

## S.6 TOPICAL REVISION EXERCISE – JULY 2020

### P230/2 ENTREPRENEURSHIP EDUCATION

INSTRUCTIONS: Attempt **both** questions.

Keep work tidy.

1. You have established a social enterprise to address the high death rate caused by malaria in your home district.
  - (a) Design a programme for becoming a social entrepreneur. (7 marks)
  - (b) Develop a root cause analysis for death caused by malaria. (7 marks)
  - (c) Prepare a GEPIC structure for advocacy for promoting your mission. (6 marks)
  - (d) Mention **five** (5) other social challenges that are likely to affect the people in your community (5 marks)
  
2. The following projections relate to **2BC Traders** for the month of May, June, July and August 2018:
  - (i) Cash in hand shs. 50,000,000 and cash at bank shs. (80,000,000)
  - (ii) The business expects to sell goods every month worth shs. 60,000,000 and receive only 75% in the month of sale and the balance in the next month for all sales less 10% discount.
  - (iii) Monthly salary was projected at shs 300,000 each employee for 42 workers.
  - (iv) The business hopes to get a loan of shs 20,000,000 in the first month. The principle is to be effected in equal instalments within four months starting with the month after the month of acquisition of the loan.
  - (v) Interest on loan is projected at 5% monthly payable on reducing balance method.
  - (vi) Monthly cash sales and cash purchases were estimated at shs 12,000,000 and shs 10,000,000 respectively.
  - (vii) The business expected a donation of shs 80,000,000 in the second month and this was expected to increase by 10% monthly.
  - (viii) The owner is to withdraw goods to the tune of shs 1,000,000 monthly.
  - (ix) The business planned to buy a vehicle in cash at shs 63,000,000 in the first month. This is to depreciate at a rate of 10% per annum.
  - (x) The business was to install machinery worth shs 48,000,000 in the first month and was to pay cash deposit of 50%. The balance is to be cleared in three instalments in the ratio  $\frac{1}{2} : \frac{1}{4} : 25\%$  in the following months.
  - (xi) Credit purchases are expected to be 60% of the total monthly sales. The business has a policy of paying 80% in the month of purchases and the balance in the next month for all purchases less 5% discount.
  - (xii) The monthly commission income was shs 1,000,000; however it is expected to increase by 20% after the first two months.
  - (xiii) A corporation tax of 30% is to be paid on each month's total sales.
  - (xiv) Any cash shortfall is to be financed with a debenture at the beginning of the next month at an interest of 10% payable after four months.

**REQUIRED**

- (a) Prepare 2BC Traders cash flow plan for the months of May, June, July and August 2018. *(16 marks)*
- (b) Comment on the Net cash position of 2BC Traders. *(4 marks)*
- (c) Of what importance is a cash flow plan to 2BC Traders? *(5 marks)*

**GOOD LUCK**