**P230/2**

**ENTREPRENEURSHIP**

**EDUCATION**

**Paper 2**

**Jul/Aug 2016**

**3 Hours**

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**MUKONO EXAMINATIONS COUNCIL**

**Uganda Advanced Certificate of Education**

**ENTREPRENEURSHIP EDUCATION**

Paper 2

**3 Hours**

**INSTRUCTIONS TO CANDIDATES**

* *Answer* ***four*** *questions only.*
* *All questions carry equal marks.*
* *Any additional question(s) answered will* ***NOT*** *be marked.*

1. You intend to start a carpentry workshop in your home town.
2. (i) State the mission statement of the business. ***(02marks)***

(ii) Give the general description of the business. ***(05marks)***

1. Prepare the administration plan of your proposed business. ***(06marks)***
2. Draw a programme for purchasing business inputs. ***(06marks)***
3. Formulate guidelines for promoting creativity among the workers in your project.

***(06marks)***

1. Babu Enterprises plans to start a business, has availed you with the following projections for the months of January, February and March 2017.
2. Cash in hand shs 1,500,000 as at 1st January 2017.
3. Cash sales shs 1,860,000, shs 1,395,000 and shs 930,000 for January, February and March respectively.
4. Loan from SEROSACCO shs 1,450,000 in January.
5. Receipts from debtors shs 890,000 in February and shs 925,000 in March.
6. Cash purchases of shs 720,000, shs 480,000 and 240,000 for January, February and March respectively.
7. Monthly direct wages are expected to be shs 48,000. A decrease of 10% is expected in the month of February.
8. Electricity shs 30,000 per month.
9. Selling expenses are estimated to be shs 20,000 and shs 15,000 for January and march respectively.
10. Taxes shs 226,900 to be paid in the month of March 2017.
11. Administrative expenses are expected to amount to shs 60,000 per month. An increase of 5% every month is expected after the 1st month.
12. Cash purchase of assets shs 2,900,000 in January.
13. Credit purchases shs 250,000 in February, to be paid for in the following month.
14. A cash deficit is off-set by getting a loan in the following month.

**Required**

1. Prepare a cash Flow statement for Babu Enterprises for the period of January to March 2017. ***(20marks)***
2. Suggest to Babu Enterprises ways of managing cash short falls in the cash flow statement. ***(05marks)***
3. You are operating shoe-making factory in an urban centre. You even make products on special orders.
4. Design a work-order form for the business. ***(06marks)***
5. Formulate policy guidelines for motivating business employees. ***(06marks)***
6. Present a programme for taking out an insurance policy. ***(07marks)***
7. Write an invoice to a customer whom you have supplied products on credit worth shs 1,000,000. ***(06marks)***
8. You are the Human Resource Manager of a bakery located in a populated town centre. You have identified the need to train the workers for increased output at minimum costs.
9. Write a notice inviting all workers to a one day training workshop. ***(05marks)***
10. Prepare a one week training programme for the workers. ***(06marks)***
11. Develop guidelines to be followed to minimize costs of production.  ***(08marks)***
12. Design a job advertisement for the post of marketing agent of the business.

***(06marks)***

1. The following information relates to UNIQUE TRADERS LTD for the year 2015.

|  |  |
| --- | --- |
| **Details** | **Shs (000)** |
| Bank | 12,000 |
| Cash | 18,000 |
| capital | 157,000 |
| Opening inventory | 10,000 |
| Furniture | 30,000 |
| Bad debts written off | 4,000 |
| Machinery | 15,000 |
| Accounts receivable | 20,000 |
| Returns inwards | 2,000 |
| Purchases discount | 33,300 |
| Carriage on sales | 1,000 |
| Purchases | 75,000 |
| Sales | 90,000 |
| Accounts payable | 13,000 |
| Returns outwards | 4,000 |
| Carriage inwards | 1,500 |
| Bad debts recovered | 8,000 |
| Sales discount | 2,000 |
| Closing inventory | 1,000 |
| Bank overdraft | 2,000 |

**Required:**

1. Compute the;
2. Average stock ***(02marks)***
3. Cost of sales ***(02marks)***
4. Gross profit ***(02marks)***
5. Net profit ***(03marks)***
6. Calculate the following ratios;
7. Cash ratio ***(03marks)***
8. Net profit to sales ***(03marks)***
9. Rate of return on capital employed ***(03marks)***
10. Stock turnover ***(03marks)***
11. Interprete the following ratios in relation to 5(b) above.
12. Cash ratio ***(02marks)***
13. Net profit to sales ***(02marks)***
14. You are operating a Hardware shop along a busy street. Your store keeper is disorganized and inefficient.
15. Write a termination letter to the store keeper. ***(06marks)***
16. Design a stock card for use in the business. ***(06marks)***
17. Prepare policy guidelines for ensuring proper inventory management. ***(07marks)***
18. Draft a daily work schedule to be followed by your employees. ***(06marks)***

***End -***