

P230/2
ENTREPRENEURSHIP
EDUCATION
Paper 2
July - August
3 Hours



ELITE EXAMINATION BUREAU MOCK 2019
Uganda Advanced Certificate of Education
ENTREPRENEURSHIP EDUCATION
Paper 2
Duration: 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.

Turn Over

1. Your good marketing strategies have resulted into expansion of your agro-processing factory. You are planning to establish a new branch to respond to increasing demand for your products.
 - a) Prepare an implementation plan for your business activities. (8marks)
 - b) Design a work order form for business use. (6marks)
 - c) Propose policy guidelines for monitoring business operations. (5marks)
 - d) How will your business be socially responsible? (7marks)
2. You own apartments in Bukoto town on which you operate a Hardware. You collected rental income of Shs 32000,000 for the year 2018, while the hardware made sales of 64,000,000 and purchases of Shs 50,000,000 with the value of VAT.
 - a) Using 20% as rate of tax, annual threshold of Shs 2820,000 and a provision of 20% to cater for expenses, calculate the Rental tax liability for the first quarter of 2018. (6marks)
 - b) Using a VAT rate of 18% compute the VAT paid by the hardware business to URA. (5marks)
 - c) Draw a programme for ensuring tax compliance. (6marks)
 - d) Present a SWOT analysis of your business. (8marks)
3. Your Mineral water processing factory has been incorporated into a public limited company. You are in the process of raising more capital through sale of shares.
 - a) Write a prospectus to be issued in the Newspaper. (5marks)
 - b) Draft a share certificate to be issued to new shareholders of your business. (6marks)
 - c) Develop a program followed to buy shares in your business. (7marks)
 - d) Prepare a marketing plan for your products. (7marks)
4.
 - (a) Give two differences between a cash flow statement and an income statement. (4marks)
 - (b) Miss curvy foundation projected the following for the 3rd quarter of the year 2019.
 - (i) Balance brought forward from June Shs (30,000,000)

- (ii) Expected cash sales are Shs 25,000,000 per month and this would attract a sales commission of 5% payable per month to sales force.
- (iii) Donations are expected to be Shs 4,500,000 in the first month and this is to rise by 15% monthly.
- (iv) Credit sales were projected to be shs 15,000,000 monthly. 80% to be received instantly and the balance in the following month with a cash discount of 8%.
- (v) An old vehicle is expected to be disposed off for Shs. 10,000,000 in the second month. The depreciation will be 10% of the cost at the time of sale.
- (vi) Drawings of cash and goods are projected at Shs 6,000,000 and 8,000,000 per month respectively.
- (vii) Projected weekly expenses were;

Workers wages	2,100,000
Bad debts	50,000
Advertisements	600,000
- (viii) A 5% loan facility of Shs. 6,000,000 is to be acquired from equity bank in the first month. It is payable in two monthly installments in the following months, while interest is paid basing on diminishing balance in the second and third month.
- (ix) The business plans to buy office furniture in the last month for cash shs 1,200,000. A VAT of 18% is to be paid on this furniture.
- (x) Cash purchases were projected at Shs.18, 000,000 per month. Monthly credit purchases were expected to be Shs.10, 000,000 but this is to reduce by a quarter in the last month. Creditors are paid three weeks from the date of purchase less 7% discount.

Required; Prepare

- (i) Cash budget for the third quarters of 2019. (15marks)
- (ii) Comment on the Net cash position of the business. (2marks)
- (c) Advise the business on the measures to undertake to manage business cash. (4marks)

5. You have pioneered the establishment of a youth mechanical garage with financial help from the government as a poverty alleviation strategy.
- (a) Make an executive summary for your social business project. (7marks)
 - (b) Perform a Root cause analysis for poverty. (6marks)
 - (c) Formulate guidelines for ensuring sustainability of your social enterprise. (5marks)
 - (d) Write a theory of change for your social enterprise. (7marks)
6. The following balances relate to full figure investments for the year 2017.

Details	Shs.
Average stock	4,500,000
Overheads	2,000,000
Inventory turnover	3turns
Turnover	24,000,000
Gross profit ratio	25%
Creditors	3,200,000
Debtors	1,800,000
Total fixed Assets	9,600,000
Cash at hand	1500,000
Cash at bank	1,200,000
Opening inventory	4,000,000
Outstanding electricity	800,000

Required;

- a) Calculate the value of;
 - (i) Cost of sales (2marks)
 - (ii) Net purchases (3marks)
 - (iii) Capital employed. (3marks)
- b) Compute
 - (i) Net profit Margin (3marks)
 - (ii) Creditors payment period (3marks)
 - (iii) Holding period (3marks)
 - (iv) Cash ratio (3marks)
 - (v) Rate of return on capital employed. (3marks)
- c) Interpret:
 - (i) Holding period (1marks)
 - (ii) Cash ratio (1mark)

END