

ENTREPRENEURSHIP EDUCATION SCENARIO FOR DISCUSSION, FORMAT FOR 845/1

E.O.C 1: BUSINESS START UP PROCESS

Item 1

Alpha is in the process of starting up a restaurant in Wandegaya near Makerere university. However, she is unsure of the customer's needs in terms of food varieties preferred, prices to be charged among others. He also needs guidance on how production requirement can be analyzed.

Task

Guide Alpha to:

- a) develop a suitable tool to effectively gather the customers' opinions.
- b) Make an analysis of production requirements for the proposed restaurant

Item 2

Sarah resides in a busy trading center surrounded by many schools and universities. She successfully saved ugx. 2,000,000 to start Discotheque or restaurant. Her entrepreneurial aspirations are bright, but undecided between which suitable business to start. She also lacks knowledge on how to acquire additional funds to expand production and sustain her chosen venture beyond its initial stage. She plans to save most of her earnings in the bank.

Task

Using your entrepreneurial skills guide Sarah to;

- a) Select the most appropriate business
- b) i) identify possible alternatives for raising additional funds
ii) budget for the funds
- c) Besides saving funds in the bank, advise Sarah on the other forms through which she can save her earnings.

Item 3

Magezi and Tonny have jointly saved UGX 4,000,000 to start a snack business dealing in chappatis, mandazi, doughnuts etc and they are wondering where to locate their business. They were denied a contract of supplying to the government offices snacks for not having Tax Identification Number (TIN). They were also told that the business has no trading license. The two lack clear guidance on how they can formalize their business to start supplying district offices and since it is one of the requirements to get government funding. They plan to wind up with the implementation of intended activities in one month.

Task

Help Magezi to

- a) select the location for the Snacks business.
- b) Guide them on the procedures to follow before starting snack business.
- c) i) educate them on the process to undertake so as to acquire the TIN and trading license
ii) plan for the implementation of business activities

Item 4

Namukisa is a retired Civil servant in Masaka City. She has invested his retirement package in establishing a poultry farm and a big plantation on 5 acres of land. Recently she is experiencing a challenge of producing surplus production which cannot be consumed locally and she has been advised to explore market opportunities in neighboring countries.

Tasks

Inform Namukisa on:

- a) benefits she is likely to enjoy when operating such businesses.
- b) What documents may Namukisa require to process before disposing of the surplus to other countries.
- c) Plan for administration of labour.

E.O.C 2 MANAGING THE BUSINESS.

Item 5.

Onana is a graduate of food technology from Kyambogo University. He has passion for healthy living and is about to launch "Pure Harvest Juices" a small-scale enterprise specializing in fresh natural fruits juices such as mango blend, passion fruit delight etc. His target market is health-conscious individuals, urban office workers, and local fitness fans in Kampala. He buys fruits mostly in the evening from road side vendors and other local farmers in the community but sometimes the quality is poor and the supply is insufficient. He is particularly concerned about ensuring a consistent supply of fresh, high-quality juice throughout the year and reaching his specific target audience without overspending on advertising. He has approached you for technical advise.

Task

As an Agri business consultant;

- a) advise Onana on the considerations for selecting suitable supplies for his juice products
- b) with reasons select appropriate advertising medium to promote the launch of 'Pure Harvest Juice'

Item 6.

Kapere is the owner of kombucha beverages limited Kyengera mainly produces bottle local wine and drinking water. Most of ingredients like banana, pineapples it uses to process local wine do not meet the production standards, expensively supplied and gets easily **spoilt**. It mainly sells wine directly to a few local shops near their factory and to customers with in the community using a simple Van and this has reduced sales. However, there is a need to expand their distribution to reach distant areas.

Task

- a) with justification, identify suitable distribution strategies for the products.
- b) i) Select right ingredients for production of wine.
ii) Advise kombucha beverages on the ways of raising decline in sales.

Item 7

Zakayo an entrepreneur started a business dealing in processing maize flour, millet flour and soya flour. He buys his inputs from farmers in the local community at cheaper prices. Recently he started processing peanut butter since most of the farmers in the area started supplying him with groundnuts.

Zakayo wakes up early in the morning to attend to the customer orders that come from nearby schools and restaurants. They all praise the quality of paste and flour packed in attractive paper bags. He properly links up with his customers through calling them frequently and he has been setting weekly sales targets as strategy to guarantee business profitability.

Task

Using your entrepreneurship skills;

- a) Identify the attributes possessed by Zakayo
- b) Present the possible practices that have been practiced by Zakayo to maintain quality standards.
- c) Analyze benefits enjoyed by Zakayo through producing groundnut paste and flour.

Item 8.

Suubi is operating a furniture workshop at his home town dealing in sofa sets, office tables, dining tables, chairs and beds of different varieties. His tools, machinery and equipment frequently break down and this has delayed production and affects quality of the goods produced. However, he plans to buy better ones

Currently a number of furniture products sold per week reduced due to low levels of innovative practices

Task

- a) Guide Suubi on selection of tools, machinery and equipment for his business.
- b) Advise Suubi on innovative practices that can be undertaken to boost weekly sales for furniture products.
- c) Design a sign post to direct customers on Suubi's furniture workshop.

Item 9

Sirajje is an entrepreneur operating furniture work shop in Kisozi trading center. He uses manual machines to process the furniture products but this lowers the quality of the output. He employs three skilled workers but conflict over roles to perform and he has no knowledge about the importance of allocating duties. He poorly keeps his records and this has made it difficult to track the performance of his business. However, Sirajje has invited you for technical advice.

Task

- a) Inform Sirajje on the business benefits enjoyed after allocating tasks to business employees
- b) Guide Sirajje on the importance of keeping effective records as a strategy to track the performance of the business.

ELEMENT OF CONSTRUCT 3: BUSINESS SUPPORT

Item 10

The Buddo teachers' Agri-Farm SACCO in Buddo was established two years ago by 50 ambitious teachers with farms. It is now grappling with severe crisis. Initially, the SACCO served as a vital association, enabling members to pull weekly savings and access crucial micro loans for chicks, feeds and essential equipment, significantly boosting their poultry production. However, over the past 6 months, this promising cooperative has faced many challenges like loan defaulters have increased drastically; active membership has dropped from 50 to 33 and the treasurer has reported alarming inconsistencies in the financial records.

At the same time, the chairperson faces accusation of being a dictator and illegally charging exorbitant interest rates on loans different from SACCOS founding principles. The remaining members have fear for the SACCO's collapse. With many planning to withdraw their savings. In this desperate situation, the worried members have collectively approached you, seeking urgent professional advice to save and revive their SACCO.

Task: Help them to:

- a) Illustrate the ideal operational basis for proper functioning of the SACCO.
- b) Demonstrate strategies that could be implemented to revive the struggling SACCO.

Item 11

Apio has been operating a bakery business for the last 10 years with 5 employees. She distributed the products to consumers in the community. When Apio tried to distribute bread to the district officials and supermarkets she was denied the opportunity due to lack of tax compliant certificate. She has always conflicted with URA when importing most of the wheat flour from other countries. Customers are happy with the quality of the products because they soft and well flavoured and affordability of her products. She serves her customers with a smile and employees work on contract basis. Some of the bakery premises are rented which provides additional income to the business

Task: Help Apio to:

- a) i) identify the possible types of taxes her business can pay.
ii) inform Apio the benefits her business will get when she complies with URA.
- b) Analysis ethical practices exhibited by Apio in her business.

Item 12

Gava owns a micro finance institution. The institution provides salary loans, school fees loan and business loans. Gava normally moves with a lot of money on a motor cycle and loans could not be disbursed to clients when he is not around. The customer turnout is also still low since most of them have no knowledge about services offered by financial institutions. Some cash which customers bring as part of loan repayment also gets lost at the offices under Manship of dishonest employees. He instructs the workers to close the premises if he is notified of the presence of URA enforcement officials. This is because he lacks knowledge about his obligations as a tax payer.

Task:

- a) As an expert in banking, avail knowledge to the community about services offered by micro finance institutions
- b) How can technology solve the challenge in the scenario?
- c) Guide Gava on his obligations and Rights as a tax payer.

ITEM 13

Blessing is the owner of Mazima poultry farm which is one of the businesses that were greatly affected by COVID-19 which resulted into making physical interaction and meeting customers difficult to conduct financial transactions.

The business currently is facing other challenges such as frequent machinery breakdown, misappropriation of funds by the dishonest employees, fire out break and theft of merchandise hence registering huge losses.

The farm employees 5 professional employees with a monthly salary of shs. 400,000 each.

Task

- As a student of entrepreneurship, how can electronic banking solve the challenge faced by patience's business in the scenario
- Present the insurance policies that can be used to manage risks facing Blessing's business
- Assist Blessing to compute the annual income tax to be tax be paid to URA for professional employees using the following URA subscribed tax rates.

Chargeable Income	monthly	Tax rate
Exceeding shs 335,000 but not exceeding shs 410,000		Shs 10,000 plus 20% of the amount by which chargeable income exceeds shs 335,000

Item 14

KAWA operates a poultry business in his home town with a very busy schedule. He has been receiving payments in cash from his clients and also keeps his profits at his home. Last week thieves broke into his house and stole all the money that was kept at home and yet he has no insurance cover. He has been advised to open up a bank account though he lacks knowledge about a suitable account to open. A few days ago, URA threatened to close and impound his birds for failing to file for VAT. The business total purchases amounted to Ugx 85,000,000 and sales amounted to Ugx 127,000,000

Task

Use your entrepreneurial skills to;

- Guide him on the appropriate account to open.
- Compute the VAT payable to URA by Kawa's Poultry business.
- Advise him on the necessary procedures to follow for seeking the appropriate insurance cover.

Item 15

Bomboka is a local entrepreneur who operates a car hire business in Kampala. As part of managing business risks, he insured his vehicles with a well-known insurance company. Unfortunately, one of his cars got involved in a serious accident. When he approached the insurance company to claim compensation but he was shocked to be denied payment. The insurance officials stated that some principles of insurance had been violated, which left Bomboka confused and frustrated. He poorly keeps his records and has no TIN. Sometimes he closes his business and hides after getting information about URA enforcement. URA now threatens to close the business due to non-tax compliance practices exhibited by Bomboka

Task:

He has now invited you, as a student of Entrepreneurship, to help him understand:

- a) The principles of insurance he may have violated.
- b) Advice Bomboka on strategies he can undertake to save his business from being closed by URA.

E.O.C 4. APPLYING BOOK KEEPING SKILLS

Item 16

Tusuubira is a proprietor of sweet bite bakery based in Mukono dealing in all bakery products. A proprietor implemented an Imprest system starting 1st May 2025. He established an initial cash float of UGX 1,200,000 from the business' main bank account on that date. At the end of May, Tusuubira needs to accurately track all cash payments and importantly understand his business financial health. He has instructed you with a task of preparing appropriate cash records and comprehensive summary of his financial position as at 31st May 2025.

Cash payment for minor cash transactions for May 2025

- 2nd paid for office cleaning supplies UGX 25,000
- 5th paid for postage stamps for mailing clients' reports UGX 15,000
- 8th paid for tea, coffee and sugar for the office refreshments UGX18,000
- 20th paid for stationery (pens, papers and folders) UGX 30,000
- 24th paid for water dispensary refills in his office UGX 22,000
- 28th paid for minor electrical repairs (light bulb replacement) UGX 40,000
- 29th paid for photocopying clients' documents UGX 12,000
- 29th paid for envelopes UGX 10,000
- 31st Tusuubira checked on the petty cash balance and decided to reimburse the fund from the main bank account to restore the Imprest float

Other financial information available appears below;

Details	Ugx
Office equipment	3,000,000
Office furniture	2,000,000
Debtors	3,000,000
Bank balance	15,100,000
Capital	15,000,000
Net profit	5,100,000
Drawings	7,000,000
Creditors	10,000,000
Debenture	5,000,000
Stock	3,800,000

Task

Using your accounting and entrepreneurial skills, prepare the following for Tusuubira bakery limited

- a) i) Prepare a suitable cash book for the month of May to take record of minor expenses using appropriate columns of postage, office supplies, stationary, traveling, repair and maintenance
- ii) Open up relevant ledger accounts.
- b) Determine the financial position of Tusuubira bakery

Item 17

Asiimwe is a busy grocery owner of 'Magoba Grocery' in Kamokya a city suburb with a daily busy schedule but with little knowledge of record keeping. She has been inviting different experts at the end of the financial year to assist her balancing her records. Last year 2024 one of the accountants she has been employing halfway kept records after falling sick.

Because of her busy schedule, she has not been issuing out documentary evidences for any transactions that takes place. On 5th July 2024 Katushabe a daily customer took 3kgs of Rice each at 5,000 and paid 5kgs of sugar each at 4,000. She is demanding for evidence for transaction which patience has failed to provide.

You have been invited to complete the compilation. The records appear as follows;

Details	Ugx
Gross profit	45,000,000
Sales discount	800,000
Land	13,000,000
Furniture	6,000,000
Rent and rates	4,900,000
Premium charges	15,000,000
Capital	136,000,000
Drawings	11,000,000
Cash at hand	14,000,000
Cash at bank	3,000,000
Stock at close	7,500,000
Creditors	15,500,000
Debtors	1,800,000
Purchases discount	500,000
Carriage on sales	3,000,000

Task

- Help Asiimwe to provide suitable documentary evidence for the business.
- Determine the actual profits made at the end of the financial period.
- Determine the value of assets and liabilities.

Item 18

Grace serves as the operation's manager of "Quality Grain Processors" a crucial community-based enterprise in Gulu. The mill deals in processing of quality flour and records daily transactions. Although Grace diligently records all daily transactions including maize purchases, flour sales and operational expenditures such as fuel and mill maintenance in a basic ledger and through collected receipts, these records are not formatted for formal accounting presentation.

The transactions appear as follows;

As at 30th June 2024

Details	Amount (UGX)
Purchased milling machine	75,000
Trade receivable	18,000
Bank loan	31,000
Cash balance	14000

Bank account	
Drawings	27,000
Discount on purchases	10,000
Capital	6,000
Carriage on sales	190,000
Wages and salaries	8,000
Debenture	15,000
Discount on sales	14,000
Commission received	48,000
Stock at close	20,000
Sales	48,000
Maize seeds bought	128,000
Sold flour	90,000
Carriage inwards	128,000
Stock at start	10,000
Overheads	28,000
Premium	4,000
Returned flour by customers	8,000
Expired raw maize seeds returned to farmers	6,000
	5,000

Task

The cooperative miller's committee is scheduled to hold its annual review meeting next week and you are required to present the following

- A summary of debit and credit balances.
- Statement of comprehensive income as at that date

Item 19

Masaka hardware stores located in Masaka, Uganda deals in various hardware materials during the month of June 2025. Some customers took materials on credit whose details were captured as summarized below;

1st June sold to Jojo 3 bags of cement each shs.20,000 less 5% discount, 3 boxes of nails each at shs.10,000 and 3 tins of vanish earn at shs.5,000 less 5% discount

2nd received 2 bags of cement from Jojo due to expiry

5th bought 4 bags of cement each at shs.10,000, 3 iron bars each at 5,000 from Sarah

6th returned 2 iron bars, 1 bag of cement to Sarah

The business owner invested shs. 470,028,250 (capital) at start and now own a building with shs. 200,000,000, motor van worth 120,000,000 and money in cash is UGX 100,000,000 and at bank UGX 50,000,000. The entrepreneur has failed to post the credit transactions in their relevant books of original entry and also determine the value of assets and liabilities.

Task

- Prepare a relevant book of original entry
 - Draft a source document to take a record of returns made by the business customers to the Masaka hardware stores
- Determine the value of assets and liabilities

Item 20

Promise has been operating a retail shop business since 2020. Due to limited resources, she has been receiving assistance from her sister, who helps manage the shop and also attempts to keep financial records. However, her sister has no formal training in accounting, which has led to some confusion in record keeping and financial management.

Details	Ugx
Capital contributed	6,850,000
Total sales revenue	5,200,000
Purchases made during the year	3,800,000
Value of shop premises	50,000
Values of motor vehicle owned	1,200,000
Cash available at hand	5,720,000
Sales returned by customers	1,200,000
Discount received from suppliers	400,000
Discount allowed to prompt customers	500,000
Value of goods at the start of trading period	870,000
Value of goods taken by the owner for personal use.	1,100,000
Electricity expenses	1,440,000
Insurance bills paid	1,800,000
Unsold goods at the end of the trading period	720,000
Outstanding bank overdraft	1,720,000
Amount owed to creditors	300,000
Rent income earned	550,000
Goods returned to suppliers	550,000
Bank loan	2,660,000
Purchase of land for business expansion	550,000

Task

Assist promise to

- Check on the arithmetic accuracy as at 31st Dec. 2020.
- Determine the profit or loss as at the of the trading period ending 31 Dec 2020.
- Value of assets and liabilities as at 31st Dec. 2020

Item 21

Tracy is a young entrepreneur who operates a small juice processing business in the trading center of her village. Despite her limited book keeping skills, she keeps basic records of her business transactions. Below is a summary of her business activities for the month of June 2024.

1 st commenced business with cash	UGX 60,000
2 nd bought oranges by cash	UGX 20,000
5 th Received receipts from land Lord	UGX 15,000
7 th sold 3 glasses of juice worth	UGX 15,000
10 th bought 1 box of lemons by cash	UGX 22,000
12 th sold 10 glasses of juice worth	UGX 32,000
15 th made cash drawings	UGX 10,000
18 th Issued receipt to tenant	UGX 28,000
20 th sold 5 glasses of juice by cash worth	UGX 38,000

30th bought stationery by cash

UGX 5,000

Task

Tracy is seeking your assistance to organize these records using the double entry book keeping system and check on its arithmetic accuracy

Item 22

Kirabo Traders is a busy retail shop in city suburbs of Mukono. It sells most of its most of its products on both cash and credit basis as a strategy to boost sales.

The following is a list of Customers and suppliers for the last month of May 2025.

Date	Invoices issued to customers	Document no	Amount
MAY			Ugx
1 st	Kisakye	001	40,000
2 nd	Mukisa	003	80,000
6 th	Mubeezi	004	100,000
11 th	Grace	006	60,000
15 th	Tendo	007	40,000
	Invoices received from suppliers		
3 rd	Omara	002	120,000
4 th	Ola	005	30,000
5 th	Otimu	008	50,000
7 th	Okidi	009	60,000
	Credit Notes Issued.		
13 th	Kisakye	010	10,000
14 th	Mubezi	011	20,000
	Credit notes received		
15 th	Ola	007	15,000
16 th	Okidi	009	8,000

Task

- a) Assist Kamukamu Retail shop to prepare relevant books of accounts so as to determine:
 - i) total debtors
 - ii) total creditors
 - iii) total sales return
 - iv) total purchases returns using relevant books of accounts
- b) **Determine**
 - i) Net purchases
 - ii) Net sales

Item 23

Capital Shoppers Enterprise is a newly established business dealing in general merchandise. The owner started operations in December 2020 and conducted various transactions during the month. However, the business owner is still learning how to record financial transactions and seeks your help in preparing accurate financial records.

Below are the summarized transactions for December 2020:

December 1st

The business officially commenced operations. The owner introduced capital into the business in the form of UGX 2,000,000 in cash and UGX 4,000,000 deposited in the business bank account.

December 4th

The proprietor made a personal withdrawal of UGX 200,000 in cash from the business funds to cater for private expenses not related to the business operations.

December 10th

A cheque payment of UGX 250,000 was issued to the landlord to cover monthly rent expenses for the business premises.

December 12th

The business made a cash purchase of goods worth UGX 400,000 for resale in the ordinary course of operations.

December 14th

Capital Shoppers Enterprise sold goods to a customer, who in turn paid by cheque worth UGX 600,000, which was deposited into the business bank account.

December 18th

The business purchased various office stationery items, and the amount of UGX 220,000 was paid directly by issuing a cheque.

December 22nd

The business withdrew UGX 500,000 from the bank to increase cash on hand for daily operational needs. This was done by cashing a cheque drawn on the business account.

December 23rd

Capital Shoppers Enterprise purchased furniture to be used in the shop and paid UGX 850,000 by cheque to the supplier.

December 24th

The business acquired goods on credit worth UGX 650,000 from a supplier named Odongo. Payment was not made immediately and is expected at a later date.

December 28th

The business made cash sales amounting to UGX 300,000, which was immediately added to the cash on hand.

December 30th

The business settled the outstanding balance owed to Odongo for the goods bought on credit earlier in the month by making a full payment of UGX 650,000 in cash.

Task:

a) Prepare appropriate cash book for the month of December 2020.

- b) From the same data, open relevant ledger accounts, post the transactions accordingly, and balance off each account.
- c) Prepare a Statement of Arithmetic Accuracy for Capital Shoppers Enterprise as at 31st December 2020, showing the balances extracted from the ledger accounts.

Item 24

Wolokoso Traders is a fast-growing retail business located in Wakiso District. The business specializes in the supply of general merchandise including hardware and household goods. It operates both on a cash and credit basis, and frequently offers trade discounts to encourage bulk purchases.

The business owner, Mr. Wasswa, has recently experienced a significant increase in business activities. However, he has noticed inconsistencies in the way transactions are being recorded in the books. He has now approached you to help organize and correctly record the transactions that occurred during the second week of January 2010.

Below is a summary of transactions that require proper classification and posting into the books of account:

The details of the transactions are as follows:

5th January 2010.

- Purchased 20 cartons of fancy goods from Kampala Traders at Ugx 100,000 each, less 10% trade discount. (Invoice No. 12345)
- Purchased 100 bags of cement from Kiwatule Traders at Ugx 22,000 each, less 10% trade discount. (Invoice No. 12456)

6th January 2010,

- Returned 2 cartons of fancy goods to Kampala Traders due to damaged packaging and near expiry. (Credit Note No. 234)
- Returned 10 bags of cement to Kiwatule Traders because they were wet and hardened, making them unusable. (Credit Note No. 456)

7th January 2010

- Bought general merchandise for cash worth Ugx 300,000 to restock urgent fast-moving goods.

8th January 2010

- Sold 12 cartons of fancy goods to Katwe Traders at Ugx 120,000 each, less 5% trade discount. (Invoice No. 1235)
- Sold 40 bags of cement to Kasubi Provision Store at Ugx 24,000 each, less 10% trade discount. (Invoice No. 1236)

8th January 2010.

- Sold assorted goods for cash worth Ugx 350,000.

9th January 2010

- Kasubi Provision Store returned 6 bags of cement, claiming they were torn and spilling during delivery. (Credit Note No. 2346)

Tasks:

i) appropriate journals to:

- a) Record all credit purchases with proper calculation of trade discounts.
- b) Record goods returned to suppliers, clearly stating reasons and credit note details.
- c) Enter all credit sales, applying trade discounts accurately

- d) Record goods returned by customers, including appropriate reasons and credit notes.

Note

Ensure accurate use of **dates, invoice/credit note numbers, and trade discount calculations.**

Post the transactions to the following ledgers:

- a) Purchases Ledger
- b) Sales Ledger:
- c) General Ledger:
- d) Prepare trial balance as at that date.

END

OBJECTIVES OF THE SEMINAR.

- To sensitize Item takers on how to justify responses as per demands of UNEB requirements.
- To give Item takers general tips to guarantee excellence in entrepreneurship in NLSC.
- To educate item takers techniques of approaching and interpretation of scenario-based tasks.
- To share with Item takers common mistakes made in the financial management.
- To boost Item takers confidence in preparation for the end of cycle. assessment.
- To unpack the four elements of construct of entrepreneurship to item takers

STRUCTURE OF THE PAPER

- This paper comprises of two sections i.e. section A and B
- Section A is compulsory with three items and section B has 2 items where an item taker picks one item. It tests book keeping skills.
- Paper duration is 2 hours and 30 minutes.

BASIS OF ASSESMENT.

Assessment is done basing on the Elements of construct. There are mainly four elements of construct and they include the following;

ECO 1: Appreciate business start-up process

ECO 2: Managing a business

ECO 3: Appreciate business support

ECO 4: Apply book keeping skills.

BREAK DOWN OF ELEMENTS OF CONSTRUCT IS AS BELOW

ITEM	ELEMENT OF CONSTRUCT	TOPICS TO BE COVERED
1	Appreciates business startup process	<ul style="list-style-type: none"> ✓ Types of businesses ✓ Forms of business ownership ✓ Cooperatives in Uganda ✓ Business ideas ✓ Business opportunities ✓ Introduction to international trade ✓ Regional cooperation ✓ Market survey/research/human wants ✓ Steps in starting up a business ✓ Business plan ✓ Preparation of other elements of business plan ✓ Marketing plan ✓ Production plan ✓ Action plan ✓ Location of a business ✓ Factors of production ✓ Preparation of action plan ✓ Formalizing a business ✓ Sources of business finance ✓ Savings and investment
2	Manages a business	<ul style="list-style-type: none"> ➤ An entrepreneur/qualities Production management ➤ Production management ➤ Factors of production ➤ Specialization, division of labour, diversification in production ➤ Machinery, equipment and tools in production ➤ Quality in production ➤ Creativity and innovation ➤ Preparing a business plan (cash flow) ➤ Introduction to marketing ➤ Channels of distribution ➤ Advertisement and sales promotion ➤ Production management
3	Appreciates business support	<ul style="list-style-type: none"> ❖ Money ❖ Bunking ❖ The central bank, commercial banks ❖ Types of bank accounts ❖ Microfinance institutions ❖ SACCOS ❖ Electronic banking ❖ Risks in business ❖ Terms used in insurance ❖ Principles of insurance

		<ul style="list-style-type: none"> ❖ Insurance documents and process ❖ Challenges facing the insurance industry ❖ Introduction to government revenue ❖ Taxation ❖ Tax administration in Uganda ❖ Tax compliance ❖ Basic tax computation ❖ Business ethics ❖ Consumer protection ❖ Technology in business ❖ Success in business
4	Apply book keeping skills	<ul style="list-style-type: none"> ○ Book keeping ○ Source documents ○ Books of original entry ○ The ledger ○ Trial balance and correction of errors ○ Correction of errors. ○ Statement of comprehensive income (trading, profit and loss) ○ Statement of financial position (balance sheet)

TECHNIQUES TO APPROACH A TASK AND RAISING EXPECTED RESPONSES.

- ❖ Start with an opening statement e.g Tina should consider the following factors when selecting a maize milling machine.
- ❖ Determine the basis of assessment. This involves determining each learning area an item has been extracted from.
- ❖ State the response first in an application form where applicable in line with the scenario. E.g the durability of the maize milling machine.
- ❖ Justify each response given in form of an explanation. The explanation given should not be knowledge based. As an Item taker, localize your thinking. i.e applying it to the day-to-day life experience.
- ❖ Avoid knowledge-based explanations.
- ❖ NB; Every response given **must** be explained and justified. Any response not justified attracts no scores.
- ❖ Responses given must be connected and related to the scenario
- ❖ Have as many justified/ explained responses as possible in order to substantiate your competence and maximize scores.
- ❖ Always read and understand the scenario before approaching a task.
- ❖ Identify the challenge in the scenario. This has no score but it helps you to pre-determine the demands of the task.
- ❖ Identify the direction of the task. This will help you to know the required approach of a given task e.g Selecting location. This needs factors considered when selecting business location.
- ❖ Always refer to the scenario as responses are developed.

- ❖ Tasks on business plan elements like marketing plan, production plan, organization plan, etc. should be practically presented. The presentation should be in line with the business mentioned in the scenario.
- ❖ Tasks of illustration like budgets and source documents like quotation should be presented with information connected to the scenario.
- ❖ Tasks of insurance policies. State a policy and risk in the scenario. If there is no risk in the scenario try to show the possibility of its occurrence basing on the scenario.
- ❖ Tasks about types of taxes; State a type and show its application basing on the scenario etc.

AREAS OF EMPHASIS WHEN HANDLING FINANCIAL MANAGEMENT

- ❖ Always put a title. This should cover the name of the business, name of the book / statement and the period which covers the month and the year. The title should be in three lines
 - ❖ Use a correct format.
 - ❖ Put correct units (UGX) / shillings (shs)
 - ❖ Put correct entries
 - ❖ Make correct additions or subtractions in order to get correct totals
 - ❖ Write figures well. Avoid over writing/ bolding figures
 - ❖ Master the required principles.
- NB;** Revision should be made from simplest to complex.

DESCRIPTION OF TASKS AND INTERPRETATION IN FINANCIAL MANAGEMENT

- ❖ Trial balance - Determine **the arithmetic accuracy/Make a summary of debit and Credit balances.**
- ❖ Cash books - **Determine the cash and bank monthly balance**
- ❖ Take record of credit transactions- preparation of day books / journals OR give a total value for debtors and creditors
- ❖ Determine profit or loss / prepare statement of comprehensive income – **income statement /Trading, profit and loss account.**
- ❖ Prepare statement of financial position – **Balance sheet.** Determine the value of total assets and liabilities

SOLUTION GUIDE FOR EXPECTED RESPONSES.

ELEMENT OF CONSTRUCT ONE; APPRECIATE BUSINESS STARTUP.

ITEM 1

- a) An item taker is required to prepare a market survey guide.
➤ Business name and address.

NB; It should be in line with the scenario e.g., Alpha Restaurant

✓ **Document title** – Market survey guide

✓ **Business background.** Alpha restaurant is a sole proprietorship business deals in production of local meals mainly matooke and fried chicken and other local foods. It is located in Buddo opposite Buddo sec school.

Please you are kindly required to respond to the following questions

- ✓ What is the name of the customer?
 - ✓ What is the sex?
 - ✓ What is the age of the customer?
 - ✓ What is your income segment?
 - ✓ What products are preferred most and why?
 - ✓ What unique features should our food have?
 - ✓ What promotional strategies will be effective to promote our restaurant
 - ✓ Who are the competitors in the area?
 - ✓ How would you prefer to reach our products?
 - ✓ Suggest recommended price for our food?
 - ✓ Rank our food against the food of other restaurants.
 - ✓ Thank you so much for your cooperation.
- ❖ Note: Put a frame

The information should appear in form of questions

- b) An item taker is required to develop a production plan

NB Key areas to note when preparing a production plan

Alpha Restaurant (U) Limited

P.O. Box 777, Kampala

Tel: 0789123456

Production Plan

- ✓ Business site and location. The restaurant is located in Buddo trading center near Buddo secondary school. The premises are rented at shs 200,000 per month.
- ✓ Products offered to customers. Alpha Restaurant mainly offers, Matooke, Fried rice, Chicken stew etc. Accompanied with fresh juice and soft drinks
- ✓ Raw materials used and other inputs. The main raw materials include: Matooke, Rice, Tomatoes, Onions, Chicken, Spices (salt, curry powder, cooking oil, pepper, etc.). The total estimated monthly cost of these raw materials is UGX 2,900,000.
- ✓ Selection of Machinery and Equipment Used. Charcoal stoves for main food cooking, Warmers to keep food hot and ready for serving, cooking pots, saucepans, knives,

chopping boards and Serving utensils and food trays. The estimated monthly cost of maintaining and replacing this equipment is UGX 130,000.

- ✓ Labour Requirements; Skilled staff: Chef and assistant cook and Semi-skilled staff: waitresses, cleaners, dishwashers. The total monthly wage bill for all staff is estimated at UGX 2,300,000.
- ✓ Means of disposing wastes; Leftovers, peelings, and waste food sold to nearby farmers to use as animal feed. The restaurant pays about UGX 50,000 monthly for local waste collection, but earns around UGX 30,000 from selling food scraps, leaving a net disposal cost of UGX 20,000.
- ✓ Power and utilities; Electricity for lighting, food warmers, refrigerators, Charcoal for cooking stoves and Water for cleaning, cooking, and washing dishes. The monthly cost for these utilities is estimated at UGX 550,000.
- ✓ Packaging requirements; Disposable plates for customers taking away food and Polythene bags for carrying packed food. The estimated monthly cost of these packaging materials is UGX 150,000
- ✓ Transport requirements; The restaurant owns a van, which distributes food to distant customers such as schools, offices, and construction sites in Buddo and surrounding areas. The cost of fueling and maintaining the van per month is estimated at UGX 400,000.

NB. Attach a cost on each item.

ITEM 2

a) An item taker is supposed to choose one business opportunity that can be suitably be operated in a busy trading center.

There after that, he or she should give the reasons/ justification why such a business opportunity has been selected through giving characteristics of a good business opportunity but in an application form.

e.g Sarah should open a restaurant due to the following reasons.

Justification for selecting a restaurant as a business opportunity:

- Low startup capital. A restaurant can be started with affordable capital. For example, Sarah's savings of UGX 2,000,000 can cover basic cooking utensils, a stove, and initial food supplies.
- Large market size. The area is surrounded by many schools and universities, providing a big number of potential customers who need daily affordable meals.
- Availability of required skills. Sarah can easily get skills in food preparation or even employ someone with basic cooking skills, since cooking is a common, learnable skill.
- Affordability. Food services are affordable for students and community members in terms of pricing, making the business attractive to many people.
- Availability of raw materials. Food items like matooke, rice, beans, vegetables, and fruits are readily available in the nearby markets and farms, ensuring a steady supply.
- Acceptability in the community. Eating out at restaurants is common and widely accepted in trading centers, so Sarah's business will be easily embraced.
- Properly timed. There is daily demand for restaurant services at all times of day, including breakfast, lunch, and dinner.

- Reasonable return on investment. Selling food has a good profit margin, and with a large customer base, Sarah can recover her capital and earn profits quickly.
- Legal acceptability. The laws and local authorities allow restaurant businesses to operate as long as they have the required licenses and meet hygiene standards.

NOTE: Choose any suitable business but provide appropriate justification.

b i) The following are the alternative funds for additional capital

NB. An item taker should present source of funds/finance/capital

- Personal savings. Sarah already saved UGX 2,000,000, which is a personal saving she can reinvest to start the restaurant.
- Acquiring loans from banks. She can approach a commercial bank or a microfinance institution to get a small business loan, using her personal savings as security. This will allow her to expand beyond her initial capital.
- Contribution from friends and family. Sarah can talk to trusted family members or friends who might be willing to support her business by contributing some funds, especially since her idea is reasonable and the market is strong.
- Inviting investors to buy shares. She may find a partner who wants to invest money in exchange for a share of profits, which helps raise more money without borrowing.
- Trade credit / supplier's credit. Suppliers of foodstuffs or drinks might be willing to deliver raw materials to Sarah on credit and let her pay after selling.
- Re-investing retained profits. Once the restaurant starts, Sarah can reinvest her profits back into the business to buy more stock or expand services.
- Cash donations from government or other organizations. She can apply for youth or women's entrepreneurship grants, which are sometimes offered by the government, NGOs, or local authorities.
- Sale of personal property. If she owns other assets like a piece of land or a motorcycle, she could sell these to raise more capital to expand the business.
- Advances from customers. Sarah could negotiate with large customers (e.g., a nearby school canteen) to pay in advance for regular food supply, which she can use as working capital.

NB; for justification relate the sources to the scenario

b ii) An item taker is required to present a budget.

- Business name. this can be got from the scenario
- Document title (budget)

BUDGET TO START A RESTURANT for Ugx 2,000,000.

DETAILS	AMOUNT(UGX)	AMOUNT(UGX)
Charcoal stove	30,000	
Saucepan	150,000	
Rent	100,000	
Fridge	400,000	
Advertising	30,000	
Furniture	50,000	
Stationery	10,000	
Raw materials and other inputs	100,000	
Total		2,000,000

NOTE: when presenting a budget, the following are must.

- ✓ Document title
- ✓ Total must appear and it should not exceed the total amount given in the scenario

Prepared by;

Sign _____

Name _____

Title _____

Note. Localize the entries

c) Forms of saving Sarah can save her income besides depositing in the bank.

- Near cash investments. Sarah can invest in assets like treasury bills or money market funds, which can quickly be converted into cash when needed.
- Buying properties. She may buy land or a small plot from her profits, which is a form of long-term saving and wealth building.
- Buying valuable items. Sarah can buy high-value items like gold jewelry, which hold value and can be sold later if she needs cash.
- Trading in currencies (forex trading). She can invest a small portion of her savings in foreign currencies, which can appreciate in value, though this carries some risk.
- Buying shares in other businesses or companies. Investing in shares allows Sarah to earn dividends and grow her savings over time.
- Opening a mobile money account. Sarah can save on her phone through a mobile money account, which is secure, convenient, and helps separate personal spending from business earnings.

ITEM 3

An item taker is required to give the factors considered when choosing a business location for the sack BUSINESS.

a) The following are the factor when selecting a location for the snacks business

- Availability of market: Magezi and Tonny should locate their snack point where there are many customers, such as near schools, offices, or busy trading centers, to attract enough buyers.
- Availability of skilled labour: They need to find a place where they can easily get workers like chefs, cleaners, and waiters to help run the snack point smoothly.
- Availability of water: The location must have a reliable water source for cleaning utensils and preparing the snacks.
- Availability of premises for rent: Magezi and Tonny should find suitable premises that they can rent affordably to set up their snack point.
- Availability of electricity: Their snack business needs electricity to run food warmers, lighting, and any other equipment.
- Cost of rent: The rent for the premises should be low enough for Magezi and Tonny to afford without straining their budget.
- Accessibility to customers: The snack business should be easy for customers to reach, for example, near a roadside or in a busy trading center.
- Availability of support services: It helps if there are nearby services like banks or mobile money agents where Magezi and Tonny can safely deposit their earnings.
- Availability of security: The business should be in a safe area, ideally near a police station to protect the snack business.
- Government policy and legal requirements: Magezi and Tonny must choose a location where local laws allow them to operate a food business and where it is easy to get trading licenses.
- Availability of other inputs: The place should have easy access to raw materials like Irish potatoes, wheat flour, cooking oil, and spices at reasonable prices.

b) Steps to be followed to start snack a business.

- Generating the business idea: Magezi and Tonny should develop the idea of starting a snack point dealing in chapatis, mandazi, and doughnuts.
- Identifying the potential business opportunity: They should scan their trading center environment, noting the presence of schools, universities, and offices with demand for affordable snacks.
- Selecting the suitable business opportunity that is feasible and viable: They should settle with a suitable business-like snack business, because it is profitable, simple to run, and fits within their saved UGX 4,000,000.
- Carrying out market survey: Magezi and Tonny can gather customer opinions about prices, preferred types of snacks, and peak hours for selling.
- Selecting the legal form of business ownership: They may choose to register it as a partnership since they are working together.
- Preparing a business plan: They need to prepare a business plan describing their snack menu, expected prices, costs, and strategies for reaching customers.

- Mobilizing the necessary resources: This includes utensils, charcoal stove, food warmers, tables, and chairs.
- Sourcing of business funds: They will rely on their UGX 4,000,000 savings and could also approach friends or family for top-up funding if needed.
- Identifying business location: Magezi and Tonny should select a strategic location near busy schools and offices to attract customers easily.
- Registering and licensing the business: They should register the business name, get a TIN, and apply for a trading license to comply with the law and qualify for supply contracts.
- Launching the selected business: After registration and preparation, they will officially open the snack point to the public.
- Commencing and managing the business operations: Magezi and Tonny will start official operations and manage daily activities such as purchasing raw materials, preparing snacks, serving customers, and keeping proper records.

c) Steps to be followed when acquiring a TIN and a trading license

- Searching for the business name by URSB. Magezi and Tonny will search for the snack point business name at URSB to ensure no one else is using it.
- Reserving the business name. After confirming availability, they will reserve the business name so it is protected for their use.
- Paying the registration fees. Magezi and Tonny will then pay the required fees to register their snack point officially.
- Filing with URA for a TIN. Once registered, they will file with Uganda Revenue Authority to get a Tax Identification Number so they can meet tax requirements.
- Paying for trade license fees to the bank. They will then go to the municipal offices to apply for a trading license and pay the required fees at the bank.
- Obtaining the trading license
- After payment, they will receive their trading license which allows them to run the snack point legally.
- Filing with NSSF for registration of NSSF. Magezi and Tonny will register with NSSF so that when they employ workers, they can contribute to their social security savings.
- Issuing a registration certificate. Finally, they will be issued a registration certificate confirming that their snack point is fully registered and recognized.

N.B. these steps should be given in order and related to the scenario.

Sometimes these steps may vary depending on the nature of the business

b ii) An item taker is supposed to present implementation plan/ action plan

ACTION PLAN FOR IMPLEMENTING SNACK POINT ACTIVITES

Name of the business and address

Action plan

Activity	Time frame (2025)	Persons responsible	Resources needed	Indicators of success	Remarks
	July				
Carrying out market survey	4 th -6 th	Tonny Juma	<ul style="list-style-type: none"> • Small survey tools • UGX 100,000 for transport & printing 	Completed report on customer snack preferences	Should be left blank
Securing a business site (rental premises)	7 th -15 th	Tonny Latoo	Funds for rent deposit (approx. UGX 500,000)	Rental agreement signed	
Registering the business name and acquiring TIN/trading license	16 th -17 th	Kato Kimera	National IDs, approx. UGX 150,000	TIN and trading license acquired	
Purchasing equipment (charcoal stove, utensils, food warmers, display table)	18 th -20 th	Kato kimera	Funds (approx. UGX 1,200,000)	Equipment ready for use	
Selection of the required personnel	20 th -21 st	Male Peter	Recruitment documents	Required staff recruited	
Installation of machinery and equipment	21 st -23 rd	Tonny Latoo	Installation inputs	Installed machinery, tools and equipment's	
Connecting water and electricity (if needed)	24 th - 25 th	Magezi	Funds (approx. UGX 200,000)	Utilities connected	
Buying initial stock of raw materials	26 th -27 th	Magezi	Funds (approx. UGX 1,000,000)	Raw materials stocked	

(flour, sugar, oil)					
Conducting a production trial to test recipes	28 th	Aryan Akiki	Production ingredients	Successful test of chapatis, mandazi, doughnuts	
Simple publicity (flyers, word of mouth)	28 th	Aryan Akiki	Funds (approx. UGX 100,000)	Customers aware of the business	
Official opening of snack point	28 th	Magezi & Tonny	Production resources	Snack point launched and serving customers	

NB: Remarks column should be left blank

ITEM 4

a) An item taker is required to give the benefits of poultry and matooke plantation farm/ agri-business to Namukisa

- Provision of food e.g., chicken and matooke will directly provide food for Mukasa's household and the surrounding community.
- Make use of idle resources e.g., Namukisa's land, which would otherwise remain unused, is now put to productive use.
- Supports development of other sectors like trading businesses which can sell hoes, pangas, feeds, and other supplies to the farm.
- Make use of wastes e.g., coffee husks or poultry droppings can be turned into manure to fertilize the plantation.
- Used for study purposes by students such as agricultural students and researchers who can visit the farm for learning practical skills.
- Supports infrastructural development like road construction to transport Birds, eggs, and matooke to the market centers.
- Source of medicine e.g., eggs are good for treating malnutrition, cough, and improving general health.
- Source of income for NaMukisa which improves his standards of living by earning money from selling Birds, eggs, and matooke.

b) Documents that Namukisa will use of disposing surplus products

- An indent. this is a document from the foreign buyer requesting Namukisa to supply certain quantities of poultry or plantation produce.
- Certificate of origin. specifies the country where the products (e.g., poultry, matooke) were produced, proving they come from Uganda.
- Consular invoice. shows that the goods are good, approved, and legal for import into the destination country.

- Airway bill. serves as a contract between Namukisa (as exporter) and the airline company if the surplus produce is shipped by air.
- Export license. Issued by the Ugandan government to permit Namukisa to export restricted goods, if any, such as processed poultry products.
- Weight note. shows the total quantity of goods being exported, for example total weight of matooke or eggs.
- Bill of lading. serves as a contract for the carriage of goods if the products are transported by sea.
- Calling forward note. informs Namukisa of the date and time by which his goods should be delivered to the port or dock for loading on the ship.

c) Plan for administration for labour

An item taker is required to present an organization plan

Business and address

Organizational plan.

- ✓ Nature of employees to be employed. It employs skilled workers include veterinary doctors and semi-skilled labour include farmers, shamba boys etc.
- ✓ Source of recruiting workers. These are mainly recruited from the community
- ✓ Level of qualification. They mainly hold certificate in agriculture for semi-skilled workers. And skilled workers hold a diploma in veterinary medicine
- ✓ Task and duties. Veterinary doctors treat birds and shamba boys mainly carry out digging
- ✓ Wages and Salaries. skilled workers are mainly paid on piece rate basis of shs. 10,000 per day.
- ✓ Administrative expenses. An average of shs 10,000 is spent weekly on stationery and airtime.
- ✓ Fringe benefits offered to workers. All workers are given food, accommodation and food allowances

Item 5

a) An item taker is required to give factors considered when selecting supplies.

Major considerations when selecting supplies by Onana

- Quality of fruits: Fruits should be fresh, well ripened, and not spoilt to ensure good juice quality.
- The price of the fruits: Fruits must be affordable to keep production costs low.
- Availability of fruits: Fruits should be readily available along streets and within the local community to ensure steady supply.
- Risk of damage of fruits: Fruits selected should have a longer shelf life and not spoil quickly during storage or transport.
- Number of wastes produced: The fruits should produce minimal waste compared to the juice output to reduce losses.

- Location of suppliers/source of fruit: Suppliers should be near the business premises, such as local farmers in the community, to reduce transport time and keep fruits fresh.
- Taxes charged on fruits: Fruits with lower government taxes should be preferred to reduce overall costs.
- The brand trust of fruits: Fruits should come from suppliers or brands that are trusted and known for quality.
- Amount of fruits used in the production cycle: Onana should buy enough fruits to meet the needs of each production cycle without overstocking or shortages.

b) An item taker is supposed to choose one suitable and appropriate advertising medium to be used when an entrepreneur (Onana) advertises his products.

Onana can use the following advertising medium when advertising Using posters. This can appropriately help Onana to advertise the products since it is cheap and he does not want to overspend on advertising. Other benefits associated with poster include:

- Posters can also be put in urban centres and this can help Onana to meet his target audience very easily.
- Well-designed posters can be put in places where customers mostly pass must especially in urban centres.
- Well-designed posters can be appealing or attractive and this can easily attract people in urban places.
- Easily accessed by urban audiences. Posters can be strategically placed in busy urban areas such as markets, arcades, where can easily see them.

However, Onana should consider the following factors when selecting that advertising medium.

- The cost. Posters are relatively cheap and affordable since Onana does not want to overspend.
- The target audience. posters can easily meet the target audience of Onana most especially in urban centres.
- Availability of the medium. Posters can easily be available and located in urban places.
- The age of target customer. posters can suitably offer advertising message to nature of customers like the adult with health-related problems since they can read them.

NOTE:

Other possible advertising media that can be appropriate;

- Sign posts
- Social media in form of internet.
- Loud speakers.
- Using sandwich men.

NB: Each one of these should be justified basing on the scenario in case it has been selected.

- Provides usual information. Posters use images, colour and short messages to quickly catch attention and pass important information about the products like price.
- Encourage impulse buying posters can be placed in busy urban centres near points of sale or high traffic areas that can influence spontaneous purchases.

ITEM 6

An item taker is supposed to choose one appropriate distribution strategy that can suitably distribute wine to customers.

An item taker is required to select an appropriate distribution channel that can suitably distribute Kombuncha wine.

Kombuncha beverages should use the following distribution channel when distributing wine to customers.

Direct distribution channel. Here Wine will be distributed directly to customers like those shops near the factory and local community members in bars, restaurants, etc.

Direct distribution channel associated with the following benefits;

- Allows direct customer feed as customers will share their opinions with Kapere about the wine sold to them such as the price, flavour, etc.
- It creates high profit margin. This is because middle men are eliminated.
- Creates good relationship between the business and its customers. This promotes brand loyalty.
- Quality is controlled. Kombuncha beverages will eliminate middle men through using a direct channel that can possibly spoil the quality of wine.

The following are the merits associated with it, however, Kombuncha should consider the following factors when selecting a distribution channel;

- The size of the market. Kombuncha beverages sells most of its wine to only nearby shops and customers. This means that the market is small and can conveniently be served directly through using a direct distribution.
- The cost of the distribution channel. Kombuncha beverages can afford the cost of using direct distribution since most the customers are the business premises.
- The distance between the business premises and target customers. Most of the customers are the factory, therefore they can directly access the products.
- Availability of the distribution trucks. Kombuncha beverages owns a small van that can directly distribute juice to customers.
- Reliability of the distribution for Kombuncha beverages can reliably be distributed to customers directly to nearby places.

- The speed and urgency of the distribution channel. Wine can be urgently distributed to customers directly.
- Level of competition. Since there are no other beverages, businesses in the area making wine, the competition seems to be very small and therefore a direct distribution channel can be used.

6.b) selecting right Ingredients for production of wine

An item taker is supposed to give factors considered when selecting raw materials/ ingredients for production of wine.

- Quality of ingredients: Ingredients should be fresh, well-ripened, and free from spoilage to ensure high-quality local wine production.
- Price of Ingredients: Ingredients must be affordable to keep production costs low and maintain profitability.
- Availability of Ingredients: Ingredients should be consistently available from local sources to ensure uninterrupted production.
- Risk of damage: Selected Ingredients should have a longer shelf life and resist spoilage during storage and transportation to minimize losses.
- Amount of waste produced: Ingredients that generate minimal waste during processing are preferred to maximize output and reduce raw material loss.
- Proximity of suppliers: Suppliers should be located near the factory, such as local farmers in the community, to reduce transport time and preserve freshness.
- Taxes on Ingredients: Preference should be given to Ingredients with lower government taxes to reduce overall production costs.
- Supplier reputation: Ingredients should be sourced from trusted suppliers or farmers known for delivering quality produce.
- Quantity required: Kombucha Beverages should purchase Ingredients in quantities sufficient to meet production needs without causing overstocking or shortages.

b(ii) Ways to raise declining sales

- Advertising. Kombucha can place adverts on local radio stations like CBS FM or Bukedde FM to reach Ingredients wine drinkers in the wider Masaka and Kampala areas.
- Personal selling. Kombucha sales staff can visit local restaurants and bars around Kyengera and talk directly to owners about stocking Kombucha's wine.
- Offering samples. They can set up a free tasting stand during Kyengera market day, allowing passersby to try the wine and water.
- Renovating business premises. Painting and branding their factory front with new Kombucha Beverages Limited signage to attract more walk-in customers.
- Ensuring quality production. Only buying ripe, high-quality Ingredients from certified farmers to avoid spoilage, which will keep customers satisfied with consistent taste.
- Giving coupons. Kombucha could print "buy 5 bottles, get 1 free" coupons to encourage repeat purchases at local shops.
- Serving customers for long hours. Kombucha can extend sales outlet hours from 5pm to 8pm to cater to evening customers returning from work.
- Offering goods on credit. Kombucha can allow small shops in Kyengera to take wine stock on credit and pay later after selling, which encourages more stocking.

- Sponsoring community activities. Kombucha can sponsor a local football tournament in Kyengera, branding water bottles with their logo and providing free samples.
- Offering guarantee on goods bought. Kombucha can put a label "100% quality guaranteed or money back" on their wine bottles to build trust.
- Showing excellent product knowledge. Kombucha staff should be able to explain the benefits of Ingredients wine (e.g., natural fermentation, traditional flavor) to customers.
- Offering prize awards and contests. Kombucha could run a "Win a free crate" raffle among customers who buy more than 5 bottles in a week.
- Offering good customer care. Training employees to greet customers warmly, thank them, and handle complaints promptly.
- Being polite to customers. Staff should always say "thank you" and "you are welcome" even when customers just come to ask for prices.
- Ensuring consistent quality production. Production of wine in different flavours like gingers, lemon etc.

ITEM 7

a) The following are the Entrepreneurial attributes possessed by Zakayo as an entrepreneur.

N.B an item taker is supposed to give an attribute with justification from the scenario

- i. He is a risk taker. Zakayo started a business dealing in processing flour, which involves investing money and effort despite uncertainties in market demand.
- ii. He is hardworking. Zakayo wakes up early in the morning to attend to customer orders.
- iii. He is committed. Zakayo consistently wakes up early to ensure he meets customer demands on time.
- iv. He is efficient. Zakayo produces quality flour and peanut butter, which has earned praise from nearby schools and restaurants.
- v. He is innovative and creative. He packs the flour and paste in attractive paper bags to appeal to customers and stand out.
- vi. He is good at networking. Zakayo properly links up with his customers through frequent phone calls to maintain relationships and keep orders flowing.
- vii. He is profit-oriented. Zakayo buys cheap maize and other inputs from local farmers to reduce costs and maximize his profits.
- viii. He is an opportunity seeker. He identified and took advantage of the opportunity to start processing peanut butter when farmers began supplying him with groundnuts.

b) The following are practices made by Zakayo to ensure quality production

- i. Using quality raw materials, for example, dry maize seeds, dust-free maize, and groundnuts that are free from dust, to maintain high product standards.
- ii. Ensuring proper packaging, for example, using durable paper bags and polythene bags to keep the flour and peanut butter safe and attractive to customers.
- iii. Using advanced technology, such as machines to grind the flour and process the groundnut paste to achieve uniform, high-quality products.

- iv. Ensuring proper storage of finished products, keeping them in stores that are water-free and pest-free to avoid spoilage.
- v. Operating from a clean environment, for example, working on well-mopped surfaces free from dust and dirt to prevent contamination.
- vi. Using appropriate distribution channels, for example, selling directly to schools and restaurants, ensuring products reach customers fresh and fast.
- vii. Ensuring constant supervision and monitoring during production, so that the right quantities of raw materials are properly mixed and standards maintained.
- viii. Carrying out market surveys to collect customer opinions about quality, price, and preferences, to continuously improve products.
- ix. Motivating workers, for example, by paying them on time, so they stay committed and focused on quality production.
- x. Ensuring constant supervision and monitoring of workers, for example, through supervisors or installing cameras to maintain quality controls.
- xi. Regular training of workers, so that they gain the right skills and knowledge for consistent, high-quality production.

c) The following are benefits which Zakayo will enjoy after production of maize flour and packing ground nuts paste

- i. Minimizes risks hence reducing losses e.g., loss of profits, business competition etc. For example, Zakayo does not depend only on maize flour, so if demand for maize flour drops, groundnut paste sales can sustain him.
- ii. Increases profits. This supports business expansion. By adding peanut butter processing, Zakayo attracts more customers, raising his sales revenue which he can reinvest to grow his business.
- iii. Production of variety such as peanut, millet flour, soya flour hence allows customers to make their choice. Customers in nearby schools or restaurants can choose between peanut paste, millet flour, or soya flour according to their tastes and needs.
- iv. Enables the business to out-compete other businesses that cannot offer variety. Other millers in the community can only sell maize flour, while Zakayo wins more customers by selling peanut butter too.
- v. It creates more employment opportunities due to increased production. For example, Zakayo may hire extra staff to roast groundnuts or package peanut butter, creating jobs.
- vi. Promotes innovation and creativity. This comes as a result of offering variety. For instance, Zakayo could develop new products like flavored peanut butter packed in attractive paper bags to meet different customer tastes.
- vii. Increases the government revenue through charging taxes on a variety of products e.g., sales tax, Value Added Tax etc.
- viii. Diversified sources of income. Zakayo no longer relies only on maize or millet flour sales. For example, if maize flour demand falls, he still earns from peanut butter, reducing business risk.
- ix. Better use of local supply. Since farmers around him now supply groundnuts, he uses the surplus efficiently instead of letting it go to waste.

ITEM 8

An item taker is supposed to give the factors considered when selecting machinery and equipment but in line with the scenario

- a) The following are factors considered when selecting machinery and equipment by Suubi
- i. The cost of machine and equipment i.e., should be relatively cheap and affordable.
 - ii. Capacity of the machine i.e., should be in position to produce high quality and quantity furniture products
 - iii. Ease in repair and maintenance. The repairing costs should be relatively low
 - iv. Durability of the machine. it should last for long
 - v. Simplicity and ease of use. Should be simple to use and operate
 - vi. Availability of complimentary equipment. Spare parts should be readily available
 - vii. Origin /source of the machine. i.e., supplier for the machine should be known for quality supply
 - viii. Guarantee offered by the supplier. It is better to choose a machine supplier who offers a long guarantee period.
 - ix. Installation and training. i.e., costs of installation should be affordable
 - x. Power management and consumption by the machine. It should be friendly
 - xi. Effect of the machine on the environment. It should be friendly to the environment.
 - xii. Purpose of the machine i.e., should be in position to serve its intended purpose

b) The following are innovative practices that can be undertaken to boost weekly sales for the furniture products (Refer to strategies to promote sales)

c) A sign post to direct customers to Suubi Furniture workshop

NB; key features of a sign post

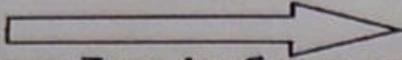
- ✓ Business name and address
- ✓ Products offered
- ✓ Stands
- ✓ An arrow
- ✓ Distance from the main road
- ✓ Hours of operation
- ✓ Product illustration
- ✓ Contacts
- ✓ Business location
- ✓ Working hours
- ✓ Product benefit.
- ✓ Etc.

SUUBI FURNITURE WORKSHOP
P.O BOX 336, KAWEMPE, TULA ROAD
TEL: 0785-44-55-66/ 0753-44-55-66

Email: Suubifurnitureworkshop@gmail.com

Dealers in manufacture of high quality furniture products like sofa sets, beds among others at affordable price

Located at plot 20, Kawempe Tula road



0.9 Km

Open: from 7am to 6 pm every day

Come for quality furniture

Item 9

a) The following are the benefits of allocating tasks to specific employees. An item taker is required to give the benefits of specialization and division of labour

- i. Promotes production of quality furniture. A worker specializing in making sofa frames ensures each frame is strong and durable.
- ii. Saves time as workers concentrate on one task at a time. One employee cuts wood while another handle Vanishing hence speeding up overall production.
- iii. Promotes mass production by producing enough furniture. Dividing tasks allows the workshop to produce 50 chairs per week instead of 10.
- iv. Reduces fatigue since workers use machines for specific tasks. A worker operating a nail gun avoids physical strain from manual nailing.
- v. Enables workers to become efficient by repeatedly doing the same work. A worker who only polishes tables improve speed and finish with fewer mistakes.
- vi. Facilitates easy training of workers. New employees are trained only on how to use the saw, which is simpler than learning all steps.
- vii. Promotes innovation as Sirajje develops different furniture designs. A designer focuses on creating multifunctional chairs with storage compartments.
- viii. Promotes combination of talents by employing many specialists. A carpenter skilled in carving collaborates with a finisher to produce beautifully crafted furniture.

b) An item taker is supposed to give importance of taking effective business records to an entrepreneur (Sirajje) as a strategy to ensure effective good performance of a business.

- It helps an entrepreneur to determine profits or losses made in the business. For example, weekly profits made on furniture sold by Sirajje.

- It helps an entrepreneur not to forget his creditors and debtors. Sirajje can easily recall customers who took furniture on credit if he has records.
- It will also help Sirajje to compare the performance of his furniture workshop with the rest of other workshops in the area.
- Attracts business investors. Proper records can easily attract other investors to add extra finance in Sirajje's workshop.
- Facilitates proper planning for the business for example purchasing plans, sales targets, etc.
- Records kept can be used for future reference.
- It acts as a tool of control. This supports easy monitoring and performance of a business.

E.O.C 3: BUSINESS SUPPORT

ITEM 10

a) An item taker is required to give the principles that govern smooth operation of SACCOS.

- Principle of transparency. SACCO activities should be open to all members.
- Democratic governance. SACCOs are controlled by members who actively participate in setting their policies and decisions.
- Open and voluntary membership. membership is not conditional and it is free
- Spirit of cooperation i.e., support one another since they have something in common
- Neutrality i.e., should be free from political or religious affiliation
- Capital raising i.e., capital is contributed by all members through pooling resources
- Education to the members. SACCOs cooperate with each other both at local and international level
- Share of profits. Dividends among members are shared basing on capital contributions
- Principle of solidarity. Members support each other
- Cooperating with other cooperatives i.e., cooperating with each other both at local and international level
- Financial prudence. Financial records about finance of the members should be well kept

b) The following are the strategies that could be implemented to revive the struggling SACCO

- Encouraging saving among members: Motivate members to increase weekly savings to boost the SACCO's loanable funds. For example, organize awareness campaigns highlighting benefits of saving.
- Encouraging democratic management: Hold regular general meetings where all members vote on key decisions to reduce the chairperson's dictatorship.
- Assessing creditworthiness: Before approving loans, check if borrowers have repaid previous loans on time, to reduce chances of default.

- iv. Taking legal action against defaulters: For chronic defaulters, the SACCO can pursue legal measures like court action to recover the funds.
- v. Asking for collateral security: Require members to pledge assets like land titles or livestock as security before giving loans, reducing risk of default.
- vi. Designing loan repayment schedules: Create clear repayment plans (e.g., weekly or monthly installments) and remind borrowers to follow them strictly.
- vii. Encouraging proper record keeping: Train the treasurer and committee on maintaining accurate, up-to-date books to avoid inconsistencies.
- viii. Offering leadership and financial management training: Organize workshops for SACCO leaders and staff to improve management skills and financial controls.
- ix. Deploying loan committees: Form committees that regularly visit borrowers to follow up on loan repayments and provide support.
- x. Lowering the interest rate: Reduce loan interest to make borrowing more affordable and encourage members to take loans.
- xi. Seeking insurance services: Get a bad debt insurance policy to protect the SACCO's funds in case members fail to repay loans.

ITEM 11

a) i) An item taker is required to identify the types of taxes paid by Apio basing on the scenario

- ✓ VAT (value added tax) this will be charged on the products on value added as they are being distributed to customers
- ✓ Import duty -charged on imported wheat flour
- ✓ Pay As You Earn (PAYE) charged on employees' monthly salaries.
- ✓ Presumptive tax i.e., since it is a small business, there is a possibility of not having proper records and pays that kind of tax
- ✓ Rental tax charged on commercial building owned by Apio.
- ✓ Excise duty. Charged on bakery products that are locally produced

i) The following are the benefits which the business will enjoy after paying taxes

- i. Acquires a good reputation and positive image. If Apio gets a Tax Compliance Certificate, the district officials who previously refused her bread will now trust and accept her as a supplier.
- ii. Attracts government support (like subsidies). When Apio imports wheat flour, being tax-compliant can help her apply for government subsidies on wheat imports or get clearance faster from customs.
- iii. Increases government revenue, supporting infrastructure. Her taxes help the district improve roads within the community where she distributes her bread, making it easier for her delivery to reach consumers.
- iv. Avoids penalties like fines or imprisonment. Apio has had conflicts with URA over importing wheat flour by paying taxes correctly, she avoids being fined or facing legal action in future.
- v. Gives the business legal permission to operate. The supermarkets that denied her products will only allow her if she has legal tax compliance paying taxes gives her that permission.

- vi. Protects the business from closure. Since some of her premises are rented, URA could close them if she remains non-compliant. Paying taxes protects her from losing those premises.
- vii. Enables the business to get tenders and contracts. With a tax compliance certificate, Apio can finally supply bread to supermarkets and district officials as she tried to do before.

b) Ethical practices exhibited by Apio

- Charging affordable prices. She sells bread at prices that the local community can manage.
- Provide products of the right quality. Apio sells soft and well flavoured bread.
- Serving customers with a smile. She treats her customers with respect and friendliness, which builds good relationships and trust.
- Offering job security to employees. By putting her 5 employees on contracts, she provides job security and protects their rights.
- Ensuring timely payment of employee salaries. Paying workers on time is ethical and prevents exploitation.
- Distributing products to the community. By selling bread directly in the local area, she supports food accessibility and community well-being.
- Complying with occupational hygiene. Operating a bakery in a clean and safe environment protects both workers and customers from contamination.

NB An item taker is supposed to first give business ethical practices identified in the scenario and thereafter brings others and then relate them to the scenario where applicable.

Item 12

a) The following are the services offered by the micro financial institutions

- ✓ Offering loans. They give loans such as salary loans, school fees loans, and business loans to help customers meet personal or business needs.
- ✓ Accepting savings/deposits. They encourage customers to save small amounts regularly in deposit accounts.
- ✓ Assisting in transferring money by using bank drafts, standing orders. They help clients send or receive money through bank drafts, standing orders, or even mobile banking platforms.
- ✓ Buying and selling foreign currencies on behalf of their customers. They buy and sell foreign currencies on behalf of customers, helping those who deal in international trade.
- ✓ International trade assistance. They help convert foreign currencies into Uganda Shillings, making it easier to pay for imports or receive payments from abroad.
- ✓ Assisting customers to access money at any time through ATM (automated teller machine). MFIs provide ATM cards so customers can withdraw cash anytime without coming to the office.
- ✓ Offering financial advice to the customers. They offer guidance on budgeting, saving, loan repayment, and investment decisions.

- ✓ Maintain different accounts on behalf of their clients. They help clients open and manage different accounts such as savings, current, or group accounts.
- ✓ Keeping important documents on behalf of their customers. They can keep valuables like land titles, business registration certificates, or other important documents safely on behalf of their clients.
- ✓ Financial literacy training. They train community members on topics like loan management, record keeping, and business skills to help them use financial services responsibly.

b) The following are the ways through which technology can be used to solve the challenges in the scenario

- ✓ E-tax platforms to settle taxes online. Gava can use URA's online e-tax system to file and pay taxes conveniently without needing physical visits, reducing fear and errors.
- ✓ Mobile money for loan payments. Clients can repay their loans using mobile money services like MTN Mobile Money or Airtel Money, so there's less cash handling at the office and reduced risk of theft.
- ✓ Installation of security cameras. CCTV cameras at the office deter dishonest employees from stealing cash and help monitor activities even when Gava is not around.
- ✓ Use of ATMs (Automated Teller Machines). Providing customers with ATM cards linked to their accounts allows them to deposit or withdraw money anytime, improving cash flow and convenience.
- ✓ Internet banking and business websites. Gava can use internet banking platforms to manage payments and disbursements digitally, enabling loan processing even when he is away.
- ✓ Mobile Banking agents (e.g., Centenary Bank agents). Using agents allows customers to make deposits or withdrawals nearby, increasing accessibility and reducing the need for Gava to carry large cash amounts on a motorcycle.

c) Obligations and rights of tax payers

obligations/ duties of a tax payer include;

- i. Voluntary registration. A taxpayer must register with Uganda Revenue Authority (URA) to get a Tax Identification Number (TIN).
- ii. Pay the correct amount of tax at the right time and place. Taxes such as income tax, VAT, and PAYE should be paid fully and timely according to URA deadlines.
- iii. Being honest. Declare all income, goods, and services accurately for taxation — no hiding or falsifying information.
- iv. Cooperate with tax authorities. Work with URA officers during audits or inspections and provide necessary documents and information.
- v. File correct tax returns and records on time. Submit tax returns, customer records, and other required documents accurately and within the deadlines set by law.

Rights of a tax payer

- ✓ Right to tax refund. If the taxpayer has paid excess tax, they have the right to get a refund from URA within the prescribed time.
- ✓ Right to confidentiality. URA must keep all information about the taxpayer's business, income, and profits private and secure.
- ✓ Right to equity (fair treatment). Taxpayers have the right to be treated fairly and equally under the law without discrimination.
- ✓ Right to facilitation for tax compliance. Taxpayers should receive education and sensitization about their tax duties to help them comply easily.
- ✓ Right to accountability. URA should keep taxpayers' records updated and accurate at all times.
- ✓ Right to good customer care. Taxpayers deserve polite and respectful treatment from URA staff.
- ✓ Right to be attended to promptly. Taxpayers have the right to timely responses to inquiries, appeals, or other tax-related matters.
- ✓ Right to prior notice. Taxpayers must be informed in advance about inspections, audits, or any actions URA plans to take.

Item 13

a) The following are the applications of electronic banking to solve the challenge faced by Blessing's business

- ✓ Internet banking. Customers can use the business website or bank platforms to pay for eggs online, reducing the need for face-to-face meetings — which is crucial in times like COVID-19
- ✓ Mobile banking. Using mobile services such as Centenary Bank's Cente Mobile or MTN/Airtel mobile money, customers can pay for eggs or chicks without handling cash, making transactions safer and faster.
- ✓ Automated Teller Machines (ATM). Blessing can deposit money from farm sales directly into the business account or withdraw cash to pay suppliers anytime, reducing the need to keep large amounts of cash at the farm.
- ✓ Debit cards. Blessing and her staff can use debit cards to buy farm supplies securely without carrying cash, avoiding theft or misappropriation of funds.
- ✓ Credit cards. Customers with a bank-issued credit card could buy eggs on credit and pay the bank later, boosting sales even when customers have limited immediate cash.
- ✓ E-cheque. Patience could accept electronic cheques from trusted wholesale buyers, making payments easier to track and reducing handling of physical cheques.
- ✓ Electronic Funds Transfer (EFT). Patience can transfer salaries to her employees electronically, avoiding cash loss or delays, and ensuring smooth wage payments each month.

b) An item taker is required to give the insurance manager the business risks facing Blessing poultry farm. Each policy mentioned must be justified with the risk identified. They include the following;

- ✓ Machinery breakdown and consequential loss insurance policy. This policy protects Blessing's farm against losses caused by frequent machinery breakdowns, and covers any resulting loss of production or revenue due to equipment failure.
- ✓ Theft and burglary insurance policy. This covers losses in case of theft of eggs, feed, equipment, or other merchandise from the poultry farm, whether stolen by outsiders or through burglary at night.
- ✓ Fidelity guarantee insurance policy. This policy protects against misappropriation of funds or fraud committed by dishonest employees handling money at the farm.
- ✓ Employer's liability insurance policy. This policy safeguards against claims or compensation if any of the farm's 5 professional employees get injured or become ill as a result of their work at the farm.
- ✓ Fire outbreak insurance policy. This policy would compensate Blessing for damage to buildings, equipment, or stock caused by accidental fire at the poultry farm.
- ✓ Health insurance / life policy. This recover life of Blessing and her employees against health-related sickness.

c) an item taker is required to compute the income tax for the 5 employees employed by Blessing poultry farm

Tax liability = tax rate X chargeable income

Given:

Monthly salary per employee = Shs 400,000

Number of employees = 5

Tax rates:

Chargeable income exceeding Shs 335,000 but \leq Shs 410,000:

Tax = Shs 10,000 + 20% of (Chargeable income - 335,000)

Step 1: Calculate monthly tax per employee

Chargeable income = 400,000

Tax = 10,000 + 20% \times (400,000 - 335,000)

= 10,000 + 0.20 \times 65,000

= 10,000 + 13,000

= Shs 23,000 per month

Step 2: Calculate annual tax per employee

Annual tax = 23,000 \times 12 = Shs 276,000

Step 3: Calculate annual tax for 5 employees

Total annual tax = 276,000 \times 5 = Shs 1,380,000

Item 14

An item taker is required to present the requirements needed to open up a specified bank account probably a current account since it is for the business owner

a) **The following are the requirements needed to open up a current account**

Kawa is advised to open a current account with a commercial bank. This type of account is most suitable for his poultry business because it allows easy and frequent business transactions without limitations.

This is due to;

- Kawa receives frequent payments in cash from customers. A current account will help him deposit money safely and avoid the risk of keeping cash at home, which recently led to theft.
- The current account provides detailed statements, helping Kawa track all his business income and expenses. This will assist him in filing accurate VAT returns and complying with URA regulations, preventing threats of closure or penalties.
- It allows unlimited withdrawals and deposits, which suits the daily operations of his poultry business.
- With a current account, Kawa can access cheque services, debit cards, mobile banking, and standing orders, enabling him to make supplier payments and other transactions conveniently.
- Opening a current account also builds a good banking relationship, which may help him in the future to access business loans or credit facilities for expansion.

b) VAT payable to URA

Assume standard VAT rate is 18%

First, calculate the VAT on sales (output Tax):

Output Tax = selling price X VAT rate

Output VAT = ugx 127,000,000 X 18%

Output VAT = ugx 22,860,000

Then calculate the VAT on purchases (input Tax):

Input VAT = Purchase price X VAT rate

Input VAT = Ugx 85,000,000 X 18%

Input VAT = Ugx 15,300,000

VAT payable = Output Tax – Input Tax

= ugx 22,860,000 – ugx 15,300,000 = ugx 7,560,000

Therefore, Kawa must pay UGX 7,560,000 as VAT to URA.

c) **An item taker is required to give procedures followed to undertake the insurance cover/ policy**

NB; They should be in order

- ✓ Making inquiries either directly or indirectly by the person tending to be insured. Kawa can visit insurance companies like UAP, Britam, or Jubilee in his town to ask about farm insurance options for his poultry structures, birds, and cash protection.
- ✓ Applying for insurance and getting proposal form from the insurance company. After getting information, Kawa will collect and fill in a proposal form, providing details of the number of birds, value of equipment, and nature of the poultry houses.
- ✓ Determining the premium to be paid. The insurer will then assess Kawa's details and calculate how much he should pay, for example, UGX 600,000 annually for theft, fire, and property cover.
- ✓ Issuing the cover note to be issued immediately after paying the premium. Once Kawa pays the premium, the insurer immediately gives him a cover note as temporary proof that his poultry farm is insured.
- ✓ Issuing the policy. A few days later, the insurer will prepare and hand over the formal insurance policy document, stating all terms and conditions clearly.
- ✓ Payment of the subsequent premium. Kawa will then on keep paying annual renewal premiums each year to maintain his cover and protect the farm against risks like theft or fire.

ITEM 15

a) Principles of Insurance that Bomboka Might Have Violated:

- Principle of Proximate Cause. In Bomboka's case, it is possible that the accident was caused by a reason not covered by the insurance policy (e.g., driving under influence, or use of the car for a purpose not declared in the policy), leading to denial of compensation.
- Principle of Subrogation. Bomboka might have refused to surrender the wrecked vehicle or sold it independently, which would violate this principle and disqualify him from compensation
- Principle of indemnity. There is a possibility that Bomboka has no financial interest in the vehicle he had insured.
- Principle of Utmost Good Faith (Uberrimae Fidei). Bomboka may have withheld important information like the age, model, condition, or mechanical defects of the vehicle, which would render the policy void or lead to a denied claim.
- Principle of Insurable Interest. Bomboka may not have had ownership or a direct stake in the car (e.g., if the car was not registered in his name), making the policy invalid and compensation not applicable.
- Principle of contribution. If Bomboka insured the same car with more than one insurance company but did not declare it, he might have been denied compensation for violating contribution rules

b) An item taker is supposed to give elements of tax compliance which Bomboka should follow to save the business from being closed by URA.

- > Tax Registration. Bomboka must register for taxes by obtaining a Tax Identification Number (TIN) from the Uganda Revenue Authority (URA).
- > Filing Returns. He must submit tax returns regularly (monthly or annually) depending on the tax type, to report business income and tax obligations.
- > Correct Declaration of Income. Bomboka should accurately declare all sources of business income and taxable goods or services, to avoid penalties or legal action.
- > Proper Record Keeping. He must maintain accurate and updated records such as sales invoices, purchase receipts, payrolls, and expense ledgers for audit and reporting purposes.
- > Advocacy through Business Associations. By joining business associations or groups, Bomboka can advocate for fair tax policies, get updates, and benefit from group representation to tax authorities.

Item 16

An item taker is required to present a petty cash book

SWEET BITE BAKERY

PETTY CASH BOOK

FOR THE MONTH OF MAY ENDED 31ST 2025

Date	Details	Vou no.	Receipt	Total payment	Postage	Office supplies	Stationary	Repair maintenance
MAY				UGX	UGX	UGX	UGX	UGX
1 st	Imprest amount		1,200,000					
2 nd	Cleaning supplies	001		25,000		25,000		
5 th	Stamps	002		15,000	15,000			
8 th	Office refreshment	003		18,000		18,000		
20 th	Stationery	004		30,000			30,000	
24 th	Water dispenser	005		22,000		22,000		
28 th	Minor electricals	006		40,000				40,000
29 th	Photo copy	007		12,000			12,000	
29 th	Envelopes	008		10,000			10,000	
	Total expe			172,000				
30 th	Balance	c/d		1,028,000				
			1,200,000	1,200,000	15,000	65,000	52,000	40,000
					GL	GL	GL	GL
1 st Jun	Balance	b/f	1,028,000					
1 st Jun	Reimbursement		172,000					

Note

- On **1st May 2025**, Tusuubira established a petty cash float of **UGX 1,200,000** from the business's main bank account.
- During the month, he used **UGX 172,000** for various minor cash expenses like office supplies, postage, stationery, and repairs.
- By **31st May 2025**, the **remaining cash balance** in the petty cash box was **UGX 1,028,000** (i.e., UGX 1,200,000 - 172,000).
- To maintain the imprest system, he **reimbursed** the petty cash fund by topping it back up to **UGX 1,200,000**.

Ledger accounts

Dr.		Postage account				Cr.
Date	Particulars	Amount	Date	Particulars	Amount	
MAY		UGX	MAY		UGX	
2025			2025			
31 st	Petty cash	65,000				

Dr.		Office supplies account				Cr.
Date	Particulars	Amount	Date	Particulars	Amount	
MAY		UGX	MAY		UGX	
2025			2025			
31 st	Petty cash	25,000				

Dr.		Stationary account				Cr.
Date	Particulars	Amount	Date	Particulars	Amount	
MAY		UGX	MAY		UGX	
2025			2025			
20 th	Petty cash	52,000				

Dr.		Repairs and Maintenance account				Cr.
Date	Particulars	Amount	Date	Particulars	Amount	
MAY		UGX	MAY		UGX	
2025			2025			
28 th	Petty cash	40,000				

Vertical method

SWITE BITE BAKERY
BALANCE SHEET
AS AT 31ST MAY 2026

Details	Amount (Ugx)	Amount (Ugx)	Amount (Ugx)
Fixed assets		2,000,000	
Office furniture		3,000,000	
Office equipment			5,000,000
Fixed capital			
Current assets			
Debtor	3,000,000		
Cash at hand	1,200,000		
Bank balance	15,100,000		
Stock	3,800,000		
Total current assets		23,100,000	
Less: Current liabilities			
Creditors	10,000,000		
Total current liabilities		10,000,000	
Working capital			13,100,000
Capital employed			18,100,000
Financed by			
Capital		15,000,000	
Add: Net profits		5,100,000	
Less: drawings		7,000,000	
Owners' equity			13,100,000
Add: Long term liabilities			
Debenture			5,000,000
Capital employed			18,100,000

Horizontal Method

SWITE BITE BAKERY
BALANCE SHEET
AS AT 31ST MAY 2026

Details	Ugx	Ugx	Details	Ugx	Ugx
Fixed Assets			Capital	15,000,000	
Office furniture	3,000,000		Add: profits	5,100,000	
Office equipment	2,000,000	<u>5,000,000</u>	Less: drawings	7,000,000	
Current assets			Owners' equity		13,100,000
			long term liabilities		
Cash at hand	1,200,000		Debenture		5,000,000
Bank balance	15,100,000		Current liabilities		
Debtors	3,000,000		Creditors		10,000,000
Stock	3,800,000	23,100,000			
Total assets		28,100,000	Total equity and liabilities		28,100,000

Item 17

Since Patience did not provide any receipt or proof of transaction to Katushabe, it is important to issue her a **proper source document** as evidence.

Recommended document: Cash Sale Receipt

An item taker is required to prepare a relative source document that can take a record of cash transaction/ that is either a cash sale or cash receipt

Expected responses

a) Key features of a source document

- i. Business name and address
- ii. Document title
- iii. Any relevant illustration or logo
- iv. Date
- v. Required column ie retails quantity, unit price and amount
- vi. Entries ie these should be in line with the scenario
- vii. Details of the person preparing
- viii. A document ie name, signature, title
- ix. Catching statement
- x. Frame

Practical presentation of a cash book



MAGوبا GROCERY
 PO BOX 44, KATWE
 TEL: 0752112233

"For quality products"
CASH SALE

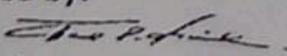


Serial No: 007
 To: Gift kameza
Po Box 223, Kampala
Tel: 0755-11-11-11

Date: 5th / July / 2024

Particulars	Particulars Qty	Rate (shs)	Amount (shs)
3 kg	Rice	5,000	15,000
3 kg	Sugar	4,000	12,000
	TOTAL		27,000

Goods once sold are not returned or exchanged

Prepared by:
 Sign: 
 Name: Aryan Akiki
 Title: Sales manager

Approved by:

Keep this for future reference

b) An item taker is required to present statement of profit or loss

MAGABO GROCERY
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDING 31ST DECEMBER 2024

Details	Amount (Ugx)	Amount (Ugx)	Amount (Ugx)
Gross profit			45,000,000
Add: other incomes			
Discount received			500,000
Gross income			45,500,000
Less: operating expenses			
Rent and rates		4,900,000	
Discount allowed		800,000	
Carriage on sales		3,000,000	
Premium charges		15,000,000	
Total expenses			23,700,000
Net profit			21,800,000

Statement of financial position (balance sheet)

MAGABO GROCERY
BALANCE SHEET
AS AT 31ST DECEMBER 2024

ASSETS	Amount (ugx)	Amount (ugx)	Amount (ugx)
Fixed assets			
Land		13,000,000	
Motor van		117,000,000	
Furniture		6,000,000	
Fixed capital			136,000,000
Current assets			
Cash at hand	14,000,000		
Cash at bank	3,000,000		
Debtors	1,800,000		
Stock at close	7,500,000		
Total current assets		26,300,000	
Less: current liabilities			
Creditors	15,500,000	15,500,000	
Working capital			10,800,000
Capital employed			146,800,000
Financed by capital		136,000,000	
Add: net profit		21,800,000	
Less: Drawings		11,000,000	
Owner's equity			146,800,000

Item 18

An item taker is required to prepare a trial balance on part (a) and (b) statement of comprehension income.

Expected Responses

a) Trail balance

QUALITY GRAIN PROCESSORS
TRIAL BALANCE
AS AT 30TH JUNE 2024.

Details	Debit (UGX)	Credit (UGX)
Machine	75,000	
Trade receivable	18,000	
Trade payable		31,000
Bank loan		46,000
Cash balance	14,000	
Bank account	27,000	
Drawings	10,000	
Discount on sales	5,000	
Capital		190,000
Carriage on sales	8,000	
Wage and salaries	15,000	
Debenture		14,000
Discount on sales	48,000	
Wage and sales	15,000	
Carriage on sales	8,000	
commission received		20,000
Purchase of Raw material (maize seeds)	90,000	
Sale of Flour		128,000
Carriage in wards	10,000	
Stock at start	28,000	
Purchases discount		6,000
Over head	4,000	
Premium	8,000	
Returned flour by customers	6,000	
Returned flour to farmers		5,000
Premises	122,000	
Total	440,000	440,000

Additional information

Closing stock ugx 48,000

Note:

Why Closing Inventory is Not Included in the Trial Balance

Closing inventory is not included in the trial balance because it does not arise from a double-entry transaction during the accounting period. Instead, it is determined through a physical stock count at the end of the period.

b) Statement of comprehensive income

QUALITY GRAIN PROCESSORS
STATEMENT OF COMPREHENSIVE
FOR THE YEAR ENDED 30TH JUNE 2024

	(UGX)	(UGX)	(UGX)
Sale of flour		128,000	
Less: sale returns		6,000	
Net sales			122,000
Less: cost of sales		28,000	
Opening stock			
Add: purchase of raw materials	90,000		
Add: carriage in wards	10,000		
Less: return outwards	5,000		
Net purchases		95,000	
Goods available for sales		123,000	
Less: closing stock		48,000	
Cost of sale			75,000
Gross profit			47,000
Add: other income			
Discount on purchase		6,000	
Commission received		20,000	26,000
Gross income			73,000
Less: expenses			
Rent		4,000	
Advertising		8,000	
Discount allowed		5,000	
Carriage out wards		8,000	
Wage and salaries		15,000	
Total operation expenses			40,000
Net profit			33,000

Item 19

Because these are **credit sales** and **credit purchases**, plus **returns**, Item taker is required to prepare:

- Sales Journal (for credit sales)
- Sales Returns Journal (for goods returned by customers)
- Purchases Journal (for credit purchases)
- Purchases Returns Journal (for goods returned to suppliers)

Sales Journal (Credit Sales)

Masaka hardware stores
SALES DAY BOOK
FOR THE MONTH OF June 2025

Date	Customer	Invoice no.	F	Description	AMOUNT
JAN					UGX
8 th	Jojo	001	SL ₁	3 bags of cement @ Ugx 20,000 each, less 5% discount	57,000
				3 boxes bags of nails @ Ugx 10,000 each.	30,000
				3 tins of vanish @ 5,000 each, less 5% discount	14,250
Transfer to SALES account in the General ledger					101,250

Explanation:

- Sold 3 bags @ Ugx 20,000 each, less 5% discount: $20,000 * 3 * 0.95 = 57,000$
- 3 bags of nails @ Ugx 10,000 each: $10,000 * 3 = 30,000$
- 3 tins of vanish @ 5,000 less 5% discount: $5,000 * 3 * 0.95 = \text{ugx } 14,250$

Sales Returns Journal (for Returns from Customers)

Masaka hardware stores
SALES RETURNS DAY BOOK
FOR THE MONTH OF JUNE 2025

Date	Customer	Credit note No.	F	Description	AMOUNT
June					UGX
2 nd	Jojo	2346	SL ₁	Return of 2 bags of cement	38,000
Transfer to sales returns account in the General ledger					38,000

Explanation:

- Return of 2 bags of cement @ Ugx 20,000 each, less 5% discount: $20,000 * 2 * 0.95 = \text{ugx } 38,000$

Purchase Journal (for Credit Purchases)

Masaka hardware stores
PURCHASES DAY BOOK
FOR THE MONTH OF June 2025

DATE	SUPPLIERS	INVOICE NO.	FOLIO	Description	AMOUNT
June					UGX
5 th	Sarah	12345	PL ₁	Purchase of 4 bags of cement @ ugx 10,000 each	40,000
			PL ₁	Purchase of 3 iron bars @ ugx 5,000 each	15,000
Transfer to purchases account in the General ledger					55,000

Explanation:Purchase of 4 bags of cement @ 10,000 each: $4 * 10,000 = \text{ugx } 40,000$ Purchase of 3 iron bars @ ugx 5,000 each: $3 * \text{ugx } 5,000 = \text{ugx } 15,000$ **Purchases Returns Journal (for returns to suppliers)**

Masaka hardware stores

PURCHASES RETURNS DAY BOOK

FOR THE MONTH OF June 2025

DATE	Suppliers	Credit no.	F	Description	AMOUNT
					UGX
June 6 th	Sarah	234	PL ₁	Return of 2 iron bars @ 5,000 each	10,000
			PL ₁	Return of 1 bag of cement @ 10,000 each	10,000
Transfer to purchases returns account in the General ledger					20,000

Explanation:Return of 2 iron bars @ 5,000 each: $2 * 5,000 = \text{ugx } 10,000$ Return of 1 bag of cement @ 10,000 each: $1 * 10,000 = \text{ugx } 10,000$ **Summary of books of original entry prepared:**

- > Sales Journal: 101,250
- > Sales Returns Journal: 38,000
- > Purchases Journal: 55,000
- > Purchases Returns Journal: 20,000

Details	Amount	UGX	Amount	UGX
Fixed assets				
Building				
Motor vehicle				
Total fixed assets				200,000,000
Current Assets				
Bank				50,000,000
Cash				100,000,000
Debtors (Jojo)				63,250
Total current Assets				150,063,250
Less: Current liabilities				
Creditors				35,000

STATEMENT OF FINANCIAL POSITION
AS AT 31ST June 2025

b) Determine the Value of Assets and Liabilities
Masaka Hardware Stores

Received by: Storekeeper
Authorized by: Manager
Signature: *[Signature]*

Please issue us with a credit note

Description	Qty	Unit price (ugx)	Reasons	Amount (ugx)
Cement	2 bags	20,000	Expired cement	40,000
Less: trade discount		5%		(2,000)
Total credit				48,000

Please accept the following goods as returned

To: JOJO
Po box 35, Masaka

CREDIT NOTE No. 2346
2025

Date: 2nd / July /

CREDIT NOTE

Email: Masakahardware2025@gmail.com

TEL: 0934994455

P.O BOX 555, Kampala UGANDA

MASAKA HARDWARE STORES

MHS



amount owed by the customer.

a) !!! The document used to record sales returns is called a Credit Note. A credit note is issued by the seller (for example, Masaka Hardware Stores) to the customer (e.g., Jojo) to acknowledge that goods have been returned and to reduce the

Additional information

- Value of unsold goods worth 720,000 at the end of the trading period.

Details	Debit	Credit
Capital contributed		6,850,000
Total sales revenue		5,200,000
Total sales made during the year	3,800,000	
Purchases made during the year	50,000	
Value of shop premises	1,200,000	
Value of motor vehicle owned	5,720,000	
Cash available at hand	1,200,000	
Sales returned by customers		400,000
Discount received from suppliers		500,000
Discount allowed to prompt customers	870,000	
Value of goods at the start of trading period	1,100,000	
Value of goods taken by the owner for personal use	1,440,000	
Electricity expenses	1,800,000	
Insurance bills paid		1,720,000
Outstanding bank overdraft		300,000
Amount owed to creditors		550,000
Rental income earned		550,000
Goods returned to suppliers		2,660,000
Bank loan	550,000	
Land		18,230,000
Total	18,230,000	18,230,000

Item 20 Statement that Checks on the arithmetic accuracy of the business.

PROMISE

TRIAL BALANCE

AS AT 31ST DECEMBER 2020

Total Current Liabilities	Working capital	Capital employed	Finance by Capital
35,000	150,028,250	470,028,250	470,028,250
			470,028,250

PROMISE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST DECEMBER 2020

Details	Amount UGX	Amount UGX	Amount UGX
Sales		5,200,000	
Less: Sales returns		1,200,000	
Net sales			4,000,000
Less: Cost of sales			
Opening stock		870,000	
Add: Purchases	3,800,000		
Less: Purchases returns	550,000		
Net purchases		3,250,000	
Goods available for sale		4,120,000	
Less: Closing stock		720,000	
Cost of sales			3,400,000
Gross Profits			600,000
Add: other incomes			
Discount received		400,000	
Rental income		550,000	950,000
Adjusted Gross income			1,550,000
Less: Operating expenses			
Discount allowed		500,000	
Electricity expenses		1,440,000	
Insurance bill		1,800,000	
Total Operating expense			3,740,000
Net loss			(2,190,000)

So **Promise** made a net loss of **2,190,000** for the year.

PROMISE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST DECEMBER 2020

Details	Ugx	Ugx	Details	Ugx	Ugx
Opening stock		870,000	Sales	5,200,000	
Add: Purchases	3,800,000		Less: Sales returns	1,200,000	
Less: Purchases returns	550,000		Net sales		4,000,000
Net purchases		3,250,000			
Goods available for sale		4,120,000			
Less: Closing stock		720,000			
Cost of sales		3,400,000			
Gross profit c/d		600,000			
Total		4,000,000	Total		4,000,000
Expenses			Gross profit c/f		600,000
Discount allowed	500,000		Other income		
Electricity expen	1,440,000		Disc. received	400,000	
Insurance bill	1,800,000		Rental income	550,000	950,000
Total expenses		3,740,000	Net loss c/d		2,190,000
Total		3,740,000	Total		3,740,000
Net loss c/f		2,190,000			

A statement that determines the financial position of the business

PROMISE
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2020

Details	Amount UGX	Amount UGX	Amount UGX
Fixed assets			
Shop Premises		50,000	
Motor vehicle		1,200,000	
Land		550,000	
Total fixed assets			1,800,000
Current Assets			
Closing stock	720,000		
Cash	5,720,000		
Total current Assets			6,440,000
Less: Current liabilities			
Creditors	300,000		

Bank overdraft	1,720,000		
Total Current Liabilities		2,020,000	
Working capital			4,420,000
Capital employed			6,220,000
Finance by			
Capital		6,850,000	
Less: Net loss		(2,190,000)	
Less: Drawings		(1,100,000)	
Owner's equity			3,560,000
Long term Liabilities			
Bank Loan			2,660,000
Capital employed			6,220,000

Horizontal Method

PROMISE
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2020

Details	Ugx	Ugx	Details	Ugx	Ugx
Fixed Assets			<u>Equity:</u>		
Shop Premises	50,000		Capital	6,850,000	
Motor vehicle	1,200,000		Less: Net loss	(2,190,000)	
Land	550,000		Less: Drawings	(1,100,000)	
Total fixed assets		<u>1,800,000</u>	Owner's equity		3,560,000
Current assets			<u>Long term liabilities</u>		
Closing stock	720,000		long term liabilities		
Cash	5,720,000	6,440,000	Bank Loan		2,660,000
			<u>Current liabilities</u>		
			Creditors	300,000	
			Bank overdraft	1,720,000	2,020,000
Total assets		8,240,000	Total equity and liabilities		8,240,000

Item 21

**TRACY'S
CASH ACCOUNT
FOR THE MONTH OF JUNE, 2024**

Dr.				Cr.			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
			UGX				UGX
JUNE 2024				JUNE 2024			
1 st	Capital	L.1	60,000	2 nd	Purchases	L.2	20,000
7 th	Sales	L.3	15,000	5 th	Rent	L.4	15,000
12 th	Sales	L.3	32,000	10 th	Purchases	L.2	22,000
18 th	Rental income	L.6	28,000	15 th	Drawings	L.5	10,000
20 th	Sales	L.3	38,000	30 th	Stationary	L.7	5,000
			<u>173,000</u>	31 st	Balance	c/d	101,000
1 June	balance	b/f	101,000				<u>173,000</u>

Capital Account L.1

Dr.				Cr.			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
			UGX				UGX
MAY 2024				MAY 2024			
31 st	Balance	c/d	60,000	1 st	Cash	CB	60,000
			<u>60,000</u>				<u>60,000</u>
				1 st June	Balance	b/f	60,000

Sale's account L.2

Dr.				Cr.			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
			UGX				UGX
MAY 2024				MAY 2024			
31 st	Balance	c/f	85,000	7 th	Cash	CB	15,000
				12 th	Cash	CB	32,000
				20 th	Cash	CB	38,000
			<u>85,000</u>				<u>85,000</u>
				1 st June	Balance	b/f	85,000

Purchase's account L.3							
Dr.				Cr.			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
MAY			UGX	MAY			UGX
2024				2024			
3 rd	Cash	CB	20,000	31 st	Balance	c/d	72,000
10 th	Cash	CB	22,000				
20 th	Cash	CB	30,000				
			72,000				
1 st	Balance	b/f	72,000				72,000
June							

Rent's Account L.4							
Dr.				Cr.			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
MAY			UGX	May			UGX
2024				2024			
5 th	Cash	CB	15,000	31 st	Balance	c/d	15,000
			15,000				
1 st	Balance	b/f	15,000				15,000
June							

Drawings' Account L.5							
Dr.				Cr.			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
MAY			UGX	May			UGX
2024				2024			
15 th	Cash	CB	10,000	31 st	Balance	c/d	10,000
			10,000				
1 st	Balance	b/f	10,000				10,000
June							

Rental income's Account L.6							
Dr.				Cr.			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
MAY			UGX	May			UGX
2024				2024			
31 st	Balance	c/d	28,000	18 st	Cash	CB	28,000
			28,000				
				1 st	Balance	b/f	28,000
				June			

Dr. Date	Particulars	Folio	Amount UGX	Date	Particulars	Folio	Amount UGX
MAY 2024				May 2024			
30 th	Cash	CB	5,000	31 st	Balance	c/d	5,000
			5,000				5,000
1 st June	Balance	b/f	5,000				

**TRACY'S
TRIAL BALANCE
AS AT THE MONTH OF MAY, 2024**

DETAILS	Debit. (UGX)	Credit. (UGX)
Capital		60,000
Sales		85,000
Purchases	72,000	
Rent	15,000	
Drawings	10,000	
Rental income		28,000
Stationary	5,000	
Cash	71,000	
Total	173,000	173,000

Item 22

Total debtors

Debtors = customers to whom goods were sold on credit, i.e. invoices issued

**KAMUKAMA RETAIL SHOP
SALES DAY BOOK
FOR THE MONTH OF MAY 2025**

DATE	DETAILS	INVOICE NO.	FOLIO	AMOUNT UGX
May 2025				40,000
1 st	Kisakye	001	SL ₁	80,000
2 nd	Mukisa	003	SL ₂	100,000
6 th	Mubeezi	004	SL ₃	60,000
11 th	Grace	006	SL ₄	40,000
15 th	Tendo	007	SL ₅	320,000
31 st	Totals are to be transferred to the General ledger in sales account			

Total creditors

Creditors = suppliers from whom goods were bought on credit, i.e. invoices received

**KAMUKAMA RETAIL SHOP
PURCHASES DAY BOOK
FOR THE MONTH OF MAY 2025**

DATE	DETAILS	INVOICE NO.	FOLIO	AMOUNT UGX
May 2025				
3 rd	Omara	001	PL ₁	120,000
4 th	Ola	005	PL ₂	30,000
5 th	Otim	008	PL ₃	50,000
7 th	Okidi	009	PL ₄	60,000
31 st	Totals are to be transferred to the General ledger in purchases account			260,000

total sales return

there are credit notes (returns) to customers that reduce what they owe:

**KAMUKAMA RETAIL SHOP
SALES RETURN DAY BOOK
FOR THE MONTH OF MAY 2025**

DATE	DETAILS	CREDIT NOTE	FOLIO	AMOUNT UGX
May 2025				
13 th	Kisakye	010	SL.1	10,000
14 th	Mubeezi	011	SL.3	20,000
31 st	Totals are to be transferred to the General ledger in sales return a/c			30,000

**KAMUKAMA RETAIL SHOP
PURCHASES RETURN DAY BOOK
FOR THE MONTH OF MAY 2025**

DATE	DETAILS	CREDIT NOTE	FOLIO	AMOUNT UGX
May 2025				
15 th	Ola	007	PL.1	15,000
16 th	Okidi	009	PL.2	8,000
31 st	Totals are to be transferred to the General ledger in purchases return a/c			23,000

(b) Determine

i) **Net purchases**

Total credit purchases = ugx 260,000

Less purchases returns = ugx 23,000

Net purchases = ugx 260,000 – ugx 23,000 = ugx 237,000

ii) **Net sales**

Total credit sales = ugx 320,000

Less sales returns = ugx 30,000

Net sales = ugx 320,000 – ugx 30,000 = ugx 290,000

Final answers summary

Item	Amount (UGX)
Total Debtors	290,000
Total Creditors	237,000
Total Sales Returns	30,000
Total Purchases Returns	23,000
Net Purchases	237,000
Net Sales	290,000

Item 23
Responses

**CAPITAL SHOPPERS ENTERPRISE
TWO-COLUMN CASH BOOK
FOR THE MONTH OF DECEMBER, 2020**

Date	Details	F	Cash Ugx	Bank Ugx	Date	Details	F	Cash Ugx	Bank Ugx
Dec 2020			000	000	Dec 2020			000	000
1 st	capital	L.1	2,000	4,000	4 th	Drawings	L.2	200	
14 th	Sales	L.5		600	10 th	Rent	L.3		250
22 nd	Bank	C	500		12 th	Purchases	L.4	400	
28 th	Sales	L.5	300		18 th	Stationary	L.6		220
					22 nd	Cash	C		500
					23 rd	Furniture	L.7		850
					30 th	Odongo	L.8	650	
					31 st	Balance	c/d	1,550	2,780
			<u>2,800</u>	<u>4,600</u>				2,800	4,600
1 st Jan	Balance	b/d	1,550	2,780					

Capital Account L.1						
Dr.						Cr.
Date	Particulars	Folio	Amount UGX	Date	Particulars	Amount UGX
Dec 2020			000	Dec 2020		000
31 st	Balance	c/d	6,000	1 st	Cash	2,000
				1 st	Bank	4,000
			<u>6,000</u>			<u>6,000</u>
				1 st Jan	Balance	6,000

Dr. Drawings' Account L.2

Dr.				Cr.			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
Dec 2020			UGX 000	Dec 2020			UGX 000
4 th	Cash	CB	200	31 st	Balance	c/d	200
1 st Jan	Balance	c/f	200				200

Dr. Rent's Account L.3

Dr.				Cr.			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
Dec 2020			UGX 000	Dec 2020			UGX 000
10 th	Bank	CB	250	31 st	Balance	c/d	250
1 st Jan	Balance	c/f	250				250

Dr. Purchase's account L.4

Dr.				Cr.			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
Dec 2020			UGX 000	Dec 2020			UGX 000
12 th	Cash	CB	400				
23 rd	Creditor	L.8	650	31 st	Balance	c/d	1,050
			<u>1,050</u>				<u>1,050</u>
1 st Jan	Balance	c/f	1,050				

Dr. Sale's account L.5

Dr.				Cr.			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
Dec 2020			UGX 000	Dec 2020			UGX 000
				14 th	Bank	CB	600
31 st	Balance	c/d	900	28 th	Cash	CB	300
			900				900
				1 st Jan	Balance	c/f	900

Stationary's Account L.6							Cr.
Dr.	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
			UGX	Dec			UGX
Dec			000	2020			000
2020	Bank	CB	220	31 st	Balance	c/d	220
18 th			220				220
1 st	Balance	c/f	220				
Jan							

Furniture's Account L.7							Cr.
Dr.	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
			UGX	Dec			UGX
Dec			000	2020			000
2020	Bank	CB	850	31 st	Balance	c/d	850
23 rd			850				850
1 st	Balance	c/f	850				
Jan							

Debtor's Account (Odongo) L.8							Cr.
Dr.	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
			UGX	Dec			UGX
Dec			000	2020			000
2020	Cash	CB	650	24 th	Purchases	L.4	650
30 th			650				650

**CAPITAL SHOPPERS ENTERPRISE
TRIAL BALANCE
AS AT 31st DECEMBER, 2020**

DETAILS	Folio	DR. (UGX)	CR. (UGX)
		000	000
Capital	L.1		6,000
Drawings	L.2	200	
Rent	L.3	250	
Purchases	L.4	1,050	
Sales	L.5		900
Stationary	L.6	220	
Furniture	L.7	850	
Cash	CB	1,550	
Bank	CB	2,780	
Total		6,900	6,900

Purchase Journal (for Credit Purchases)

WOLOKOS'S
PURCHASES DAY BOOK
FOR THE MONTH OF JAN 2010

DATE	SUPPLIERS	INVOICE NO.	FOLIO	Description	AMOUNT
JAN					UGX
5 th	Kampala Traders	12345	PL ₁	Purchase of 20 cartons of fancy goods @ Ugx 100,000 less 10% discount	1,800,000
5 th	Kiwatule Traders	12456	PL ₂	Purchase of 100 bags of cement @ Ugx 22,000 less 10% discount	1,980,000
	Transfer to purchases account in the General ledger				3,780,000

Explanation:

- 20 cartons of fancy goods @ Ugx 100,000 each, with a 10% discount:
 $100,000 * 20 * 0.9 = 1,800,000$
- 100 bags of cement @ Ugx 22,000 each, with a 10% discount:
 $22,000 * 100 * 0.9 = 1,980,000$

Purchase Returns Journal (for Returns to Suppliers)

WOLOKOS'
PURCHASES RETURNS DAY BOOK
FOR THE MONTH OF JAN 2010

DATE	SUPPLIERS	CREDIT NOTE NO.	FOLIO	Description	AMOUNT
JAN					UGX
6 th	Kampala Traders	234	PL ₁	Return of 2 cartons of fancy goods	180,000
6 th	Kiwatule Traders	456	PL ₂	Return of 10 bags of cement	198,000
	Transfer to purchases returns account in the General ledger				378,000

Explanation:

- Return of 2 cartons of fancy goods @ Ugx 100,000 each, less 10% discount
 $100,000 * 2 * 0.9 = \text{Ugx } 180,000$
- Return of 10 bags of cement @ Ugx 22,000 each, less 10% discount
 $22,000 * 10 * 0.9 = \text{Ugx } 198,000$

Sales Journal (for Credit Sales)

WOLOKOS'
SALES DAY BOOK
FOR THE MONTH OF JAN 2010

DATE	CUSTOMERS	INVOICE NO.	FOLIO	Description	AMOUNT
					UGX
JAN 8 th	Katwe Traders	1235	SL ₁	Sold 12 cartons of fancy goods @ Ugx 120,000 each, less 5% discount	1,368,000
JAN 8 th	Kasubi Provision Store	1236	SL ₂	Sold 40 bags of cement @ Ugx 24,000 each, less 10% discount	864,000
	Transfer to SALES account in the General ledger				2,232,000

Explanation:

- Sold 12 cartons of fancy goods @ Ugx 120,000 each, less 5% discount:
 $120,000 * 12 * 0.95 = 1,368,000$
- Sold 40 bags of cement @ Ugx 24,000 each, less 10% discount:
 $24,000 * 40 * 0.9 = 864,000$

Sales Returns Journal (for Returns from Customers)

WOLOKOS'
SALES RETURNS DAY BOOK
FOR THE MONTH OF JAN 2010

DATE	CUSTOMER	CREDIT NOTE NO.	FOLIO	Description	AMOUNT
					UGX
JAN 9 th	Kasubi Provision Store	2346	PL ₁	Return of 6 bags of cement	129,600
	Transfer to sales returns account in the General ledger				129,600

Explanation:

- Return of 6 bags of cement @ Ugx 24,000 each, less 10% discount:
 $24,000 * 6 * 0.9 = 129,600$

Purchases Ledger

Dr				KAMPALA TRADERS				Cr	
Date	Details	F	Amount	Date	Details	F	Amount		
Jan 31	Returns		180,000	Jan 31	Purchases		1,800,000		
Jan 31	Balance	c/d	1,620,000						
			1,800,000						1,800,000
				1st Feb	Balance	c/f	1,620,000		

Dr. **KIWATULE TRADERS**

Date	Details	F	Amount	Date	Details	F	Cr. Amount
Jan			UGX	Jan			UGX
31	Returns		198,000	31	Purchases		1,980,000
31	Balance	c/d	1,782,000				1,980,000
			<u>1,980,000</u>	1st Feb	Balance	c/f	<u>1,782,000</u>

Dr. **KATWE TRADERS Account**

Date	Details	F	Amount	Date	Details	F	Cr. Amount
Jan			UGX	Jan			UGX
31 st	Sales		1,368,000	31 st	Balance	c/d	1,368,000
			<u>1,368,000</u>				1,368,000
1 st Feb	Balance	b/f	1,368,000				

Dr. **KASUBI PROVISION STORE Account**

Date	Details	F	Amount	Date	Details	F	Cr. Amount
Jan			UGX	Jan			UGX
31 st	Sales		864,000	31 st	Returns		129,600
			<u>864,000</u>	31 st	Balance	c/d	734,400
1 st Feb	Balance	b/f	734,400				<u>864,000</u>

General Ledger

The general ledger will reflect the totals from the journals and ledgers, including:

- **Purchases Account:** The total of all purchases, including returns.
- **Sales Account:** The total of all sales, including returns.
- **Cash Account:** For any cash sales and purchases.

Dr. **Purchases Account**

Date	Details	F	Amount	Date	Details	F	Cr. Amount
Jan			UGX	Jan			UGX
7 th	Cash		300,000				
31 st	Total creditors		3,780,000	31 st	Balance	c/d	4,080,000
			<u>4,080,000</u>				<u>4,080,000</u>
1 st Feb	Balance	b/f	4,080,000				

Dr. **Purchases return Account**

Date	Details	F	Amount	Date	Details	F	Cr. Amount
Jan			UGX	Jan			UGX
31 st	Balance	c/d	378,000	31 st	Total Creditors		378,000
			<u>378,000</u>				<u>378,000</u>
				1 st Feb	balance	b/f	378,000

Sales Account							Cr.
Dr.	Details	F	Amount	Date	Details	F	Amount
			UGX	Jan			UGX
Jan				8 th	Cash		350,000
31 st	Balance	c/d	2,582,000	31 st	Total Debtors		2,232,000
			<u>2,582,000</u>				<u>2,582,000</u>
				1 st Feb	balance	b/f	2,582,000

Sales returns Account							Cr.
Dr.	Details	F	Amount	Date	Details	F	Amount
			UGX	Jan			UGX
Jan				31 st	Balance	c/d	129,600
31 st	Total Debtors		129,600				129,600
			<u>129,600</u>				
1 st Feb	Balance	b/f	129,600				

Cash Account							Cr.
Dr.	Details	F	Amount	Date	Details	F	Amount
			UGX	Jan			UGX
Jan				7 th	Purchases		300,000
8 th	Sales		350,000	31 st	Balance	c/f	50,000
			<u>350,000</u>				<u>350,000</u>
1 st Feb	Balance	b/f	50,000				

Creditors' account							Cr
Dr	Details	F	Amount	Date	Details	F	Amount
			UGX	March			UGX
March				31 st	Kampala traders		1,620,000
31 st	Balance	c/d	3,402,000	31 st	Kiwatule traders		1,782,000
			<u>3,402,000</u>				<u>3,402,000</u>
				1 st Feb	Balance	c/f	3,402,000

Debtors' Account							Cr.
Dr.	Details	F	Amount	Date	Details	F	Amount
			UGX	March			UGX
March				31 st	Balance	c/d	2,102,400
31 st	Katwe traders		1,368,000				
	Kasubi provision		734,400				
			<u>2,102,400</u>				<u>2,102,400</u>
1 st Feb	Balance	b/f	2,102,400				

WOLOKOS'
Trial Balance
as at 9th Jan 2010

DETAILS	Dr.	Cr.
	UGX	UGX
Cash	50,000	
Purchases	4,080,000	
Sales		2,582,000
Sales returns	129,600	
Purchases returns		378,000
Total debtors	2,102,400	
Total creditors		3,402,000
Total	6,362,000	6,362,000

EXCELLENCE IS COMPULSOTY
THE END