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ENTREPRENUERSHIP
Paper 1
Jul/Nov.2026
$2\,^{1}/_{2}$ hours

USTAA MOCK EXAMINATIONS 2026

Uganda Certificate of Education

ENTREPRENUERSHIP

Paper 1

Duration: 2 Hours **30** minutes

INSTRUCTIONS TO CANDIDATES

- This examination paper consists of two Sections; A and B. It has total of six items.
- Section A has two Compulsory items.
- Section B has two parts; I and II. Respond to one item from each part.
- Respond to four items in all.
- Any additional item(s) responded to will not be scored.
- Responses to each part of the item must be started on a fresh page.
- All responses must be written in the answer booklet(s) provide

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SECTION A

This section has two compulsory items.
Respond to both items.

Item 1

Five farmers in the peri-urban area of Gombe town have consistently produced high quality tomatoes, exceeding local market demand during peak seasons. They are now contemplating forming a collective to process these surplus tomatoes into paste to reduce post-harvest losses and access wider markets. They lack clarity on the optimal business structure and how to gauge market interest for their produce. They would like to engage the local community to support their business but are unsure of how to convince them.

Tasks:

(a) Select a suitable legal business form with justifications.
(b) Come up with a write up that will be used to convince the community members in Gombe town.
(c) Develop an initial market survey tool for their business.

Item 2

Dylanie Beverages Ltd' produces two main products; bottled fruit juice and packaged drinking water. They source their supplies (fruits and plastic bottles) from local farmers and factories respectively. However, many times some of them are found substandard which affects the quality of their products. They want to determine supplies that are of the right standards. They also currently operate a small production factory and sell directly to a few local shops near their factory. Due to increasing demand, they need to expand their distribution reach across Kampala and potentially to nearby towns.

Tasks:

(a) Illustrate two distinct distribution channels that Dylanie Beverages can utilize to reach a wider market in Kampala.
(b) Justify which of the two illustrated channels in (a) above would be the most appropriate for the business.
(c) Advise how Dylanie Beverages can select the right supplies.

SECTION B

*This section **has** two parts, **I** and **II.***
Respond to one item from each part

PART I

*Respond to **ONE** item from this part.*

Item 3

HEKA poultry farmers SACCO in Butambala district was formed by 50 small scale poultry farmers two years ago. Members contribute weekly savings and access loans for chicks, feeds, and basic equipment. Initially, the SACCO thrived, increasing members' poultry production. However, in the last six months, loan defaults have risen sharply, membership has dropped to 23, and the SACCO's treasurer has reported inconsistencies in the financial records while the chairperson has been accused of dictatorship and offering loans at high interest rates. Some members are considering withdrawing their savings, fearing the SACCO might collapse. The members are now seeking professional advice on how to make their SACCO better and have approached you.

Tasks:

(a) Illustrate to the members the way a SACCO should operate.
(b) Advise on the underlying causes that could lead to the potential failure of HEKA Poultry Farmers SACCO.
(c) Demonstrate the strategies that could be implemented to revive the struggling SACCO.

Item 4

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

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

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

Chargeable Monthly Income	**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

Tasks:

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

PART II

*Respond to **ONE** item from this part.*

Item 5

Namya operates a bakery in Belore district. She gets customers on a daily basis and keeps incomplete records in a small note book. She wants to determine the profitability of her business as of 31st December 2021. She has provided you with the following information:

Particulars	Amount (UGX)
Sale of bread and cakes	25,000,000
Purchase of flour and sugar	16,000,000
Carriage (in circle)	3,500,000
Return from customers	4,500,000
Return to suppliers	3,000,000
Opening stock	1,800,000
Closing stock	1,500,000
Expenses on rent and licence	600,000

Task

a) Guide Namya on the benefits of recording her transactions in an organized way.
b) Prepare an account to determine the profit or loss made by the bakery.

Item 6

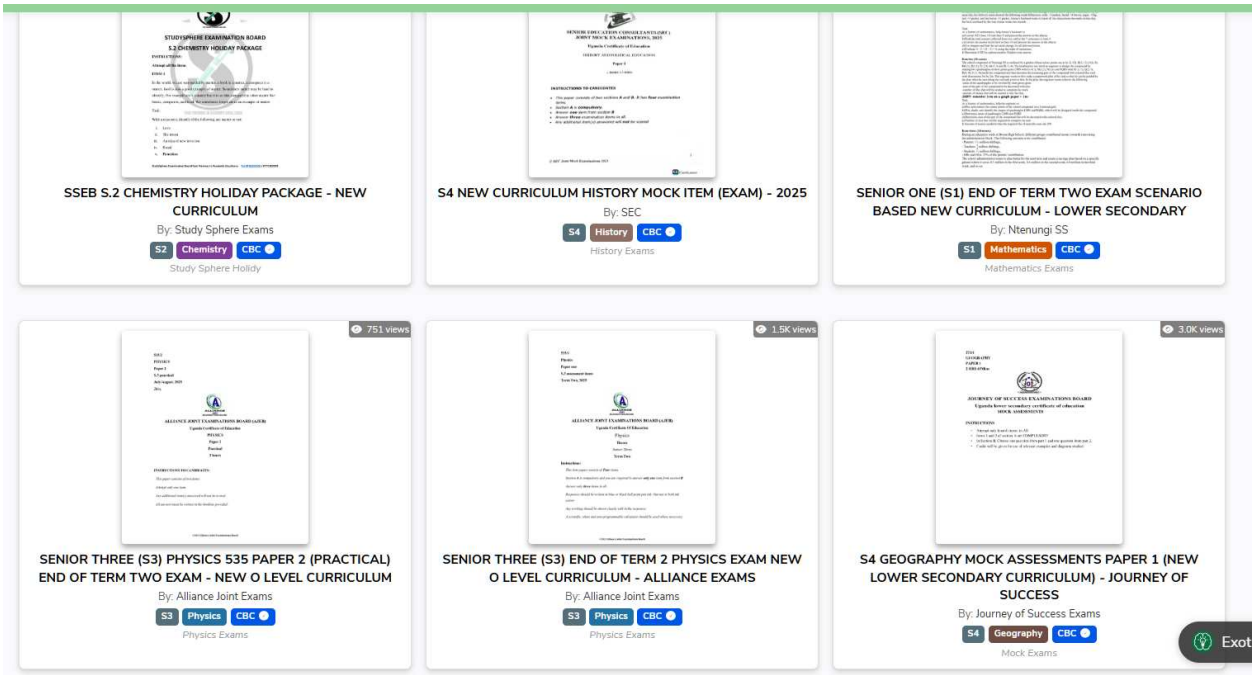
Namya is operating a bakery enterprise, a retail business in town. At the beginning of a trading period, her opening stock was UGX 12,000,000. When the trading period ended on 31st April 2025, her capital was valued at UGX 9,800,000, which she increased by getting a loan of UGX 2,500,000 and paying credit suppliers of UGX 600,000. The business owned a shop building of UGX 3,100,000, a delivery motorcycle of UGX 4,150,000 (stock at 31st April, 2025 was UGX 1,600,000, debtors of UGX 1,000,000 and cash of UGX 3,200,000). Due to insufficient funds, she got a loan overdraft of UGX 500,000 from State Bank. State Bank has requested her to present proof of arithmetic accuracy and financial position as she processed the loan. However, she has limited skills and is seeking your assistance.

Task

a) Determine the arithmetic accuracy for Namya's business.
b) Help Namya to prepare a statement to show the financial position of the bakery.

END

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