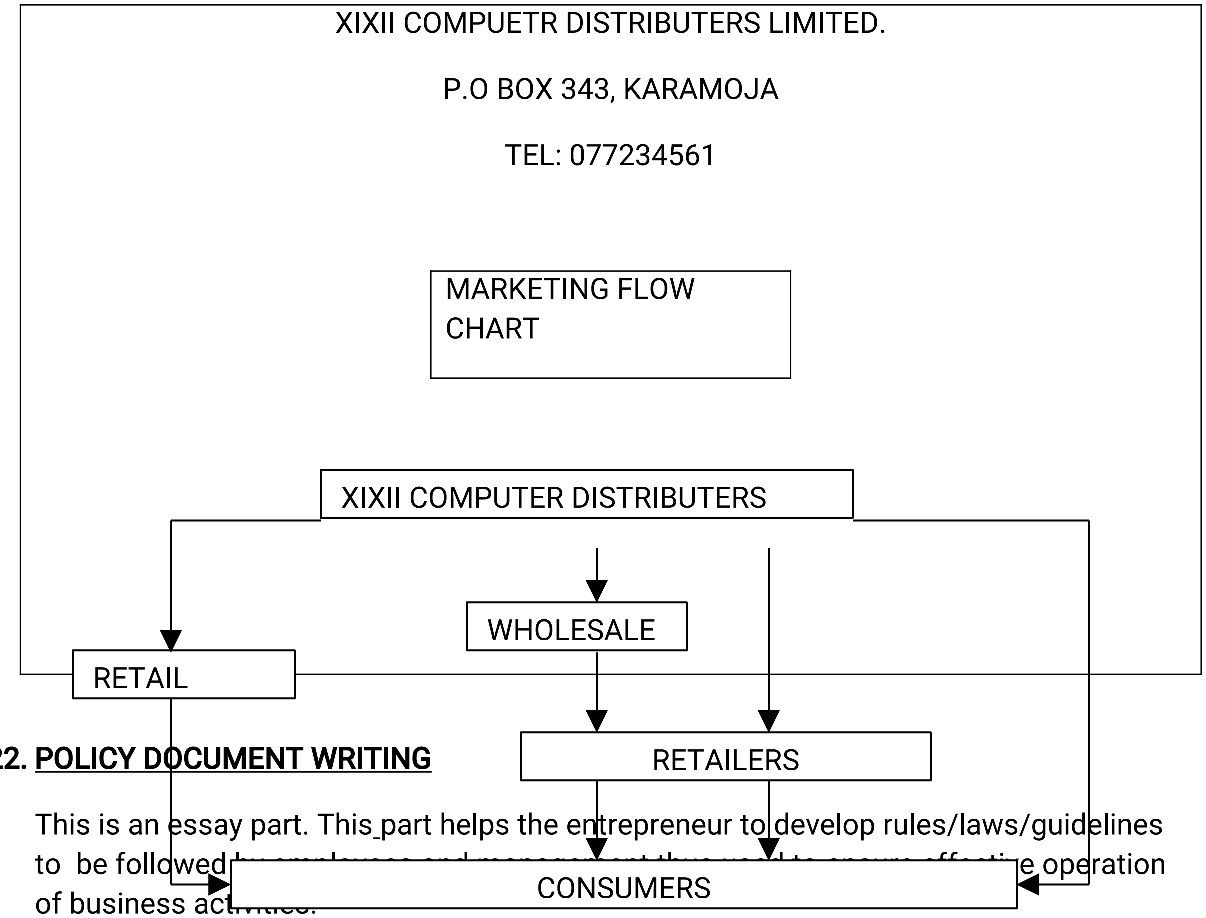
EMO ELECTRICAL SERVICES

Dealers in sale and repair of electrical appearances.



xii. Marketing flow chart.

This illustrates the flow of the entrepreneur’s products to the final consumers.



22. POLICY DOCUMENT WRITING

This is an essay part. This part helps the entrepreneur to develop rules/laws/guidelines to be followed by employees and management thus used to ensure effective operation of business activities.

- ✓ **Wor**ds like 'I', we, you, he, she, should, may, can, might, to be, would, must etc. MUST NOT BE USED. i.e. No personalizing.
- ✓ Must if used, is followed by a condition for example if only, when, unless, incase. Like Spare parts must be imported from America, unless India has no adequate spare parts.
- ✓ The heading must include the name of the business and address and statement of the guidelines.
- ✓ In most cases, policy guidelines are extracted from theory part with headings such as ways, measures, techniques, strategies etc

E.G.

xxxvi. Guidelines for handling difficult customers.

WELCOME RESTAURANT

P.O BOX 23, NAMASUBA

GUIDELINES FOR HANDLING DIFFICULT CUSTOMERS TO FOLLOWED BY EMPLOYEES OF WELCOME RESTAURANT

1. *Employees shall acknowledge and evaluate customer's objections.*
2. *Employees shall listen carefully to the words being used and feelings being expressed by difficult customers.*
3. *Employees shall let the customers to open up so that you can understand the basis for their being difficult.*
4. *Employees shall buy time to look at the customers' issue later if the customer raises some important points.*
5. *Employees shall hold your argument until the customer is ready for them when trying to convince the customer from your point of view.*
6. *Employees shall compensate customers by price reductions or refund / replacement of goods in case the previous purchases had a problem.*
7. *Employees shall apologize to difficult customers in case the customers being difficult is understood.*
8. *Employees shall attend to difficult customer's issues immediately.*

Submitted by,	Approved by;………………………
Signature:…………………………………	Signature:……………………………
KAMWA MOUTH.	Tittle: …………………………………..

xxxvii. Guidelines for developing creative ability of the staff

- *Employees shall thinking beyond the invisible frameworks that surrounds* *problems/ situations*

- *Employees shall recognize when assumptions are being made and challenge them, which shall create new dimensions or directions of thinking and solutions to problems.*

- *Employees shall identify narrow minded thinking and widen the field of vision by drawing on the experience of other businesses and individuals.*

- *Employees shall being ready to use unpredictable events to their advantage.*

- *Employees shall adapt ideas from more than one source for example, newspapers, personal contacts etc*

- *Employees shall transfer technology from one field to another as an innovative solution to a problem.*

- *Employees shall note down ideas that suddenly drop into the mind before they are forgotten.*

- *Employees shall suspend judgment to encourage the creative process and avoid premature criticism.*

- *Employees shall know when to leave a problem (remaining aware but detached) until solutions emerge i.e being patient for solutions to emerge.*

- *Employees shall try when appropriate to make strange things familiar and the familiar things strange to spark new ideas.*

- *Employees shall use their analogy (to improve imaginative thinking) to find models and solutions in nature, in existing products and services and in other organizations that are not always reinvesting the wheel, that is to say, copying from other organization what they have inverted. In the fine arts industry for example many designs are copied from nature like from butterflies and other creatures.*

- *Employees shall make connection with points that are apparently irrelevant, outside one's sphere of expertise and lacking in authority.*

- *Employees shall tolerate ambiguity (Doubtfulness or uncertainty as* *regards interpretation) and occasionally living with doubt and uncertainty. Things that don't seem clear make one to be curious leading to creative thinking.*

- *Employees shall use their unconscious mind for example by sleeping on a problem to generate creative solutions.*

- *Employees shall explore through processes and the key elements of the mind at work in analyzing, valuing and synthesizing.*

- *Employees shall have a wide attention span and range of interests which allows generating of solutions from various activities one is interested in like music, drama, rearing, repairing etc...*

xxxviii. Guidelines for effective gender partnership

xxxix. Guidelines for ensuring hygiene in the work place

xl. Guidelines for ensuring sustainability

xli. Guidelines for handling machinery

xlii. Guidelines for selecting machinery and equipment

xliii. Guidelines for selling on credit

xliv. Guidelines to ensure gender balance of employees

xlv. Guidelines to ensure proper inventory management

xlvi. Guidelines to minimize accidents/ safety

xlvii. Guidelines to minimize production costs

xlviii. Guidelines to promote innovative ability of employees

xlix. Hire purchase agreement

l. Job requirements

li. Partnership deed

BUWOOMA DELICIOUS JUICE

P.O BOX 234, KYOTERA

TEL: 0759748844

PARTNERSIP DEED

i) Business registered name, address and location: The business shall be Buwooma Delicious Juice, P.O BOX 234, KYOTERA. The business shall be located at Kalisizo Kyotera District.

ii) Purpose of the business.

iii) The names, addresses and occupations of the partners

iv) Nature/type of partners

v) Duties and responsibilities of the partners

vi) Capital contributions by partners

vii) Sharing of profits and losses.

viii) Partner's rights to drawings

ix) Salary/ allowances for active partners

x) Interest charged on drawings

xi) Interest on capital

xii) Procedure of settling disputes

xiii) Interest on loans from partners

xiv) Dissolution of partnership

xv) Procedure of admitting new partners

xvi) Procedure for calling meetings

xvii) During of the partnership

xviii) Commencement date for partnership business

xix) Procedure for management of books of accounts

xx)	Procedure for election of management
xxi)	Declaration of partners
xxii)	Witnesses' names, signature and tittles.

lii. Policy guidelines for retention of the employees

liii. Procurement policy

liv. Quality guidelines

lv. Rules and regulations

lvi. Sale of land agreement

lvii. Security guidelines

lviii. Security guidelines

lix. Store management policy

lx. Terms and conditions for a contract

lxi. Terms and conditions for sale of the old tractor

lxii. Terms and conditions for selling on hire purchase

lxiii. Vehicle maintenance policy

lxiv. Welfare guidelines

lxv. Borrowing/ credit policy

lxvi. Cleanliness guidelines

lxvii. Code of conduct to ensure discipline

lxviii. Credit policy

lxix. Employment contract

lxx. Environmental impact assessment policy

lxxi. Guidelines followed on receipt of items from suppliers

23. PROGRAMMES

PROGRAMMES

The programmes contain the following components;

(i) Heading

(ii) Frame

(iii) Name of the business and address

(iv) Name of the program

(v) Date column

(vi) Activity (must be in chronological order and present continuous tense)

(vii) Person in charge

(viii) Prepared by; Signature, Name and Title.

(ix) Approved by; signature, name and title.

Note: All programmes are prepared i.e. they are not designed.

The remarks column is not filled in but just left blank since the activities are not yet done.

Examples of programmes contain the following;

- Credit recovery programme
- Induction programme
- Interview programme
- Launching programme
- Machine maintenance program
- Program for minimizing risks
- Program for obtaining a loan
- Programme for a one day training and sensitization workshop
- Programme for handling undisciplined cases

- Programme for obtaining insurance policy
- Programme for preparing for negotiation
- Programme for tax compliance
- Programme to be followed when purchasing business requirements
- Promotion programme
- Recruiting programme
- Training programme

Example:

1. RECRUITMENT PROGRAMME

   This shows the steps followed when obtaining the workers required in an enterprise.

QN. You are the Human Resource Manager of a Secretarial business that receives many customers and has to recruit more sales personnel due to increased market for stationery. Prepare a programme for recruiting more workers.

ZALI SECRETARIAL BUREAU

P.O BOX 98, LUWERO

TEL. 0789456743

RECRUITMENT PROGRAMME

DATE	ACTIVITY	PERSON IN CHARGE	REMARKS
3rd – 6th August, 2019	Identifying posts requiring more workers	Human Resource Manager	
7th – 9th August, 2019	Advertising the jobs	Human Resource Manager	
10th-14th August, 2019	Receiving applications	Human Resource Manager	
15th- 18th August, 2019	Cross checking applications against job specialization	Human Resource Manager	
19th-20th August, 2019	Short listing applicants	Human Resource Manager	
21th- 24th August, 2019	Inviting applicants for interviews	Human Resource Manager	
25th- 26th August, 2019	Conducting interviews	Human Resource Manager General Manager Heads of Departments	

27th- 31st August, 2019	Analyzing interview results and contacting referees	General Manager Human Resource Manager	
1st – 5th September, 2019	Selecting suitable candidates	Human Resource Manager General Manager	
6th September, 2019	Appointing successful candidates and placing them in their work places.	General Manager	
7th-12th September, 2019	Giving induction training to newly recruited employees	Human Resource Manager General Manager	

Prepared by …………………………… Approved by ……………..……………..

LAURA MBUGO MUBIRU HARUNA

HUMAN RESOURCE MANAGER GENERAL MANAGER

2. PROGRAMME FOR CONDUCTING INTERVIEWS

This shows the procedure to be followed when conducting interviews.

Qn. You are operating a Hotel in a busy trading centre and you are in the process of transforming the Human Resource Department. Draft a programme for conducting interviews for job applicants.

NICE HOTEL

P.O BOX 98, MBALE

TEL. 0789456743

PROGRAMME FOR CONDUCTING INTERVIEWS

DATE	TIME	ACTIVITY	PERSON IN CHARGE	REMARKS
18/09/2019	2:00pm	Identifying and forming interview panels	Human Resource Manager	
	3:30pm	Organizing interview rooms	Receptionist	
25/09/2019	8:00am	Arriving of the short listed candidates	Public Relations Officer	
	9:00am	Registering applicants	Receptionist	
	10:00am	Starting the interviews	Heads of Department General Manager Human Resource Manager	
1/10/2019	9:00am	Inviting applicants for interviews	Human Resource Manager	
	1:00am	Conducting interviews	Human Resource Manager General Manager	

			Heads of Departments	
2/10/2019	8:00am	Communicating to successful candidates to pick their appointment letters	Human Resource Manager	

Prepared by …………………………… Approved by ……………..……………..

LAURA MBUGO MUBIRU HARUNA

HUMAN RESOURCE MANAGER GENERAL MANAGER

3. INDUCTION/ OR ORIENTATION PROGRAMME.

   This is the procedure followed to equip newly recruited workers with knowledge regarding the activities done in the enterprise and all aspects regarding their jobs. It is aimed at making new workers used to the enterprise and telling their job expectations.

Qn. You are the personnel manger of GREAT OPPORTUNITIES, an enterprise dealing in electrical appliances. The business has recruited new workers to improve efficiency. Develop a programme for orientation of new workers.

GREATER OPPORTUNITIES LIMITED

P.O BOX47, KARAMOJA

TEL: 0784634343

ORIENTATION PROGRAMME

DATE	ACTIVITY	PERSON IN CHARGE	REMARKS
3st August, 2019	Receiving and welcoming new workers and receiving their personal data	Human Resource Manager	
4th August, 2019	Introducing the new workers, giving a brief History and general information about electrical appliances	Head of Departments Human Resource Manager	
5th August, 2019	Explain to the new workers the business mission, vision, goals and objectives, philosophies, care development opportunities like training and promotion.	Managing Director Human Resource Manager	
6th August, 2019	Issuing written terms and conditions of employment and the new workers are guided through them and they sign to comply with them.	Human Resource Manager Heads of Departments	
7th August, 2019	Giving new workers information on worker- employer relations i.e. trade union membership, communication procedure, managing director with other	General Manager	

	workers.		
21th- 24th August, 2019	Inviting applicants for interviews	Human Resource Manager	
25th- 26th August, 2019	Conducting interviews	Human Resource Manager General Manager Heads of Departments	
27th- 31st August, 2019	Analyzing interview results and contacting referees	General Manager Human Resource Manager	
1st – 5th September, 2019	Selecting suitable candidates	Human Resource Manager General Manager	
6th September, 2019	Appointing successful candidates and placing them in their work places.	General Manager	
7th-12th September, 2019	Giving induction training to newly recruited emplyees	Human Resource Manager General Manager	

Prepared by, …………………………….   Approved by,…………………………….

OKELLO PETER   LWASA AMBROSE

PRODUCTION MANAGER   GENERAL MANAGER

4. PROMOTION PROGRAMME

This shows the procedure followed when promoting business products.

Qn. i) You are the proprietor of a honey producing business. Draw a day's programme to promote your products.

SWEETIEHONEY PRODUCTS LIMITED

P.O BOX 98, MBARARA

TEL. 0789456743

PROGRAMME FOR PROMOTION

DATE	TIME	ACTIVITY	PERSON IN CHARGE	REMARKS
18/09/2019 2/10/2019	10:00Am	Arrival of the honey promotion team, invited quests and registration	Kabushenga John	
	10: 20am-10:40am	Prayer, singing of the national Anthem and any other relevant anthem.	Abedi Jamil	
	11:00am	Welcoming the invited quests, general public and introduction of the honey promotion team and the management.	Matu Daniel	
	12:00pm	Show casing, promotional music, drama and films organizing prize winning raffles, giving out product samples of honey	Kyadondo Bob	

	3:00am	The marketing manager makes a speech about the business and honey being promoted.	Kyaggwe John	
	5:00am	Closure and music	Tumukunde Fred	

Prepared by …………………………… Approved by ……………..…………….

LAURA MBUGO MUBIRU HARUNA

HUMAN RESOURCE MANAGER GENERAL MANAGER

Qn. ii) You are involved in the production of juice. Prepare a promotion programme for the business.

KITHUFU QUALITY JUICE

P.O BOX 98, LUWERO

TEL. 0789456743

PROMOTION PROGRAMME

DATE	ACTIVITY	PERSON IN CHARGE	REMARKS
3st – 6th August, 2019	Determining who the target customers are in terms of age, sex, habits, culture, education and location. Carrying out market survey	Sales Manager	
7th – 9th August, 2019	Determining the unique features of the juice in terms of quality, shape, packaging, price etc	Sales Manager	
10th-14th August, 2019	Constructing a business positioning strategy	Sales Manager	
15th- 16th August, 2019	Determining the best message to communicate the honey product to target buyers. Establishing the unique selling proposition (USP)	Sales Manager	
17th-18th August, 2019	Determining production and advertising options and their costs in terms	Sales Manager	

	of available target. Designing a promotional budget		

Prepared by …………………………… Approved by …………….……………..

WAMBOZO JOSEPH MAWOWOLO JOHNSON

SALES MANAGER GENERAL MANAGER

5. PROGRAMME FOR OBTAINING LOAN FUNDS

This shows the procedure of obtaining loan funds from financial institutions.

Qn. You own a fruit processing plant and you are in the process of purchasing a mixing machine for the factory. Prepare a programme for obtaining a loan to invest in the business.

KITHUFU QUALITY JUICE

P.O BOX 98, LUWERO

TEL. 0789456743

PROGRAMME FOR OBTAINING A LOAN

DATE	ACTIVITY	PERSON IN CHARGE	REMARKS
3 / 9/2019	Identifying the reason for obtaining the loan	Financial controller	
4 /9/ 2019	Developing a business plan	Financial controller	
5/9/2019	Developing a plan to show how the business will be financed and the possible funding sources.	Financial controller	
6/9/2019	Identifying and approaching the preferred financiers.	Financial controller	
7/9/2019	Obtaining terms and conditions for the loan	Financial controller	
8/9/2019	Comparing the loan terms and conditions with those of the financiers	Financial controller	
9/9/2019	Checking the business plan to establish the implication of the loan to the business.	Financial controller	
10/9/2019	Starting discussions with	Financial controller	

	the chosen financiers		
12/9/2019	Obtaining the loan and using it for the intended purpose and accordingly	Financial controller	

Prepared by …………………………… Approved by ……………..……………..

WAMBOZO JOSEPH BWENDA JOHNSON

SALES MANAGER GENERAL MANAGER

6. CREDIT RECOVERY PROGRAMME

This is followed to endure recovery of the debtors from debtors.

Qn. You are the financial manager of a micro finance business operating in your home town. Draw a credit recovery programme you are to ensure proper recovery of the debts.

KAMPALA MICRO FINANCE

P.O BOX 98319, KAMPALA

TEL. 0789-453453

CREDIT RECOVERY PROGRAMME

DATE	ACTIVITY	PERSON IN CHARGE	REMARKS
3 / 9/2019	Identifying all credit customers and collecting all records of debtors.	Financial controller	
4 /9/ 2019	Arranging the debtors' records according to credit period and assessment and allocation of responsible persons to credit customers.	Financial controller	
5/9/2019	Preparing and dispatching debt reminders to debtors or calling the debtors on phone.	Financial controller	
6/9/2019	Collecting payments and updating debtors' records.	Financial controller	
7/9/2019	Issuing statements of accounts.	Financial controller	
8/9/2019	Sending last reminders to debtors who have defaulted.	General manager	
9/9/2019	Compiling and publishing	Financial controller	

	defaulters and giving them final date to clear.		
10/9/2019	Taking legal action on defaulters e.g. auctioning collateral security and factoring debtors	Company secretary Lawyer General manager	

Prepared by …………………………… Approved by ……………..……………..

NJWAJWA SALIVA BYENDA JACKSON

SALES MANAGER GENERAL MANAGER

7. LAUNCHING PROGRAMME

   This is followed when officially introducing business products to the general public.

Qn. You have started a juice processing business. Develop a programme for launching your enterprise.

KITHUFU QUALITY JUICE

P.O BOX 98, LUWERO

TEL. 0789456743

LAUNCHING PROGRAMME

DATE : 12th JANUARY 2019

TIME : 1:00PM – 7:00PM

DAY: MONDAY

VENUE: FACTORY PREMISES.

DATE	ACTIVITY	PERSON IN CHARGE	REMARKS
1:00pm-2:00pm	Installing musical instruments and organizing the venue	Chief organizers	
2:00-2:30pm	Welcoming people to the launch and giving opening remarks	Master of ceremony	
2:30- 3:00pm	Leading in the prayers, anthems and introducing the different visitors	Master of ceremony	
3:00- 3:30pm	Introducing the products dealt into to the people and displaying them	Sales manager	
3:30- 3:45	Music interlude	Music DJ	
3:45pm-4:10pm	Allowing people to ask questions	Sales manager	
4:10pm-4:40pm	Organizing prize winning raffles and giving free gifts to people	Sales manager	

4:42pm- 5:00pm	Selling sample products at a discounted price.	Sales manager	
5:00- 5:15pm	Music	Music DJ	

Prepared by …………………………… Approved by ……………..……………..

WAMBOZO JOSEPH BWENDA JOHNSON

SALES MANAGER GENERAL MANAGER

8. TRAINING PROGRAMME.

   This varies and it depends on what the training is about.

Qn. You own a motor vehicle washing bay operating in Kasese. Draw a one day programme for sensitization and training workshop intended to improve service delivery in KIKII MOTORS WASHING BAY.

KIIIKII MOTORS WASHING BAY

P.O BOX 981, Kasese

TEL. 0789411143

PROGRAMME FOR TRAINING AND SENSITISATION WORKSHOP

DUE TO TAKE PLACE ON 8th MAY 2019 AT THE WASHING BAY

TIME	ACTIVITY	PERSON IN CHARGE	REMARKS
8:00am	Preparing the venue	Human Resource Manager	
9:00am	Registering and assembling of participants	Human Resource Manager	
9:30am	Singing anthems and saying prayer	DJ and Pastor	
10:00am	Giving opening and welcoming remarks	Master of Ceremonies	
10:30am	Introduction of participants	All participants	
10:40am	Presentation and demonstration by facilitators and discussions and reactions.	facilitators	
11:00am	Tea break	All participants	
12:05am	Field trip and practical application of the skills	All trainees	

	by the trainees/ participants		
1:30pm	Awarding of certificates	Managing director	
2:00pm	Closing remarks, closing prayer and anthems	Participants and facilitators	

Prepared by …………………………… Approved by ……………..……………..

LAURA MBUGO EMIBIRU HARUNA

HUMAN RESOURCE MANAGER GENERAL MANAGER

BUWOOMA DELICIOUS JUICE

P.O BOX 234, KYOTERA

TEL: 0759748844

PROGRAMME FOR DETERMINING PROFITABILITY OF BUSINESS

TIME	ACTIVITY	PERSON IN CHARGE	REMARKS
8:00am	Deciding the type of business	General Manager	
9:00am	Choosing location of the business	Operations Manager	
9:30am	Forecasting sales of the business	Financial manager	
10:00am	Estimating costs of the business	Financial manager	
10:30am	Estimating profits of the business	Financial manager	

Prepared by …………………………… Approved by ……………..……………..

LAURA MBU EMIBIRU HARUNA

FINANCIAL MANAGER GENERAL MANAGER

xvii. Training programme

This varies and depends on what the training is about.

WELCOME RESTAURANT

P.O BOX 23, NAMASUBA

TRAINING PROGRAM FOR EMPLOYEES OF WELCOME RESTAURANT

DATE	ACTIVITY	PERSON IN CHARGE	remarks
Mon 20/10/2019	..Preparing and assembling of participants .. Singing anthems and saying prayers ..Introduction of participants ..Giving opening and welcoming remarks .. Explaining the objectives of training.	Human resource manager	
Tues 21/10/2019	Discussing the causes of poor quality foods in the evening	Employees	
Wed 22/10/2019	Explaining importance and ways of ensuring quality in an enterprise	General manager	
Thur 23/10/2019	Field trip and practical application of the skills by the trainees	Quality controller	
Fri 24/10/2019	Awarding certificates	All participants	

Submitted by,

Signature:………………………………

KAMWA MOUTH.

Approved by;……………………

Signature:…………………………

Tittle: ………………………………..

24. SCHEDULES

SCHEDULES.

These are prepared or designed to show activities which are done on a regular basis. A schedule shows how the activity is to be done and the personnel in-charge of doing it.

Schedules can be for one day (day's daily) and it this is the case, the first column becomes time. Schedules taking more days i.e. weekly the first column is day not date.

1. SUPPLY/ DISTRIBUTION/ MARKETING SCHEDULE.

   This shows how goods are to be distributed. It may be daily or day's to cover only one day or weekly to cover a full week.

Qn. You are a proprietor of a business dealing in sale of beauty products. Draw a day's distribution schedule for your products.

BEAUTY BEAUTY CARE

P.O BOX 234, KOTIDO

TEL: 0784-345678

DAY'S DISTRIBUTION SCHEDULE

DAY: SATURDAY

DATE: 23th April, 2019

time	Place/ agent/ market	product	Quantity	Person in charge	Delivery means	Remarks
7:00am	Kampala	Soap	10 boxes	Driver	Company van	
9:00am	Lukaaya	Lotion	30 boxes	Driver	van	
10:00am	Masaka	Jellies	10 boxes	Driver	Van	
11:00am	Kyotera	Perfumes	28 boxes	Driver	Van	

1:00am	Mutukula	perfumes	15 boxes	Driver	van	

Prepared by,………………………….. APPROVED BY,………………..

SALES MANAGER GENERAL MANAGER

ii. VEHICLE TRAVEL SCHEDULE

This shows how the business vehicles are to move to different part. It applies to a transport business.

Qn. You are operating a business dealing in tour and travel with three buses having a capacity of 50 passengers. Prepare a weekly travel schedule for the three buses.

JJAGWE BUS TRANSPORTERS

P.O BOX 123, MUKONO

TEL: 0782-772343

WEEKLY TRAVEL SCHEDULE

DAY	VEHICLE NO	FROM	TO	DRIVERS' NAME	DEPARTURE TIME	COSTS	REMARKS
Monday	UAQ 234K	Kampala	Kasese	Kakoko	6:00am	50,000	
Tuesday	UAR 125D	Kampala	Gulu	Kabaata	7:00am	65,000	
Wednesday	UAS 348M	Kampala	Mbale	Kabuzi	9:00am	45,000	
Thursday	UAW 125D	Kampala	Mutukula	Kabizzi	4:00pm	30,000	
Friday	UAR 348Z	Kampala	Isingiro	Kakwale	1:00am	41,000	
Saturday	UAM 125D	Kampala	Nairobi	Kayaza	10:00am	39,000	
Sunday	UAB 234K	Kampala	Congo	Kajjonjo	2:00pm	47,000	

Prepared by, …………………. Approved by,…………………..

Kakutiya Polythene

TRANSPORT OFFICER GENERAL MANAGER

3. VEHICLE SERVICE SCHEDULE.

   This shows the date when the vehicle is to be serviced.

Qn. Design a vehicle service schedule for your company taxis.

KASOLO TRANSPORTERS

P.O BOX 234, LUSOLO

TEL: 0756-345611

VEHICLE SERVICE SCHEDULE

VEHICLE NO.	SERVICE DATE/ MILAGE	NATURE OF SERVICE	Person in charge	Remarks
7:00am	Kampala	Soap	Driver	
9:00am	Lukaaya	Lotion	Driver	
10:00am	Masaka	Jellies	Driver	
11:00am	Kyotera	Perfumes	Driver	
1:00am	Mutukula	perfumes	Driver	

Signed by,…………………………..

TRANSPORT OFFICER

4. BUS TICKET.

   This is usually given to bus customers on payment of the travel fares.

KASOLO TRANSPORTERS

P.O BOX 234, LUSOLO

TEL: 0756-345611

BUS TICKET

SEAT NO. …………………………………………………… DATE:…………………..……………

JOURNEY DETAILS: FROM……………………………..…… TO……………………………….….…

AMOUNT PAID: SHS……………………………………………………..

BUS NO: …………………………………………….. DRIVER'S NAME: ……………………………………………

SIGNATURE: ____________________

Fares once paid are not refundable.

5. PRODUCTION SCHEDULE.

This shows the quantity to be produced during different days within the business.

Qn. You are operating a beverage processing plant. Prepare a weekly production schedule for your business.

LOZAKO SNACKS

P.O BOX 784, LUSOLO

TEL: 0756-345611

PRODUCTION SCHEDULE

DAY	PRODUCT	QUANTITY	Person in charge	Remarks
Monday	Wine	2000 litres	Kiyenje cockroach	
Tuesday	Wine	4000 litres	Kisanyi caterpillar	
Wednesday	Wine	4800 litre	Kawukumu	
Thursday	Wine	3200 litres	Kaku	
Friday	Wine	2340 litres	Kavunza	
Saturday	Wine	7000 litres	Kasekere	
Sunday	Wine	1230 litres	katunkuma	

Prepared by,…………………………..

Tankaka

PRODUCTION MANAGER

Approved by, ………………………..

GATU FRANK

GENERAL MANAGER

6. LOAN REPAYMENT SCHEDULE

   This is prepared to act as a guide when the business is paying back loan funds or debtors paying the business in case it is a micro finance. Loan repayment schedule may be done using fixed installment or using the reducing/ diminishing balance method

Qn. i) You have received a loan of shs. 6,000,000 from Barclays Bank to expand your hotel business. You have been granted a credit period of 6 years at an annual interest rate of 6% payable in 6 equal installments using the fixed installment method, prepare a loan repayment schedule.

SUPREME HOTEL

P.O BOX 232, LIRA

TEL: 0321456783

LOAN REPAYMENT SCHEDULE

LOAN ANOUNT: Shs. 6,000,000

INTEREST RATE: 6% ON FIXED INSTALLMENT METHOD

BANK OF BARODA

PERIOD	PRINCIPAL SHS	INTEREST SHS	TOTAL REPAYMENT SHS	PRINCIPAL OUTSTANDING BALANCES SHS	TOTAL OUTSTANDIN G BALANCE SHS
Year 1	1,000,000	360,000	2,360,000	5,000,000	6,800,000
Year 2	1,000,000	360,000	2,360,000	4,000,000	5440,000
Year 3	1,000,000	360,000	2,360,000	3,000,000	4,080,000
Year 4	1,000,000	360,000	2,360,000	2,000,000	2,720,000
Year 5	1,000,000	360,000	2,360,000	1,000,000	1,360,000
Year 6	1,000,000	360,000	2,360,000	0	0
TOTAL	6,000,000	2,160,000	8,160,000		

Qn. ii) You have obtained a loan of shs. 20,000,000 from Centenary bank to expand your clays industry. The loan is payable in 5 equal monthly installments at an interest rate of

10% on reducing balance method. Prepare a loan repayment schedule.

Note: The interest rate reduces depending on the outstanding balance.

SUPER STAY CLAYS

P.O BOX 232, MUBENDE

TEL: 0322-346783

LOAN REPAYMENT SCHEDULE

LOAN ANOUNT: Shs. 20,000,000

INTEREST RATE: 10% ON FIXED INSTALLMENT METHOD

BANK OF BARODA

PERIOD	PRINCIPAL SHS	INTEREST SHS	TOTAL REPAYMENT SHS	PRINCIPAL OUTSTANDING BALANCES SHS	TOTAL OUTSTANDING BALANCE SHS
1st month	6,000,000	4,000,000	2,000,000	16,000,000	6,800,000
2nd month	5,600,000	4,000,000	1,600,000	12,000,000	5440,000
3rd month	5,200,000	4,000,000	1,200,000	8,000,000	4,080,000
4th month	4,800,000	4,000,000	800,000	4,000,000	2,720,000
5th month	4,400,000	4,000,000	400,000	0	1,360,000
TOTAL	26,000,000	20,000,000	6,000,000		

7. WORK SCHEDULE

This shows the work distribution time table for workers. It shows who is to do what and when. It can be drawn for one day or a full week.

Qn. i) You are the production manager of Come and buy processing factory. Prepare a weekly work schedule for your employees.

BUY BEST JUICES

P.O BOX 99, KAWEMPE

TEL: 0783-4578869

WEEKLY WORK SCHEDULE

DAY	EMPLOYEE NAME	EMPLOY NO	DESCRIPTION WORK	START TIME	END TIME	REMARKS
Monday	Nsiri Tracy Nsowera Tom Njuki susan Kiyenje Herman	01 02 03 04	Extracting juice Mixing Filtering Packaging	7:00am 9:00am 11:00am 1:00pm	8:50am 10:55am 12:50pm 4:50pm	
Tuesday	Kiku Lawrence Nsenene Dan Njuki sam Kiyenje Herman Njaga James	05 06 03 04 07	Distributing Extracting juice Mixing Filtering Packaging	8:00am 7:00am 10:15am 12:00pm 2:30pm	5:00pm 10:00am 11:55am 2:00pm 5:50pm	
Wednesday	Kiku Lawrence	05	Distribution	8:00am	8:00pm	
Thursday	Nsiri Tracy Nsowera	01 02	Extracting juice Mixing and filtering	8:00am 10:30am	10:00am	

	Tom Njuki San	03	Packaging	1:30pm	1:00pm 5:50pm	
Friday	Kiyenje Herman Kiku Lawrence Njaga James Nsiri Tracy	04 05 07 01	Extracting Juice Mixing and filtering packaging Distribution	8:00am 10:00am 12:50pm 8:00am	9:50am 12:30pm 4:50pm 8:00pm	
Saturday	Nsoera Tom Njuki Sam Kiyenje Sam Nsenene Dan	02 03 04 06	Extracting juice Mixing and faltering Packaging Distribution	7:00am 10:00am 2:00am 8:00am	10:00am 1:30am 5:30pm 8:00pm	
Sunday	Kiku Lawrence Njaga James Nsenene Dan	05 07 06	Extracting and mixing Filtering and packaging distribution	7:00am 11:30am 9:00am	11:00pm 5:00pm 6:00pm	

Prepared by …………………………………..

BWENDA TIMOTHY

PRODUCTION MANAGER

8. MASTER DAILY WORK SCHEDULE.

   This is used by an entrepreneur with many workers to show the daily work distribution time table to all workers. It may be for one day (daily) or full week (weekly).

Qn. ii) You are operating a construction company with many workers. Draw a Master daily work schedule for your workers.

TUKOLE CONSTRUCTORS LIMITED

P.O BOX 342, APAC

TEL: 0794-674532

MASTER DAILY WORK SCHEDULE

CUSTOMER NAME	DESCRIPTION OF WORK	EMPLOYEE NUMBER	START TIME	WORK ORDER NO.	REMARKS
Kaviiri	Repair the west side fence	1	8:30am	3457	
Katwe	Wiring of lights at drive way	2	8:47am	3458	
Kenda	Repair in front of the house	3	11:00am	3459	
Kagere	Fill holes in drive way	1	9:15am	3454	
Kakono	Install new hot water tank	2	10:54am	3461	
Tutuu.	Set tiles near bathroom sink	3	6:30am	3463	

Prepared by,……………………………….. Approved by, …………………………….

LUFOTOSE EDDY MMESE RATZ

HUMAN RESOURCE MANAGER GENERAL MANAGER

9. DAILY WORK SCHEDULE.

   This is drawn by the entrepreneur who works for him/ herself indicating the day's work time table to serve his/ her customers.

Qn. You own a clinic. Draw a daily work schedule you are to follow when serving your customers.

BAWONA CLINIC

P.O BOX 342, APAC

TEL: 0794-674532

DAILY WORK SCHEDULE

CUSTOMER NAME	Address	TELEPHONE	START TIME	END TIME	REFERENCE	REMARKS
Kaviiri	Kakuuto	0701948493	8:30am	10:00AM	3457	
Katwe	Ssanje	0341283746	8:47am	1:00PM	3458	
Kenda	Mutukula	0784362888	11:00am	5:00PM	3459	
Kagere	Kibaale	0765493922	9:15am	4:00PM	3454	
Kakono	Kalisizo	0704444483	10:54am	3:00PM	3461	
Tutuu.	Kasensero	0772345736	6:30am	10:00PM	3463	

Prepared by,……………………………….. Approved by, …………………………….

LUFOTOSE EDDY MMESE RATZ

HUMAN RESOURCE MANAGER GENERAL MANAGER

25. SOCIAL ENTREPRENEURSHIP

It involves the following;

i. GEPIC structure for advocacy

ii. Programme for becoming a social entrepreneur

iii. Programme for the bridge the gap approach (visionary approach)

iv. Root cause analysis
v. Theory of change
vi. Components of a social enterprise plan
vii. Opportunity identification.

1. GEPIC STRUCTURE FOR ADVOCACY

This involves speaking and writing to others to spread ideas, innovative strategies so as to promote a social mission and thereafter recruit support.

GEPIC stands for Greet, Engage, Problem, Inform and Call to action.

Example. 1.

You have decided to establish a social enterprise aimed at promoting public health. Draft a GEPIC structure for advocacy for promoting your mission.

TEAM NO GARBAGE ENTERPRISE

P.O BOX 20, KAMPALA

TEL :0782779140

GEPIC STRUCTURE FOR ADVOCACY

Greetings.

Our Chief Guest, Invited Guests and community Members present, I greet you all.

Engage.

Last week, I went to Mulago hospital and I was informed that roughly 20 people per week have been dying of poor hygiene and sanitation related diseases such as dysentery, diarrhea and cholera among others. This shows that our hygiene and sanitation are still lacking but remember health is wealth.

Problem.

From the analysis made, we have come to realize that poor health is as a result of improper garbage disposal.

Inform.

As concerned community members, we have come up with a project to fight against the poor health in our community. We have put up public rubbish pits in the community to eradicate the improper disposal of waste.

Call for action.

We kindly request for your co-operation as we work towards savings the lives of people. Thank you.

2. PROGRAMME FOR BECOMING A SOCIAL ENTREPRENEUR.

This is composed of the steps taken for one to become a social entrepreneur.

Example:

You are planning to establish a social enterprise aimed at addressing the dangers of deforestation. Draft a programme for becoming a social entrepreneur.

Solution.

A program for becoming a social entrepreneur.

EVER GREEN ENVIRONMENT FORUM

P.O BOX 345, KYOTERA

TEL: 07831775

PROGRAMME FOR BECOMING A SOCIAL ENTREPRENEUR

DATE	ACTIVITY	PERSON IN CHARGE	REMARKS
3/6/19	Developing an idea for becoming a social entrepreneur	Kabaata Duck	
5/6/19	Discovering the vision, passion and skills	Kabaata Duck	
6/6/19	Identifying opportunities in the community	Kabaata Duck	
8/6/19	Matching the vision with the community opportunities	Nkoko Chicken	
10/6/19	Acting and spreading change	Kabaata Duck	
13/6/19	Mobilizing resources	Kabaata Duck	

15/6/19	Constructing needed buildings	Mbwa Tom	
15/6/19	Recruiting workers	Kigere Foot	
16/10/19	Launching the enterprise	Kabaata Duck	
18/10/19	Starting operation of the enterprise	Kabaata Duck & Nkoko Chicken	
Drafted by; Sign: Name: Kabaata Duck Tittle: OPERATIONS MANAGER		Approved by; sign:____________________ Name:___________________ Tittle:____________________	

3. **PROGRAM FOR THE BRIDGE THE GAP APPROACH (VISIONARY APPROACH)**

EVER GREEN ENVIRONMENT FORUM P.O BOX 345, KYOTERA TEL: 07831775 PROGRAMME FOR THE BRIDGE THE GAP APPROACH			
DATE	ACTIVITY	PERSON IN CHARGE	REMARKS
3/6/19	Defining the vision	Kabaata Duck	
5/6/19	Examining the current reality	Kabaata Duck	
6/6/19	Identifying and acknowledging the gap	Kabaata Duck	
8/6/19	Selecting action steps to close the gap	Nkoko Chicken	
10/6/19	Identifying resources required	Kabaata Duck	
13/6/19	Setting priorities	Kabaata Duck	

15/6/19	Choosing who is countable for what	Mbwa Tom	
15/6/19	Getting commitment from the concerned people	Kigere Foot	
16/10/19	Agreeing on the start and end time	Kabaata Duck	
18/10/19	Getting started	Kabaata Duck & Nkoko Chicken	
Drafted by; Sign: Name: Kabaata Duck Tittle: OPERATIONS MANAGER		Approved by; sign:__________ Name:__________ Tittle:__________	

4. ROOT CAUSE ANALYSIS.

This is aimed at establishing the primary cause of the problem so as to get a solution.

Example 4. You have established a social enterprise to fight unemployment problem in your locality. Develop a root cause analysis for unemployment.

Solution. Root cause analysis for unemployment

Statement of the problem. Unemployment
This is caused by; -lack of required skills
-laziness
-ignorance about existing jobs
Why? Poor curriculum designed for learners
Why? Lack of monitoring of the curriculum by Ministry official
Why? Poor education system/ policies
Root cause: Poor education system/ policies
Necessary action steps to be taken. Vocationalisation of education
Developing a good monitoring system for education institution
Implementing the best solution:

- Undertaking skills development to encourage people set up business projects rather than seeking for jobs.

5. THEORY OF CHANGE.

This consists of elements than can be used to realize the end goal.

Example 5. You have established a social enterprise dealing in a manufacture of furniture using less timber so as to fight deforestation. Present a theory of change for your business.
Solution. Theory of change for timber save furniture workshop

SAVE FURNITURE WORKSHOP P.O BOX 345, KYOTERA TEL: 07831775 THEORY OF CHANGE.	
VISION	To be the top manufacturers of high quality furniture in Uganda.
IMPACT	Manufacturing of high quality furniture reduces the need for replacing furniture and economizes the materials needed including timber so as to save the environment.
OUTCOME	the number of desks, tables and furniture in the surrounding scholls, hotel and homesteads.
ACTIVITIES	Sourcing for high quality timber planning and smoothing the timber, ensuring quality finishing and varnishing, ensure proper display and storage
INPUTS	These include timber, machinery, human resource (people), financial resources (money) and information resources (knowledgeable)
Drafted by; Sign: Name: Kabaata Duck Tittle: OPERATIONS MANAGER	sign:____________________ Name:____________________ Tittle:____________________

6. COMPONENTS OF A SOCIAL ENTERPRISE PLAN.

EXAMPLLE: Y ou have established a social enterprise to fight Malaria.

Develop; (i) an innovation to address the issue.
(ii) Management and operation section of your social enterprise plan.
(iii) Opportunity section of the social enterprises plan.
Solution.

i) An innovation includes
   - Root cause analysis
   - Solution /product description
   - Innovation matrix.
ii) Management and operations section of the social enterprise plan includes;
   - Management and responsibilities
   - Delivery of products and operation of activities
   - Timeline
   - Strategic partners
   - Impact on society
   - Impact on environment
iii) Sustainability section of the social enterprise plan include;
   - Budget renewal of resources/ profit making
   - Start up funding strategy
   - Profit management
iv) The opportunity section of the social enterprise plan includes;
   - Impact area
   - Current reality research
   - Impact potential
   - Resources and financials of the opportunity.

Note: practically prepare and write about the mentioned components.

7. <u>OPPORTUNITY IDENTIFICATION</u>

This involves determination of the social challenges at a particular time which the social entrepreneur seeks to address. It should be repeated time to time so as to obtain the new social concerns affecting people.
Example.
You are planning to set up a social enterprise to address the most challenging social concern. Perform an opportunity identification exercise.

1. Define the impact area
   - Who are the customers; who are the most vulnerable, disadvantaged and ignored?
   - Where will you work and what is the area of the most need or with the highest number of targets.
2. Research the current reality.
   - What do you have to start with?
   - Mention the obstacles to making your vision a reality
   - What is new in your community i.e. new attitudes, interests, activities, connections, technologies etc.

- What is available in the impact area.
- Current strategies being used and enterprises there i.e. Assets or strengths, Threats, Problems/needs, Recent changes, Current solutions/ products.

3. Brainstorm/ products.
    - How could you be resourceful with what is available in this impact area.
    - Why is the current reality the way it is.
    - How can a good reality be spread or increased.
    - How different will you act to achieve your vision i.e. building resources, ways of spreading impact, root cause of threats/ problems, ways to innovate…
4. List the resources and finances.
    - What do you need to turn the impact potential ideas into reality?
    - Do you have the required skills and experience? Who does?
    - What new things would increase positive impact or make it more sustainable.
    - What are the available resources?
    - What products are missing in the community
    - Would people buy products if they are available?
    - Is it affordable?
    - Is there any way of cutting costs or change the delivery of products for greater impact i.e. resource requirements, available resources, profit potential, renewable resources.

FINANCIAL MANAGEMENT

Financial management deals with the procurement of funds and their effective utilization in order to achieve financial objectives of the business.

Objectives of financial management

To create wealth for the business

To generate cash for the business

To provide an adequate return on investment

To Satisfy stake holders

For growth

Importance of financial management

Finance is the life blood of the business organization, therefore each businessmust maintain adequate amount of finances for the business running and activities.

The importance includes;

Financial planning, financial management helps to determine the financial requirement of the business.

Acquisition offunds, this involves getting the required business funds by tapping the possible sources with least cost.

It ensures proper usage of funds, by spending the acquired funds on activities that increase the value of the firm`s asset.

It helps in making financial decisions in the business. Forexample the usage of funds, investment which may affect the entire business.

It ' s used to increase profitability of the business, through ensuring proper budgeting and regular analysis of profits every time.

It helps management to assess the business performance, this is based on returns on investment, financial utilization etc.

It helps the business to compare performance of the business, by use of ratios analysis.

SOURCES OF FINANCES

The term finance is defined as the art and science of managing money.

Business finance is defined as the activity concerned with planning, raising, controlling and administering of the funds used in the business.

Sources include;

OWN SOURCE

This includes personal income savings that one can use to start a business.

Advantages

It allows an entrepreneur to make independent personal decisions on where to invest the fund and what to do with the profits realized.

It has no extra cost e.g. no interest is paid for the use of funds.

The entrepreneur has complete control over the benefits arising from the investment.

It is associated with self disciplinee.g. saving more and earn more

The source has no strings attached.

Disadvantages

It takes long period of time to realize substantial amount of money.

It can promote extravagance since the entrepreneur has on external control.

It's difficult to distinguish personal income and business capital, this retard the growth of business.

SUPPLY CREDIT

This is where the supplier offers goods on credit and collects cash later after selling.

Advantages

It ensures that the business is constantly supplied with raw materials

It promotes good relation between the company and the business receiving credit.

The supplying company gets a lot of profits since goods sold on credit are always highly priced.

It helps those entrepreneurs without capital to start business.

It promotes self discipline since credit payment need hard work and honesty.

It increases market for supplying the company.

Disadvantages

It's associated with high cost of recovering credit.

It may lead to bad relationship since incase the credit is not cleared.

In case of demand fall, the suppliers register great losses.

It limits consumer choice

It increases the cost of doing business

It leads to buying goods of low quality goods or services. This makes buyer to make losses.

FAMILY SOURCE OF FINANCE

This include the use of family property,family savings used to start a business

Advantages

It has fewer strings attached

More amount of money is raised at once

It promotes accountability in the business.

The external supervision leads to efficiency in business operations.

Low cost of operation, since family members offer their expertise at almost no cost.

It mentors individual into the culture of saving and business operations.

Demerits

Family conflicts are extended to the business, this affect its growth

Sometimes personal interest may affect the business profit making

It may lead to bad relationship between the fund administer and the family members

Decision making and implementation is delayed and difficult as a number of family members are to be consulted.

It breads Conflict of leadership of the family property.

SELLING PART OF THE BUSINESS OR PERSONAL PROPERTY

This is where an entrepreneur converts some of the personal or business properties into cash to either get starting capital or expand the existing business.

Advantages

It has no strings attached.

Large amount of money is raised within a short period of time.

It leads to quick investment decision making.

It promotes hard work, in order to make profits and replace the sold property.

RETAINED EARNINGS

Some parts of profits which belong to ordinary share holders may not be paid out as dividends in the period they are earned. These profits are reinvested into the business or used to start a new business or expend or improve on the existing one.

Commercial banks

These provide finances in form of loans.Loan is the money borrowed from a financial institution like banks,cooperative credit societies, etc

Classification of loans

They can be short term or long term

The short term loan is the money borrowed with repayment period of less than one year. They include:

Bank over draft, this is where a customer with a current account is allowed to withdraw money over and above what is on his or her account.

Soft loans,this is the money that is advanced by commercial banks with fewer conditions and for a short period of time.

Cash credit, this is an arrangement by which a bank allows its customers to borrow money up to certain limit against the security pledged.

LONG TERM SOURCES

Share capital, this consists of ordinary share CapitaLand preference share capital

Debenture or long term loans, is defined as a written as a written acknowledgement of the debt incurred by a limited company.thi s takes about 20 and above years.

Mortgages, this raised by mortgaging assets

Institutional investors, these provide capital through the process of selling shares

Advantages of using a loan as a source of business capital

It provide extra capital to an entrepreneur, this is used to supplement on the available capital.

More money is raised in short period of time, this facilitate easy investment decision making.

It encourages hard work on the part of the borrower so as to repay the borrowed fund.

It facilitate easy planning, this is because large amount of money is raised in a single sum.

It ' s accompanied by external monitoring from the lender; this improves the performance of the business.

It helps the entrepreneur to supplement on his or her savings.

Sometimes certain loans bear low interest rate, this leads to the growth of the business capital.

For the case of insured loans any change in business performance caused by natural factor, the entrepreneur assets is not affected.

A short term loan helps an entrepreneur to offsetshort-term deficit e.g paying workers,accessing raw materials etc.

Disadvantages

One can`t access it within the short period of time,acquiring it is a process. This delays investment decisions.

It is accompanied by external control; this affects the operation of the business.

Interest amount sometimes is high,this increases the business expenditures e.g. paying workers salaries on time is affected.

In case of business failure, the lending institution may take over ownership of the business.

Sometimes lending institutions take possession of the security pledged this affect the growth of business.

It affect the capital growth of the business, this is because the entrepreneur pay back more than the amount borrowed.

Procedure for borrowing

Developinga financial plan

Carrying out market survey on the lending institutions

Making an inquiry on the identified financial institutions

Obtaining lending terms and conditions of the different financial institutions.

Comparing the terms and conditions

Selecting the financial institution to deal with

Applying for a loan

Filling the application loan form

Assessing the applicant to establish whether the business is capable of paying back the loan.

Agree on the terms and conditions for investment and repayment of the loan.

Presenting the collateral security

Obtaining the loan

Start paying the loan

Circumstances under which an entrepreneur may go in for a loan

When he want to make an urgent profitable opportunity that require immediate funding.

When there is a financial gap to be filled

When the entrepreneur what to expand the business

In case the entrepreneur wants to meet the market demand.

In case the entrepreneur wants to supplement on the existing capital.

When there is need to increase on the working capital so as to serve the customer better.

When an entrepreneur is faced with short term financial crisis e.g. fall in demand resulting into a drop in the profit level.

LOAN MANAGEMENT

This refers to the various ways of how an entrepreneur is to effectively utilize the procured fund profitably in order to make a profit and repay the funds at the sometime

maintaining a good relationship with the lender.
The following ways are used

Loan repayment schedule

This is a table drawn by the lending institution or individuals showing the agreedmonthly installment amount are to be paid in terms of loan amount, interest amount.
It's drawn using two methods of interest calculations that is
Fixed method and reducing method

Example one

Mega enterprise borrowed shs 4,000,000 from Barclays Bank at an interest rate of 5% per month and it's paid in equal installment. Prepare aloan repayment schedule using a fixed method and reducing balance method.

Solution

DEMAKOKO MICRO FINANCE LTD
P. o. box 123 mbale
Loan repayment schedule
Name of the client: mega enterprises   account no: 12224353
Loansize shs:4,000,000 .interestrate per month 5%
Loan period 5 years
Method of calculating interest: fixed installment method.

Period year	Principal installment Shs	Interest amount Shs	Total repayment shs	Principal balance shs
1	800,000	2,400,000	3,200,000	3,200,000
2	800,000	2,400,000	3,200,000	2,400,000
3	800,000	2,400,000	3,200,000	1,600,000
4	800,000	2,400,000	3,200,000	800,000
5	800,000	2,400,000	3,200,000	Nil
Total	4,000,000	12,000,000	16,000,000	

Drafted by….. Approved by…………………
Name ………. Name…………………………
Title………. Title………………………………

Note;

Interest is calculated as 5x12 =60% per year (60/100x4000, 000) =shs 2,400,000
Principal installment =4000, 000/5= shs800, 000 per year
Total repayment =interest amount +principal installment 800,000+2400, 000=shs3, 200,000

Reducing balance method

Demakoko micro finance ltd

P o box 123 mbale
Loan repayment schedule
Name of the client: mega enterprises account no: 12224353
Loan size: shs 4,000,000.Interest rate per month 5%Loan period: 5 years
Branch: mbale
Method of calculating interest: reducingbalancing method.

Period year	Principal installment Shs	Interest amount Shs	Total repayment Shs	Principal balance shs
1	800,000	2,400,000	3,200,000	3,200,000
2	800,000	1,920,000	2,720,000	2,400,000
3	800,000	1,340,000	2,140,000	1,600,000
4	800,000	960,000	1,760,000	800,000
5	800,000	480,000	1,280,000	Nil
Total	**4,000,000**	**7,100,000**	**1,1,100,000**	

Drafted by….. Approved by……………………..
Name ……….. Name…………………………….
Title………. …… Title……………………………….

Note:
The interest is calculated basing on the outstanding principal loan balance for example in year one, 60/100x4, 000,000 =shs 2,400, 000, paid loan principal installment 800,000 and the balance being shs 3,200,000.
Year . 3, 200,000x60/100 =shs 1,920,000. Etc

Documenting every details of the loan
Informing the leading institution of any change in the business performance incase such changes may affect the sales.
Investing the loan in productive activities, such that the profits realized is used to pay the loan.
Ensuring proper management of the business, so as to make the business profitable to ease loan payment
Ensuring effective communication with the lender about issues related to loan management.
Attending workshops so as to be equipped with financial management information.

FINANCIAL NEEDS OF A POTENTIAL BUSINESS

The success of every business depends on proper identification of business needs. Like human beings have needs suchasfood security is the same case with business. The business needs include;

INVESTMENT NEEDS

These are need that an entrepreneur invests in order to get a return. These needs are either capital investment need or working capital needs. Capital investment needs include

- Acquisition of land
- Site preparation
- Buildings
- Machinery and equipment
- Installation of fixtures and fittings
- Furniture
- Provision for inflation

WORKING CAPITAL NEEDS

Thisrefers items needed to facilitate day to day activities of the business. These include;

- Purchase of raw materials
- Payments of labour
- Payment of utilities(water,power,telephone)
- Transport costs
- Packaging materials
- Payment of tax
- Machinery repairs
- Stationery and postage
- Payment of Interest on loans

PRE OPERATING NEEDS

These are business needs that the entrepreneur meets before commencement of business. They include;

- Business registration
- Trading license
- Market research
- Installation expenses
- Advertising
- Administrative costs
- Legal fees
- Supervision expenses
- Initial rent

BUSINESS BUDGET

A budget is a detailed statement which shows the estimated business revenue and estimated expenditure of the business for a given financial year. In finance, a financial plan is very critical in examining the financial implication of the business expenditures.

Importance of financial plan

Objectives of budgeting in business

To raise revenue for the business
To maintain competitive advantage of the business
To control expenditure of the business
To maintain quality of products in the business
To ensure effective utilization of the procured funds
To achieve efficiency in the business

Types of budgets

Fixed capital budget

TOOTO DECORATORS
P o 170 mbale
Fixed capital budget

Fixed capital requirements	shs	
Acquisition	100,000	
Purchase of machines tools		100,000
Construction of business premises		400,000
Purchase of furniture		500,000
Truck		200,000
Total	**1,300,000**	

Pre operating budget

METHA HONEY MILLERS
P o box 120 mbale
Pre-operating budget

Requirements	shs	
Business requisition	1,000,000	
Trading license	1,000,000	
Market research	1,000,000	
Installations expenses		3,000,000
Advertising	1,000,000	
Administrative costs		2,000,000
Initial rent	1,000,000	
Total	**10,000,000**	

Working capital budget

METHAT MEAT PROCESSOR
P. o.box120 mbale

Working capital budget

Requirement	shs
Purchase of materials	1000,000
Payment of labour	1000,000
Payment of utilities water power telephone	1000,000
Transport costs	1000,000
Packaging materials	1000,000
Payment of tax	1000,000
Total	**6000,000**

OTHER BUDGETS

Marketing budget

Production budget

Organizational budget

FINANCIAL STATEMENT ANALYSIS

A financial statement is an official document of an enterprise, which explores the entire financial information of the enterprise. Financial statement is an organized collection of data according to logical and consistent with accounting procedures. Its purpose is to convey an understanding of the financial aspects of the business.Hence a financial statement is the summary of the accounting process which provides useful information to both internal and external parties. Financial statements consist of the following;

- Income statement or profit and loss account
- Balance sheet or the position statement

INCOME STATEMENT

It's also called profit and loss account which reflects the operational position of the business during a particular period of time. Normally it consists of one accounting year. It determines the entire operational performance of the business like total revenue generated and expenses incurred for earning that revenue. Income statement helps to ascertain the gross profit and net profit of the business.

Gross profit is determined by preparation of trading account and net profit is determined by preparation of the profit and loss account.

ITEM RECORDED IN THE TRADING ACCOUNT AND NET PROFIT AND LOSS ACCOUNT

- **Purchases,** this refers to the goods bought by an entrepreneur for resale.
- **Opening stock**, (inventory) this refers to unsold goods available in the business at the beginning of a new financial year.

NB.A business that has just commenced business does not have opening stock .hence its purchases becomes the opening stock.

- **Closing stock**, this refers to the value of goods not sold by business at the end of the financial trading period. It'ssubtracted from the cost of goods available for sale
- **Sales**, this refers to the value of goods which have been sold by a business. Or it'

s the revenue earned from the goods sold. The value is used to calculate the gross profit or loss.

Sales returns or returns inwards, these are goods previouslysold but have been brought back to the business.ie sales-returns inwards =net sales

Reasons goods are sometimes returned

When goods are expired
When goods are wrong size
When goods have been damaged
When goods are of wrong color

Purchases returns or return outwards, these are goods previously bought by a business but have been sent back to the supplier. The value is subtracted from the purchases to get the net purchases that is

Net purchases =purchases-purchase returns

Gross profit, this refers to the excess of net sales over the cost of goods sold. Or it's the total profit obtained by an entrepreneur before paying off the operating and other expenses that is;

Gross profit = purchases –cost of goods sold

Gross loss, this refers to a situation where cost of sales exceeds the net sales.

Trading or direct expenses, these are expenses incurred by a business in order to get goods to the reach place and ready for sale such expenses are added to the purchases to get the total cost spent on goods bought. Trading expenses include;

Carriage inwards

Wages on purchases

Import duty on purchases

Carriage,this refers to the costincurred in transporting the goods into and out of the business. They are of two types;

Carriage inwards, this is the transportcost of bringing the goods bought up to the business. It forms part of the cost of goods bought and is added to the purchases in the trading account.

Carriage out wards, these are costs of transporting goods sold up to the buyer`s premises. Therefore they are added to the operating expenses

Drawing of goods, these are the physical items (goods) taken out of the business by the entrepreneur for private use. They are subtracted from the purchasesin the trading account, because such goods are recorded in the owners withdrawal account.

NB: its only drawings in form of goods that must be treated in the trading account

Salaries, this is payment usually mad to skilled labour at a fixed amount made after a fixed time interval

Supplementary or miscellaneous income, this is a term used to refer to other incomes or revenue that a business earns from other sources other than sales. They take the form of;

Rent income or rent received

Commission income

Interest received

Discount received

Bad debts recovered

All supplementary incomes are added to the gross profit in the profit and loss account to get the total income of the business.

Methods of preparation

There are two method used that is the T-format and the vertical method

However I have considered the vertical method in the following examples in this book

Example one

The following information was extracted from the books of fuga obulamu traders for the year ended 31 December 2016

Particulars	shs	closing stock	6,000 shs
Opening stock	15,000	rent	6,000
Purchases	180,000	insurance	2,000
Sales	250,000	advertisement	2,500
Returns inwards	5,000	wages and salaries	4,000
Returns outwards	4,000	stationery	5,000
Discount allowed	1,000		
Rent received	80,000		
Discount received	15000		

Required;

Prepare income statement for fuga obulamu traders for the year ended 31 December 2016.

solution

FUGA OBULAMU TRADERS` INCOME STATEMENT
For the year ended 31 December 2016

Particulars	Shs	Shs	Shs
Sales			250,000
Less returns inwards			5,000
Net sales			**245,000**
Less cost of sales;			
Opening stock		15,000	
And purchases	180,000		
Less returns out wards	4,000	176,000	
Goods available for sale		**191,000**	
Less closing stock		6,000	
Cost of sales			185,000
Gross profit			**60,000**
Add other incomes;			
Rent received		80,000	
Discount received		15,000	95,000

Gross income			**155,000**
Less: operating expenses;		6,000	
Rent		2,000	
Advertisement		2,500	
Wages and salaries		4,000	
Stationery		5,000	20,500
Discount allowed		1,000	
stationery			
total expenses			
			134,500
NET PROFITS			

EXAMPLE TWO

The following information was extracted from the books of HAM school canteen for the year ended 30 June 2017.

Purchases	400,000 shs	
Sales	950,000	
Discount allowed	5,000	
Discount received	4,500	
Rent	16,000	
Rent received		55,000
Insurance	35,000	
Carriage outwards	28,000	
Electricity	25,000	
Salaries	22,000	
Bad debts	14,000	
Office expenses	15,000	

Carriage inwards 18,000
Returns inwards 5,000
Returns outwards 10,000
Opening stock 100,000
Closing stock 30,000
Required; prepare HAM canteen`s income statement for the year ended 30 June 2017

HAM CANTEEN`S
Income statement
For the year ended 30 June 2017

Particulars	Shs	shs	Shs
SALES			**950,000**
Less; returns inward			5,000
Net sales			945,000
Less:**COST OF SALES**			
Opening stock		100,000	
Add purchases	400,000		
Add carriage inwards	18,000		
Purchases before returns	418,000		
Less returns out wards	10,000		
Net purchases		408,000	
Goods available for sale		508,000	
Less closing stock		30,000	
Cost of sale			**478,000**
Gross profit			46,7000
Add other incomes			
Discount received		4,500	
Rent received		55,000	
GROSS INCOME			**526,500**

LESS: OPERATING EXPENSES;			
Discount allowed		5,000	
Rent		16,000	
Insurance		35,000	
Carriage outwards		28,000	
Electricity		25,000	
Salaries		22,000	
Bad debts		14,000	
Office expenses		15,000	
Total expenses			**160,000**
NET PROFIT			**366,500**

Example 3

The following was extracted from the books of jeniffer agro business ltd for the year ended 2017

Sales	40,000,000
Purchases	20,000,000
Purchases returns	1,620,000
Sales returns	500,000
Opening stock	10,000,000
Salaries and wages	3,000,000
Telephone	600,000
Closing stock	980,000

Required prepare Jennifer agro business ltd`s income statement for the year ended 31 December 2017

BALANCE SHEET

Balance sheet is a statement which showsthe financial position of the business at particulartime. It shows the money value of assets, liabilities and capital of the business on a given date. Henceit's used to understand the strength and weakness of the business. A balance sheet is prepared basing on an equation called the accounting equation or book keeping equation. This equation states that. Assets = liabilities **OR** assets = capital + liabilities,

C+L=A

A-L=C
A-C=L

Importance of a balance sheet

It's used in decision making and planning purposes
It shows the assets and liabilities of the firm
It is used to compare a firm`s financial performance with similar firms or previous periods
It's used to determine the financial position of the a firm at a particular date
It's used by creditors and bankers to decide the amount of credit and loans to extend to a firm.

ELEMENTS OF BALANCE SHEET

Assets these are the possessions of a business. Orthese are the possessions or properties owned by the business. They are grouped into two;

Fixed assets; these are the possessions or properties of the business which are of durable nature bought for use in the business for a longperiod of time. Examples include;

Land
Buildings
Plant and machinery
Vehicles
Fittings and fixtures
Furniture etc

Current assets, these are the possessions of the business which stay for a shorter period of time and are easily changed into cash. Common examples include;

Cash
Cash at bank
Debtors
Stock
Raw materials
Bills receivable
Payments in advance. Or prepaid expenses
Unused stationery
Income due/ income not yet received.

LIABILITIES

These are debts or amount of money that the business owes to outsiders. Or they are claims of outsiders on the business. They are of two types;

Long term liabilities, these are debts or amount of money borrowed by the business that is to be repaid after a long period of time usually after year. Examples include;

Bank loans of one year and above

Debentures
Mortgages

Current liabilities or short term liabilities, these are short debts of a business which are repaid within a short time usually less than one year.

Or these are claims by outsiders on the business that are repaid within one accounting period.

Examples include;

Creditors
Bank overdrafts
Expenses due
Bills payable

CAPITAL

This is the amount of money or resources invested in the business by the owner or an entrepreneur.

TYPES OF CAPITAL

Initial capital or capital invested, this refers to the actual amount of money or assts brought into the business by the entrepreneur.

Owner`s equity or net worth, this is the amount of resources in the business that belongs to the owner at a given date. Or

It's the amount of money that remains in the business after adding new investments and net profit or loss and subtracting drawings and any liabilities of the business. or

This is the difference between the business assets and liabilities of the business.

Capital owned = **initial capital + Net profit +additional investment – Drawings -loss**

Loan capital or borrowed capital, this is the total amount borrowed by the business inform of long term liabilities. That is;

Borrowed capital =total long term liabilities

Fixed capital, this refers to the value of fixed assets in the business.

Fixed capital=total fixed assets.

Liquid capital, this refers to the value of current assets in form of cash, cash at bank and bills receivable. **Liquid capital =total current assets- closing stock**

Working capital, this is the excess of current assets over current liabilities of the business. Or

Working capital is the difference between current assets and current liabilities. That is to say

Working capital= asset--current liabilities.

It'salso known as net current assets when the value of the current assts exceeds current liabilities

Capital employed, this is the total of the fixed assets plus the working capital. Or it's the sum of the owner`s equity and the long term liabilities of the business. That is

Capital employed=fixed asset +working capital. Or

Working capital=capital owned +long term liabilities

Trading capital or gross capital employed=the total value of all the assets in the business. That is to say sum of fixed assets and current asset.

PREPARATION OF BALANCE SHEET

It must have heading

Items should be arranged in the category of assets, liabilities and capital

Order of permanency

Start with fixed assets and current assets and finally capital

Methods of preparation

There are two method used that is the T-format and the vertical method

However I have considered the vertical method in the following examples in this book

Example

The following information was extracted from the books NORAKI rice business at the end of the year ended 31 December 2016

Capital	10,000	stock	4,500
Machinery	3,500	bank overdrafts	800
Building	4,000	bank	500
Motor vehicle	1,500	debtors	3,500
Furniture	2,500		
2year loan	7,000		
Creditors	2,200		

Required: prepare NORAKI`S balance sheet as at 31 December 2016

Solution

NORAKI RICE BUSINESS`S

BALANCE SHEET

AS AT 31 DECEMBER 2016

PARTICULARS	SHS	SHS	SHS
FIXED ASSETS			
Machinery		3,500	
Buildings		4,000	
Motor vehicle		1,500	
Furniture		2,500	11,500

CURRENT ASSETS			
Debtors	3,500		
Bank	500		
Stock	4,500	8,500	
LESS: CURRENT LIABILITIES			
Creditors	2,200		
Bank overdraft	800	3,000	
Working capital			5,500
CAPITAL EMPLOYED			**17,000**
Financed by;			
Capital			10,000
Add 2yeae loan			7,000
			17,000

EXERCISE

The following information was extracted from books of Kamalu enterprise for the month of August.

The following information was obtained from the books of Hope enterprises on 31- 3- 14

	Shs	
Land and buildings	4,000,000	
Furniture	540,000	
Juice processor (machine)	900,000	
Motor vehicle		180,000
Mortgage loan		2,000,000
Debenture	400,000	
3 years loan	500,000	
Capital		2900,000
Net profit	300,000	
Commission income prepaid		65,000
Stock in trade		3,000,000
Bank balance	28,000	
Cash in hand	440,000	
Prepaid expenses	3,000	

Creditors	81,000
Interest on land due	145,000

Required

Prepare a balance sheet on that date
Calculate the following types of capital
Fixed capital
Working capital
Capital employed
Borrowed capital
Net worth
EXERCISE
Below are the financial transactions of Busiro traders as at 31st Dec 2017

Capital		1,810,000
Motor van	1,500,000	
Closing stock		460,000
Bank loan	1,550,000	
Bank balance	108,000	
Debentures	1,200,000	
Fixtures	1,400,000	
Building	1,490,000	
Creditors	1,360,000	
Bank over draft	1,400,000	
Debtors	1223,000	
Cash balance	108,000	

The following information was also compiled

Opening stock as at 1st January 2013	1,732,000
Purchase for the year	1,820,000
Return outwards	1,082,000

Using the above information, you are required to calculate
Fixed capital
Borrowed capital
Cost of sales
Average stock
Rate of stock turn
Working capital
Capital employed

PREPARING FINAL ACCOUNTS (INCOME STATEMENT) FROM A GIVEN TRIAL BALANCE

From a given trial balance the income statement and the balance sheet can be prepared using information from the same source.

A trial balance is table that shows a list of item balances as per their ledgers at a given date. The total of debt balances is always equal to total balances of the credit.

Reasons for preparing a trail balance

It is prepared to check the arithmetic accuracy recording of the business transactions in the books of accounts.(ledger and cash book)

To show the value of various assets,liabilities,expenses and revenue items of the business at a particular date.

To provide information for the preparation of the final accounts and balance sheet

To test whether the ledger account balances have been correctly posted to the collect columns of the trail balance

A trail balance is prepared as a step towards final accounts.

Structure of trail balance

Details	Folio	Debt (shs)	Credit (shs)

Accounts and their balances brought down

Capital		(Cr)
Assets	(Dr)	
Liabilities	(Cr)	
Expenses/ losses	(Dr)	
Income/gains		(Cr)

The following information was extracted from mukko enterprises on 28.2.2017

Purchases	37,600	
Sales	65,800	
Cash at bank	3,800	
Cash in hand		700
Capital		33,000
Drawings	9,500	
Office furniture	7,800	
Rent rates	3,400	
Wages and salaries	8,600	
Discounts allowed	2,300	
Discounts received	1,200	
Debtors	16,400	
Creditors	8,300	
Stock (opening stock)	6,900	
Commission received		900
Delivery van	8,000	
Bad debts written off		2,700
Van running costs	1,500	

Required

Prepare .trail balance for mukko enterprises for the year ended 28 February 2017

prepare income statement for mukko enterprises for the year ended 28 February 2017 and balance sheet as at 28 February 2017

Example 3

The following information trial balance was extracted from the books of JAK stationery shop as at 28 February 2017.

Details	Dr	Cr
Sale		128,000
Purchases	90,000	
Returns	6,000	5,000
Carriage inwards	10,000	
Opening stock	28,000	
Rent	4,000	
Advertising	8,000	
Premises	122,000	
Machinery	75,000	
Debtors	18,000	
Creditors		31,000
Bank loan		60,000
Cash at hand	14,000	
Cash at bank	27,000	
Drawing	10,000	
Discount allowed	5,000	
Discount received		6,000
Commission receivable		20,000
Capital		190,000
Carriage outwards	8,000	

Wages and salaries	15,000	
	440,000	440,000

Required: prepare income statement for JAKstationery shop for the year ended 28 feb 2017
And balance sheet as at 28 February 207

JAK STATIONERY SHOP`S

Income statement

For the year ended 28 February 2017

Particulars	Shs	Shs	Shs

Sale		128,000	
Less: sales return		6,000	122,000
Less cost of sales			
Opening stock		28,000	
Add: purchases	90,000		
Add : carriage	10,000		
Purchases before returns	100,000		
Less: purchase returns	5,000		
NET PURCHASES		**95,000**	
Goods available for sale		123,000	
Less: closing stock		48,000	
Cost of sales			75,000
GROSS PROFIT			**47,000**
Add: discount allowed		6,000	
Commission receivable		20,000	26,000
Gross income			73,000
LESS: OPERATING			
Rent		4,000	
Advertising		8,000	
Discount allowed		5,000	
Carriage outward		8,000	
Wages and salaries		15,000	
Total operating expenses			40,000
NET PROFIT			**33,000**

JAK STATIONERY SHOP`S

Balance sheet

As at 28 February 2017

DETAILS	SHS	SHS	SHS
FIXED			
Premises		122,000	
Machinery		75,000	197,000
Current assets			
Stock	48,000		
Debtors	18,000		
Cash at bank	27,000		
Cash in hands	14,000	107,000	
Less: **current liabilities**			
Creditors		31,000	
Working capital			76,000
CAPITAL EMPLOYED			**273,000**
FINANCED BY			
Capital		190,000	

Add::net profit		33,000	
Less: drawings		10,000	227,000
Add :Bank loan			60,000
NET CAPITAL EMPLOYED			**273,000**

The following relates to the trial balance extracted from salt traders for the year ended 31 December 2015.

Particulars	Dr shs	Cr shs
Cash in hand	42,000	
Cash at bank	80,000	
Stock 1.1.2015	100,000	
Creditors		100,000
Returns inwards	15,000	
Sales		560,000
Purchases	315,000	
Salaries	40,000	
Water bills	6,000	
Postage	2,000	
Drawings	89,000	
Return outwards		10,000
Furniture	750,000	
Motor van	350,000	
Loan		300,000
Rent income		12,000
Carriage inwards	7,000	

Carriage outward	10,000	
Capital		824,000
Closing stock	13,500	
	1,806,000	**1,806,000**

SALT TRADERS`

INCOME STATEMENT

For the year ended 31 December 2015.

PARTICULARS	SHS	SHS	SHS
Sales			560,000
Less: returns inwards			15,000
Net sales			545,000
Less cost of sales			
Opening stock		100,000	
Add: purchases	315,000		
Add :carriage inwards	7,000		
Purchases before returns	322,000		
Less :returns outward	10,000		
Net purchases		312,000	
Goods available for sale		412,000	
Less closing stock		13,500	
COST OF SALE			398,500
Gross profit			146,500
Add: rent income			12,000

Gross income			158,500
LESS OPERATING COSTS			
Salaries		40,000	
Water bills		6,000	
Postage		2,000	
Carriage outwards		10,000	58,000
Total expenses			100,500
NET PROFITS			

SALT TRADERS`

Balance sheet

As at 31 December 2015

Details	shs	Shs	shs
ASSETS			
Fixed assets			
Furniture		750,000	
Motor van		350,000	1,100,000
Current assets			
Cash in hands	42,000		
	80,000		

Cash at bank	13,500	135,500	
Closing stock			
LESS: CURRENT LIABILITIES		100,000	
Creditors			35,500
Working capital			**1,135,500**
CAPITAL EMPLOYED			
FINANCED BY:		824,000	
Capital		100,500	
Add: net profit			924,500
Capital before drawings			89,000
Less: drawings			835,500
Capital worth			300,000
Add long term liabilities			
			1,135,500
NET WORTH			

YEAR –END ADJUSTMETS
At the end of the financial year, some expenses over lap the period such expenses must be considered when the final accounts are prepared at the end of the period. Such expenses include

ACCRUALS,
These are expenses that remain unpaid at the end of the period. These expenses may also called outstanding expensesor expenses owing or expenses due.

Treatment of such expenses
In the income statement, they are added to the expenses actually paid. In the balance sheet, they appear as current liabilities.

Examples include

Rent unpaid
Outstanding wages and salaries
Outstanding electricity and water bills etc

PAYMENT IN ADVANCE OR PREPAYMENT EXPENSES

These are expenses paid in advance that is to say expenses paid beyond the period under review e.g. rent paid in advance, ratesinsurance paid in advance. These payments are made before the benefits are enjoyed

Treatment

In the income statement such expenses are deducted from the period`s expenses andin the balance sheet such expenses are treated as current assets

INCOMES

Like expenses, incomes may be received before working for it (income in advance)and sometimes such income may not be received as expected and therefore described as outstanding income.

Treatment

Income received in advance,

Such income is subtracted from the incomes for the period in the income statement and in the balance sheet; such income is treated as current liabilities.

Incomes outstanding

Incomes outstanding are added to incomes actually received for the period. In the balance sheet it's treated as current asset

Income earned but not yet received,

It's possible that interest on bank deposit may be due but not yet credited or tenants have delayed payments, such incomes are treated as current assets and shown in the balance sheet

Example 4

The following information was extracted from the books of Kampala coaches for the period ended 30 June 2017

	SHS
Capital	1540,000
Sales	25,000,000
Purchases	16,000,000
Drawings	30,000
Rent	870,000
Opening stock	420,000
Returns inwards	40,000
Returns outwards	30,000
Debtors	3,420,000
Creditors	270,000
Cash at bank	630,000
Furniture	570,000
Transport	220,000
Advertising	590,000

Additional information:

Closing stock was valued at shs3,500,000
Rent accrued shs 30,000
Transport worth shs 20,000 was paid in advance
Required;

Prepare Kampala coaches` income statement for the period ended 30 June 2017 and balance sheet as at 30 June 2017

KAMPALA COACHES`
Income statement
For the period ended 30 June 2017

PARTICULARS	SHS	SHS	SHS
Sales		25,000,000	
Less sales returns		40,000	
Net sales			**24,960,000**
Less cost of goods sold:			
Opening stock		420,000	
Add purchases	16,000,000		
Less returns outwards	30,000		
Net purchases		**1,5970,000**	
Goods available		16,390,000	
Less closing stock		**3,500,000**	
Cost of goods sold			12,890,000
Gross profit			**12,070,000**
LESS OPERATING EXPENSES:			
Rent	870,000		
Add accrued rent	30,000	900,000	
Transport	220,000		
Less transport paid in advance	20,000	200,000	
Advertising		590,000	
Total operation expenses			1,690,000
NET PROFIT			**10,380,000**

KAMPALA COACHES`
Balance sheet
As at 30 June 2017

PARTICULARS	SHS	SHS	SHS
ASSETS			
Fixed asset			
furniture		570,000	
buildings		6,480,000	7,050,000
CURRENT ASSET			
Debtors	3,420,000		
Cash at bank	630,000		
Closing stock	3,500,000		
Transport paid in advance	20,000	7,570,000	
LESS: CURRENT LIABILITIES			
Creditors	2,700,000		
Rent accrued	30,000	2,730,000	
Working capital			4,840,000
CAPITAL EMPLOYED			**11,890,000**
FINANCED BY:			

Capital		1,540,000	
Add net profit		10,380,000	
Capital before drawings			11,920,000
Less drawings			30,000
Net equity			**11,890,000**

EXAMPLE 5

The following information relates to kunya traders` trial balance for the end of the 31 December 2017

PARTICURS	DR (shs)	CR (SHS)
Capital		40,000
Purchases	81,500	
Stock 1 Jan 2015	5,200	
Wages	6,165	
Sales		108,850
Creditors		15,100
Salaries	3,780	
Debtors	6,750	
Motor van	18,000	
Cash at Bank	6,735	
Electricity	890	
Rates	2,250	
Buildings	38,000	
Discount received		1,050
Discount allowed	610	
Rent income		3,200
Commission income		1,800
Cash in hands	120	
	170,000	**170,000**

Additional information

Closing stock was valued at shs 5460
Wages and salaries outstanding was shs 490 and 640 respectively
Rates have been paid for 15 month up to 31 March 2018
Commission due from client was shs 300 for the job already done
Rent of shs 200 was received in advance.

Required: prepare kunya traders` income statement for the year ended 31 December 2017
And balance sheet as at 31 December 2017

KUNYA TRADERS`

Income statement

For the year ended 31 December 2017

PARTICULARS	SHS	SHS	SHS
Sales			108,850
Less cost of goods sold:			
Opening stock		5,200	
Add purchases	81,500		
Add wages	6,165		
Add wages due	490		
Net purchases		88,155	
Goods available for sale		93,355	
Less :closing stock		5,460	
Cost of goods sold			87,895
Gross profit			**20,955**
Add other incomes			
Commission income	1,800		
Add commission due	300	2,100	
Rent income	3,200	3,000	
Less: rent received in advance	200	1,050	
Discount received			6,150
Gross income			**27,105**
Less: operating expenses:	3,780		
Salaries	640	4,420	
Add salaries due		890	
Electricity	2,250		
Rate	450	1,800	
Less prepaid		610	

Discount allowed			
Total expenses			
NET PROFIT			7,720
			19,385

KUNYA TRADERS`
Balance sheet
As at 31 December 2017

PARTICULARS	SHS	SHS	SHS
ASSETS			
FIXED ASSETS			
Buildings		38,000	
Motor van		18,000	56,000
CURRENT ASSET			
Stock	5,460		
Debtor	6,750		
Rates paid in advance	450		
Commission due	300		
Cash at Bank	6,735		
Cash in hand	120	19,815	
LESS: CURRENT LIABILITIES			
Creditors	15,100		
Outstanding wages	490		
Outstanding salaries	640		
Rent received in advance	200	16,430	
Working capital			3,385
			59,385

CAPITAL EMPLOYED			
FINANCED BY:			40,000
Capital			19,385
Add net profit			**59,385**
Net equity			

RESERVES AND PROVISIONS

In any business, it's necessary that some profits be put aside to cater for unforeseen events that may affect capital and planning for the business

Therefore reserves are made for depreciation of capital assets of the business. At the same time it'sa rare case that all goods are sold on cash some are sold on credit which is also difficult to make all creditors settle their obligations and therefore provisions are made for those who may fail to meet their payment obligations

PROVISION FOR BAD DEBTS OR DOUBTFUL DEBTS AND DEPRECIATION

A provision is an amount of money put aside for a probable loss which cannot be calculated .the amount to be set aside depends on the past experience of the entrepreneur. Hence a provision may be increased or decreased

All provisions affect debtor`s amount

For the case of decrease in provision the amount is added to the gross profit of the business.

PROVISION FOR DEPRECIATIONS

Depreciation refers to the totalloss in value of fixed assets

Causes

Being out of date (obsolescence)that is assets loss value due to change in fashion

Exhaustion

Physicaldeterioration due to wear and tear

Calculation of depreciation

Reducing method

Straight line method

EXAMPLE 6

The following trial Balance was extracted from the books of Kumi traders association on 31
December 2016

	DR SHS	CR SHS
Capital		40,000,000
Purchases	26,154,000	
Sales		36,246,000

Salaries	4,814,000	
Opening stock	4,307,000	
Insurance	820,000	
Rent income		965,000
Buildings	25,000,000	
Furniture	14,500,000	
Debtors	6,140,000	
Other expenses	1,060,000	
Creditors		4,638,000
Commission received		946,000
	8, 2795,000	**8, 2795,000**

ADDITIONAL INFORMATION

- Salaries due shs 350,000
- Insurance was paid for 15 months
- Rent received in advance was shs 165,000
- Commission accrued but not yet received was shs 120,000
- Furniture to be depreciated by 10%
- Provide 5% for debtors are doubtful
- Stock on 31 December 2016 was valued at shs 5008,000

Required: prepare income statement for kumi trader`s association for the year ended 31 December 2016 and Balance sheet as at 31 December 2016

KUMI TRADERS` ASSOCIATION`S

Income statement

For the year ended 31 December 2016

PARTICULARS	SHS	SHS	SHS
Sales			56,246,000
LESS COST OF SALES			
Opening stock		4,307,000	
Add purchases		26,154,000	
Goods available for sale		30,461,000	
Less closing stock		5,008,000	
Cost of sales			**25,453,000**
Add other incomes			

Rent received	965,000		
Less rent received in advance	165,000	800,000	
Commission received	946,000		
Add accrued commission	120,000	1,066,000	1,866,000
Gross income			**12,659,000**
LESS OPERATING EXPENSES			
Salaries	4,814,000		
Add accrued salaries	350,000	5,164,000	
Insurance	820,000		
Lee prepaid insurance	205,000	615,000	
Other expenses		1,060,000	
Bad debts		307,000	
Depreciation on furniture		1,450,000	
Total operating expenses			8,596,000
NET PROFIT			**4063,000**

KUMI TRADERS` ASSOCIATION`S

Balance sheet
Asat 31 December 2016

Particulars	Shs	shs	Shs
Fixed asset			
Building		25,000,000	
Furniture	14,500,000		
Less provision for depreciation	1,450,000	13,050,000	38,050,000
Current assets			
Stock		5,008,000	
Debtors	6,140,000		
Less provision for bad debts	307,000	5,833,000	
Prepaid insurance		205,000	
Accrued commission		120,000	
Total		11,166,000	
Less current liabilities			
Creditors	4,638,000		
Salaries due	350,000		
Rent received in advance	165,000	5,153,000	
Working capital			6,013,000
Capital employed			44,063,000
Financed by			
Capital			40,000,000
Add net profit			4,063,000
Capital employed			**44,063,000**

Example 7
The following information relates to the trial Balanceof mbale hospital canteen for the

year ended 31 December 2017

Opening stock	1,046,050	
Capital		12,500,000
Sales		4,352,100
Returns 11,250	28,700	
Purchases	2,070,850	
Plant and machinery at cost	3,500,000	
Office furniture at cost	1,575,000	
Freehold property at cost	6,577,900	
Provisionfor bad debts		31,400
Motor van at cost	362,000	
Shop fittings	64,300	
General expenses	18, 7250	
Insurance	225,000	
Postage and telephone	18,500	
Power and light	189.100	
Stationery and printing	29,100	
Rates	176,200	
Bad debts	25,750	
Wages and salaries	503,750	
Carriage outwards	222,100	
Debtors	642,500	
Creditors		276,000
Drawings	200,000	
Bank	503,200	
Carriage inwards	175,000	
Cash	98,600	
Discount received		21,200
Provision for depreciation		
Plant and machinery		1,161,000
Office furniture		33,000

Additional information

Closing stock was valued at shs 975,200
The proprietor took goods worth shs 105,000
Postage and telephone outstanding was shs 37,500
Wages outstanding shs96, 250
Rates of shs 120,000 were paid in advance
Provision for bad debts is to adjusted to 8% of debtors
Provide forPlant and machinery at15%on the book value
Office furniture at 10% on cost
Motor van at 20% on cost
Shop and fittings at 5% on cost

Required

Prepare income statement for mbale hospital canteen for the year ended 31 December 2017 and Balance as at 31 December 2017

MBALE HOSPITAL CANTEEN`S
Income statement
For the year ended 31 December 2017

PARTICULARS	SHS	SHS	SHS
Sales			4,352,100
Less :sales returns			11,250
NET SALES			**4,340,850**
LESS COST OF SALES			
Opening stock		1,046,050	
Add: purchases	2,070,850		
carriage inwards	17,500		
Purchases before returns	2245,850		
Less:returns out wards	28,700		
Purchases before drawings	2,217,150		
Less: drawings	105,000		
Net purchases		2,112,150	
Goods available for sale		**3,158,200**	
Less closing stock		975,200	
Cost of sales			**2,183,000**
Gross profit			2,157,800
Add discount received			21,200
Gross income			**21,759,000**
LESS OPERATING EXPENSES			

Insurance		225,000	
General expenses		187,250	
Postage and telephone	18,500		
Add outstanding postage and telephone	37,500	**56,000**	
Power and lighting		189,100	
Stationery		29,100	
Rates	176,200		
Less rates paid in advance	120,000	**56,200**	
Bad debts		25,750	
Wages and salaries	503,750		
Add outstanding wages and salaries	96,250	**600,000**	
Carriage out wards		222,100	
Provision for bad debts		20,000	
Depreciation			
Plant and machinery	350,850		
Office furniture	15,750		
Shop fittings	3,215		
Motor van	72,400	583,965	
Total expenses			2,194,465
NET LOSS			**15,465**

MBALE HOSPITAL CANTEEN`S
Balance sheet
Asat 31 December 2017

Particulars	Shs	shs	Shs
FIXED ASSETS			
Plant and machinery	3,500,000		

Less provision for depreciation	1,511,850	**1,988,150**	
Office furniture	157,5000		
Less provision for depreciation	190,500	**1,384,500**	
Freehold property		6,577,900	
Motor van	362,000		
Depreciation	72,400	**289,600**	
Shop fittings	64,300		
Less :depreciation	3,215	**61,085**	**10,301,235**
CURRENT ASSETS			
Stock		975,200	
Debtors	642,500		
Less: provision for bad debts	51,400	**591,100**	
Cash at Bank		503,200	
Cash in hands		98,600	
Rtes paid in advance		120,000	
Total		2,288,100	
LESS: CURRENT LIABILITIES			
Creditors	276,050		
Outstanding postage and telephone	37,500		
Outstanding wages and salaries	96,250	**409,800**	
Working capital			1,878,300
Capital employed			**12,179,535**
FINANCED BY:			
Capital			12,500,000
Add net loss			15,465
Capital employed before drawings			**12,484,535**

Less drawings			305,000
CAPITAL EMPLOYED			**12,179,535**

EXAMPLE 8

The following trail balance relates to the books of apuuli enterprises ltd for the trading year ended 31 December 2016

Purchases	shs	37,600,000
Sales		65,800,000
Returns inwards		45,000
Returns out wards		38,000
Cash at hand		30,800,000
Cash at bank		700,000
Capital		689,707,000
Drawings		90,500,000
Office furniture		480,000,000
Rent and rates		3,400,000
Salaries		8,600, 000
Discount allowed		2,300, 000
Discount received		1,200, 000
Debtors		16,400, 000
Creditors		8,300, 000
Wages		1,500,000
Stock on 1 Jan 2016		9,900,000
Provision for bad debts		900, 000
Delivery van		80,000,000
Van expenses		1,500, 000
Bad debts		2,700,000

Additional information

Closing stock was shs 11700,000

Of rates shs 400,000 relates to Jan 2017and of rent shs 500,000 was out standing

Bad debts written off at the end of the year was shs 300,000

Provision for bad debts to be adjusted to 10% of debtors

Required

Prepare income statement for apuuli traders' ltd for the year ended 31 December 2016

And Balance sheet as at 31 December 2016

Example 9

The following information relates to the obama events management business 31 Dec 2017

	shs
Sales	10,500,000
Purchases	5,400,000
Drawings	1,250,000
Debtors	2,100,000
Creditors	1,420,000
Stock	3,500,000
Motor van	820,000
Equipment	1,945,000
Carriage inwards	340,000
Returns inwards	235,000
Returns out wards	170,000
Rent and rates	543,000
Carriage out wards	168,000
Telephone	1,810,000
Office expenses	920,000
Salaries and wages	146,000
Insurance	690,000
Postage	190,000
Motor expenses	200,000
Sundary expenses	306,000
Capital	17,567,000
Electricity	400,000

ADDITIONAL INFORMATION

Stock at close was shs 3,230,000

Rent prepaid 45,000

Postage in arrears 20,000

Depreciate motor van by 5% per annum

Insurance of shs 45000 owing (outstanding)

Required

Prepare an income statement for obama events management for the year ended 31 Dec 2017and

Balance sheet as at that date

BOOKKEEPING

By definition, bookkeeping is the process of recording business or a company ' s financial transactions the accounting process involves classifying, reporting and analyzing of data and none of it can take place if there is no organized and accurate bookkeeping.

Better financial analysis and management, Bookkeeping can systematize it up from up-to-date follow-ups, invoicing and on-time payment for suppliers for analysis.

Fulfillment of Tax Obligations, Bookkeeping keeps track on any information and documents in order to accomplish annual tax. Tax returns are also made easier with an organized Balance Sheet, Cash Flow and Profit & Loss,

Reporting to Investors is Easy, From charts, graphs to lists of data presented to the investors are all acquired from the book of account.

It makes Business Planning easy, by the help of Balance Sheet and Profit & Loss is used to check if the company is on the right track financially.

Proper Record Keeping makes retrieving process easy once audit time comes

Cash Flow – Keeping track of cash flow is critically important for any business and it's only possible when a business have accurate financial records.

Expenses – Sole traders can claim specific expenses which have been wholly and exclusively incurred as part of their business. This ensures that the person doing the bookkeeping has an understanding of outgoing and monitors them for tax and accounting purposes.

Profitability and Growth, Accurate bookkeeping allows an entrepreneur to see whether or not the business is actually making a profit and appropriate measures are taken to improve on the business.

Acts as a tool for controlling assets in the business so as to eliminate the possibility of theft, fraud, pilferage, embezzlement.

TECHNIQUES OF FINANCIAL STATEMENT ANALYSIS

Financial statement analysis is interpreted to determine the financial and operational performance of the business. A Number of methods or techniques are used to analyze the financial statement of the business. The following are the common methods or techniques which are widely used by the business enterprises

Ratio analysis
Cash flow statement
Funds flow
Trend analysis
Comparative statement analysis

FINANCIAL RATIOS

Definition

Financial ratios are mathematical comparisons of financial statement accounts or categories. These relationships between the financial statement accounts help investors, creditors, and internal company management understand how well a business is performing and of areas needing improvement. Or

A financial ratio is a mathematical comparison between two or more items from business`s balance sheet or income statement. These are used to measure the progress of the business, uncover trends, and point to potential problem areas. Bankers and investors often analyze these numbers to decide whether to lend you money or invest in your company.

Financial ratios are the most common and widespread tools used to analyze a business' financial standing. They are also used to compare different companies in different industries. Since a ratio is simply a mathematically comparison based on proportions, big and small companies can use ratios to compare their financial information, to identify their strengths and weaknesses

IMPORTANCE OF FINANCIAL RATIOS

They are useful indicators of a company ' s ability to manage short-term obligations as they provide important information about business strength. E.g. liquidity ratio

They help to measure the efficiency of a business i.e. how well it uses its assets. E.g. Leverage ratios which indicate the long-term financial strength of a business.

They are used to determine the Profitability of the business, by comparing profits to assets or equity.

Ratios help in analyzing the performance trends over a long period of time of the business.

They also help a business to compare the financial results to those of competitors.

Ratios assist the management in decision making regarding investment.

Financial ratios are used to assess the financial performance and determine the financial position of an enterprise e.g. through its profitability, liquidity, activity, leverage and other relevant indicators.

They help management to prepare budgets, to formulate policy, and to prepare the future plan of action.

USERS OF FINANCIAL RATIOS

Bankers and Lenders: Use profitability, liquidity and investment because they want to know the ability of the borrowing business in regular scheduled interest payments and repayments of principal loan amount.

Investors: Use profitability and investment because they are more interested in profitability performance of business and safety & security of their investment and growth potential of their investment.

Government: Use profitability because government may use profit as a basis for taxation, grants and subsidies.

Employees: Use profitability, liquidity and activity because employees will be concerned with job security, bonus and continuance of business and wage bargaining.

Customers: Use liquidity because customers will seek reassurance that the business can survive in the short term and continue to supply.

Suppliers: Use liquidity because suppliers are more interested in knowing the ability of the business to settle its short-term obligations as and when they are due.

Management: Use all ratios because management is interested in all aspects i.e., both financial performance and financial condition of the business.

TYPES OF RATIOS

. Financial ratios are often divided up into seven main categories:

Liquidity

Profitability

Solvency

Efficiency
Market prospect
Investment leverage
Coverage

LIQUIDITY RATIO

Current ratio

Current Ratio =

NB. It evaluates the ability of a business to pay short-term obligations using current assets

Acid Test Ratio =

Or

Also known as "*quick ratio*", it measures the ability of a company to pay short-term obligations using the more liquid types of current assets or "quick assets" (cash, marketable securities, and current receivables).
It Measures the ability of a business to pay its current liabilities using cash and marketable securities. Marketable securities are short-term debt instruments that are as good as cash. In many businesses a significant proportion of current assets may comprise of inventory. Inventory, by nature, cannot be converted into ready cash abruptly. The term liquid assets does not include inventory.
Hence *the term liquid or quick asset includes all the current assets minus inventory at prepaid expenses*

Net Working Capital = Current Assets - Current Liabilities

Determines if a company can meet its current obligations with its current assets; and how much excess or deficiency there is.

Example one

	Shs
Equity share capital	2,00,000
General reserve	90,000
Sundry creditors	60,000
Bills payable	20,000
Bank overdraft	30,000
Provision for tax	5,000
Proposed dividend	10,000
Outstanding salaries	5,000
Long term loans	60,000
Land & building	80,000

Machinery	1,20,000
Cash	10,000
Bank	30,000
Stock	1,40,000
Short-term investments	25,000
Sundry debtors	
Less provision	36,000
Bills receivable	10,000
Prepaid insurance	9,000
Preliminary expenses	20,000

Determine current ratio and quick asset ratio

Solution

Current ratio =

But Current assets are cash, bank, stock, investments, sundry debtors (net), bills receivable and prepaid insurance.= shs10,000+30,000 + 1,40,000 + 25,000 + 36,000 + 10,000 + 9,000 = shs2,60,000.
Current liabilities are sundry creditors, bills payable, bank overdraft, and provision for tax, proposed dividend and outstanding salaries
= 60,000 + 20; 000 + 30,000 + 5,000 + 10,000 + 5,000
= shs1, 30,000
Current ratio = 2, 60,000/1, 30,000
= 2: 1
Quick ratio =

Quick assets = Current assets - (Stock + Prepaid expenses)
= 2, 60,000-(1, 40,000+ 9,000)
= shs 1, 11,000
Quick ratio = 1, 11,000 / 1, 30,000
= 0.85: 1

Interest Coverage: This ratio is calculated by dividing Profits before Interest and Taxes by total Interest Expense.
Asset to sales: This ratio is calculated by dividing Assets by Sales.
Dividend Payout. This ratio is calculated by dividing Dividends by Net Profit.

Current Debt/Total Assets. This ratio is calculated by dividing Current Liabilities by Total Assets.

PROFITABILITY RATIOS

This is the measure of the ability of the business to generate sufficient revenue to finance its under taking. The ratios include

Gross profit ratio

Gross profit ratio is the ratio of gross profit to net sales i.e. sales less sales returns. The ratio thus reflects the margin of profit that a business is able to earn on its trading and manufacturing activity. It is the most commonly calculated ratio. It is employed for inter-firm comparison of trading results. It's given by:
Gross profit ratio= 100

Example:

Calculate gross profit ratio (GP Ratio) from the following particulars.

Particulars	Shs	Particulars	Shs
Sales	1,55,000	Purchases	80,000
Sales returns	5,000	Purchases returns	10,000
Opening stock	40,000	Closing stock	10,000

Solution:

Cost of goods sold = Opening stock + Net purchases - Closing stock
= 40,000 + 70,000 - 10,000
= 1, 00,000
Net sales = 1, 55,000 - 5,000
= 150,000
Gross profit = 1, 50,000 - 1, 00,000
= 50,000
Gross profit ratio = (50,000 / 1, 50,000) x 100
= 33.33 %
Or markup is the gross profit expressed as a percentage of the cost of sale
I.e. markup =gross profit/cost of sales x100

Net profit ratio (NP ratio) expresses the relationship between net profit after taxes and sales. This ratio is a measure of the overall profitability of the business. The ratio indicates what portion of the net sales is left for the owners after all expenses have

Net profit ratio = **x100**

Example:

From the following information calculate net profit ratio (NP ratio)
Total sales shs 520,000;
Sales returns shs 20,000;
Net profit shs 40,000
Net sales = (520,000 – 20,000) = 500,000
Net Profit Ratio = [(40,000 / 500,000) × 100]
= 8%

Return on investment =x100

Or **x100**

Profit to asset turn over = x100

Or
Profit to asset turn over =

EFFICIENCY RATIOS
These ratios measure the level of efficiency of business activities. Theyindicate the number of times an asset is turned into sales. They include

Inventory Turnover =

Represents the number of times inventory is sold and replaced. A high ratio indicates that the business is efficient in managing its inventories.
Days Inventory Outstanding =

Inventory outstanding is also known as *"inventory turnover in days"*. It represents the number of days inventory sits in the business. In other words, it measures the number of days from purchase of inventory to the sale of the same,the shorter the days the better.
Stock turn over period
This ratio measures the average number of days stock is held before being sold off in a given period of time
Stock turn over = **x365 days**
Debtors` turn over,
This is the ratio that shows the number of times cash collections are made in a given period of time
I.e. Rate of debtors` turn over =
5. **Creditors` turn over**
This measures the number of times a business pays its suppliers in a given period of time i.e. a year
I.e. creditor turnover =

NB. Creditors` turn over period = **x365days**

Fixed asset turn over = x100

Or fixed asset turn over =

LEVERAGE RATIOS
Debtor ratio (debt to asset ratio)
This Measures the portion of the business` assets that is financed by debt (obligations to third parties). Debt ratio can also be computed using the formula

Debt ratio =

Equity Ratio
Equity ratio determines the portion of total assets provided by equity (i.e. owners' contributions and the business' accumulated profits). Equity ratio can also be

computed using the formula

Equity Ratio =

Debt-Equity Ratio

This evaluates the capital structure of a company. That is to when the ratio is more than 1 implies that the company is a leveraged firm; less than 1 implies that it is a conservative one.

Debt-Equity Ratio =

Times Interest Earned

Measures the number of times interest expense is converted to income, and if the company can pay its interest expense using the profits generated. EBIT is earnings before interest and taxes. It's given by

Times Interest Earned =

VALUATION AND GROWTH RATIOS

Earnings per Share

EPS shows the rate of earnings per share of common stock. A preferred dividend is deducted from net income to get the earnings available to common stockholders. It' s given by

Earnings per Share =

Price-Earnings Ratio

It's used to evaluate if a stock is over- or under-priced. A relatively *low P/E ratio* could indicate that the company is under-priced. Conversely, investors expect high growth rate from companies with *high P/E ratio*. It's given by

Price-Earnings Ratio =

Dividend Pay-out Ratio

It determines the portion of net income that is distributed to owners. Not all income is distributed since a significant portion is retained for the next year's operations.

Dividend Pay-out Ratio =

Dividend Yield Ratio

Measures the percentage of return through dividends when compared to the price paid for the stock. A high yield is attractive to investors who are after dividends rather than long-term capital appreciation. It's given by

Dividend Yield Ratio =

WORKED EXAMPLES one

The following financial statements relates to melon enterprises LTD

MELON ENTERPRISES LTD

Income statement for the year ended 30 June 20117

		Shs
Sales		850,000,000
Less cost of sales		610,000,000
Gross profit		**240,000,000**
Less operating expenses		
Administrative costs	72,000,000	
Selling and distribution costs	50,000,000	
Other costs	18,000,000	
Total costs		140,000,000
Profits before tax		100,000,000
Less taxation 30%		30,000,000
Profit after tax	**70,000,000**	

MELON ENTERPRISES LTD

Balance sheet

As at 30 June 20117

NET FIXED	SHS	
Motor vehicles	120,500,000	
Land and premises	100,000,000	
Furniture and fittings		80,400,000
Equipment	60,100,000	
Total fixed assets	**361,000,000**	
Current assets		
Inventory	35,500,000	
Debtors	64,900,000	
Prepayments		6,200,000
Bank	45,400,000	
Total current assets		152,000,000
Total assets	**513,000,000**	
Capital and liabilities		
Capital		
Owner`s equity	200,500,000	
Liabilities		
5year loan	130,000,000	
Creditors	152,500,000	
Unpaid taxes	30,000,000	
Total capital and liabilities	**513,000,000**	

Required;

Compute the following ratios

Gross profit margin

Net profit margin

Profit on total asset ratio

Current ratio

Acid test ratio

Fixed asset turn over

Debtor's turnover
The enterprise apply for loan of shs 40,000,000 repayable within six month
Should the bank give given the current ratio?

SOLUTION

Gross profit margin = **x** 100
= =28.24% or 28%

Net profit margin = **x100**= = 8.24% or 8%

Profit on total asset ratio= = == 70:513 or 0.14:1
Or
Profit on total assets ratio = **x100** =x100 =13.64% or 14%

Current ratio =

But current liabilities = creditors +unpaid tax
= 152,500,000 +30,000,000
=182,500,000

Therefore current ratio = =0.83:1
Or
Current ratio =x100 =x100 =83%

Acid test ratio = === 0.6:1

Or
Acid test ratio = x100

=

X100

=64%

Fixed asset turn over = **x1**00= x100

=235.46%
Or
Fixed asset turn over = =2.35:1

Debtors turn over =**x**100 =1309.7%
Or
Debtors turn over = **=** =13.1:1

The Bank should reject the loan application
The reason is that the business`s current assets are less than the current liabilities
Or
The current asset ratio is below the standard ratio of 2:1

EXAMPLE 2

The following balance was extracted from the final statements of JAK`S business at the end of the 2015

	Shs
Sales	288,000,000
Total fixed assets	65,500,000
Average debtors	90,000,000
Opening stock	40,200,000
Closing stock	50,400,000
Cost of sales	201,600,000
Total current assets	36,100,000
Equity capital	68,400,000
Total current liabilities	16,800,000
Net profit before interest and tax	40,600,000
Long term liabilities	38,500,000
Interest expenses for the year	5,700,000

Required;

Compute the following ratios
Gross profit margin
Stock turn over
Debtor's collection days
Leverage ratio
Working capital ratio
Net profit margin
Interest cover

SOLUTION

Gross profit margin= **x100**

But gross profit =Net sales –cost of sales
Shs 288,000,000-201600, 000
86,400,000
= 30%

Stock turn over =

But average cost =

=45,300,000
=4.45 times

Debtors collection days=
X365 days = 114 days

Leverage ratio= x 100= x100 =56.3%

Interest cover == = 7.12 times

Working capital ratio = =2.15:1

Net profit margin =x100

X100

X100=12.11%

Example 3
The following balances were extracted from BAM SHOPPING`s books of account on 31 12 2017

PARTICULARS	SHS	
Net sales	20,000,000	
Net purchases		11,000,000
Goods available for sale	16,000,000	
Stock on 1.Jan 2017		5,000,000
Stock on 31 Dec 2017		4,000,000
Total operating expenses	6,000,000	
Total fixed assets	8,000,000	
Debtors	1,500,000	
Creditors	3,000,000	
Cash	900,000	
Outstanding rent	1,000,000	
Bank	1,600,000	

Required
Calculate and interpret the following ratios

- Inventory turnover ratio
- Credit payment period
- Rate of return on capital employed
- Stock turnover period
- Cash ratio
- Profit mark up

Solution
Inventory turnover =
But cost of sales = goods available for sale –closing stock

= 2.3 or 3 times

Interpretation the business sells and replaces its stock 3 times in the trading period

ii) Credit payment period = x number of days in a year
x365 days =99.5 days

Interpretation on average the business takes 100days to pay its creditors

iii) Rate of returns on capital employed = x100

But net profit = (net sales –cost of sales)- expenses

X100 = 16.7%

Interpretation; for 100 shs of capital employed, the business gets shs 16.7 as net profits

iv).Stock turn over period x number of days in a year
X365 days =137 days
Interpretation: the business holds stock for 137 days before its sold

Cash ratio = =
=0.625:1
Interpretation: the business can clear 0.6 of its current liabilities using its absolute liquid assets

v) Profit margin =x 100 =x100 =66.6% or 67%

Interpretation: for every shs 100 of cost of sales the business generates shs 67 as gross profits

The following information was extracted from the records of promela traders for the period ended 31/12/2016.

	Shs
Inventory 01/012016	6,000,000
Inventory 31/12/2016	5,000,000
Inventory turnover ratio	3times
Turnover	30,500,000
Net profit ratio	20%
Delivery van	1,800,000
Fixtures and fittings	1,000,000
Debtors	1,650,000
Creditors	2,500,000
Insurance due	1,500,000

Equipment 250,000
Bank balance 750,000
Cash balance 600,000
Required to
Calculate
Cost of sales
Net purchases
Goods available for sale
Total operating expenses
b) Compute and interpret
Current ratio
Quick asset ratio
Credit collection period in weeks
Fixed asset turnover ratio
Solution
Cost of sales =stock turn over x average stock

But average stock = == shs5,500,000

Hence cost of sales =3x5, 500,000 = shs 16,500,000

ii) Net purchases =cost of sales +closing stock- opening stock

= shs 16,500,000+5,000,000- 6,000,000
= shs 21,500,000- 6,000,000
Shs 15,500,000

iii) Goods available for sale =opening inventory + net purchases

6,000,000+15,500,000

Shs 21,500,000

iv)Total operating expenses = gross profit –net profit.

But gross profit =turn over – cost of sales= shs30, 500,000- 16,500,000= shs 14,000,000
Also net profit = net profit ratio x turn over =x30, 500,000 = shs 6,100,000

Hence total operating expenses =14,000,000 – 6,100,000 = **shs 7,900,000**

Current ratio

but current assets = stock +debtors+ Bank balance + cash balance

Shs 5,000,000 +1650,000+ 750,000= 8,000,000
Also current liabilities = creditors +insurance due

2,500,000 +1,500,000
Shs 4,000,000
Current ratio = = 2:1
Interpretation: the business is in position to pay its current liabilities 2 times using its current assets

Quick ratio= ==

3:4 or 0.75: 1

Interpretation: the business does not have enough quick assets to clear its current liabilities since the ratio is below the standard ratio

Credit collection period in weeks

Fixed asset turnover ratio ==
= 10:1

Interpretation: for every 1 shs invested in business it generates shs 10 as sales revenue

The following balances were extracted from MUKENE ' S books of accounts on 31/12/2015.

	Shs (000)
Net sales	20,000
Net purchases	11,000
Goods available for sale	16,000
Stock (01.01.2015)	5,000
Stock (31.12.2015)	4,000
Total operating expenses	6,000
Total fixed assets	8,000
Debtors	1,500
Creditors	3,000
Cash	900
Accrued rent	1,000
Bank	1,600

Required:
Calculate and interpret
- Inventory turnover ratio
- Credit payment period
- Rate of return on employed capital
- Stock turnover period

Cash ratio
Profit marl – up

SOLUTION
Inventory turnover (ratio)/Rate of stock turn/ stock turnover

= cost of sales / Average stock

Cost of sales = Goods available for sale – Closing stock
= 16,000,000 – 4,000,000
=Shs 12,000,000

Average stock = opening stock + closing stock / 2

= 5,000,000 + 4,000,000 = Shs 4,500,000

Inventory turnover ratio = 12,000,000 / 4,500,000
= 2.7
= 3 times / turns

Interpretation: The business sells and replaces its stock approximately 3 times in a trading period.

(ii) Credit payment period = creditors / Net purchases x Number of days / weeks/ months in a year

= creditors / Net purchases x Number of days in a year

= 3,000,000 / 11,000,000 x 365

= 99.5
= 100 days

Interpretation: On average the business takes 100 days to pay its creditors suppliers

(iii) Rate of return on employed capital

= Net profit / Employed capital x 100

Net profit = Gross profit – Total operating expenses
= Net sales - Cost of sales) – 6,000,000

= (20,000,000 – 12,000,000) – 6,000,000
= 8,000,000 – 6,000,000
= Shs 2,000,000

Employed capital = Total fixed assets / fixed assets + working capital
But working capital = Total current assets – Total current liabilities.
Total current assets = Closing stock = Debtors = Cash + Bank
= 3,000,000 = 1,000,000
= shs 4,000,000
Working capital = 8,000,000 – 4,000,000
= shs4, 000,000

Employed capital = 8,000,000 + 4,000,000
Shs 12,000,000
Rate of return on employed capital = $\frac{2,000,000}{12,000,000} \times 100$
16.7%

EXERCISE ONE
The following information relates to the books of dingi dingi entertainers as at 30 June 2012

	Shs	
Net sales	4,500,000	
Cost of sales		3,225,000
Salaries and wages	600,000	
Discount received	150,000	
Discount allowed	225,000	
Machinery	40,000,000	
Debtors	7, 200,000	
Creditors	12000,000	
Cash at bank	8,000,000	
Bank over draft	3,200,000	
Closing stock		4,800,000

Calculate
Gross profit
Net profit
Liquidity
Quick acid ratio

EXERCISE TWO
The following information was obtained from the books of wekasa enterprises as at 31 Dec 2015

OPENING STOCK 100,000

Capital		1,000,000
Cash	105,000	
Bank	425,000	
Premises	595,500	
Creditors	150,000	
3year loan	500,000	
Wages and salaries	50,000	
Purchases	303,500	
Carriage inwards	100,000	
Motor van	330,000	
Returns out wards	60,000	
Debtors	92,500	
Sales	465,000	
Returns inwards	10,000	
Interest on loan	20,000	
Rent income	115,000	
Transport	25,000	
Rent expenses		30,000
Drawings	131,500	
Machinery	75,000	
Commission on sales		10,000
Carriage outwards	20,000	
Commission income		135,000

Additional information:

Stock at 31 Dec 2015 was shs 60,000
Accrued rent shs 60,000
Wages shs 2,500 were paid in advance
Commission of shs 15, 000 was not yet received
Rent income of shs 50,000 was paid in advance
Depreciate machinery and motor van by 10% p.a on cost
Net profit is shs 78,500

Required to;
Prepare the balance sheet as at 31 DEC 2015
Calculate and interpret the following

Average collection period for debts
Number of days stock was held before selling
Rate of returns on capital employed
Rate of stock turn

EXERCISE THREE

The following balances were extracted from the financial statement of Nabikooli traders at the end of 2016

PARTICULARS	**SHS**
Cash	2,010,000

Bank	(600,000)
Sales	35,000,000
Purchases	9,500,000
Average stock	4,000,000
Rate of stock turn	5 times
Fixed assets	5,000,000
Accounts payable	450,000
Closing stock	2,500,000
Accounts receivable	6,590,000
Total operating expenses	8,750,000
Interest receivable due	50,000

Requiredto:
Calculate;
Cost of sales
Gross profit
Net sales
Opening stock
Net profit ratio
Working capital
Stock holding period in weeks
Rate of creditors turn over
Quick asset ratio
Debtor's collection period in days

EXERCISE FOUR

The following balances were extracted from the financial statements of kaliro metal works at the end of the year 2017

Details	**shs**
Turnover	160,000,000
Net purchases	84,000,000
Accounts receivable	7,000,000
Accounts payable	5,800,000
Stock 1/1/2017	3,600,000
Stock 31/12/2017	4,200,000
Total operating expenses	12,000,000
Noncurrent assets	14,400,000
Owners` equity	48,000,000
Bank	3,200,000
Cash	1,000,000
Outstanding rent income	2,400,000
Accrued electricity	2,000,000
Interest on loan expense	1,200,000
Bank loan	4,000,000

Required: compute and interpret the following ratios for the business
Profit mark up

Profit margin
Net profit ratio
Credit payment period in weeks
Debtors' days
Return on equity
Inventory turnover ratio
Stock turnover period
Current ratio
Interest cover ratio
Noncurrent assets turnover
Gearing /leverage ratio
Cash ratio

2 CASH FLOW STATEMENTS

DEFINITION OF CASH FLOW STATEMENT

'Cash Flows' implies movement of cash in and out due to some non-cash items.
BENEFITS OF CASH FLOW STATEMENT

- It provides a basis to assess the ability of the enterprise to generate cash and cash equivalents and the needs of the enterprise to utilize those cash flows.
- A cash flow statement provides information that enables users to evaluate the changes in net assets of an enterprise, its financial structure (including its liquidity and solvency)
- Cash flow information is useful in assessing the ability of the enterprise to generate cash and cash equivalents, which enables users to develop models to assess and compare the present value of the future cash flows of different enterprises.
- It is useful in checking the accuracy of past assessments of future cash flows and in examining the relationship between profitability and net cash flow and the impact of changing prices.
- **Cash flow statement help in making financial decisions. E.g.** buying capital equipment using cash or pay workers.
- It helps the financial managers to make a cash flow projection for immediate future, e.g. basing on the past financial projections.
- Cash Flow Statement is an important financial tool for the management to make an estimate relating to cash for the near future.

It helps the internal management to determine the financial policy to be adopted in future, since it supplies information relating to funds, e.g., taking decision about the replacement of fixed assets or repayment of long- term liabilities etc

It reveals the cash position for the business, as it shows the movement of cash in the business i.e., whether there is any increase in cash or decrease in cash and the reasons explaining so.

- Cash flow statement helps to identify the main financial sources for the business that is from where cash inflows have arisen within a particular period and also shows the various activities where in the cash was utilized as Cash Flow

Statement does not always represent the real liquid position.

Cash flow statement is significant to management for proper cash planning and maintaining a proper matching between cash inflows and outflows. As

Cash flow statement reports the amount of cash received during the period through various financing activities, such as issue of shares, debentures and raising long-term loan.

Cash flow statement helps in appraising of the various capital investment programs to determine their profitability and viability.

Limitations of Cash Flow Statement:

Cash Flow Statement is, no doubt, is an important tool in financial management which explains the movement of funds in various ways of a firm. It assists the management to understand the amount of capital blocked up in a specific segment of a firm. Although the Cash Flow Statement performs as an important financial tool, it is even not free from limitations.

Some of them are given below:

Cash Flow Statement fails to present the net income of a firm since it does not consider non-cash item.

It is neither a substitute of Funds Flow Statement nor an Income Statement. So, the functions which are performed by the Funds Flow Statement or Income Statement cannot be done by the Cash Flow Statement.

Terms

Cash, it comprises cash on hand and demand deposits with banks.

Cash equivalents, these are short term, highly liquid investments that are readily convertible into known amounts of cash.

Cash flows, these are inflows and outflows of cash and cash equivalents.

Operating activities, these are the principal revenue-producing activities of the enterprise and other activities that are not investing or financing activities.

Investing activities, these are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities, these are activities that result in changes in the size and composition of the owners' capital (including preference share capital in the case of a company) and borrowings of the enterprise.

Cash inflow, these are Receipt of cash from a non-cash item.

Cash out flows; this is cash payment in respect to in terms such as, purchase of machinery by paying cash.

CLASSIFICATION OF ACTIVITIES FOR THE PREPARATION OF CASH FLOW

There are activities of an enterprise result into cash flows (inflows or receipts and outflows or payments). These activities are to be classified into three categories:

Operating,

Investing,

Financing activities

OPERATING ACTIVITIES

Cash flows from operating activities are primarily derived from the main activities of the enterprise. They generally result from the transactions and other events that enter into the determination of net profit or loss.

Cash Inflows resulting from operating activities include,

Cash receipts from sale of goods and the rendering of services,
Cash receipts from royalties,
Fees,
Commissions
Loan acquisition
Sale of long term asset,
And any other income that businesses receive

Cash Outflows resulting from operating activities include;

Cash payments to suppliers for goods and services,
Cash payments to and on behalf of the employees,
Cash payments to an insurance enterprise for premiums,
Claims,
Payment for policy benefits,
Cash payments of income taxes,
Interest payments on acquired loans,
Payments for utilities
Purchase of fixed assets

INVESTING ACTIVITIES

Transactions related to long-term investment are (investing activities).
Separate disclosure of cash flows from investing activities is important because they represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Hence

Cash Inflows resulting from Investing Activities include;

Cash receipt from disposal of fixed assets,
Cash receipt from the repayment of advances or loans made to third parties (except in case of financial enterprise).
Cash receipt from disposal of shares, warrants or debt instruments of other enterprises except those held for trading purposes.
Interest received in cash from loans and advances.
Dividend received from investments in other enterprises.

Cash Outflows from investing activities;

Cash payments to acquire fixed assets,
Cash payments to acquire shares, warrants or debt instruments of other enterprises other than the instruments those held for trading purposes.
Cash advances and loans made to third party (other than advances and loans made by a financial enterprise wherein it is operating activities).

FINANCING ACTIVITIES

Financing activities relate to long-term funds or capital of an enterprise, e.g., cash proceeds from issue of equity shares, debentures, raising long-term bank loans, repayment of bank loan, etc. here;

Cash Inflows from financing activities include;

Cash proceeds from issuing shares (equity or/and preference).

Cash proceeds from issuing debentures, loans, bonds and other short/ Long-term borrowings

Cash Outflows from financing activities include;

Cash repayments of amounts borrowed.
Interest paid on debentures and long-term loans and advances.
Dividends paid on equity and preference capital.

Components of Balance sheet
Balances
Total inflows
Total out flows
Net cash position

EXAMPLE ONE

The following projections relates to makalanda traders for the 2017

Share capital shs 600,000 as 1 march 2017
Cash sales for March 2017 shs 8,250,000 and expected to increase by shs750, 000
Monthly debts to be collected are shs 2,000,000 and expected to increase by shs 200,000 per month
A loan worth shs 7500,000 to acquired from tropical bank in April 2017
Monthly credit sale shs 4,000,000, But 60% will be paid in the month of sale and balance to be paid in the following month.
Start up equipments worth shs 7,500,000 to be bought in April 2017
Monthly expenses for servicing of refrigerators are expected to be shs 200,000
Monthly payments are salaries shs 2,250,000 security shs 750, 000, insurance shs 225,000
Monthly utility bills of shs 750,000 are to be made
Monthly loan repayment shs 900,000 will start in may
Purchases are expected to shs 2,000,000 monthly

Required;

Prepare a cash flow statement for makalanda for the period from May to June 2017
Give any five importance of the cash flow statement to kalanda traders

MAKALANDA TRADERS`

Cash flow statement
For the period from March to June 2017

DETAILS	MARCH SHS	APRIL SHS	MAY SHS	JUNE SHS

Balance b/f		775,000	9,800,000	18,150,000
Add cash inflows:				
Share capital	600,000			
Cash sales	8,250,000	900,000	900,000	900,000
Receipts from debtors	2,000,000	2,200,000	2,400,000	2,600,00
Loan		7,500,000		
Credit sales	2,400,000	4,000,000	4,000,000	4,000,000
Total cash inflows	**13,250,000**	**21,675,000**	**24,125,000**	**34,125,000**
Less cash outflows:				
Start up equipment		7,500,000		
Servicing refrigerator	200,000	200,000	200,000	200,000
Salary	2,250,000	2,250,000	2,250,000	2,250,000
Security	750,000	750,000	750,000	750,000
Insurance	225,000	225,000	225,000	225,000
Utilities	750,000	750,000	750,000	750,000
Startup expenses	6,300,000			
Loan repayment			900,000	900,000
Purchases	2,000,000	2,000,000	2,000,000	2,000,000
Total cash outflows	**12,475,000**	**13,675,000**	**7,050,000**	**7,050,000**
Net cash position	775,000	9,800,000	18,1150,000	26,675,000

EXAMPLE TWO

Mbale maize millers had the following projections for the year 2018
Opening cash balance as at 1 January 2018 shs 2,200,000
Sales in kg;
January 90,000
February 100,000
March 80,000
April 20,000, each kg is to be sold at shs 500 on cash basis.
The business plans to obtain a loan of shs 10,000,000 at an interest rate of 15% from Bank of Baroda. The loan is in two installments shs 6,000,000 in February and shs 4,000,000 in April.
Receipts from debtors are projected at shs 2, 000, 000, shs 900,000 and shs 400,000 from the months of February, March and April respectively.
Purchases of raw materials in kgs is projected as follows January 6000, February 7000, march 8000 and April. The material is expected to cost shs 2000 per kg.
Labour costs for January is shs 2, 000, 000, February shs 1,800,000, March shs 1,700,000 and April shs 1,950,000.
Production expenses are projected as January shs 500, 000, February shs 400,000, March shs 300,000 and April shs 450,000.
Monthly administrative and marketing expenses are shs 300,000.
A generatoris be bought at shs 20,000,000 on credit in January .50% of the cost is to paid in march and the balance in April 2018.
Provision for bad debts anduncertainties is provided for at shs 70,000,000

Required: prepare mbale maize millers cash flow statement for the months of January, February, March and April 2018
Suggest ways of minimizing cash deficit in the busines

MBALE MAIZE MILLERS`
Cash flow statement
For the months of January, February, March and April 2018

DETAILS	JANUARY Shs	FEBRUARY Shs	MARCH Shs	APRIL Shs
Balance b/f	2,200,000	32,400,000	73,900,000	86,500,000
Add cash inflows				
Cash sales	45,000,000	50,000,000	40,000,000	10,000,000
Loan		6,000,000		4,000,000
Receipts from debtors		2,000,000	900,000	400,000

Total cash inflows	**47,200,000**	**90,400,000**	**114,800,000**	**100,900,000**
Less **CASH OUTFLOWS**				
Purchase of raw materials	12,000,000	14,000,000	16,000,000	18,000,000
Labour costs	2,000,000	1,800,000	1,700,000	1,950,000
Production expenses	500,000	400,000	300,000	450,000
Administrative and marketing expenses	300,000	300,000	300,000	300,000
Purchase of generator			10,000,000	10,000,000
Total cash outflows	14,800,000	16,500,000	28,300,000	30,700,000
Net cash position	32,400,000	73,900,000	86,500,000	70,200,000

EXAMPLE THREE

The following were projections of john musoga traders for the months of March,April,May and June 2017

The business had a net cash deficit of shs 60,000,000 at the end of February 2017

Expected monthly cash sales are to amount to shs 20,000,000.the cash sales are expected to decrease by 20% after the first two months. Credit sales were projected at shs 8,000,000 monthly with 60% of payments expected in the month of sale and the balance in the following months less 10% discount.

Monthly cash purchases are expected to be shs 12,000,000.this was expected to increase by 12% monthly basing on projected demand.

Monthly credit purchases are expected to be 40% of total monthly sales whose payments are to be made in the following month less 5% discount.

A monthly salary for 20 workers was expected to be shs 400,000 per worker. Two workers are to be terminated at the end of the second month and no replacement is expected to be made

The business planned to get a loan of shs 16,000,000 in the first month with a repayment grace period of one month after acquisition. Its payable is in two equal installments with an interest rate of 10% payable on reducing balance method.

The business planned to sell old machinery worth shs 4,000,000 in May and receive initial payment of shs 1,800,000 and the balance in the following month.

The depreciation is at a rate of 5%per annum
Rent receivable was to increase by 10%monthly .rent received at the end of February was shs 1,000,000
A coolerworth shs 10,000,000 was to be bought in March on hire purchase basis. Down payment of shs 4,000,000 was to be made and the balance to be paid in the ratio of 2/4, 1/4 and 25% the coming month repetitively
Advertisements of shs 3,000,000 were to be paid for at the end of June 2017
Creative sales persons are to receive commission of 5% of the month's cash sales revenue
Any cash shortage is to be offset with debenture at the beginning of the next month with an interest rate of 10% per month for 4months payable together with the debenture after 4 months from the month of debenture acquisition

Required

Prepare the cash flow statement for the business for the period of March to June 2017

Comment on the trend of net cash position of the business

Advise the business on the measures to adopt to overcome any cash deficit

JOHN MUSOGA TRADERS
CASH FLOW STATEMENT
FOR THE MONTHS OF MARCH, APRIL, MAY AND JUNE 2017

DETAILS	**MARCH SHS**	**APRIL SHS**	**MAY SHS**	**JUNE SHS**

Cash balance	(60,000,000)	(43,100,000)	(7,430,000)	(18,221,800)
Add cash inflows;				
Cash sales	20,000,000	20,000,000	16,000,000	16,000,000
Receipts from debtors	4,800,000	8,000,000	8,000,000	8,000,000
Loan	16,000,000			
Rent receivable	1,100,000	1,210,000	1,331,000	1,464,100
Sale of old machinery			1,800,000	2,200,000
Debenture		43,100,000	17,430,000	18,221,800
Total cash inflows	**18,100,000**	**29,210,000**	**27,131,000**	**22,664,100**
Less :cash out flows				
Cash purchases	12,000,000	13,440,000	15,052,800	16,859,136
Payment to creditors		11,200,000	1,552,800	16,859,136
Workers salaries	8,000,000	8,000,000	7,200,000	7,200,000
Loan principal payment		8,000,000		8,000,000
Interest on loan		1,600,000		800,000
Purchase of cooler	4,000,000	3,000,000	1,500,000	1,500,000
Advertisements				3,000,000
Commission	1,000,000	1,000,000	800,000	800,000
Total cash out flows	**25,000,000**	**36,640,000**	**45,352,800**	**47,759,136**
Net cash position	**(43,100,000)**	**(7,430,000)**	**(18,221,800)**	**(20,095,036)**

NET CASH POSITION
John musoga had a deficit of shs 43,100,000 by the end of March 2017
It reduced to a deficit of shs 7,430,000 by the end of April 2017
The business also had a deficit of shs 18 221,800 by thee of May
The business performance for four month was not good
WAYS OF REDUCING DEFICIT
By postponing increase in expenditures e.g. salaries
Selling off some of the fixed assets
Increasing on cash sales
Speeding up debt collection
Selling on cash only
Obtaining loan from low interest rate sources
Laying off some workers
Negotiating for longer credit period for supplies

EXAMPLE FOUR
The following information relates to projections made by mbale venders` association for the months of January, February, march and April 2018
Projected cash and bank balances as at December shs 20,000,000
Sales will be both cash and credit. January cash sales will be 800 units at price of shs 10,000 each. Thereafter, cash sales will be increase at a rate of 5% per month. Credit sales for each month are expected to be shs 5,500,000.debtors will be expected to pay in the month of sale.
The business plans to buy 15 computers at shs 650,000 each in March. And import duty of 5% on total cost will be paid in addition.
Monthly expected expenses and payments include salaries and wages shs 30, 000, 000, machine servicing shs 300, 000, depreciation shs 100,000.salaries for April will be paid in the month of March.
The business is paying back a loan of shs 10,000,000 previously obtained. Monthly installments amountto shs 2,000,000 per month starting in February. The loan attracts interest of shs 100,000 per month also payable starting February
The business will buy 900 units of raw materials at shs 6,000 each in the month of January. The quantity of raw materials is expected to increase by 10% every month. Purchase of raw materials is strictly on cash basis.
The business expects to receive shs 10,000,000 as a donation in April and plans to sell off an old motor van at shs 9,000,000 in March.

Required; prepare Mbale vendors` association`s cash flow statement for the period of January to April 2018

MBALE VENDORS` ASSOCIATION`S
Cash flow statement

For the period of January, February, March and April 2018

Details	January shs	February shs	March shs	April Shs
Balances b/f Add cash inflows Cash sales Receipt from debtors Cash donations Sale of old vehicle **Total cash outflows**	20,000,000 8,000,000 5,500,000	(2,200,000) 8,400,000 5,500,000	(26,640,000) 8,820,000 5,500,000 9,000,000	(75,851,000) 9,261,000 5,500,000 10,000,000
Less cash outflows Purchase of computer Import duty Salaries and wages Machine servicing Loan repayment Loan interest payment Purchase of raw materials **Total cash outflows** Net cash position	**33,500,000** 30,000,000 300,000 5,400,000	**11,700,000** 9,750,000 487,500 30,000,000 300,000 2,000,000 100,000 5,940,000	**(3,320,000)** 60,000,000 300,000 2,000,000 100,000 6,534,000	**(51,090,500)** 300,000 2,000,000 100,000 7,187,400
	35700,000 2,200,000	**38,340,000** 26,640,000	**79,171,500**	**6,677,900**

EXAMPLE FIVE

Nkoma trading company ltd which plans to start a business has availed the

following projected details for the first six months of the year 2017
Cash at bank shs 4,000,000 at 1 January 2017
Cash sales for January 2016 shs 5,500,000.the sales are expected to increase by shs 500,000 every month. All sales will be by cash
Capitalization loan to be acquired from bank of Baroda in February,2017 shs 5,000,000
Purchases of startup assets during the month of February 2017 shs 5,000,000
Monthly payments starting with January 2017, salaries and wages shs 1,500,000,rent shs 500,000 advertising shs 150,000
Pre –operating expenses to be paid January 2017 shs 200,000
Purchases occur in the month of sale are expected to be 75%of each month`s projected sales. Purchases will be paid for after one month

NKOMA TRADING COMPAN LTD`S
CASH FLOW STATEMENT
FOR THE MONTHS OF JANUARY, FEBRUARY, MARCH, APRIL MAY AND JUNE 2016

PARTICULARS	JANUARY SHS	FEBRUARY SHS	MARCH SHS	APRIL SHS	MAY SHS	JUNE SHS
Balancce b/f	-	3,150,000	7,000,000	7,225,000	7,575,000	8,050,000
Add cash inflows;						
Share capital	4,000,000					
Cash sales	5,500,000	6,000,000	6,500,000	7,000,000	7,500,000	8,000,000
Capitalization		5,000,000				
Total cash inflows	**9,500,000**	**14,150,000**	**13,500,000**	**14,225,000**	**15,075,000**	**16,050,000**
Less cash out flows;						
Purchase up startup assets		5,000,000				
Salaries and wages	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Rent	500,000	500,000	500,000	500,000	500,000	500,000
Advertising	150,00	150,000	150,000	150,000	150,000	150,000
Pre operating expenses	4,200,000					
Loan repayment						600,000

Purchases			4,125,000	4,500,000	4,875,000	5,250,000
Total cash outflows	**6,350,000**	**7,150,000**	**6,275,000**	**76,650,000**	**7,025,000**	**8,000,000**
Net cash position	**3,150,000**	**7,000,000**	**7,225,000**	**7,575,000**	**8,050,000**	**8,050,000**

Uses of cash flow to the business

It enables the business to fore cast cash challenges in advance

It enables management to compare actual with the projections.

It portrays the ability of the business to repay loan obligations

It's used to show changes in the net cash positions of the business from one period to another

It enables the business to indentify the various needs and provides sources of funding

It facilitate proper planning for the business regarding investment decisions

EXERCISE ONE

The following projections relate to mbale AGRO chemicals enterprises during the months of May, June, July and August 2017

On may 1 2017, theenterprise had a cash balance of shs 40,000,000 and bank balance of shs (8,000,000)

Outputs of 600 units, 750, units and 950 units each at shs 1,200 were to be sold in the months of MayJune, July, and August on cash basis

Monthly credit sales were projected to be 25% of cash sales but payment would be received next month less 5% discount.

Donations were projected as follows; may shs 1, 000, 000, June shs 1, 800, 000, July 1,500,000 August 3,000,000 (inform of physical goods).

The business receives monthly rent income from its property .rent received on 30 June was shs 600,000 but this was expected to increase by 10% after one month.
Inputs of 500,800,1100,14 units were to purchases at shs 950 each on cash basis
Monthly expenses were projected as follow; utilities shs 250,000, VAT shs 180,000 and advertising shs 100,000.however no VAT was paid in July.
Credit purchases of shs 900,000 were made in June,the businesshas a policy 0f paying for credit purchases in 2 equal installments after one month.
The business has a policy of paying a 5% sales commission on the total monthly sales. No commission was paid in the first two months.

Required: prepare mbale agro chemical cash flow statement for four months
Advise the enterprise on managing a cash surplus

EXERCISE TWO

Mooni electronic centre presented the following cash inflows and cash outflows for the month of August 2017

August 2017	**shs**
Balance b/d	8,400,000
Cash inflows:	
Cash sales	250,000,000
Cash collected from debtors	43,000,000
Loan from centenary bank	30,000,000
Penalties for delayed payments	1,500,000
Commission income	6,000,000
Interest on cash deposits	500,000
Donations and grants received	30,000,000
Total cash inflow	**369,400,000**
Cash outflows	
Purchases of stock	110,000,000
Labour costs	60,000,000
Power and utilities	5,000,000
Administrative costs	1,500,000
Payments of creditors	50,000,000
Purchase of machinery	21,000,000
Total outflows	**247,500,000**

Additional information

The following projections were provided for the months of September, October and November 2017.
Cash sales revenue is expected to increase by 5% in September and October. It will drop by shs 500,000 in the month of November.
Cash collections from debtors will increase by 10% in September and October.

No cash will be received from debtors in the month of November
No further loans will be received until December 2017
Commission income is expected to double in the month of September and reduce by 1/3 of September`s commission income in the next months.
The business will continue receiving interest on deposits equivalent to what was received In August
Donations and grants were received only in August and no further penalties on delayed payments will be charged.
Decapitalisation of assets will be done in September and this will generate shs 13,000,000.
Cash purchase of stock will be maintained at the same level in September and October. However it will drop by shs 10,000,000 in the month of November.
Labour costs for September October and November will also be the same asthat of August
Power and utilities will also be the same as they appear I August.
There will be increase of shs 500,000 monthly in administrative costs
The business is expected to start paying corporation tax every month of shs 2,000,000.however this will be paid as a single sum in November
The loan acquired in August will be paid back in six installments starting in the month of September
The business will pay a monthly interest on the loan at a rate of 5% on reducing balance of starting in September.
The business will donate shs 1,000,000 to good hope children centre in September.tis will increase by 4% every month
The proprietor is expected to use shs 1,600,000 every month for family needs starting in October 2017

Required: prepare a cash flow statement for Mooni electronic centre for the months of September, October, and November 2017.

EXERCISE THREE

The following information relate to the books kamboozi enterprise ltd projection for the months of July, August, September and October 2018

On July 1 2018 cash balance is 26,000,000
Credit sales are projected to be shs 40,000,000 monthly. However the business credit policy is60% in the month of sale and balance in the following month for all the months.
The business hopes to acquire a loan in the month of August and October 2018.
Monthly cash sales are projected to be shs 60,000,000.a commission of 10% is paid to salesmen for the well done each time cash is received
Monthly cash purchases worth shs 40,500,000 is expected to be made
A delivery van is to be bought in the month of August at a cost of shs 35,000,000.
Monthly wage bill is estimated to be shs 12,500,000 and expected to increase in the month of October
A loan interest of 5% per month is payable starting in the month of acquisition of the loan
Expansion of the business premises is expected to cost $2000 and the price of

the dollar is shs3500 in the month of July and $100 is set to be spent in the month of August.

General expenses are expected to be 7,100,000 per month. All expenses are paid in the month in which they are incurred.

The business is set to pay income tax in the month of September of shs 12,000,000.

Required: prepare cash flow statement for kamboozi enterprise ltd for the months of July, August, September and October 2018

Comment on the net cash position of the business

EXERCISE FOUR

Given the following information of BIG BOSS Enterprises LTD

On 1st June 2015, the business had cash in hand shs 5 million.

Cash sales 10 million was expected every month.

Credit sales are expected to be shs 6 million per month. Debtors will be expected to pay in the month of sale.

Monthly cash purchases projected to be shs 8 million.

The business plans to get a loan of shs 4 million in the first month at a monthly interest of 10% payable beginning the following month on reducing balance while the principal is to be paid in four equal installments beginning from the third month.

Monthly salary and wage bill estimated at shs 1 million

Rend income is expected to be shs shs 2 million per month and this will increase by 20% after the second month.

Monthly incomes from grants and donations are projected at shs 3 million and this will reduce by 10% after three months.

Corporation tax is estimated to be shs 500,000 per month but will increase by 10% every month.

The business plans to buy an office safe at shs 8 million in the first month making down payment of 49%. The remaining amount is to be paid in the ratio of 5:3:2 in the following months.

The business hopes to issue a debenture of shs 4million every month.

Monthly expected expenses include;

	shs
Salaries and wages	1,000,000
Advertising	200,000
Depreciation	100,000

Xiii The business shall finance any cash shortfall with a loan in the following month.

Required:

Prepare a monthly cash flow statement for four months period.

Advise the proprietor on what to do in case of a deficit in the net cash position.

Controls to manage the flow of funds in a business

Reduce or increase aninventory to match sales requirements

Negotiate with suppliers for an extension of payment dates

Shop for favourableinterest rates funds and availability of fund to borrow.

Control receivables to collect money as soon as possible

Analyze expenses to reduce costs and eliminate waste

Raise prices to increase gross profits or lower them to increase sales volume

Develop good purchasing practices to take advantage of special price and discounts

Take less salary out of the business

Learn to use forecasts to develop useful cash budgets so that cash is able to meet all future obligations

Do not use cash from the business for personal use

BUSINESS TAXES

A tax is a compulsory charge levied by the government or any other competent authority on persons (individuals, corporations or other legal entities) or on business in order to finance government activities. It is the amount of money paid by a business to the taxing central government or the local government.

Taxation is the process through the governments obtains money from eligible persons by application of the law. In Uganda, the role is performed by Uganda revenue authority (URA) for the central government revenue and local administrations for local government taxes.

Importance of taxation in a country

Taxes are major sources of government revenue to finance the provision of social services and other development services/projects.

It encourages development of local industries and protects them against foreign competition with a view to providing employment and saving foreign exchange, by imposing high duties on competing imports.

Taxes help to improve on the balance of payment position e.g. government can increase import duties on certain commodities to discourage their importation.

It protects society from undesirable or harmful products and industries by imposing high taxes on them, for instance excise duty on cigarettes and beer as well as environmental levy on used vehicles.

Taxes are used to reduce income inequalities in an economy thus ensuring economic stability through stable prices in the economy. This is achieved by levying high taxes on people`s incomes.

To finance Government re-current and development expenditure, i.e. paying salaries for civil servants and funding long term projects such as construction of schools, hospitals and roads.

it's used to regulate demand and supply in the economy in times of inflation.

It encourages export of goods and services by reducing or removing tax on the export in order to make them more competitive in the world market.

Taxation may enable a country to become self-reliant and self-sustaining through the various taxes that may be imposed. Such taxes help to reduce the need for borrowing.

To influence allocation of resources, this is done by taxing more sectors that are not a priority and giving tax incentive to priority sectors.

Taxes are used to reduce regional imbalances, this is achieved by encouraging firms to set up across the country through tax incentives

Principles of taxation

These refer to rules/guidelines which are followed when developing a tax system. These rules must be followed or observed when assessing, collecting and administering taxes. Taxation is aimed at ensuring that every tax payer contributes a fair share to the cost of government activities.

Simplicity: The type of tax and method of assessing and collecting taxes have to be simple enough to be under stood by both the tax payers and tax collectors. Complicated.

Equity or fairness: This means that the tax system hasto be fair sothat the distribution of the tax burden is equitable (equal/evenly distributed). This is applied in two ways i.e. horizontally orvertically.

Horizontal equity: This means that people who earn same incomepay same amount of tax.

Vertical: This means that people who earn more pay more tax.

Convenience: This means that the place, period and the season in which taxes are to be paid have to be convenient to the tax payer. E.g., P.A.Y.E is deducted from the employee`s income at the time the employer is paying the salary

Certainty: A good tax system is one which ensures that all parties involved know their rights and obligations. A good tax system has to be certain in time and the method and the amount to be paid.

Economical: This principle aims at ensuring that the cost of collecting tax is kept as low as possible for both the tax collector and the tax payer. For example the tax collector should not use more than 5% of the amount of taxes being collected.

Ability to pay: The tax payer has to be able to pay the tax assessed on him without any problem. The taxes to be paid do not have to curtail the operations of the business or affect the standard of living of the tax payer.

Elasticity: A good tax system changes directly with change in tax base. If the tax base increases, the tax yield has to also increase.

Flexibility: This principle states that the government has to be able to increase the taxable rates depending on its objectives, needs and policies e.g. if the government is to reduce employment, then the tax rates have to be reduced**.**

Productivity: This states that the taxes have to yield revenue to the government and the same time government calculates correctly how much tax yield the government is to get using a given tax rate.

Diversity: This principle states that the system has to cover as many assets as many aspects as possible i.e. the tax system has to cover all people who earn income in different ways.

Impartiality: This principle states that the tax system does not discriminate among tax payers.

Neutrality: This principle states that the tax system has not to have serious effects on the economic activities. I.e. the taxes paid do not have to affect resource allocation in the economy/country.

NB: Principles of taxation are sometimes called canons of taxation.

Characteristics/attributes of a good tax system

Should be comprehensive i.e. it should cover as many aspects of the economy as possible.

Should be simple and straight to be understood by both the tax payer and the tax collector.

Should yield adequate revenue to the country.

Should promote equity of sacrifice i.e. it should ensure that it ensures social and economic justice.

Should avoid double taxation i.e. It should avoid taxing an item more than once.

Should direct resources to priority areas hence stimulating savings, investment and productivity.

Should recognize basic rights of the tax payers i.e. tax payers should not be harassed, inconvenienced and exploited by the taxing authority.

Should be convenient i.e. it should be made to know when and where to pay the taxes.

Should be flexible i.e. it should be easy to adjust depending on the changes in the income of the tax payer.

Should be impartial i.e. it should discriminate among tax payers. Therefore, a good tax system should be productive and it should not discourage the efforts of the tax payers.

It should be economical i.e. the cost of collecting and administering the tax should not exceed 5% of a tax.

Should ensure economic stability i.e. it should not cause instabilities in the economy like inflation.

CLASSIFICATION OF TAXES

Taxes can be classified according to proportion of one`s income that is paid as tax, according to the method of calculation of tax or according to the mode of payment.

Classification of taxes according to one`s income paid as tax.

Proportional tax, is one where the tax is constant regardless of the different levels of income e.g. corporation tax which is currently 30%.

Progressive tax is where the tax rate increases as the income increases. The burden of tax is heavier on higher income earners and lower on low income earners

Progressive taxes reduce the tax incidence of people with lower income as they disproportionately shift the burden to those with higher income.

Regressive tax, is one where the tax rate decreases as a person`s income increases. The burden is proportionally greatest on lower earner

Classification of taxes according to method/mode of calculation of tax.
(a).**Advorolem tax** is measured as a percentage of the price of the imported good. These taxes are usually on the value of goods and services
(b). **specific tax,** is a fixed monetary tax per physical unit of good imported e.g. shs. 100,000 per tone of maize flour
Classification of taxes according to type

DIRECT TAXES

A direct tax is defined as the tax where the liability as well as the burden to pay it resides on the same individual. That is the burden of the tax falls directly on the individual who earns a taxable income and cannot shift the tax to others

Types of direct taxes
Income tax, this is a taxLevied on and paid by the same person according to tax brackets as defined by the income tax department. Income tax takes two forms that is;

Personal income tax: Is a tax levied on the income of individuals and it is normally a progressive tax.
Corporate Tax: Paid by companies and corporations on their profits.
NOTE: The tax base for income tax includes profits from business, rent and royalties from letting assets and income from investments like shares, debentures and other securities and income from employment.
Wealth Tax: this is a taxLevied on the value of property that a person holds, e.g. savings of an individual or business entity. It may be levied on land, buildings, shares or other investments.
Inheritance (Estate) Tax: It is a tax on the estate, or total value of the money and property, of a person who has died.
Gift Tax: It is the tax that an individual receiving the taxable gift pays to the government.

Capital gains tax, is defined as a tax charged on the profit realized on the sale of a non-inventory asset that was purchased at a lower price. The most common capital gains are realized from the sale of stocks, bonds, precious metals and property.

Property Tax or millage tax, it is a tax which the owner pays on the value of the property being taxed. Its determined does the appraisal to determine value of the property, and tax to be paid.
Fringe Benefit Tax: Paid by an employer that provides fringe benefits to employees, and is collected by the state government.

DETERMINING INCOME TAX PAYABLE

Example 1

The table below shows the monthly PAYE tax rates in Uganda

Monthly income (shs)	Tax liability / tax rate
0 - 235,000	NIL
235,000 – 335,000	10% of the amount by which chargeable income exceeds shs 235,000
335,000 - 410,000	Shs 10,000 plus 20% of the amount by which chargeable income exceeds shs 335,000
Exceeding shs 410,000	Shs 25,000 plus 30% of the amount by which chargeable income exceeds shs 410,000. Where chargeable income exceeds shs 10,000,000 an additional 10% is charged on income exceeding shs 10,000,000.

Calculate the income tax payable by the following employees who earned the following incomes in the month of March 2016.

Dembe	shs 235,000
Mulembe	shs 400,000
Makanika	shs 600,000
musanji	shs 11,000,000

Solution

Dembe= tax payable =tax rate x monthly gross salary

Dembe pays nil tax because his earnings is below tax threshold

Mulembe tax payable = Tax rate x gross monthly salary

10,000+ 20/100 (400,000-335,000)
10,000+20/100x 65,000
10,000+13,000
Shs 23,000

Makanika tax payable = tax ratex gross income
25,000+ (600,000-410,000)
25,000+30/100 x 190,000
25,000+57,000
Shs 82,000

Musanji taxpayable = tax x gross salary

25,000+30/100(11,000,000-410,000) +10/100x (11,000,000-10,000,000)
25,000+30/100x (10, 490,000) + (10/100 x 1,000,000)
25,000 +3,177,000+100,000
Shs 3,302,000

Example 2

The following are monthly salaries of workers employed by malika enterprises.

Sefuka Moses	shs 200,000
Bumeke Aisha	shs 284,000
Wessel AK	shs 820,000
Pallaso juma	shs11, 000,000

Each employee receives 10% and 5% as Housing and medical allowances respectively
Compute PAYEE paid by the above employees using tax schedule above
SOLUTION
Ssfukamoses
Taxable income =basic salary +allowances
= 200,000 + housing allowances (10/100 x200, 000) +medical allowances (5/100x 200,000)
= shs 200,000 +28,400 +14,200
Shs 326,000
PAYEE = 10/100 X (326,000-235,000)
=10/100 X91, 600
SHS 9,160
Bumeke Aisha = taxable income = basic salary +allowances
820,000 + housing allowances (10/100 x 820,000 + medical allowances (5/100 x820, 000)
= 820,000 +82,000+ 41,000
Shs 943,000
PAYEE = shs 25,000 +30/100 (943,000-410,000
25,000+30/100 x 533,000
25,000 +159,900
Shs 184,900
Pallaso juma, taxable income = basic salary +allowances
11 000,000 + housing allowances (10/100 x 11,000,000 + medical allowances (5/100 x11, 000,000)

11,000,000 +1,100,000 +550,000

Shs 12,650,000

PAYEE = 25,000 + 30/100 X (12,650,000-410,000) + 10/100 X (12,650,000 -10,000,000

25,000 +30/100 X12, 240,000+10/100 X 2, 65,000

SHS25, 000+3,672,999+265,000

Shs 3,962,000

Example 3

Makanika wange earned the following incomes in shs from different sources for the year 22017

Property income shs 800,000

Business income shs 3,000,000

Employment income shs 4,380,000

Expenses and losses for the year shs 3,000,000

Income that is tax exempt was shs 1,180,000

The following table shows annual chargeable income tax rate

Annual chargeable income (shs)	**Tax liability / tax rate**
Not exceeding shs2,820,000	NIL
Exceeding shs 2,820,000 but not exceeding shs 4,020,000	10% of the amount by which chargeable income exceeds shs 2,820,000
Exceeding 4,020,000 but not exceeding shs 4,920,000	Shs 120,000 plus 20% of the amount by which chargeable income exceeds shs 4,020,000
Exceeding shs 4,920,000	Shs 300,000 plus 30% of the amount by which chargeable income exceeds shs 4,920,000

Determine Makanika wange`s

Gross income

Chargeable income

Income tax paid

Solution

Gross income = income from all sources – tax exempted income

=property income +business income + employment income - income exempted from tax
= shs 800,000 +3,000,000+4,380,000)- 1,180,000
= shs 8,180,000- 1,180,000
= shs 7,000,000
Chargeable income = gross income – total losses and expenses
=shs 7,000,000 -3,000,000
=shs 4,000,000
Income tax= tax rate x chargeable income
10/100 x (4,000,000- 2,820,000)
10/100 x 1,180,000
= Shs 118,000

Example 4
The following income records relates to bekasa hotel

Income earner	Employment income shs	Business income shs	Property income shs
MUTOMBE ALI	1,000,000	2,000,000	3,400,000
NEKESA AISH	800,000	1,900,000	2,700,000
MEKKA HASSAN	1,200,000	2,100,000	3,800,000
OKELLO BOB	600,000	1,400,000	2,300,000

For each of the above income earned the tax exempted is 8% of their total income. While the expenses take 12% of the total income
Determine
Gross income
Taxable income
The business aiso had the following records for workers earnings for the year
Okello shs 750,000
Wambwa shs 310,000
Olupot shs 1,500,000 per month

Monthly income (shs)	**Tax liability / tax rate**
0 - 235,000	NIL
235,000 – 335,000	10% of the amount by which chargeable

	income exceeds shs 235,000
335,000 - 410,000	Shs 10,000 plus 20% of the amount by which chargeable income exceeds shs 335,000
Exceeding shs 410,000	Shs 25,000 plus 30% of the amount by which chargeable income exceeds shs 410,000. Where chargeable income exceeds shs 10,000,000 an additional 10% is charged on income exceeding shs 10,000,000.

Compute PAYEE each worker

ADVANTAGES OF DIRECT TAXES

They are economical to collect by the government in that the government does not have to spend a lot of money to collect these taxes for instance in the P.A.Y.E system, the government simply deducts the tax from the tax payer`s salary.

They are based on the principle of economic equity,that is to the economic situation of persons determines the rate at which they are taxed. Also the progressive nature of direct taxation can help reduce income inequalities.

Certainty of tax to be paid,The tax payer is certain as to how much tax is to be paid, as the tax rates are decided in advance. The same implies for the government where it can estimate the tax revenue from direct taxes.

Collection of direct taxes is generally economical. Like in the case of personal income tax, the tax can be deducted at source (TDS) from the income or salaries of the individuals. So, the government does not have to spend much in tax collection as far as personal income tax is concerned.

They are Relatively Elastic, Increase in the income of individuals and companies, leads to increase in the yield from direct taxes also. An increase in tax rates would increase the tax revenues. Thereby, direct taxes are relatively elastic.

Direct taxes help control inflation. When the inflation is on the uptrend, the government increases the tax rate. With an increase in tax rate, the consumption and demand decline, which in turn help reduce inflation.

They redistribute income other than indirect taxes. This is because they are progressive in nature. This reduces on income inequality.

They are convenient. This is because they are collected at the time when the tax payers have earned enough funds e.g. the P.A.Y.E where payments are made in installments.

They are progressive in nature hence they tend to be fair to the low income groups. The progressiveness of a tax makes it equitable in the spreading of the tax burden i.e. it makes people to pay according to ability/taxable capacity.

They are easy and simple to understand by the tax payers and collect

They are flexible i.e. they can be increased or reduced depending on the requirements of the economy e. g. if the tax base reduces, the government can also lower the direct taxes.

Disadvantages of direct taxes

1. they are easy to evade, this is due to high tax rates, poor documentation and corrupt tax administration, by suppressing the correct information about incomes.

Direct taxes affect savings and investments. Due to tax implications, the net income of individuals reduces, in turn reducing their savings. This results in low investment, affecting the capital formation in the country.

Arbitrary rate of taxation that is there is no objective defined for determining the tax rates of direct taxes. Therefore, direct taxes may not always fulfill the requirement of equity.

Inconvenient, Direct taxes are inconvenient owing to the lengthy procedure of filing returns. For most people payment of direct tax is a task to convince oneself to pay a part of their income as tax to the state. This is a boost to evade tax further.

The cost of collection is at times high. This is because the government has to employ many officials and pay a lot to do the collection and administer direct taxes this they tend to be less productive.

They tend to discriminate among tax payers especially where tax assessment is not based on impartiality i.e. they do not have a wider coverage.

High rates of direct taxes make the people resent the government in power hence making it popular.

They discourage entrepreneurship especially where the rates of corporate taxes are high.

Due to low taxable capacity in developing countries, little revenue is collected from direct taxes since majority of the people are poor where very few people earn above the threshold of income tax.

INDIRECT TAXES:

These are taxes levied on goods and services paid by an individual or business entity and shifted to the final consumer. These taxes are voluntary in the sense that one paysthem only when buy goods or consume services on which they are levied.

Forms/ types of indirect taxes

Customs Duty, this is a tariff or tax imposed on goods when transported across international borders. The purpose of it is to protect the country’s economy, jobs by controlling the flow of goods, especially the restrictive and prohibited goods, in and out

of the country. Hence, simply put, it is the tax imposed on imports and exports of goods.
NB: tax on imports is referred to as import duty while tax on exports is export duty.

Excise duty: Is a duty levied on commodities that are locally produced and consumed andPayable by the manufacturer who shifts the tax burden to retailers and wholesalers.

Sales tax: Is tax levied as a percentage of goods or services sold and paid by a shopkeeper or retailer, who then shifts the tax burden to customers by charging sales tax on goods and services.

Entertainment Tax: Liability is on the cinema owners, who transfer the burden to cinema goers

Service tax: a Charged on services rendered to consumers, such as food bill in a restaurant, hotels.

Value added tax (VAT)

Is an indirect tax that is paid by a person who consumes or imports goods and/or services in Uganda. The Tax is charged on the value added at different stages of production or supply of goods and services.

Main importance of VAT:

VAT completely avoids tax cascading as only charges tax on the Value Added.

VAT provide temporary financing for producers and service providers-by law, all VAT able persons are required to deduct the input VAT from the output VAT and remit the difference to the tax authorities monthly or every two months, so such organizations can utilize such funds to meet their working capital needs.

For the Government, VAT is a veritable source of revenue, its broad base, generates more revenue for the government; and secondly, its ease of collection (little or no cost) makes it more economical.

VAT serves as a fiscal policy instrument available to the government and used to increase or reduce VAT rate to redistribute income and check the consumption of harmful commodities such as cigarettes and alcohol.

VAT does not discourage production, or work since it is not a tax on income or profit, taxes on profits might actually discourage investments.

VAT is a powerful tool in harnessing funds in domestic markets enabling Uganda to better meet the challenges facing them such as education, poverty eradication, and provision of infrastructure etc

VAT helps developing economies to be fully integrated in the international economy as being championed by IMF, World Bank of reducing government expenditure and increasing revenue etc.

Demerits of VAT

It's complicated to understand by the traders
It's difficult to assess
It based on evidence inform of records, this is very difficult to maintain
It discourages investment, as it reduces consumption and hence reduced market
It increases costs of production e.g. Vat on inputs
A high Vat rate makes government in power unpopular

It'seasily evaded as traders tend to different records

VAT CALCULATIONS

Computation of VAT occurs at two levels:

(a) VAT on a transaction i.e. a sale or a purchase

(b) VAT payable or claimable by the taxpayer other way put is VAT collectable or refundable by URA.

Key terms in VAT Computations

Output Tax, This is the VAT a taxable person charges upon making taxable supplies i.e. tax charged upon selling taxable goods and services.

Input Tax, This is the VAT a taxable person is charged on taxable purchases and expenses incurred for business purposes. The purchases could be from local sources or imported.

Taxable Supply

This is a supply of goods and/or services other than an exempt supply, by a taxable person for a consideration. A Taxable supply is charged to VAT at either zero rate or standard rate.

TAX RATE AND FRACTION

Tax rate

This is the percentage that is applied to the consideration for a transaction or taxable value, so as to determine the VAT amount. For example: if the consideration or taxable value is Shs 20, 000 and the VAT rate is 18% (18/100), then VAT = 20,000 x18/100
= Shs 3,600

Tax fraction

This refers torefers to the ratio used to determine the amount of VAT where the consideration is inclusive of VAT. The fraction is given by the formula: of VAT. The fraction is given by the formula:

R/r + 100

Where ris the VAT rate

Computation of VAT on a Transaction

VAT = Taxable value × VAT Rate(where taxable value excludes VAT) or

VAT = taxable value × VAT ratio(where the amount is VAT inclusive).

Illustration

If the rate of tax (r) = 18% then the tax fraction =18/(18+100) = 18/118.

For example if the consideration (VAT inclusive) is Shs20, 000, then VAT = 20,000 × 18/118 = Shs 3051.

Computation of VAT Payable or Refundable

VAT = output tax – input tax

Where output tax is greater than input tax, the taxpayer pays the difference. Where input tax is greater than the output tax, the taxpayer claims the difference.

(a) If output tax = 100,000 and input tax = 77,000 then VAT payable = 100,000 – 77,000

= 23,000
(b) If output tax = 100,000 and input tax = 140,000 then VAT claimable = 140,000 – 100,000 = 40,000
Examples
Mega enterprises had the following VAT exclusive transactions with VAT registered enterprises for one month
Purchases shs 236,000,000
Sales 259,600,000
Calculate the amount of VAT paid by mega enterprises to URA for that period(use 18% as vat rate)
Determine mega enterprises` total sales value vat inclusive
Solution
VAT =output tax –input tax

18/100 x 259,600,000- (18/100x 236,000,000)
Shs 46,728,000-42,480,000
Shs 4,248,000
Or

VAT = VAT RATE XVALUE ADDED

18/100(259,600,000-236,000,000)

18/100X 23,600,000

SHS4, 248,000

Total sales value (VAT INCLUSIVE)

=SALES VALUE +VAT on sales

259,600,000+ (18/100x 259,600,000

259,600,000 +46,728,000

Shs 306,328,000

Example 2
The following VAT exclusive transactions were availed by VAT registered business for the month of January 2018
Mark bought goods worth shs 60,000,000
Mark sold the same goods to Fred for shs 79,000,000
Fred sold the same goods to max a retailer for shs 90,000,000

Max sold the same goods to final consumer for shs 120,000,000
Determine the VAT chargeable for the value added at each stage

SOLUTION

VAT chargeable = VAT rate x value added

Stage 1 VAT chargeable = 18/100x60, 000,000
Shs 10,800,000

Stage 2 VAT chargeable= VAT rate x value added
18/100(790,000-60,000,000)
18/100x19, 000,000
Shs3, 420,000

Stage 3 VAT chargeable =VAT rate x value added
18/100(90,000,000-790,000,000
18/100x 11,000,000
Shs1, 980,000

Stage 4 VAT chargeable = vat rate x value added
18/100(120, 000, 00-90,000,000
18/100 x 30,000,000
Shs 5,400.000

The following VAT exclusive transactions were carried out by VAT registered business in February 2016 at different chains of distributions.

Jero bought goods worth shs 9,000,000
Jero sold all the goods to Derrick for shs 11,000,000
Derrick sold the same goods to Jef the retailer for shs 14,000,000
Jef sold the goods to the final consumer for shs 19,000,000

Calculate the VAT chargeable at each stage using VAT rate of 18%.

Advice entrepreneurs on the importance of paying taxes.

Advantages of indirect taxes

Indirect taxes are convenient to the government and tax payers. This is because they are collected when people have the money to spend on a product that a tax have been charged

They tend to contribute more to government revenue,this is because they are comprehensive i.e. they have a wider coverage and types.

They are economical to collect by the government since the government does not pay the traders who collect the taxes.

They are impartial in that they do not discriminate among tax payers thus the government is able to raise more revenue.

They are used to achieve economic stability especially by imposing high taxes on imported goods so as to minimize import inflation.

The revenue yield is high.

They are used toprotect infant industries against unfair competition from efficient producers outside the country. This is done by imposing high tariffs on imports which make their prices relatively higher than domestic prices hence making them less competitive.

They are used to safe guard the health and morality of citizens. This can be done by imposing high taxes on goods likely to affect the health and morality of the citizens e.g. drugs, cosmetics, spirits etc. the high tariffs on such commodities make their prices

prohibitively high hence resulting into few people who can afford them.
They are difficult to evade/ dodge because they are embedded in prices of commodities and these commodities must be brought at all costs ie during the buying of goods and services, taxes are paid.
They have a variety of taxes. This increases government revenue
They promote hard work among the tax payers. This is because in an attempt to meet the increasing prices of commodities and maintains the standard of living. People are forced to work hard so as to sustain their economic welfare.
Are flexible i.e. the tax rate can easily be adjusted depending on the desired objectives of the government.

Disadvantages of indirect taxes

They encourage trade mal-practices especially in foreign traders in an attempt to evade taxes through smuggling, under declaring the value of imports all of which have adverse effects on the economy.
Reduce economic welfare of citizens. This is because every product, there is a tax involved in form of increased prices.
They lead to increased costs of production, and this adversely affect the level of investment, production and employment levels within the economy i.e. they act as disincentives for investment.
Indirect taxes like import duties interfere with the freedom of trade hence reducing the volume of international trade.
Revenue from indirect taxes fluctuates a lot. This is because the amount of revenue collected depends on the volume of purchases or sales which normally fluctuates depending on prevailing season, economic situation etc. however; such fluctuations adversely affect planning based on projected revenue from taxes.
They spark off inflation. This is because they lead to increased costs of production which results into increased consumer prices.
When imposed on necessity goods, they become regressive. This is because necessities are consumed by both the rich and the poor in almost similar quantities e.g. sugar and if they are taxed indiscriminately the poor will be adversely be exploited
High indirect taxes cause consumers to change their consumption and expenditure patterns which may reduce their standards of living e.g. if the government imposes high taxes on beer**,** people may resort to the local brew.

DIFFERENCE BETWEEN DIRECT TAX AND INDIRECT TAX:

There are different implications of direct and indirect taxes on the country. However, both types of taxes are important for the government as taxes include the major part of revenue for the government.

Key differences between Direct and Indirect Tax are:

Direct tax is levied and paid for by individuals, Hindu undivided, firms and companies etc. whereas indirect tax is ultimately paid for by the end-consumer of goods and services.
The burden of tax cannot be shifted in case of direct taxes while burden can be shifted for indirect taxes.
Lack of administration in collection of direct taxes can make tax evasion possible, while indirect taxes cannot be evaded as the taxes are charged on goods and services in form of increases prices.
Direct tax helps in reducing inflation, whereas indirect tax enhances inflation as prices

of raw materials increase.
Direct taxes have better a locative effects than indirect taxes as direct taxes put lesser burden over the collection of amount than indirect taxes, where collection is scattered across parties and consumers' preferences of goods is distorted from the price variations due to indirect taxes.
Direct taxes help in reducing inequalities and are considered to be progressive while indirect taxes enhance inequalities and are considered to be regressive.
Indirect taxes involve lesser administrative costs due to convenient and stable collections, while direct taxes have many exemptions and involve higher administrative costs.
Indirect taxes are oriented more towards growth as they discourage consumption and help enhance savings. Direct taxes, on the other hand, reduce savings and discourage investments.
Indirect taxes have a wider coverage as all members of the society are taxed through the sale of goods and services, while direct taxes are collected only from people in respective tax brackets.
Additional indirect taxes levied on harmful commodities such as cigarettes, alcohol etc. dissuades over-consumption, thereby helping the country in a social context.
Indirect taxes are defined according to the ability of the end taxpayer to shift the burden of taxes to someone else. While direct taxes allow the government to collect taxes directly from consumers.

EMPLOYEE'S RELIEF OR TAX EXEMPT

This refers to gains or income that is not included in the chargeable income of the employee and therefore not taxable on the employee:
The employee's income that is below the taxable threshold, currently at Shs 235,000 per month
Pension.
Discharge or reimbursement of medical expenses actually incurred by the employee.
Life insurance premiums paid by a taxable employer (company/individual) for the benefit of the employee.
Any non-cash benefit whose value is less than Shs 10,000 a month.
Relief of 25% on terminal benefits for employees who have served the employer for at least 10years.
Passage costs.
Employment income of an expatriate employee in a listed Institution, under a technical assistance agreement subject to the Minister's approval.
Official employment income of persons employed in the armed forces, Uganda Police Force and Uganda Prisons. It excludes persons serving there in civilian capacity.
Employment income of Ugandans posted to work in Ugandan diplomatic missions abroad.
Employment income of persons employed by EADB.
Allowances for members of Parliament
The Dividend received by resident company from another resident company where it controls more than 25% of the total share.

Furniture manufactured using local materials
Specialized furniture for use in Hospitals
The supply of unimproved land
Interest paid by a natural person or by a company to associated company or which is exempted from tax.
Beer produced from barley grown and malted in Uganda
The supply of unprocessed foodstuffs, including agricultural livestock,
Deposits in the bank

Employer's Obligation

To withhold taxfrom employment income, to deduct the correct tax from the employee's total employment income at the time of effecting payment to every liable employee.

To make Payment, to pay to URA the total tax by the 15th day of the month immediately following the month in which employment Income was paid.

To ensure accountability: to account for the tax deducted from every employee on a monthly basis to Uganda Revenue Authority.

To Maintain Employees' Records, and keep thoserecords for inspection by URA on demand for at least five years.

Employee`s obligation/rights

Employees should declare to their second employers that have the primary employer incomes from such employment

Declare total tax paid at source as payee

Tax payable

Employee`s rights

An employee is not required to furnish a return of income if their source of income is only from a single employer.

A tax payer is entitled to claim refund of overpaid tax where applicable.

A tax payer is entitled to accountability for all taxes deducted and paid at source by the employer.

A tax payer is entitled to prier information before any action is taken byURA.

A tax payer is entitled to equal treatment like any other tax payer.

A tax payer isentitled toconfidentiality from URA of personal tax information to be shared in public.

A tax payer is entitled to be attended to by URA officials regarding tax matters

A tax payer has a right to appeal over tax payment in case of need.

PROBLEMS OF TAXATION IN UGANDA

(Factors for the low tax base/ taxable capacity in Uganda)

Much as there is need for the government to levy taxes, the tax system in Uganda faces a lot of challenges that limit government tax revenue collection in the country. Such problems among others include the following:

Low levels of income individuals. The majority of the people in Uganda are poor due to low levels of economic activities in the country. Therefore, the government cannot raise more revenue due to low investment levels.

Presence of a small industrial sector. Most industries in Uganda are small scale leading to low profit margins. Consequently, tax revenue from corporate taxes is limited.

Presence of weak tax administrative machinery. The tax administrative system in Uganda is weak and this is reflected in dishonesty and incompetence of tax officials, low levels of integrity among tax collectors and assessors all of which account for the low tax yield.

Existence of a large informal sector. With limited book keeping, this results into under assessment which reduces the taxes collected and over assessment which reduces the tax resentment hence tax evasion and this reduces tax revenue.

High costs of collection and administration of taxes. This tends to reduce the tax revenue collected as more expenses are incurred in tax collection.

Existence of high rates of tax evasion and tax avoidance. This results into revenue shortages

Increased trade mal-practices. This takes inform of smuggling, under declaration of the value of imports and exports, over invoicing and under invoicing of goods and services all of which lead to low taxes.

Existence of high dependency ratio Uganda, where the majority of the people are not working and few people are engaged in production. This reduces the taxable income hence low revenue collecting.

The high of levels of unemployment and under employment in Uganda, this reduces the tax base and tax revenue.

Existence of a large subsistence sector. Uganda is characterized by low output coming out of predominant agricultural sector is largely for home consumption and not commercial use hence low tax revenue.

SOLUTIONS TO PROBLEMS OF TAXATION IN Uganda

Massive industrialization, to widen tax base, increase employment and income tax

Developing and encouraging use of labour intensive technology to reduce unemployment in most industrial firms, hence creating taxable income.

Carrying out sensitization to Minimize chances of tax evasion and tax avoidance.

Strengthening the functions of URA to reduce e trade mal-practices such as smuggling.

Training of tax collectors to improve on tax administration and penalizing or dismissing incompetent and dishonesty tax personnel.

Sensitization of tax payers about the importance of paying taxes. Through carrying out seminars, radio talks shows and community works.

Reducing human interaction to minimize corruption and increase efficiency in tax assessment .e.g. use of on line reporting.

Providing accountability of tax revenue by government. this increases the willingness of the tax taxpayer to pay the tax

Improving on infrastructure, to facilitate easy assessment and collection expenses.

Encouraging businessmen to keep records to avoid under assessment.

THE CONCEPT OF TAX EVASION AND AVOIDANCE

Tax avoidance

it involves the exploitation of loopholes and gaps in tax and other legislation in the tax system in to avoid paying taxes. Those loopholes may be in domestic tax law alone, or between domestic tax law and company law or between domestic tax law and accounting regulations, for example. The process can also seek to exploit gaps that exist between domestic tax law and the law of other countries when undertaking international transactions.

Tax evasion

Tax evasion is the illegal nonpayment or under-payment of taxes, usually resulting from the making of a false declaration or no declaration at all of taxes due to the relevant tax authorities, resulting in legal penalties (which may be civil or criminal) if the perpetrator of tax evasion is caught.

Forms of tax evasion and avoidance

Failure to report income and declaring sources of income.

Under-reporting income (claiming less income than you actually received from a specific source.

- Providing false information to the tax authority about business income or expenses.
- Deliberately underpaying taxes owed.
- Understating taxes to be paid by tax payers.
- **Failure to withhold tax and remit it to URA account.**
- **Paying employees in cash**and failing to report some or all of these cash payments.
- Filing false payroll tax reports.
- Double recording of transactions with the intention of evading taxes.
- Bribing tax collectors to make under assessment of taxes to be paid.
- Smuggling of goods for the intention of evading taxes

TAX COMPLIANCE

The extent to which economic agents pay the taxes that their government has levied as stated by law.

Levels of tax compliance

The level of tax compliance depends on the tax payer`s attitude and knowledge. There are four levels of tax compliance which are as follows;

The tax payers fully comply to pay their taxes and willing to fulfill their obligations without being forced/voluntarily/molested.

Tax payers know that non-compliance is expensive and they accordingly comply.
Tax payers who show slight resistance to comply say it comes due to lack of knowledge.
When tax payers are a little bit advised and some pressure is exerted/ put on them, they simply comply.
Tax payers who are non-compliant show out right resistance when it comes to paying their taxes. This group includes some tax payers who become proud after failing to pay their taxes.

Factors influencing tax compliance in a country

The extent to which the tax system is equitable. The tax system which is fair encourages high level of compliance. On the other hand when the tax system is not fair, it discourages tax payers from paying especially when they feel that the distribution of tax burden is not fair.
The tax rates. High tax rates make taxation costly and this makes tax payers to avoid paying the taxes. Low tax rates encourage tax compliance.
The extent to which the tax laws are simple and easy to understand. Complicated tax laws and long administrative procedures make tax compliance to be low because long administrative processes encourage delays and disputes. On the other hand if the method of tax assessment and collection is simple, then people are encouraged to pay the taxes.
The extent to which tax burden is spread to all potential tax payers, where the burden of the tax is fairly distributed, an individual's find it easy to pay taxes and where tax holidays are given to some businesses, then those who not been granted tax holiday don`t comply.
The Popularity of government makes people not to pay. A government which is not popular and corrupt discourages people from complying. On the other hand a popular government without corruption encourages tax payers to comply.
Quality of business management, where business managers are unethical such that they don't keep records of accounts then tax compliance does not exist. But where the business managers practice business ethics by keeping records of accounts then tax compliance is possible.
Quality of tax administration; this depends on the level of integrity and customer care shown by the tax collector where the integrity of the tax collectors is good, then the payers comply and pay the taxes. But on the other hand where tax administration is poor in that the tax compliance does not exist.
The extent to which tax laws are consistent and fair, where the tax laws applied are inconsistent and unfair then the tax payers become non-compliant. On the other hand where the application of tax rules is fair encourages compliance.

The extent to which the system is convenient. This is from the principle of convenience which says that the place where to pay the tax has to be known by the tax payer, how much to be paid and when to pay have all be known by the tax payer where the place, the amount of tax and the time of paying tax are unknown then the taxpayers become non-compliant.

Manifestation of tax compliance

Timely filling of the required tax returns

Accurate reporting of income and tax liability
Timely payment of all tax obligations
Filing tax returns regularly
Settling tax liabilities promptly
Carrying out audit and providing audit report for tax assessment
Voluntarily registering for the tax
Keeping up-to-date books of accounts for tax
Complying with every tax laws of the country

Procedures for tax compliance

Registration of the tax payer with Uganda revenue authority
Obtaining the tax identification number
Preparation of tax records
Getting assessed for tax
Submitting timely tax returns
Payment of taxes
Receiving feedback from the tax authority

Causes of non tax compliance

Low levels of employment,
Inadequate knowledge about taxes
Loopholes within the tax system
Inadequate skilled staff to assess and collect taxes
Political sabotage
Desire by the employees to retain all their earnings
Inconvenient time for tax collection
Corruption and dishonest by the employee and employers
Poor methods of handling tax payers
High cost of living
Failure by government to remit taxes deducted from the employees

Measures to encourage tax compliance

Educating the employee on the need to pay taxes
Timely submission of tax returns to URA
Being honest in issues related to tax
Regularly issuing pay slips
Providing ways of how tax payers are able to understand laws related to tax
Reducing tax rates to encourage tax payers to pay
Ensuring that tax returns are properly posted
Informing the tax payers of the consequences of failing to comply by paying taxes in time

Consequences of non tax compliance/penalties of non tax compliance

Paying surcharge on all outstanding tax dues
Taking over management of the business by the tax authority
Closure of business
Taking court action leading to imprisonment

Auctioning business property to recover tax arrears
Publishing the business name in newspapers
Denying business to access contracts
Back listing the business

STRUCTURE OF UGANDA`S TAX SYSTEM

The structure of Uganda`s tax system is described by looking at the main aspects of country`s taxes. The major aspects include;
The body responsible for collecting taxes in Uganda is the Uganda Revenue Authority
The tax structure is madeup of two major departments. That is the inland department internal taxes and the custom department responsible for collecting taxes on imports and exports
The types taxes collected are basically direct and indirect taxes
The main sources of direct taxes are basically income tax, estateduty, capital gain tax,etc
The common indirect taxes are VAT, custom duty and excise duty
The nature taxes, most direct taxes are progressive in nature, that is to they increase as the tax payer`s income increases.
The purpose of taxation, it ' s basically to raise revenue for the government, other reasons include protecting infant industries and controlling consumption in the country.
New taxes are drafted by ministry of finance and discussed by parliament and implemented by URA
THE ROLE OF URA IN TAX ADMINISTRATION AND COLLECTION
The Uganda Revenue Authority is Uganda's' only tax body that was established by act of Parliament.
It is responsible for collecting taxes for national development in Uganda.
The taxes collected are both international and domestic taxes
The Uganda Revenue Authority is an independent institution that gets its mandate from the constitution of Uganda Article 153 of the constitution of Uganda 1995 as Amended which is to the effect that There shall be a Consolidated Fund into which shall be paid all revenues or other monies raised or received for the purpose of, or on behalf of, or in trust for the Government thus on that note it is salient to state that the Revenue Authority is solely responsible for the Collection of taxes in Uganda. It's responsible for collecting both domestic and international taxes
TAXES COLLECTED BY URA

Excise Duty
Excise Duty charged
licensing
Remission of excise duty
Returns and payments
Non tax revenue
Stamp duty
Registration of motor vehicles
Transfer of ownership of motor vehicle

Role or responsibilities of URA

To advise government on matters related to taxes and tax policies

Assess and collect taxes e.g. domestic and foreign taxes

Account for taxes collected to parliament and ministry of finance

Provide policy frame to government relating to tax rates and administration

To protect the public against foreign and domestic fraud

Providing investment opportunities to both local and foreign entrepreneurs

Verify goods both import and export, this helps to avoid evading taxes

Recruit personnel for tax evaluation and implementation of tax policies

Providing avenue for tax payments e.g. encourage tax payers to have tax tin number and tax accounts. This promotes accountability

Providing information related to taxes to the public, this is done through organizing seminars and workshops

Developing strategies of increasing tax base for the government,for example finding new tax base

CAUSES OF LOW TAX REVENUE

Low incomes, whichcannot be subjected to taxes

High levels of corruptions and embezzlement of tax bythe tax officials and other employees of government

Tax evasion ,many tax payers deliberately refuse to pay the taxes imposed ,thereby limiting the tax revenue collected

Limited development of the leading sectors of the economic sectors

High taxconcessions granted by the government to different investors, this reduces the tax revenue collected .such concessions include tax holidays, tax exempted etc

High cost of administrate ring and collecting the taxes, this reduces the tax revenue

Low tax rates, especially on the locally produced goods. This affects the revenue realized e.g. vat of 18%

Limited viable commercial activities, Uganda has a big subsistence sector compared to the commercial sector. hence producers produce mainly for their own consumption and less is put on the market for sale

Solutions

Developing and implementing strict tax laws

Training tax administrators on the ways of managing tax

Developing friendly laws

Massive investment

Reducing on the tax concession

Carrying seminars to educate tax payers on the importance of paying tax

Making accountability of tax payer`s money

Diversification of economic activities to include more tax bases

Improving of economic infrastructures ,to improve on tax collection and tax collection

Providing social services to the community

TERMS USED IN TAXATION

Tax base: Is any item or any economic activity that is to be taxed e.g. property, income, profit or any economic activity on which tax is paid.
Tax liability: This refers to the total amount of money a tax payer is expected to pay within a given period of time.
Taxable income: This refers to the income which is supposed to be taxed.
Taxable capacity: Refers to the extent to which an individual can pay taxes imposed on them without affecting his or her standard of living.
Threshold of the tax: Refers to the amount of money or level of income from which tax liability begins.
Impact of tax, this refers to final resting position of a tax that to say an entity or individual on which or whom the tax is imposed.
Incidence of tax: Refers to the person/ business that finally pay the tax imposed.
Tax yield: Refers to the total amount of tax revenue collected from a given number of taxes**.**
Average rate of tax: Refers to the proportion of income that is paid out as tax.

$$\textbf{Average rate of tax (VAT)} = \frac{\textbf{tax amount}}{\textbf{Total income}} \times 100$$

Marginal rate of tax: This refers to the proportion of additional income paid out as tax.
Tax evasion: Refers to the deliberate refusal by a tax paying unit to pay taxes levied on it.
Tax avoidance: This refers to a situation where a tax payer takes advantage of the loopholes/ weaknesses in the tax system so as to pay little tax as possible or pay no tax at all.
Tax holiday: Refers to the period of non tax payment given by the government to

reduce consumers spending and encourage investment spending.
Forward shifting of a tax: This is when the money burden of the tax is shifted by a tax payer to another party who buys the output being taxed e.g. a manufacturer may shift the burden of tax to the wholesaler who then shifts it to the retailer and the retailer then shifts to the final consumer.
Back ward shifting of a tax: This is when the official taxpayer shifts the money (tax) burden of a tax to the person from whom he buys. For instance a producer using a given raw material may shift the money burden to the supplier of such a raw material. E.g. P.A.Y.E
Tax rebate: Refers to the refund made under specific circumstances
Capitalization of tax: A situation where a tax paying unit usually a firm artificially increase the value of its capital employed so as to reduce its tax liability.
Hidden tax: Refers to a tax paid on purchase of goods and services and usually included in the prices of the commodities being bought or taxed.
Tax haven: This refers to a situation where a country deliberately offers low tax rates or relaxed/ liberated tax laws so as to attract as much foreign investment and trade as possible.

REVISION QUESTIONS

1. Define the term book keeping.

   b) Give reasons for book keeping in small businesses.

   c) Explain the benefits of accounting information in business.

2. a) Write short notes on the following terms as used in business;

   i. Capital
   ii. Expenses
   iii. Drawings
   iv. Stock
   v. Income
   vi. Creditor
   vii. Debtor
   viii. Assets
   ix. Liabilities
   x. Transactions

xi. An account The purchases/ creditor's ledger

xii. The sales/ debtor's ledger

xiii. The private ledger

xiv. Cash book

xv. General/ nominal / real ledger.

xvi. Personal accounts

xvii. Impersonal account.

xviii. Single entry system

xix. Double Entry System.

xx. A ledger book.

xxi. The trial balance

xxii. A two column cash book

xxiii. A contra entry

xxiv. A three column cash book

xxv. A discount

xxvi. An overdraft

xxvii. A trade discount

xxviii. A cash discount

xxix. A petty cashbook

xxx. Imprest system

xxxi. Purchases journal

xxxii. Purchases returns day book

xxxiii. Sales returns day book

xxxiv. General journal (journal proper)

b) Explain the advantages and disadvantages of cash transactions.

3. a) Under what circumstances may an entrepreneur sell goods on credit?

   b) Explain the advantages and disadvantages of selling goods on credit.

   c) Draft guidelines for ensuring proper management of credit sales in business.

4. a) Under what circumstances may goods bought for resale be returned to supplier?

   b) Explain the functions of the journal proper.

   c) What is the importance of financial/ accounting ratios

5. What is meant by the following terms as used in business?

(i) Final accounts

(ii) The trading account

(iii) Stock

(iv) Opening stock/ stock at start

(v) Closing stock/ stock at hand/ stock in trade

(vi) Sales/ selling price

(vii) Sales returns/ return inwards

(viii) Net sales/ turnover

(ix) Purchases return/ return outwards

(x) Direct expenses

(xi) Wages

(xii) Carriage inwards/ carriage on purchases

(xiii) Net purchases

(xiv) Cost of goods available for sale

(xv) Cost of sales/cost price/ sales at cost

(xvi) Gross profit

(xvii) Gross loss

(xviii) The profit and loss account

(xix) Net loss

(xx) Carriage outward

6. Differentiate between the following;
    a) Balance sheet and an income statement
    b) Assets and liabilities
    c) Fixed assets and current assets
    d) Long term liabilities and short term/ current liabilities
    e) Capital owned and borrowed capital
    f) Fixed capital and circulating capital
    g) Liquid capital and working capital
    h) Capital employed and owner's equity
    i) Quick asset/ acid test ratio and current ratio
    j) Margin and mark up
    k) Net profit ratio and average stock
    l) Rate of return on capital invested and rate of return on capital employed.
    m) Rate of Stock turnover period and rate of debtors' turnover.

7. a) What is meant by the term cash flow?

   b) Explain the importance of cash flow statement in business.

   c) What measures can be taken to manage flow of funds in business?

8. a) Distinguish between the following;
    (i) A tax and taxation
    (ii) Tax burden and tax incidence
    (iii) Tax base and tax impact
    (iv) Taxable income and taxable capacity

(v) Tax avoidance and tax evasion

(vi) Tax exemption and tax shifting.

b) Mention and explain any five principles of taxation.

c) What are the qualities of a good tax system?

9. a) Differentiate between the following?

(i) Direct taxes and indirect taxes.

(ii) Income tax and corporation tax

(iii) Capital gains tax and personal tax

(iv) Death tax and inheritance tax

(v) Gift tax and import duty

(vi) Customs duty and excise duty

(vii) Sales taxes Sumptuary tax

(viii) Value added tax (VAT) and Export duty.

(ix) Progressive tax and regressive tax

(x) Proportion tax and advalorem tax

(xi) Specific tax and lump sum tax

(xii) Tax invoice and taxable value.

(xiii) Tax clearance and tax compliance

b) Explain the advantages and demerits of the following;

(i) Direct taxes

(ii) Indirect taxes

c) State the roles of Uganda Revenue Authority.

10. a) Examine the factors that influence tax compliance.

b) Comment on the importance of tax compliance to the business organization.

c) Suggest measures to encourage tax compliance.

BASIC FORMULARS USED IN FINANCIAL ACCOUNTS

1. Accumulated Depreciation =Initial Cost Of The Asset– Scrap Value

2. Annual Depreciation = Net Book Value X Depreciation Percentage

3. Annual depreciation $= \dfrac{\text{Initial Cost Of The Asset -Scrap value}}{\text{life span}}$

4. AnnualDepreciation =Cost Of Fixed Assets At The Beginning + Purchases Of Fixed Assets During The Year – Closing Stock Of Fixed Assets

5. Average stock $= \dfrac{\text{Opening stock +closing stock}}{2}$

6. Borrowed Capital =Total Long Term Liabilities
   Capital Owned = Total Assets – Total Liabilities
   Cost Of Goods Available For Sale = Opening Stock +Net Purchases
   Cost Of Sales =Goods Available For Sale – Closing Stock
   Net Purchases =Purchases - Purchases Returns
   Net Sales/ Turnover =Sales - Sales Returns/ Return Inwards
   Owner's Equity = Capital + Net Profit – Drawings
   Capital Employed =Capital Owned + Borrowed Capital
   Circulating/ Floating Capital =Total Current Assets
   Owner's Equity = Capital – Net Loss – Drawings
   Capital Employed =Fixed Assets + Working Capital

7. Cost Of Sales =Opening Stock + Net Purchases - Closing Stock

8. Creditors' turnover period $= \dfrac{\text{Total creditors x Number of days in a year}}{\text{Net purchases}}$

9. Debt to Equity ratio $= \dfrac{\text{Long -term debt}}{\text{Total Equity}}$

   Rate of stock turnover $= \dfrac{\text{Cost of sales}}{\text{Average stock}}$

10. Debt to total assets ratio $= \dfrac{\text{Long -term debt}}{\text{Total Assets}}$

11. Debtors' turnover period $= \dfrac{\text{Total debtors x Number of days in a year}}{\text{Net sales}}$

12. Fixed Capital =Total Fixed Assets

13. Fixed asset turnover $= \dfrac{\text{Net sales}}{\text{Fixed Assets}}$

14. Fixed asset turnover $= \dfrac{\text{Net sales}}{\text{Total Assets}}$

15. Gross Loss =Cost Of Sales – Net Sales

16. Gross profit =Net Sales - Cost of sales

17. Liquid Capital =Total Current Assets – Stock

18. Margin $= \dfrac{\text{Gross profit}}{\text{Net sales}} \text{x}100$

19. Margin $= \dfrac{\text{Gross profit}}{\text{Net sales}} \text{x}100$

20. Mark up $= \dfrac{\text{Gross profit}}{\text{Cost of sales}} \text{x}100$

21. Net Book Value =Cost – Accumulated Depreciation

22. Net profit ratio $= \dfrac{\text{Net profit}}{\text{Net sales}} \text{x}100$

23. Percentage of expenses to turnover $= \dfrac{\text{Total expenses x 100}}{\text{Net sales}}$

Rate of creditor's turnover $= \dfrac{\text{Net purchases}}{\text{Total creditors}}$

24. Quick asset ratio $= \dfrac{\text{Current assets -stock}}{\text{Current liabilities}}$

25. Rate of debtors' turnover $= \dfrac{\text{Net sales}}{\text{Total debtors}}$

$$\text{Rate of return on capital employed} = \frac{\text{Net profit}}{\text{Capital employed}} \times 100$$

26.

$$\text{Rate of return on capital invested} = \frac{\text{Net profit}}{\text{Owner's equity}} \times 100$$

27. Stock turnover period $= \frac{\text{Average stock}}{\text{Cost of sales}} \times$Number ofdays/months in a y*ear*

28. Working capital /Current ratio $= \frac{\text{Current assets}}{\text{Current liabilities}}$

29. Working capital =Current Assets – Current Liabilities

1. The following information relates to St Lawrence International Enterprises in Kyotera for the month of May 2010. On 1/5/2017. The business was started with Shs. 80,000 as capital.

   5/5/2017 bought a machine for cash shs 28,000

   8/5/2017 sold goods for cash shs 30,000

   14/5/2017 bought goods for cash shs 35,000

   22/5/2017 paid for insurance in cash shs 180,000

   23/5/2017 paid electricity in cash shs 24,000

   28/5/2017 cash drawings shs 120,000

   30/5/2017 paid wage in cash shs 130000

   Required:

   (i) Record the above transactions in St Lawrence International Enterprises Account and balance it at the end of the months.

   (ii) Open up the necessary ledger's accounts.

   (iii) Prepare the **balanced ledger accounts** for the business.

2. The following information relates to Mbata's business in Kisenyi for the month of December 2016. 0n 1/12/2016 Mbata started business with Shs. 80,000 as his capital.

   2/12/16 bought a machine for cash Shs 28,000

   6/12/16 sold goods for cash Shs. 3,000

   10/12/16 bought goods for cash Shs. 35,000

   14/12/16 paid for insurance in cash Shs 18,000

   20/12/16 paid electricity in cash Shs 24,000

   24/12/16 sold more goods for cash Shs 35,000

   29/12/16 cash drawings Shs 12,000

   29/12/16 paid wages in cash Shs 13,000

   Required;

   (i) Prepare a well balanced cash discount

   (ii) Open uo all the necessary ledger accounts and balance them

   (iii) Extract a **trial balance** as at 29th December 2016.

3. The following information relates to Wansolo for the month of JAN 2015.

   1/1/15 Wansolo started business with balance brought forward: cash Shs 190,000 and Bank shs 150,000.

   4/1/15 bought goods by cash Shs 80,000

   6/1/15 paid transport by cash shs 30,000

   7/1/15 bought more goods by cheque shs 100,000

   9/1/15 sold goods by cash shs 70,000

   12/1/15 received a cheque from Wambuzi shs. 50,000

   14/1/15 paid rent by cheque shs 30,000

   15/1/2015 sold more goods by cheque shs 120,000

18/1/15 paid Sarah by cash shs 40,000

22/1/15 withdrew money from business for personal use Shs 20,000

Required;

(i) Enter the above transactions in Wansolo's **two column cash book** and balance it at the end of the month.

(ii) Open up the necessary ledger accounts and balance them

(iii) Extract a trial balance.

4. The following information relates to Besigye fot the month of February 2018

1/2/18 Besigye started business with cash in hand shs 100,000 and cash at bank shs 350,000

4/1/18 Received a cheque shs 150,000

6/2/18 Cash purchases shs 150,000

9/2/18 Cash sales 200,000

10/2/18 Cashed a cheque shs 100,000

13/2/18 bought stationery in cash shs 20,000

14/ 2/18 ppaid cash into bank shs 50,000

15/2/18 Cash sales paid directly into bank shs 50,000

16/2/18 Withdrew cash from the bank for business use Shs 80,000

18/2/18 Paid Mao by Cheque Shs 90,000

19/2/18 Deposited cash into bank shs 60,000

20/2/18 Paid rent by cheque shs 100,000

21/2/18 Banked Cash shs 80,000

22/2/18 Kadaga paid us by cheque shs 200,000

23/2/18 Cash drawings shs 40,000

24/2/18 Withdraw cash from bank for private use Shs 20,000

27/2/18 Paid Kato Lubwama by Cheque shs 50,000

30/2/18 Withdrew cash from the bank Shs 100,000

Required;

(i) Enter the above the transactions in a suitably **ruled two column cashbook** and balance it at the end of the month.

(ii) Open up the necessary ledger accounts.

(iii) Extract a trial balance

5. Wankoko bought 50 boxes of water at Shs 10,000 each. The supplier allowed him a 12% and 10% trade discount and cash discount respectively.

   Calculate;

   (i) Trade discount

   (ii) Cash discount

   (iii) Amount he actually paid.

6. The following information relates to Faith during the month of April 2018.

   1st April Faith started business with cash at hand Shs 46,000 and cash at bank shs 93,000

   2nd –Bought goods by cheque shs 28,000

   3rd –Cash sales shs 44,000

   5th _ Banked cash shs 25,000

   7th_Paid by cheque the following in each case less cash discount of 5%

   Nakamatte Shs 16,000

   Hillary Shs 30,000

   8th- Received cheques from the following in each case less a cash discount of 3%

James shs 40,000

Amelia shs 30,000

10th Bought furniture by cheque shs 29,000

12th Cash drawing shs 10,000

13th paid Edward by cash shs 19,000 in full installments of his account of Shs 20,000

15th cash sales paid directly into bank shs 35,000

17th paid salaries by cash shs 15,000

20th cashed a cheque shs 18,000

24th received cash from Moreen shs 24,000 after a cash discount of shs 1000

25th paid wages in cash 13,000

27th paid Patience by cheque shs 13,000 having deducted shs 2000 cash discount

30th Received a cheque from Maria Rose shs 20,000 after a cash discount of 5%

Required;

(i) Write **a three column cashbook** from the above transactions and balance it at the end of the month.

(ii) Open up the necessary ledger accounts dully balanced and show the discounts accounts in the general ledger

(iii) Extract a trial balance.

7. The following information relates to K2 for the month of March 2017

2017	invoices received	invoice no.	Amount (shs)
3 / 4	Kyotera TRADERS	120	48,000
10th	Kampala traders	127	50,000
14th	Arua SUPPLIERS	203	30,000

21th	Herbert Solar	123	36,000
24th	Rwenzori group	334	60,000
29th	Kasolo INVESTMENTS	207	45,000

Required;

(i) Prepare K2 **purchases day book**

(ii) Post the transactions to the purchases ledger and general ledger

8. The following balances appeared in the books of Kaddongo Kamu Association on 31st December 2017.

	Shs.
Cash	2,000,000
Bank	4,000,000
Stock	6,000,000
Furniture	10,000,000
Bank loan	3,000,000
Creditors	
Walukagga	1,500,000
Ssegawa	2,500,000
Debtors.	
Kappo	800,000
Ndugga	200,000

During the month of January 2018, the following transactions took place.

January 1st Sold stock shs 800,000 in cash

4th Walukagga was paid shs, 1450,000 by cheque

9th Received cash from Kikofira shs 120,000

13th Withdrew shs 1000,000 from the bank for office use.

22nd Sold goods to Golden Ss 800,000

Required to;

(i) Prepare **the journal proper** to record the opening balance and ascertain capital.

(ii) Journalize the transactions that took place during January 2018

(iii) Open up the ledger accounts and record the transactions.

(iv) Extract a trial balance.

9. The following balances appeared in the books of Kyewubiradda as at 30th July, 2017

ITEM	Shs.
Opening stock	150,000
Sales	600,000
Purchases	350,000
Closing stock	100,000

(a) Calculate;

(i) Cost of goods available for sale

(ii) Cost of sales

(iii) Gross profit

(b) Prepare the **trading account.**

10. Walugembe had the following items after taking out a trading account on 30/08/2017

ITEM	SHS
Gross profit	472,000
Rent	94,000
Transport	30,000
Salaries and wages	60,000

General expenses	100,000
Carriage outwards	42,000
Discount allowed	20,000
Discount received	60,000

Required;

Prepare Walugembe's **profit and loss account** as at that date.

11. Museven's business showing the following balances as at 31/12/2016

ITEMS	Shs.
Opening stock	380,000
Carriage outwards	150,000
Discount allowed	5000
Discount received	4500
Rent received	5500
Net purchases	3800,000
Net sales	6500,000
Closing stock	220,000
Carriage inwards	200,000
Electricity	23,000
Telephone	44,000
Advertising	220,000
Rates	14,000
Salaries and wages	517,000
Insurance	370,000

Transport	281,000

Required:

Prepare Museven's

(i) **trading and profit and loss account** for the period ending 31/12/2016.

(ii) **Income statement.**

12. The following balances were extracted from the book of accounts of Ssekandi as at 31st December 2016.

ITEM	SHS
Capital	700,000
Equipment	20,000
Furniture	80,000
Stock	150,000
Debtors	100,000
Creditors	200,000
Bank loan	200,000
Bank overdraft	100,000
Land	500,000
Unpaid salaries	50,000
Drawings	100,000
Cash at bank	150,000
Net profit	400,000
Prepaid rent	50,000
Cash in hand	200,000

Buildings 300,000

Required: Prepare Ssekandi's balance sheet as at 31/12/2016.

13. A motor cycle was bought for shs. 1,600,000 and it was expected to have a life span of 4 years. Calculate the;
    - (i) Depreciation to be charged annually
    - (ii) Accumulated depreciation.

14. MANGERE bought a machine at shs. 200,000,000 on 1st jan. 2018 and depreciation was to be charged at 10% per annum on reducing balance. Calculate:
    - (i) Value of depreciation for three years.
    - (ii) The next book value of the asset for each of the three years.
    - (iii) Accumulated depreciation (total depreciation after three years)

15. Given the Trial balance of St Lawrence International Enterprises- Kyotera as at 31st June 2018.

ST LAWRENCE INTERNATIONAL ENTERPRISES-KYOTERA

TRIAL BALANCE

AS AT 31st JUNE 2018

PARTICULARS	DEBIT	CREDIT

	Shs	Shs.
Stock 1st july 2017	10,000	
Purchases	1100,000	
Sales		2,000,000
Bad debts	12,000	
Discount received		10,000
Discount allowed	20,000	
Motor van cost	100,000	
Cash at hand	20,000	
Debtors	50,000	
Creditors		30,000
Provision for bad debts		20,000
Capital		410,000
Cash at bank	40,000	
Returns outwards		50,000
Electricity	70,000	
Salaries	80,000	
Rent	18,000	
Carriage inwards	60,000	
Land at cost	1,000,000	
Equipment at cost	200,000	
Accumulated depreciation:		
Motor van		20,000
Equipment		40,000
Returns inwards	100,000	

Bank loan		300,000
	<u>**2880,000**</u>	<u>**2880,000**</u>

Adjustments:

(i) Closing stock was valued at Shs. 200,000

(ii) Half of the rent paid is for the forth coming financial year

(iii) Salaries of shs. 20,000 were due.

(iv) Provision for bad debts is to be charged at 5% of debtors.

(v) Depreciate equipment by 20% on cost and motor van by 10% on net book value.

Required ;

(a) Trading and profit and loss Account for the year ending 31st July 2017

(b) A Balance Sheet as at that date.

16. Use the following information to answer the questions that follow;

TEACHERS' CANTEEN INCOME STATEMENT FOR THE PERIOD ENDED 31ST DEC. 2013

SUMMARY

Net sales	240,000,000
Less cost of goods sold	180,000,000
Gross profit	60,000,000
Less operating expenses	25,000,000
Net profit	35,000,000

Note:

The opening stock as at the start of 2013 was Shs. 23,000,000

Teachers' canteen Balance Sheet

As at 31.12.2013

	Shs.	Shs.		Shs.
Capital	89,000,000			
Add: net profit	35,000,000		Fixed Assets:	
	124,000,000		Buildings 82,000,000	
Less: drawings	10,000,000		Furniture 50,000,000	
114,000,000				
Long-term liabilities:				
5 year loan from teachers' SACCO 72,000,000			Current Assets:	
			Stock 47,000,000	
Current liabilities:			Debtors 38,000,000	

Bank overdraft 34,000,000 Creditor 40,000,000	Bank 25,000,000 Cash 18,000,000
260,000,000	260,000,000

Required:

(a) Calculate the following ratios;

i) Gross profit margin (03 marks)

ii) Net profit to sales (03 marks)

iii) Net profit to owner's equity (03 marks)

iv) Acid test (03 marks)

v) Stock turnover (03 marks)

vi) Fixed assets turnover (03 marks)

vii) Debt to owner's equity (gearing ratio) (03 marks)

(b) Interpret the following ratios in relation to 5(a) above:

(i) Debt to owners' equity (02 marks)

(ii) Net profit to sales (02 marks)

17. The following list of assets, liabilities and capital was obtained from the books of Lillian as at 31st October 2015.

Details	Shs.
Capital	8,380,000
Land	6,000,000

Cash at hand	260,000
Cash at bank	300,000
Machinery	2,400,000
Furniture	1,400,000
2 year loan	2,600,000
5 year bank loan	2,000,000
Office equipment	1,600,000
Building	180,000
Creditors	800,000
Debtors	800,000
3 year bank loan	1,200,000
Bank overdraft	700,000
Stock	400,000

Calculate the following;

(i) Capital net worth
(ii) Working capital
(iii) Working capital ratio
(iv) Liquid funds
(v) Liquid capital
(vi) Liquid capital ratio
(vii) Circulating capital
(viii) Fixed capital
(ix) Capital employed
(x) Borrowed capital.

18. The information below relates to Joanitah beauty centre transactions for the month of September and October 2017.

TRANSACTIONS	NOVEMBER	DECEMBER
	Shs. “000”	Shs. “000”
Purchase of Assets	2,000	2,500
Payment of wages	90	1,000
Receipts from sales	1,000	1,500
Loan	3,000	2,000
Repayment of loan installment	500	4,500
	60	70
Payment of rent		
	1000	1,500
Purchase of raw materials		
	2560	3,000
Sales of refreshments		
	100	120
Taxes		
	300	350
Debtors		
	160	150
Creditors		
	180	170
Acquisition of furniture		
	200	140
Grants from friends		
	4000	4,500
Disco dance collections		
	120	100
Sale of old furniture receipts	150	160
	100	90
Rates		
	250	200
Transport expenses		
	160	200
Installation of new machinery	70	72

Cinema collections Electricity bills		

Required;

(i) **Prepare Joanitah Beauty centre cash flow statement for the two months**

(ii) State its cash position.

PAPER 2 HANDLING GUIDELINES.

1. When required to design, it means to come up with the structure of the aspect asked leaving in gaps for the specific content. It applies on documents, forms, schedules etc. The remaining words require a student to give a full presentation of the aspect examined. These other words may include; prepare, draft, present, formulate, draw, develop, write, show etc.

2. All the businesses dealt with in project work must be given names, which must not be abbreviated.
3. The name of the business must reflect the nature of the business. This may be an agribusiness, trading, manufacturing or service business. The line of business must be specific. If the business is a company the name ends with limited or company or both.
4. The address used must include box No. and the town the box no is found.
5. The location must be definite. It must include the District, County, Sub county, Parish, Village, Town, Road, Avenue, Street and Plot No.
6. The date for preparing a document is that for the day of sitting the test/exam.
7. Headings for guidelines, programmes, schedules and budgets must include the name and address of the business and/ or the venue and date.
8. All amounts columns for documents prepared and for any numerical values must indicate the currency unit.
9. Budget prepared must include the heading, item currency units for amounts and total amount.
10. Working capital requirements must begin with the major inputs of the business.
11. Guidelines/ policy documents must be prepared using “shall” avoid (We, I, He, She, They etc..)
12. Business plan items are presented using present simple tense
13. All documents must be framed and the name of the document must be inside the frame.
14. In letter writing, the complementary close must be perpendicularly below the business name and address. The salutation must be above the subject line.
15. Misspelling technical terms. Penalty 100% i.e. 00marks.

PAPER 2 EXAMINATION FORMAT AND SAMPLE.

PAPER 230/2

This paper is the entrepreneurship skills application paper that tests the students’ ability to apply learnt entrepreneurship skills in real business situations. The paper has six (6) optional questions; a candidate is required to answer only Four (4) questions each carrying 25 marks giving a total of 100 marks. This paper has four (4) project illustration questions and two (2) accounts or financial management questions.

SAMPLE TEST 1
Uganda Advanced Certificate of Education
ENTREPRENEURSHIP EDUCATION
P230/2
3 hours

Instructions to the Candidates:
- ✔ *Answer four questions.*
- ✔ *All questions carry equal marks.*

1. You have established a soft drink plant and you are looking forward towards expanding it by introducing a new brand.
   a) Design a market survey guide you will use when carrying out a market research.
   b) Present a production plan for your business. (7 marks)
   c) Draft a purchase order for materials to be used. (5 marks)
   d) Develops guidelines for customer care to your workers. (5 marks)
2. You have established a project dealing in agricultural produce which is expanding rapidly and you have decided to recruit more man power to handle the expansion requirements.
   a) Present a job application form. (6 marks)
   b) Design a program for recruitment for workers. (7 marks)
   c) Prepare rules and regulations for the workers. (7 marks)
   d) Draft a stock ledger to be used in your business. (5 marks)

3. You are a production manager of gifted hands entrepreneurs. You have received complaints from students about declining quality of your products and you have agreed to acquire a loan to improve on the quality.
   a) Design a loan repayment schedule. (6 marks)
   b) Prepare quality policies for your products. (8 marks)
   c) Present a budget for the loan funds. (7 marks)

d) Draft an advert for gifted hands entrepreneurs. (5 marks)

4. The following information was obtained from the books of Movit enterprises Ltd for the year ended 2014.

i) The business had cash of Shs 200,000 on 1st of March 2014

ii) The business expects to sell goods every month worth Shs 20 million and receive only 80% in the month of sale and the remaining balance is received the following month.

iii) Monthly projected salaries for 50 workers were Shs 150,000 per worker.

iv) The business hopes to get a loan of Shs 2,000,000 in April.

v) The monthly interest on the loan is 5% payable after one month grace period.

v) The business expects donations in cash worth Shs 3,000,000 per month but this is expected to reduce by 10% after the first three months.

vi) Monthly rent income is expected to be Shs 5,000,000 but this is expected to increase by 3% after the first two months.

vii) The business hopes to buy premises cash worth Shs 35,000,000 in the first month.

viii) Monthly cash purchases Shs 6,000,000

ix) The business bought machinery in the month of April at Shs 15,000,000 and paid Shs 7,000,000 the balance is to be paid into two equal installments in the following months.

Required:

a) Prepare a cash flow statement for four months. (20 marks)

b) How can the business avoid a cash flow deficit? (5 marks)

5. You are operating a small clay workshop and you want to expand the workshop by recruiting more workers.

a) Prepare an induction program for the new workers. (8 marks)

b) Write a letter inviting all heads of department to a man power planning meeting. (6 marks)

c) Develop guidelines to be followed to ensure safety of the work place. (6 marks)

d) Design an administrative structure of your business. (5 marks)

6. The following trial balance was extracted from the books of Muko and sons enterprises Ltd as at 31st December 2014.

Details	Debit (Shs)	Credit (Shs)
Capital		10,000,000
Purchases	4,000,000	
Fixtures and fittings	850,000	
Moto lorry	2,500,000	
Sale		6,500,000
Discounts	5,000	4,500
Rent received		5,500
Insurance	354,000	
Transport	281,000	
Electricity	25,000	
Debtors	2,500,000	
Creditors		844,500
Rates	15,000	
Stock 1 – 1 – 2014	380,000	
Salaries and wages	220,000	
Bad debts	44,000	
Drawings	15,000	
Bank balance	5,900,000	
Cash balance	110,500	
Total	**17,354,500**	**17,354,500**

Additional information:

i) Depreciation on fixtures and fittings was provided at 2% and 5% for motto lorry per annum.

ii) Un sold stock on 31st December 2014 was Shs 220,000.

iii) Of the electricity paid Shs 2,000 was advance and Shs 1,000for rent was prepaid Shs 16,000 was outstanding in respect of insurance.

REQUIRED:

a) i) Rate of stock turn over. (3 marks)

ii) Gross profit ratio (3 marks)

iii) Acid test ratio (3 marks)

iv) Average credit period for debtors in months. (3 marks)

v) Net capital employed (3 marks)

b) Prepare a balance sheet for Muko and sons enterprises Ltd as at 31st December 2014. (10 marks)

END

May God bless you.

Any submissions on inquiry or edition are highly welcome.

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Look for Paper 1 and 3 by the same author with more revision questions.