**RESOURCEFUL MOCK EXAMINATIONS 2017**

**Uganda Advanced Certificate of Education**

ENTREPRENEURSHIP EDUCATION

P230/2

3 hours

**Instructions to the Candidates:**

* *Answer four questions.*
* *All questions carry equal marks.*

1. You have established a soft drink plant and you are looking forward towards expanding it by introducing a new brand.

a) Design a market survey guide you will use when carrying out a market research. (8 marks)

b) Present a production plan for your business. (7 marks)

c) Draft a purchase order for materials to be used. (5 marks)

d) Develops guidelines for customer care to your workers. (5 marks)

2. You have established a project dealing in agricultural produce which is expanding rapidly and you have decided to recruit more man power to handle the expansion requirements.

a) Present a job application form. (6 marks)

b) Design a program for recruitment for workers. (7 marks)

c) Prepare rules and regulations for the workers. (7 marks)

d) Draft a stock ledger to be used in your business. (5 marks)

3. You are a production manager of gifted hands entrepreneurs. You have received complaints from students about declining quality of your products and you have agreed to acquire a loan to improve on the quality.

a) Design a loan repayment schedule. (6 marks)

b) Prepare quality policies for your products. (8 marks)

c) Present a budget for the loan funds. (7 marks)

d) Draft an advert for gifted hands entrepreneurs. (5 marks)

4. The following information was obtained from the books of Movit enterprises Ltd for the year ended 2014.

i) The business had cash of Shs 200,000 on 1st of March 2014

ii) The business expects to sell goods every month worth Shs 20 million and receive only 80% in the month of sale and the remaining balance is received the following month.

iii) Monthly projected salaries for 50 workers were Shs 150,000 per worker.

iv) The business hopes to get a loan of Shs 2,000,000 in April.

v) The monthly interest on the loan is 5% payable after one month grace period.

v) The business expects donations in cash worth Shs 3,000,000 per month but this is expected to reduce by 10% after the first three months.

vi) Monthly rent income is expected to be Shs 5,000,000 but this is expected to increase by 3% after the first two months.

vii) The business hopes to buy premises cash worth Shs 35,000,000 in the first month.

viii) Monthly cash purchases Shs 6,000,000

ix) The business bought machinery in the month of April at Shs 15,000,000 and paid Shs 7,000,000 the balance is to be paid into two equal installments in the following months.

Required:

a) Prepare a cash flow statement for four months. (20 marks)

b) How can the business avoid a cash flow deficit? (5 marks)

5. You are operating a small clay workshop and you want to expand the workshop by recruiting more workers.

a) Prepare an induction program for the new workers. (8 marks)

b) Write a letter inviting all heads of department to a man power planning meeting. (6 marks)

c) Develop guidelines to be followed to ensure safety of the work pace.

(6 marks)

d) Design an administrative structure of your business. (5 marks)

6. The following trial balance was extracted from the books of Muko and sons enterprises Ltd as at 31st December 2014.

|  |  |  |
| --- | --- | --- |
| **Details** | **Debit (Shs)** | **Credit (Shs)** |
| Capital |  | 10,000,000 |
| Purchases | 4,000,000 |  |
| Fixtures and fittings | 850,000 |  |
| Moto lorry | 2,500,000 |  |
| Sale |  | 6,500,000 |
| Discounts | 5,000 | 4,500 |
| Rent received |  | 5,500 |
| Insurance | 354,000 |  |
| Transport | 281,000 |  |
| Electricity | 25,000 |  |
| Debtors | 2,500,000 |  |
| Creditors |  | 844,500 |
| Rates | 15,000 |  |
| Stock 1 – 1 – 2014 | 380,000 |  |
| Salaries and wages | 220,000 |  |
| Bad debts | 44,000 |  |
| Drawings | 15,000 |  |
| Bank balance | 5,900,000 |  |
| Cash balance | 110,500 |  |
| **Total** | **17,354,500** | **17,354,500** |

**Additional information:**

i) Depreciation on fixtures and fittings was provided at 2% and 5% for motto lorry per annum.

ii) Un sold stock on 31st December 2014 was Shs 220,000.

iii) Of the electricity paid Shs 2,000 was advance and Shs 1,000for rent was prepaid Shs 16,000 was outstanding in respect of insurance.

**REQUIRED:**

a) i) Rate of stock turn over. (3 marks)

ii) Gross profit ratio (3 marks)

iii) Acid test ratio (3 marks)

iv) Average credit period for debtors in months. (3 marks)

v) Net capital employed (3 marks)

b) Prepare a balance sheet for Muko and sons enterprises Ltd as at 31st December 2014. (10 marks)

**END**