***END OF TERM I 2018 EXAM***

***S.6 ENTREPRENEURSHIP***

***P230/2***

***TIME : 3 HOURS***

***INSTRUCTIONS***

* *Attempt any* ***FOUR*** *questions*

1. You are planning to start a handcraft making business in your home town.
2. Design an advert for the post of the accountant for your business.
3. How will you ensure safety of machines during production
4. Prepare a marketing plan for the project
5. How will you ensure increased morale of your workers?
6. The follow information was extracted from the books of SULA AND GRACE LTD as at 30th June 2017.

Shs.

Capital 7,000,000

Land 5,000,000

Bank loan 2,000,000

Accrued rent 500,000

Pre-paid insurance 500,000

Premises 3,000,000

Drawings 1,000,000

Bank 2,000,000

Net profit 4,000,000

Furniture 800,000

Cash 1,500,000

Creditors 2,000,000

Debtors 1,000,000

Bank overdraft 1,000,000

Equipment 200,000

Stock 1,500,000

**Required**

1. Prepare a balance sheet from the above information
2. Compute the values for the following
3. Working capital  *(02 marks)*
4. Capital employed  *(02 marks)*
5. Circulating capital  *(02 marks)*
6. Return on capital  *(02 marks)*
7. Fixed capital  *(02 marks)*
8. Liquid capital  *(02 marks)*
9. You are operating a restaurant business in your home area.
10. Design a sign post to show the location of your business. *(05 marks)*
11. Formulate policy guidelines to be followed by the workers. *(07 marks)*
12. Prepare a cash sales slip of one of your customers who has bought three items from your business. *(07 marks)*
13. How do you ensure good customer care?  *(06 marks)*
14. Your operating a bakery in Mukono town.
15. Identify any eight requirements for the business.  *(04 marks)*
16. Draw a plant layout for the business. *(07 marks)*
17. Draft a letter to the district health inspector inviting him to come and inspect your business.  *(07 marks)*
18. How do you ensure production of quality products? *(07 marks)*
19. The following information relates to the books of KATO Enterprises for the months of January to April 2016.
20. January 1st cash balance was shs. 2,600,000
21. The manager expects to sell goods on credit worth 4,000,000 monthly
22. Payments from credit customers is expected as follows: 60% in the month of sale and the balance in the following month
23. The manager expects to get two loans of shs. 2,000,000 each in the months of February and April.
24. Monthly cash sales are expected to be shs. 6,000,000 a commission of 10% is paid to the sales men each time cash is received.
25. Monthly cash purchases of shs. 4,500,000 are expected to be made.
26. A truck is to be bought in the month of february at shs. 3,500,000
27. Monthly wage of shs. 1,250,000 and an increase of 10% is expected in the month of April.
28. A loan interest of 5% per month is payable starting the month following the acquisition.
29. Expansion of the business buiding is expected to cost shs. 6,200,000 in the month of January and shs. 3,000,000 in the month of February.
30. General expenses are expected to be shs. 710,000 per month.
31. Income tax for the 1st quarter of shs. 1,200,000 is expected to be paid in March.

**Required**

1. Prepare a cash flow statement for Kato enterprises for the four months.

*(20 marks)*

1. Suggest ways of minimizing cash short falls in the enterprise.  *(05 marks)*
2. You have accumulated funds to operate a juice processing plant in your home area.
3. Prepare a production plan for the business.  *(07 marks)*
4. Develop an action plan to be followed when starting the business.

*(06 marks)*

1. Design a requisition form to be used in your business.  *(06 marks)*
2. Having obtained a loan of shs. 5,000,000 at an interest of 5% reducing balance method, the loan is to be paid back in five equal installments.

Prepare a loan repayment schedule to be followed when servicing the loan.

**END**