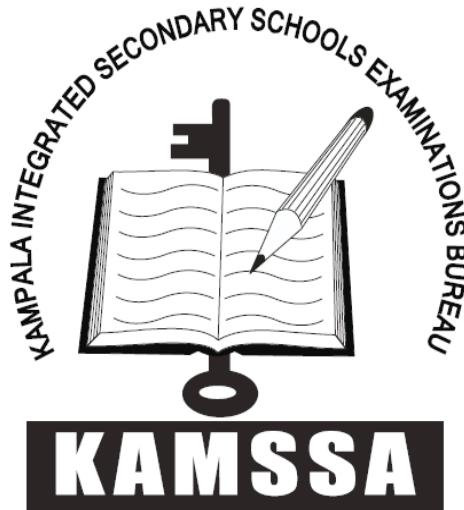


*P230/2*  
*ENTREPRENEURSHIP*  
*EDUCATION*  
*Paper 2*  
*July/Aug 2022*  
*3hours*



**KAMSSA JOINT MOCK EXAMINATIONS**  
**Uganda Advanced Certificate Of Education**

**ENTREPRENEURSHIP EDUCATION**

**Paper 2**

**3hours**

**INSTRUCTIONS TO CANDIDATES**

- Answer four questions only
- All questions carry equal marks
- Credit will be given for use of relevant diagrams and illustrations
- Any additional question (s) answered will not be marked.

1. You are a financial manager of a fast growing metal work shop working on the employed capital of Shs 200 million which was raised by long liability of Shs 80,000,000, the rest being owner's equity.
  - (a) Draw a financial plan for your business. (08 marks)
  - (b) Write a memo informing the employees to pick their salaries from your office. (06marks)
  - (c) Design a local purchase order to be used by your business. (05 marks)
  - (d) Formulate policy guidelines for ensuring proper cash management for the business. (06marks)
2. The following balances were extracted from the books of AGALI ENTERPRISES LTD at the end of the financial year ended 31.12.2018.

	Shs "000"
Capital 1.01.2018	200,000
Purchases	82,000
Stock 1.01.2018	8,000
Sales	160,000
Bank over draft	16,000
Debtors	28,000
Creditors	13,000
Cash in hand	6,000
Bank balance	25,000
Fixed assets	400,000
Drawings	20,000
Business expenses	20,000
Bank loan (3 years)	70,000
Stock 31.12.2018	6,200

- (a) Compute
  - (i) Inventory velocity ratio (03marks)
  - (ii) Holding period (03marks)
  - (iii) Cash ratio (03marks)
  - (iv) Working capital ratio (03marks)
  - (v) Fixed capital ratio (03marks)

- (vi) Creditors turnover (03marks)
- (vii) Gearing ratio (03marks)
- (b) Use the answers obtained in (a) (ii) and (a) (vii) to interpret the results. (04marks)

3. You have been employed as a loans officer of a newly formed savings and credit co-operative society in your home area which offers loans to its clients.

- (a) Formulate a credit policy for the SACCO. (07marks)
- (b) Draw a loan recovery programme for overdue debts. (08marks)
- (c) Design a bank cash deposit slip to be used by your clients. (05marks)
- (d) Suggest to the management five (5) ways that should be under taken to overcome resistance to change. (05marks)

4. You own a bakery on a small scale which supplies loaves of bread, doughnuts, cakes and bans to retailers, school canteens and super markets.

- (a) Prepare a marketing flow chart for your business product. (06marks)
- (b) Design a production plan for your business (07marks)
- (c) Draw a weekly marketing schedule for your project. (06marks)
- (d) Formulate guidelines to ensure production of quality products. (06marks)

5. Dingi Dingi Traders presented the following projections for January, February, March and April 2017.

- (i) Cash balance on 31 Dec 2016 Shs 33 million
- (ii) Expected cash sales per month Shs 20 million and would attract a sales commission of 10% per month except for the first month.
- (iii) Donations were expected to be Shs 2.5 million and Shs 60 million in kind in the second month.
- (iv) Credit sales were projected to Shs 12 million per month. It had been the business policy to receive the money in the month of sale except when Shs. 9.6 million had not been recovered in the previous month of December and it was to be received in the next month of planning.
- (v) The business was to sell one of its old Lorries valued at Shs 100 million at Shs 62 million but the money was to be received in two equal installment in the last two months.

(vi) A loan of Shs 3 million was expected from DFCU bank, in the 2<sup>nd</sup> month to attract an interest rate 5% per month on fixed rate after a grace period of one month. The principal was to be paid in two (2) equal installments.

(vii) The business was to purchase office furniture in the last month for cash Shs 900,000.

(viii) Cash purchases were projected at Shs 17 million per month.

(ix) Credit purchases were projected to be Shs 18 million but would reduce by 10%.

The creditor.

(x) Monthly salaries and wages were to be Shs. 12million.

(xi) VAT on purchase of office furniture was at a rate of 18%.

**Required;**

(a) Prepare a cash flow budget for the four months (22marks)

(b) Advise Dingi Dingi Traders on any three (3) ways on how the cash surplus can be used effectively. (03marks)

6. You have mobilized savings and established a business making gift bags and paper bags.

(a) Develop its executive summary (06marks)

(b) Formulate guidelines for handling difficult customers. (06marks)

(c) Write an appointment letter to a newly recruited security officer at the workshop. (07marks)

(d) Draft a programme for preparing for negotiations with workers on a strike. (06marks)

**END**