P230/2

**ENTREPRENEURSHIP**

**EDUCATION**

**PAPER 2**

JULY/AUGUST 2018

3HRS

MOCK EXAMINATIONS

Uganda Advanced Certificate of Education

**ENTREPRENEURSHIP EDUCATION**

**PAPER 2**

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**INSTRUCTIONS TO CANDIDATES:**

* *Answer* ***FOUR*** *questions only*
* *Credit will be given for use of relevant diagrams and illustrations.*
* *All questions carry equal marks*

*Any additional question(s) answered will* ***not*** *be marked*

1. You intend to start a market hardening project dealing in the production andmarketingof vegetables and fruits
2. What factors will you consider when determining the potential market for you products?  *05mks*
3. Prepare an implementation plan for your project. *08mks*
4. How will your project endanger the natural environment? *05mks*
5. What measures will you put in place in order to win competition in business? *07mks*
6. You are running a small scale coffee processing plant in your area but would like to shift your operations to a new location with enough space.
7. Write a public notice to your customers informing them about the plans of shifting *06mks*
8. Prepare a production plan for your business. *08mks*
9. Prepare a purchase order for packaging materials *06mks*
10. Design a certificate of appreciation to a production manager who introduced new methods of production. *05mks*
11. You are operating honey processing business in your home town.
12. Design a work schedule to be followed in the business. *06mks*
13. Draw a one week promotional programme for your project *06mks*
14. Design an appraisal form for employees. *06mks*
15. Develop a recruitmentprogramme for your project. *07mks*
16. You are operating a micro-finance institution offering short- term loans to farmers and retailers in your locality
17. Design a deposit slip to be used by your clients *05mks*
18. Design a loan repayment schedule to be followed by your clients *05mks*
19. Prepare terms and conditions for lending *08mks*
20. Advertise the sale of a motor vehicle which was used by a client as security but has defaulted. *07mks*
21. (a) Outline four main causes of cash flow problems in an enterprise. *04mks*

(b) KELOY ENTERPRISES LTD has the following cash flow projections for the 1st

quarter of the year 2015

(i). Cash short fall brought forward from last month of the last quarter 2014 wasshs 5,890,000

(ii). Commission for the 1stquarter shs 6,000,000. This is to be spread in 3monthsof the 1st quarter of the year in ratios 3:2:1 respectively

(iii). Donations (first month of the 1st quarter) shs 8,000,000

(iv). Machine Disposal (in the 2nd month of the 1st quarter of the year) was projected to be 4,000,000 shillings

(v). A loan to be obtained in the 1st month of the 2ndquarter of the year shs 10,000,000. This will attract a monthly interest of 5% starting with the 2nd month of the 2nd quarter of the year.

(vi). Cash to be received from trade Debtors as follows:-

Shs.

1st month 3,040,000

2nd month 5,360,000

3rd month 7,280,000

vii. Debentures of shs 16,820,000 and 5,740,000 for the 1st month and 2nd month of

the 1stquarter respectively were to be obtained.

viii. A cash refund of shs 900,000 is to be received from suppliers in the 1st month of

the 1st quarter. This is in respect of the over payment made on cash purchases

made in the last month of the previous quarter.

ix. Monthly cash purchases to amount to shs. 3,900,000

x. Debenture repayment is to be effected in the last month of the 1st quarter and the

1stMonth of the 2nd quarter of the year for the two debentures obtained respectively.

xi. Credit purchases for the period are projected to be shs 21,000,000 in the last

month of the 1st quarter. However no payments to credit suppliers will be made until 2nd month of the 2nd quarter

xii. Equipments are to be purchased during the 1st month of the 1stquarter at a cost of

shs 16,000,000

xii. The enterprise projects monthly cash sales of shs 20,950,000. This will attract

monthly sales tax of 15% per the cash sales made in that month.

xiv. Audit fees per month are to be shs 750,000. This will be paid at once in the last

month of the 1st quarter.

xv. Wages and salaries bill per month will total to shs 810,000

xvi. Purchase of machinery in the 2nd month of the 1st quarter of the year is to cost

shs 5,000,000/=

xvii. Repairs and maintenance per month are to cost the enterprise shs 320,000/=

xviii. Non-current assests to depreciate at a rate of 3% by the end of the 1st quarter

xix. Rent income of shs 650,000 per month is projected in the 1st quarter of the year

starting with the 1st month.

b. You are required to prepare Keloy’s cash flow statement for the 1st quarter of theyear *15mks*

c.What measures can Keloy Enterprises Ltd put in place in order to avoid cash flowshort falls in the subsequent period? *6mk*s

1. The following Balance sheet was improperly drawn as shown below:

Mukulu Enterprises Balance sheet for the period ended 30.06.2011

|  |  |  |  |
| --- | --- | --- | --- |
| Net profit  Provision for bad debts  Stock  Rent owing  Premises  Machinery  Creditors  Cash in hand | 3,200,000  180,000  2,700,000  130,000  10,000,000  8,400,000  1,370,000  1,500,000  **35,680,000** | Bank loan  Pre-paid Rent  Cash at bank  Furniture  Drawings  Bank overdraft  Debtors  Capital | 5,000,000  80,000  2,600,000  2,600,000  2,400,000  1,200,000  800,000  20,000,000  **35,680,000** |

1. You are required to correctly prepare Mukulu Enterprises Balance sheet properlyusing horizontal format. *10mks*
2. Calculate:
3. Working capital *03mks*
4. Net capital Employed *03mks*
5. Net worth of the business *03mks*
6. Determine the value and comment on:

(i). Current ratio *03mks*

(ii). Acid test ratio *03mks*

**END**