WAKISSHA JOINT MOCK EXAMINATIONS
MARKING GUIDE
Uganda Certificate of Education
ENTREPRENEURSHIP EDUCATION845 / 1
UCE July / August 2015

1. (a) Factors for a site of a business. (05 marks)
- Availability of market.
- Source of raw materials.
- Access to transport and communication networks.
- Availability of premises to be purchased or leased.
- Availability of human resources.
- Government policy on location of location of business.
- Availability power.
- Availability of water.
- Presence of security.
- Availability of support services.
-
-

(b) Choice of raw materials. (10 marks)
- Source of raw materials.
- Cost of raw materials.
- Quality of materials.
- Terms of purchase.
- Lead-time.
- Amount of units of raw materials per production cycle.
- Amount of raw materials to be maintained in inventory.
- Availability and reliability.
- Risk of damage.
- Amount of waste.
-
-

(c) How to package. (04 marks)
- Use of boxes.
- Use of sacks.
- Use of bags.
- Use of polysacks.
-
-

(d) Benefits to society. (06 marks)
- Employment to locals.
- Market for local produces.
- Products i.e sandals to locals.
- Infrastructural development.
- Extension of other services.
-
-

2(a) QUEENS'S ENTERPRISES

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.12.2013

Details	Shs '000'	Shs '000'	Shs '000'
Details		128,000	
Sales		6,000	
Less. R.I.W			122,000
Net sales			
Less, Operating Expenses		28,000	
Opening stock			
Add. Purchases.	90,000		
LessR.Oco	5,000		
	85,000		
Add. Carriage inwards	10,000		
Net purchases		95,000	
Goods available for sale		123,000	
Less. Closing stock		48,000	
Cost of sales			75,000
Gross profit			47,000
Add. Discount received		6,000	
Commission received		20,000	26,000
Gross income			73,000
Less Operating expenses			
Rent		4000	
Advertising		8000	
Discount allowed		5000	
Carriage outwards.		8000	
Wages and salaries		15,000	40,000
Net profit			33,000

(04 marks)

2. (b) QUEENS'S ENTERPRISES
BALANCE SHEET
AS AT 31.12.2013

Details	Shs '000'	Shs '000'	Shs '000'
Fixed Assets			
Premises		122,000	
Machinery		75,000	197,000
Current Assets			
Stock	48,000		
Debtors	18,000		
Bank	27,000		
Cash	14,000	107,000	
Less. Current liabilities			
Creditors		31,000	
Working Capital			76,000
Capital employed			273,000
Financed by capital		190,000	
Add. Net profit		33,000	
Less Drawings&		10,000	
owners' Equity			213,000
Add. Long term liabilities			
Bank Loan			60,000
			273,000

3. (a) Subsidiary books.

- Sales journal
- Purchases journal
- Cashbook
- General journal
- R.O.W journal
- R.I.W journal
-
-
-
-
-

(b) Purpose of Documentation.

- To avoid frand.
- To minimize conflicts.
- To avoid over taxation.
- To control business assets.
- To identify losses and control them.
-
-
-
-

(c) Requirement for operating a current Account.

- A minimum amount for the initial deposit.
- Passport size photographs.
- Depending on the bank, two or three references.
- Proof of identity e.g LCI introduction letter.
- Filling and signing application forms.
- If acceptable the applicant is given an account number.
- Applicant then makes initial cash deposit.
- A passbook/card, chequebook or receipt.
-
-
-
-
-
-

(d) Effects of business.

- Pollution.
- Displacement of species.
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-
-

4.

HIGH QUALITY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31.12.2014

Details	Shs '000'	Shs '000'	Shs '000'
Sales		1,280,000	
Less. Sales returns		60,000	
Net sales			1220,000
Opening stock		230,000	
Add. Purchases.	900,000		
Add. Carriage inwards	150,000		
Cost of purchases	1,050,000		
Less. Closing stock	50,000		
Net purchases		1,000,000	
Goods available for sale		1230,000	
Less closing stock		280,000	
Cost of sales			950,000
Gross profit			270,000
Add. Discount received			50,000
Gross income			320,000
Less Operating expenses			
Discount allowed		30,000	
Carriage outwards.		50,000	
Advertising		30,000	
Auditing expenses		40,000	150,000
Net profit			170,000

4(b)

(i) Markup $= \frac{\text{Gross profit}}{\text{Cost of sales}} \times 100$

$= \frac{270{,}000{,}000}{950{,}000{,}000}$

= **28%**

(ii) Gross profit Margin $= \frac{Gross\ profit}{Net\ sales} \times 100$

$= \frac{270{,}000{,}000}{1{,}220{,}000{,}000} \times 100$

= **22%**

(iii) Average stock = $\frac{Openning\ stock+Closing\ stock}{2}$

(iv)

$$= \frac{230{,}000{,}000+28{,}000{,}000}{2}$$

= Shs. **255,000,000**

(v) Rate of Stock = $\frac{\text{Cost of sales}}{\text{Average stock}}$

$$= \frac{950{,}000{,}000}{255{,}000{,}000}$$

=**3.7 Times/ Turns**

(vi) % of operating expenses to turnover = $\frac{\text{Operating expenses}}{\text{Turnover}} \times 100$

$$= \frac{150{,}000{,}000}{1{,}220{,}000{,}000} \times 100$$

= **12%**

5(a)Questionnaire

1. Name of customer……………………………………………………………
2. Sex………………………………………………………………………………
3. Age…………………………………………………………………….......
4. Income segment; poor…………………,Middle……………..Rich………
5. What products are preferred most and why?...
6. What unique features should the products have…………………………?
7. What are the strengths and weaknesses of the competitors?
8. What are the prices charged in the market?
9. What promotional strategies will be effective?
10. What other opportunities does the market present?
11.
12.
13.
14.
15.

(b)Financial budget shows;

(i) Fixed capital requirements.
(ii) Working Capital requirement.
(iii) Sources of funds.

(c)Choice of machinery.

- Initial cost.
- Capacity of machine.
- Ease in maintenance and repair.
- Flexibility for adjustment in relation to customers'.
- Changing preferences.
- Availability of other equipments required to operate the machinery.
- Productivity and efficiency of machinery.
- Life span.
- Guarantee given by supplier.
- Source of machinery.
- Simple to use.
-
-
-
-
-

(d)Ways of promoting sales

- Advertising
- Price reduction
- Attending exhibitions and trade fairs.
- Organising raffle draws.
- Sponsoring programmes on TV and Radio.
- Offering gifts.
- Giving samples
- Offering discounts.
-
-
-
-

END