

UGANDA CERTIFICATE OF EDUCATION

845/1 ENTREPRENEURSHIP

PAPER I

2 HOURS 30 MINUTES

INSTRUCTIONS

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

Section A has 2 compulsory items.

Answer one item from each part of section B

Answer four examination items in all.

Item 1:

Daniel, a fresh graduate in Kampala, has saved UGX 7,000,000 and dreams of starting a fresh juice cafe. He is confident in his recipes but knows picking the area is crucial. He is unsure how to evaluate potential spots effectively; the area has schools but some rooms for rent are beyond his budget though he wants the cafe visible. He noticed that one of the streets has many juice sellers but they do not have electricity to using fridges.

He also needs to figure out how to efficiently make enough juice to meet demand once he opens. He would like to plan for his daily juice output, reliable sourcing of ingredients, the equipment needed like juicers and blenders, the staff and how to manage waste.

Task:

As a business development advisor:

- a) Guide Daniel on selecting a suitable area for his fresh juice cafe.
- b): Prepare plan for Daniel's juice production

Item 2:

Agaba, an aspiring entrepreneur in Luwero, plans to start a small-scale fruit juice production business, focusing on local fruits like mangoes and passion fruit. He is excited about the venture but realizes that fresh and ripe fruits will be paramount in making optimal flavored juice. Some kinds of fruits like berries from South Africa make pretty good but they are seasonal yet some farmers harvest mangoes and oranges throughout the year. His target is to support the community.

He is also conscious that he needs to effectively advertise his juice to stand out in a competitive market. However, he's unsure how to select the best advertising channels to reach his target customers. Agaba notices several media like TV, community radio, social media campaigns, flyers and posters. His wishes to choose one of them that can help attract local residents.

Task:

As a business consultant, guide Agaba on the following:

- a) Guide Agaba on selecting the right fruits for his juice business.
- b) Advise Agaba on the suitable advertising medium to promote his fruit juice.

SECTION B

Part I (choose one item)

Item 3:

Joel has been running a boda-boda spare parts shop in Masaka for the past five years. He primarily deals in cash for all transactions and keeps his profits in a secure safe at his business premises. While his shop initially saw strong demand, he has recently observed a significant drop in sales over the last year. Many of his former loyal customers are now opting for competitors who offer credit facilities, online ordering, and swift delivery services.

Joel manually records inventory. Many times, he makes errors, often leading to overstocking of less popular items and critical shortages of high-demand spare parts like brake pads and spark plugs, frustrating customers. Many times, he burns business financial records with the intent of paying less taxes. He also received a stern warning from URA last month regarding unfiled tax returns for the last two financial years, threatening significant penalties. He knows he is seeking advice on regaining his market share and protect his business from closure.

Task:

As a business development expert, guide Joel on the following:

a) Recommend technologies that Joel's business can adopt to address his operational shortcomings.

b) Propose strategies Joel can implement to protect his business from closure.

4. A group of 35 women in Manyangwa village formed Manyangwa Savings Co-operative Society (SACCO). The SACCO employs a Manager who is paid Ugx290, 000 per month and a Cashier who is paid Ugx200, 000 per month.

The chairperson of the SACCO forced some women in Manyangwa village to join the SACCO. The SACCO is not registered with the District Commercial Office. The chairperson chose his friend Juma as the secretary of the SACCO without involving other members. The members of the SACCO saved different amounts of money during the year. However, when the SACCO made profits of UGX35 million from investment of the savings, each member was paid UGX 1 million.

When Uganda Revenue Authority (URA) visited the SACCO, they found out that the SACCO had not paid the employees' income tax for 3 years. URA is threatening to close the SACCO if the tax due is not paid within 30 days.

Members of the SACCO have been complaining about the way the SACCO is run and need guidance on how to improve the SACCO operations.

Task:

(a) Use the tax brackets given in table 1 to calculate the amount of the employees' income tax arrears that the SACCO should pay to URA.

Table 1: Tax income bracket.

	Annual Chargeable Income	Tax rate (brackets)
1.	Not exceeding Ugx2,820,000	Nil
2.	Exceeding Ugx2,820,000 but not exceeding Ugx4,020,000.	10% of the amount by which chargeable income exceeds Ugx2,820,000
3.	Exceeding Ugx4,020,000 but not exceeding Ugx4,920,000.	Ugx120,000 plus 20% of the amount by which chargeable income exceeds Ugx4,020,000
4	Exceeding Ugx4,920,000.	(a) Ugx300,000 plus 30% of the amount by which chargeable income exceeds Ugx4,920,000 (b) Where the chargeable income of an individual exceeds Ugx120,000,000 an additional 10% charged on the amount by which chargeable income exceeds Ugx120,000,000

b) Explain to the members the good practices they should follow when operating the Manyangwa SACCO.

Part II (choose one item)

Item 5

Mr. Makumbi, owns "Mega Hardware Supplies," a retail and wholesale business located in the industrial area of Kampala.

On **June 10, 2025**, "the hardware completed a significant credit sale to **Bwindi Construction Co. Ltd.** of P.O. Box 789, Kampala. The details of the sale are as follows:

- 100 bags of Cement (50kg) @ UGX 32,000.
- 400 sheets of Iron Sheets @ UGX 45,000.

The payment terms agreed upon state that a 5% cash discount will be granted if the invoice amount is paid within 30 days from the invoice date. Mr. Makumbi needs to issue the official document for proof of this transaction, using serial number MHS/INV/2025/001, but he is uncertain about how to correctly structure the document.

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

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

Task:

- a) Prepare the necessary document for proof of the transaction indicated.
- b) Prepare a statement to reflect the true financial position of the business.

Item 6

Ms. Doreen Namukasa owns "Nile Fresh Distributors," a wholesale business in Kampala specializing in the distribution of bottled water and soft drinks to supermarkets, hotels, and canteens. All her sales are made on credit, and she frequently deals with customer returns for various reasons (e.g., damaged goods, excess orders). She uses a manual accounting system and understands the importance of accurately recording all sales and returns for proper financial reporting.

Transactions for July 2025:

1. July 3: Sold goods to Kiwatule Supermarket (Invoice No. S/001) for UGX 1,500,000.
2. July 7: Sold goods to Ntinda Hotels Ltd. (Invoice No. S/002) for UGX 2,200,000.
3. July 12: Sold goods to Kasangati Wholesalers (Invoice No. S/003) for UGX 1,800,000.
4. July 19: Sold goods to Lugogo Distributors (Invoice No. S/004) for UGX 2,500,000.
5. July 25: Sold goods to Makerere University Canteen (Invoice No. S/005) for UGX 1,000,000.
6. July 15: Kiwatule Supermarket returned damaged stock (Credit Note No. CR/001) valued at UGX 150,000.
7. July 22: Ntinda Hotels Ltd. returned excess order (Credit Note No. CR/002) valued at UGX 200,000.
8. July 28: Lugogo Distributors returned wrong items (Credit Note No. CR/003) valued at UGX 100,000.

Additional Information as at 31st July 2025:

- i. Inventory (Stock of beverages) as at 1st July 2025: UGX 4,000,000
- ii. Purchases of goods for resale during July: UGX 5,500,000
- iii. Inventory (Stock of beverages) as at 31st July 2025: UGX 3,000,000
- iv. Salaries Expense for July: UGX 1,200,000
- v. Warehouse Rent Expense for July: UGX 800,000
- vi. Utilities Expense for July: UGX 250,000
- vii. Delivery Costs for July: UGX 400,000

At the end of July 2025, she needs to summarize her sales activities and assess the profitability of her operations for the month.

Task:

- a) Prepare suitable books of original entry for "Nile Fresh Distributors" for the month of July 2025:
- b) Prepare the statement to show the business profit/loss for the month ended 31st July 2025.

END