845/1
Entrepreneurship Education
Paper 1
2½ hours
July/August, 2025

ERETA EDUCATION CONSULTS LTD

JOINT MOCK EXAMINATIONS 2025

Uganda Certificate of Education

ENTREPRENEURSHIP

PAPER I

2 HOURS 30 MINUTES

INSTRUCTIONS:

This paper consists of section A and B. It has SIX examination items.

Section A has 2 compulsory items.

Section B has two parts i.e Part I and Part II. Choose one item from each part.

Answer four examination items in all.

SECTION A

(Compulsory)

Item 1:

Opendi plans to set-up a restaurant in town in the next five (5) months. He earns UGX 500,000 per month. He needs UGX 1,200,000 as starting capital for the business. He's confused about where to rent a room for his business. He wants his restaurant to be in a clean place with lots of people passing by. Also, in a place where he uses less transport to acquire food stuffs to be prepared daily. His aims at selling to people who work in town like shop attendants and drivers. He is seeking for professional business guidance.

Task:

a) advise Opendi on what to consider when identifying an area for the restaurant.

b) Draft for him a plan to follow so as to raise the required capital.

ITEM 2

Madam Namono owns "Oka Farm Fresh Enterprise," a rapidly growing online platform connecting small-scale farmers in villages directly with town consumers in Kampala. For the past year, "Oka Farm Fresh Enterprise" has specialized in delivering fresh vegetables, fruits, and milk directly to customers' homes and offices. The business operates by collecting produce from various partner farmers, storing it briefly at a store in town, and then distributing it using rented motorcycles plus a delivery van. she uses buckets and jerrycans to collect milk. This many times makes the milk go bad. She now wants to get special milk cans for collecting the milk.

Due to increased demand form different customers in different parts of Kampala, Namono is unable to sell to all of them in time. Customers complain about unreliable delivery times, occasional missing or receiving rotten vegetable, fruits and milk. Madam Namono also recognizes that she's losing some repeat business due to these issues. she would wish to have his products stored in a fridge so as to keep them fresh for a longer time. Though he has a limited budget for new investments, and is open to innovative solutions.

Task:

As a business development consultant, Guide Madam Namono:

a) select a suitable equipment for his business.

b) select a better way for the distribution of his products to his consumers.

SECTION B

(Attempt one item from each part)

PART I (*Select one item from this Part*)

Item 3:

Lutwetwe runs a phone accessories business in Kikuubo, Kampala, selling on both wholesale and retail. For years, he has relied solely on cash transactions, keeping large sums of money at his shop and home. Recently, he faced significant challenges: a large sum of cash was stolen from his shop, and he is struggling to manually monitor his stock. This often leads to him running out of popular items like phone covers and chargers because he fails to restock in time, resulting in frequent stockouts. On top of that, many of his bulk buyers prefer digital payments, which he can't currently accept, causing inconvenience.

Despite his hard work, Lutwetwe's profits have declined over the past six months. He suspects this is due to inefficient operations, lost sales from the stockouts, and customers increasingly preferring modern ways of doing business. A friend suggested adopting technology, but Lutwetwe feels overwhelmed and unsure where to begin. He is also deeply concerned about the overall financial health and sustainability of his business.

Task:

As a business consultant, advise Lutwetwe on:

a) A suitable type of bank account for his business.

b) Technologies he can adopt to revive his business.

Item 4

Mr. Ssekandi, operates "Swiftmangu Deliveries," carrying out delivery services using vans and motorcycles in Kampala. He relies on cash for business payments and receipts, and accumulates large sums of cash from daily deliveries, often storing them insecurely at his home office. His friend, Martha, has consistently urged him to improve his financial operations by opening a dedicated business bank account. However, he questions whether managing daily cash deposits from his drivers wouldn't become excessively complicated. He also worries about potential high minimum balance requirements and monthly fees that could reduce his already tight profit margins.

Furthermore, Mr. Ssekandi has been reluctant with his tax responsibilities. He is significantly late for filing monthly income tax returns for "Swiftmangu Deliveries". A critical overlooked area is his employment tax obligations. He employs three dedicated drivers: Mr. Alex Mugisha (Gross Salary:

UGX 950,000 per month), Ms. Betty Nalubega (Gross Salary: UGX 1,100,000 per month), and Mr. Chris Otim (Gross Salary: UGX 300,000 per month). None of these employees have been registered for Pay As You Earn (PAYE), and no employment taxes have been remitted to the Uganda Revenue Authority (URA) for two months. Swiftmangu Deliveries received a severe warning from the URA, stating that failure to settle outstanding tax arrears could lead to the immediate suspension of his business operations. Mr. Ssekandi is now desperate for expert guidance on how to rectify these issues and ensure future compliance.

Task:

Guide Mr. Robert Ssekandi on:

a) Guide Mr. Robert Ssekandi on selecting a suitable bank account for "Swiftmangu Deliveries".

b) Compute the tax arrears to be remitted to URA. Use the tax schedule below;

Monthly Chargeable income	**Tax Rate (Bracket)**
1. Not exceeding UGX 235,000.	Nil
2. Exceeding UGX 235,000 but not exceeding UGX 335,000.	10% of the amount by which chargeable income exceeds UGX 235000.
3. Exceeding UGX 335,000 but not exceeding UGX 410,000.	UGX 10,000 plus 20% of the amount by which chargeable income exceeds UGX 335,000.
4. Exceeding UGX 410,000	(a) UGX 25,000 plus 30% of the amount by which chargeable income exceeds UGX 410,000

Part II (*Choose one item from this Part*)

Item 5

Ms. Ninsiima operates "Don Agri-Mart," a small business in Mbale that specializes in supplying agricultural inputs (such as seeds and fertilizers) to local farmers. Ms. Ninsiima would like to accurately track her cash and bank transactions for April 2025 and then, determine her business' profitability for the month.

Opening Balances as at 1st April 2025:

- Cash in Hand: UGX 1,500,000
- Cash at Bank: UGX 6,200,000

Transactions for April 2025:

- **April 1:** Paid shop rent for April by cheque, UGX 920,000.
- **April 3:** Purchased various seeds and fertilizers for resale by bank transfer, UGX 2,000,000.
- **April 7:** Received cash for agricultural products sales, UGX 1350,000.
- **April 9:** Deposited cash from sales and services into the business bank account, UGX 1,200,000.
- **April 15:** Received payment from a farmer for credit sales made in March, directly deposited into the bank, UGX 1,500,000.
- **April 18:** Sold fertilizers, receiving immediate payment via bank transfer, UGX 1,800,000.
- **April 20:** Withdrew cash from the bank for office petty expenses, UGX 300,000.
- **April 29:** Received cash for business sales UGX 1000,000.
- **April 30:** Paid monthly staff salaries by bank transfer, UGX 1,430,000.

Additional Information for the month ended 30th April 2025:

i. Stock of seeds and fertilizers as at 1st April 2025: UGX 3,000,000.

ii. Stock of seeds and fertilizers remaining at the close of business on 30th April 2025: UGX 2,800,000.

She has approached you to help her organize these financial records.

Task: *Using your accounting and entrepreneurial skills, prepare the following:*

a) a suitable Cash Book for the month of April 2025.

b) a Statement to determine profitability of "Don Agri-Mart" for the month ended 30th April 2025.

Item 6

Mr. Mugerwa is the owner of "Mega Hardware Supplies," a retail and wholesale hardware business located in Kampala. Mr. Mugerwa understands the importance of proper documentation for every transaction and regular assessment of his business's financial health.

On **June 10, 2025**, "Mega Hardware Supplies" sold to **Bwindi Construction Co. Ltd.** of P.O. Box 789, Kampala. The items sold were:

- 100 bags of Cement (50kg) at UGX 32,000 per bag.
- 50 sheets of Iron Sheets (Gauge 28, 3m) at UGX 45,000 per sheet.

The Manager of Bwindi promised to pay later and they agreed that payment will be made within 30 days and a cash discount of 5%. Mr. Mugerwa would like to issue the document to confirm this transaction using serial number MHS/INV/2025/001. However, he does not know the format to use.

As at **30th June 2025**, Mr. Mugerwa's accountant provided the following final balances for "Mega Hardware Supplies":

- Land & Buildings: UGX 120,000,000
- Delivery Vehicles: UGX 35,000,000
- Inventory: UGX 15,000,000
- Debtors: UGX 12,500,000
- Cash at Bank: UGX 8,000,000
- Creditors: UGX 7,000,000
- Bank Overdraft: UGX 2,500,000
- Long-term Bank Loan: UGX 20,000,000
- Capital: UGX 161,000,000

Task:

a) Prepare the suitable documentary evidence to issue to Bwindi Construction Co. Ltd.

b) Prepare a Statement of Financial Position for "Mega Hardware Supplies" as at 30th June 2025.

END