

P230/2

ENTREPRENEURSHIP

EDUCATION

Paper 2

Nov, 2020

ST. MARYS' KITENDE

Uganda Advanced Certificate of Education

RESOURCEFUL MOCK EXAMINATIONS 2020

ENTREPRENEURSHIP EDUCATION

PAPER 2

3hours

Instructions to candidates

- *Attempt any four questions from this paper*
- *Credit will be given to use of relevant illustrations*
- *All questions carry equal marks*

You own a mineral water company and it is one of the largest in East Africa:

- a) Prepare a quality policy for your company. (07 marks)
- b) Develop a programme for recruitment of more workers. (07 marks)
- c) Write an advert informing customers about the new packaging . (05 marks)
- d) Present the core values of your company. (06 marks)

1. Your district has experienced a challenge of garbage littered on the roadsides. This has led to outbreak of diseases such as cholera. As a social entrepreneur, you have decided to start a social enterprise to address the problem.

- a) Describe the features of your enterprise. (06 marks)
- b) Present a root cause analysis for the problem at hand. (07 marks)
- c) Develop a GEPIC structure of advocacy you will use to lobby for support. (06 marks)
- d) Draft policy guidelines that will be followed to ensure sustainability of your enterprise. (07 marks)

2. The following transactions were extracted from the books of Mahogany Furniture Traders for the year 2014.

Item	Amount (shs) '000'
Stock 1 st Jan	2,000
Stock 31 st Dec	2,300
Commission received	300
Discount allowed	100
sales	6,000
purchases	4,000
Debtors	250
Purchases carriages	700
Sales carriages	400
Electricity	150
Insurance	190
Return in wards	200
Return out wards	250
Creditors	400
Capital	2,900
Unpaid stationary	350
Bank	500
Motor van	1,000
Furniture	800

Required to calculate;

- a) i) Cost of sales (04 marks)
 ii) Gross profit margin (04 marks)
 iii) Capital employed (05 marks)
- b) Compute and interpret;
 i) Net profit ratio (03 marks)
 ii) Inventory turnover ratio (03 marks)
 iii) Rate of return on capital employed (03 marks)
 iv) Average collection period (03 marks)
3. You operate an animal drug factory in a Mukono municipality. The residents have been complaining about its operations.
- a) Prepare a presentation to be read to the community members on the benefits of the factory. (06 marks)
- b) Present the environment protection guidelines of the factory. (06marks)
- c) Present the social responsibilities of the business. (05 marks)
- d) Prepare a payroll for the top management of the previous month. (08 marks)

4. The following information relates to the books of save & save milk processors extracted in October, 2014.
- i) Expected cash sales per month was shs.500, 000; however, it was to reduce by 10% monthly.
 - ii) Monthly rent income was 300,000 and was to increase by 3% after the first two months
 - iii) The wage bill was to be maintained at shs. 5,000 per employee daily for 10 workers monthly
 - iv) 1000 litres of milk were to be purchased on a daily basis each at shs 500 for the whole period
 - v) On 1st October, 2014, the business had a cash balance of shs. 800,000
 - vi) Income from other sources was expected to be shs. 200,000 in the last two months
 - vii) The business planned to purchase a milk cooling machine at shs. 700,000. No payment was made until the last month.
 - viii) The business expected to purchase shares of shs. 100,000 in the first two months
 - ix) Expected monthly credit sales were shs. 160,000 but payment would be made in the month of sale.
 - x) Monthly Insurance premium of shs. 10,000 was to be made, and was to increase by 5% every after a month
 - xi) All business assets were to be depreciated by a total of Shs. 100,000 in the second month.

Required:

- a) Prepare a cash flow budget for four months. (22 marks)
 - b) Advise the owner on how to manage funds basing on the net cash position. (03 marks)
5. You bought a declining tours and travel enterprise. You intend to rehabilitate it in order to make it competitive again; you have obtained a loan of Ugx.50,000,000 from centenary bank, payable in five equal instalments in five years at an interest of 15% per annum at reducing balance method.
- a) Prepare a loan repayment schedule to ease loan repayment. (06 marks)
 - b) Present the factors you considered before obtaining a loan from the financial institution. (08 marks)
 - c) Present the programme you followed when obtaining a loan. (06 marks)
 - d) Draw a capital expenditure budget for the loan you have obtained. (05 marks)

BE KNOWN BY WORKS