PAPER 1 SOLUTION GUIDE

1.(a) i Achievement motivation refers to the intense urge to excel and do something unique

ii Characteristics of people with a strong need for achievement include the following;

* They formulate concrete goals
* They analyse the environment to create chances for achievement rather than waiting for chances to come their way.
* They take personal responsibility for the outcome.
* They experiment with novel activities to reach their goals.
* They seek help from business experts to overcome personal limitations.
* They get maximum satisfaction from achievement itself and less from factors like recognition and money.
* They learn from feedback.
* They experience positive feelings of joy and satisfaction in achieving moderately challenging goals and disappointment but not self condemnation in the event of failure.

(b) Factors that necessitate good relationship between family and business include;

* Joint family funding
* Family involvement from initial stages
* Trained family management
* Collective family participation in decision making
* Transparency among family business managers
* Limited mistrust
* Good family relationship from home
* High level of commitment from all family members
* Limited / no use of business property for personal benefits
* Timely mentoring of junior family members

(c)i. Appropriate technology refers to the technology that is suitable for social, economic, cultural, political and environmental conditions of the country.

ii) Basic features of appropriate technology include;

-Simple to operate/ simplicity

-Effectiveness

-Availability

-Flexibility

-Durability

-Efficient

-Cost effective

(d) i. Credit transactions refer to the exchange of goods and services but payment is done at a later date.

While

Cash transactions refer to the exchange of goods and services and payment is immediate.

ii. instances under which entrepreneurs may sell goods on credit include the following;

* In case there is need to create space for new stock.
* In case there is need to get rid of goods that are about to expire.
* In case its the business’ policy to sell on credit.
* When the business wants to outcompete rival firms
* When there is need to establish good relationship with customers.
* When there is need to introduce a new product.
* When the business can also purchase on credit.
* When the buyer is faced with a deflationary economic situation.
* If if there are strong laws to support credit transactions
* If the customer has collateral security to be presented.

(e)

i) Cost of sales = Sales -ross profit

=32,000,000 – 15,000,000

=Shs. 17,000,000

II) Mark up = Gross profit/ Cost of sales x 100

=15,000,000/17,000,000 x 100

=88.2%

For every Shs 100 spent on cost of sales, the business obtains a gross profit of 88.2

ii) rationale for computing and interpreting financial ratios in business include the following;

* To determine the profitability of the business.
* To determine the liquidity of the business in clearing short term liabilities.
* To establish the efficiency and effectiveness of the business
* To compare the performance of the business with related businesses and over time
* For planning purposes
* To act as a tool of control for the business
* To determine the ability of the business in paying off its long-term loans.
* For research and study purposes.
* To be used for future purposes.
* For investment purposes.
* To be used as collateral security to obtain loans from financial institutions.

SECTION B

2a) Need for innovation in small and medium enterprises include the following;

* Need to increase productivity of the business
* In order to improve on the production process leading to producing goods of better quality
* To provide variety of goods to customers to make choice
* To reduce on production costs
* To enable the business to attract new set of customers and widen market share
* To improve on the efficiency of the business
* To increase on the profitability of the business
* To enable the business to outcompete rival firms
* To survive and thrive in today’s fast paced environment
* To respond to the changing market conditions technologies and customer needs
* For market differentiation
* For growth purposes

b) Innovation is not successful among small and medium enterprise because;

* Limited funds to finance innovative strategies
* Fear of failure
* Limited expertise to develop innovative strategies
* Failure to measure performance indicators
* Being slow in implementation
* Lack of a compelling vision
* Presence of institutional barriers to innovation
* Limited support to those who come up with innovative ideas
* Inadequate infrastructure
* Failure to implement new rules and regulations
* Limited personal entrepreneurial characteristics

3a) Global factors that limit cross boarder transactions include the following

* Limited access to global finance
* Unfavourable import policy
* Unfavourable export policy
* Unfavourable government global policy
* Restricted global trade
* Presence of closed markets
* Limited democracy

b) Merits of globalization to the development of entrepreneurship in Uganda include the following;

* Creates new markets
* Encourages competition which leads to improvement in quality
* Enables sharing of knowledge which improves business practises
* Creates more job opportunities which improves the people’s standards of living
* It enables technological transfer that promotes efficiency and productivity in business
* Promotes diversification that reduces the dependence on single product with its adverse effects
* Promotes economic growth which widens profile choice
* Promotes good international relation which encourages cooperation
* Enables countries produce what they cannot produce themselves
* Enables countries widen the scale of operation to take advantage of increased markets

4a) Community development threats that give rise to social entrepreneurship include the following;

* Poverty
* Limited access to education
* Environmental degradation
* Unemployment
* Diseases
* Discrimination
* Discrepancy
* Violence
* Corruption
* Dishonesty
* Exploitation

b) Procedure followed by most entrepreneurs in developing their visionary approach include the following;

* Examining the current reality
* Identifying the gaps to be bridged
* Setting action steps to close the gaps
* Defining the vision
* Setting priorities
* Identifying resources required
* Choosing who is accountable for what
* Getting commitments from the people
* Agreeing on a start and end time
* Getting started

5a) Factors that determine the implementation of the planned business activities;

* Availability of funds to implement
* Level of cooperation among stakeholders
* Nature of social and economic infrastructures
* Level of consistency in business plan activities
* Level of skills
* Political climate
* Degree of government intervention in activities of the business
* Availability of information
* Nature of technology used
* Level of completeness of the business plan
* Nature of sources of raw materials
* Natural factors
* Government policy toward the business
* Nature of priorities set

b) Significances of financial planning to an entrepreneur include the following;

* It determines the profitability of the business
* Estimates the fixed capital requirement of the business
* Estimates the working capital of the business
* Determines the sources of capital of the business
* Predicts the breakeven analysis of the proposed business
* Looks at sensitivity analysis of the business
* Determines the pre-operating expenses of the business
* Forecasts the inflows and outflows of the proposed business
* Determines the proposed financial stand of the business at a given date
* Its a monitoring tool

6a) Implications of training in businesses are both positive and negative

Positively;

* Leads to acquisition of new skills needed for efficiency
* Improves employee morale
* Creates a pool for replacing of workers
* Increases productivity
* Reduces labour turnover
* Increases the ability to adopt new technology or changes
* Improves employer- employee relationship
* Improves on the quality of the product
* Enables the business to meet its expansion needs.

Negatively;

* Training is expensive/costly
* Consumes a lot of time which negatively impact on production
* Limited applicability
* Creates inequalities between those trained and those not trained
* Results into loosing the trained workers to other better paying businesses

b) steps followed when conducting training in business include the following;

* Identifying organizational objectives
* Assessing the needs
* Selecting training objectives
* Selecting training methods
* Selecting competent trainers basing on training
* Administering training

7a) An account for increased investment in collective investment schemes in Uganda include the following;

* Diversification of risks as they are taken up by many people and in many investments
* Professional management, the funds collected is managed by professional funds manager that have expertise in investment.
* Low minimum investment requirement, they require low capital investment that can be easily raised
* Liquidity, investors can easily redeem their units in case they need it
* Increased awareness, many people have been informed the benefits of collective investment schemes.
* Highly accessible, that are widely available through various channels such as banks, online platforms etc
* Lower transaction costs because the fund manager deals in larger quantity of shares at lower average dealing costs
* They are flexible as one can easily change from one unit to another

b) challenges encountered in investing in collective investment schemes;

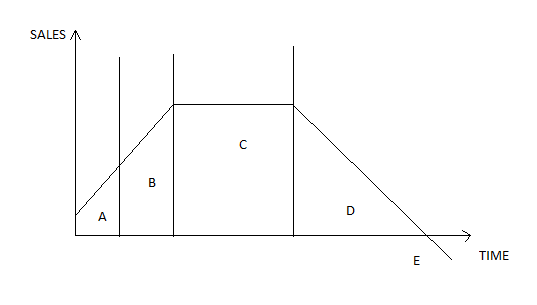
* Limited control over the business as its in hands of the fund manager
* High fees and charges especially paying the fund manager which reduce investment returns
* Limited transparency as enough information is not provided on investment depends on the expertise and skills of the fund manager
* Limited liquidity among investors due to general poverty in Uganda
* Macro-economic instabilities
* Regulatory risks- changing regulation may negatively impact on the returns from the schemes
* Political instabilities distructs investments activities
* Ignorance of the importance of investment in these schemes by the general public
* Counterparty risks, they may be exposed to counterparty risk e.g. default by a bank

8a) Investing in shares is preferred to investing in bonds because;

* Earning of higher returns in terms of dividends compared to low interest payment on bonds
* There are capital gains as shares maybe sold at a higher price than in bonds where there are no gains
* One enjoys voting rights i investing in shares which is the case with bonds.
* One gains ownership in accompany unlike in bonds where one cannot claim ownership in the business
* Shares can be easily transferable than bonds that cannot be transferred
* Investing in shares allow diversification a cross various investment in bonds that is a single investment.

b) major players in Uganda’s capital market;

* Capital market authority
* Uganda security exchange
* Brokers / peddlers
* Investment adviser
* Fund manager
* Custodian
* The registrar
* Share holder

9a) illustration of the product life cycle

1. Introduction
2. Growth stage
3. Maturity
4. Decline stage
5. Withdrawal stage

* Introduction stage :is the first stage where market size and growth is low
* Growth stage : this is the second stage where there is rapid growth in sales and profits
* Maturity stage: this is a stage where competition is most intense as companies fight to maintain their market share.
* Decline stage: at this stage, the market is shrinking /reducing as well as the profits
* Withdraw stage: this is a stage where the product is withdrawn from the market because of continuous sales and profit decline.

b) Some entrepreneurs may fail to maintain the market share because of;

* Failure to advertise intensively
* Inappropriate customer care
* Failure to offer after sales services
* Unfavourable pricing
* Improper display of their products
* Failure to offer discounts
* They dont carryout personal selling
* Failure to involve in community development programmes
* Inadequate market research
* Unfair treatment of business employees
* Low credit facilities given to customers
* Failure to renovate business premises
* Use oof inappropriate technology
* Limited product variety
* Failure to open up new sales outlets
* Limited motivation of the sales force.

10a) Ways of minimizing labour turnover include;

* Offering training to workers
* Giving workers adequate pay
* Paying workers on time
* Giving workers fringe benefits
* Appreciating workers efforts
* Carrying out objective performance appraisal
* Respecting workers
* Being empathetic to workers concerns
* Ensuring job security
* Ensuring effective communication
* Clearly specifying duties and responsibilities of workers

b) The following determines success of a job applicant during a job interview

* Nature of qualifications presented
* Level of creativity and innovation
* Nature of communication portrayed during the interviewed
* Level of experience
* Level of concertation
* Level of confidence
* The rate at which the job applicant controls emotions
* Dressing code
* Level of consistency
* Rate of listening
* Content of subject matter
* Level of intelligence

**Entrepreneurship P230/2 SOLUTION**

11) A bid Notice / Invitation for bids to be placed in the newspaper.

The government of Uganda

Through the ministry of local government

O782 343536

SUPPLY AND DELIVERY OF STATIONERY TO BE USED BY ELECTORAL COMISSION.

Procurement Reference Number: MLG/SUPLS/2023-2024/00125.

1. The Ministry of Local Government has allocated funds to be used for acquisition of stationery to be used by the electoral commission.
2. The entity invites for sealed bids from eligible bidders for the provision of stationery.
3. Bidding will be conducted in accordance with open domestic bidding procedures contained in the public procurement and Disposal of Public Assets Act, 2003, and are open to all bidders.
4. Interested eligible bidders may obtain further information and inspect the bidding documents at the address given below in 8(a) from 8:00am – 5:00pm.
5. The bidding Documents in English may be purchased by interested bidders on the submission of a written application to the address below in No.8 (a) and upon payment of non-refundable fee of Ug.shs.50000 (Fifty thousand shillings only) payable to the ministry cashier.
6. Bids must be submitted to the address given below in No.8 (b) at or before 3:00pm on Friday 14th /6/2024. Late bids shall be rejected. All bids must be accompanied by a bid security of Ug.shs.2500, 000.Bids will be opened in the presence of the bidders ‘representatives who choose to attend at the address given below in No.8 (b) at 3:40pm on Friday 14th/6/2024.
7. There shall not be a pre-bid meeting.
8. (a) Documents may be inspected at and issued from:

Procurement and Disposal Unit, Ministry of local Government

Administration block (2nd Floor), TEL: O782 343536

(b) Address of Bid Delivery and opening:

Procurement and Disposal Unit, Ministry of local Government

Administration block (2nd Floor), TEL: O782 343536

9. The planned procurement schedule (subject to changes) is as follows:

|  |  |
| --- | --- |
| Activity | Date |
| * Publish bid notice * Bid closing date * Evaluation process * Display and communication of best evaluated bidder notice * Contract award and Signature | * 17th /6/2024 * 15th/6/2024 * Within 14 working days from bid closing date * Within 5 working days from CC approval of evaluation report * After expiry of the best evaluated bidder notice and solicitor General’s approval |

Sam Agaba

Official of the ministry

b) Nontaxable employment benefits

* Pension
* Life insurance
* Meals and refreshments
* Medical expenses
* Refund
* Retirement fund
* Shares
* Threshold
* Termination benefits
* Transport costs

c) Stock requisition form to be used during the exercise

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| The government of Uganda  Through the ministry of local government  O782 343536  STOCK REQUISITION FORM  NO. 400  Date: ……………………………………… Department…………………………………………  Please release the following items from the store.   |  |  |  |  | | --- | --- | --- | --- | | Particulars | quantity | rate | Amount | |  |  |  |  |   Prepared by………………….  Authorized by……………………………… supplied from Bin No……………………………  Received by…………………………………. Entered in Bin Card by…………………………………..  Signed………………..  Name ………………………….  STORE KEEPER |

d) MEMO TO DISTRICT CHAIRPERSONS INVITING THEM FOR URGENT MEETING

|  |
| --- |
| The government of Uganda  Through the ministry of local government  O782 343536  MEMO  FROM: THE MINISTRY OF LOCAL GOVERNMENT  TO: DISTRICT CHAIRPERSONS  DATE: 6/6/2024  REF MLG/DCs/6/6/2024  SUBJECT: URGET MEETING  I wish to bring to your attention that the government is calling upon capable suppliers to supply the required stationery to be used in the coming elections by the electoral commission. You are therefore invited for an urgent meeting which is going to take place on Friday 13/6/2024 in district in the sharing hall at exactly 9:00am to discuss about the matter. Please attend in person  Thank you.  Amanyire Melinda  AMANYIRE MELINDA  THE MINISTER |

12a) Job application Form to be used by KJ ELECTRONIC ENTERPRISES in the recruitment process.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| KJEE  KJ ELECTRONIC ENTERPRISES  P.O BOX 12, KAMPALA  0772240024  APPLICATION FORM TO BE USED IN THE RECRUITMENT PROCESS  Fill this form in triplicate and send it direct to the human resource manager of KJ Electronic Shop.   1. Post applied for………………………………………………………………………… 2. Ref.No………………………………………. 3. First Name……………………………………….. Surname…………………………………….. 4. Date of Birth………………………………Gender……………………………………. 5. Marital status…………………………………….. 6. Nationality………………………………………………… 7. Schools/Colleges/Universities attended  |  |  |  |  |  | | --- | --- | --- | --- | --- | | School/College/institution/University | Year | | Qualification obtained | Grade | | From | To | |  |  |  |  |  |   N.B please attach certified copies of academic documents.   1. Work Experience.  |  |  |  | | --- | --- | --- | | Company | Period | Nature of work | |  |  |  | |  |  |  |  1. When would you be available for appointment if selected……………………………………………………………… 2. Have you ever been convicted of a criminal offence? If so give the sentence imposed……………………………………………………………………………………………………. 3. I hereby declare to the best of my knowledge that the information given in this application is true and complete in all aspects.   Date……………………..Signature…………………………..Name ………………………………………….   1. Referees 2. …………………………………………………… 2. ………………………………………………………….   Address Address   1. Assessment of candidate’s Suitability for Appointment to the post applied for by the former employer/Head of Institution/University. 2. OFFICIAL STAMP……………………………………………………………   GENERAL MANAGER |

b) Root cause analysis for the declining sales

Statement of the problem. Declining sales

This is caused by; poor customer care

Why? Lack of skills to handle customers by workers

Why? Poor working conditions

Why? Poor management system

Root cause: lack of skills to handle customers.

Action taken. Training new staff to equip them with customer care skills.

c) Policy guidelines for managing workers’ discipline at KJ Electronic Shop.

K j Electronic ENTERPRISES

P.O Box 12, Kampala

0772 240025

POLICY GUIDELINES FOR MANAGING WORKERS’ DISCIPLINE.

* Workers shall avoid releasing company secretes or information to rivals or outsiders without permission.
* Workers shall follow the right procedures when presenting any issue of concern.
* Workers shall avoid involving themselves in indecent behavior like committing Adultery.
* Workers shall use appropriate safety devices while doing business work’
* Workers shall not report at work while drunk or drinking of alcohol while on duty.
* A worker shall avoid concealing or hiding a wrong committed by another worker.
* Workers shall avoid stealing any company property.
* No worker shall participate in any kind of strike or trade union activities.
* All workers shall report to work at 7:30am and leave by 5:30pm
* All workers shall wear company uniform while on duty.
* Each worker shall protect company property.

d) INVOICE FOR A CUSTOMER WHO TOOK GOODS WORTH SH.10000000.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| KJEE  KJ ELECTRONIC ENTERPRISES  Po Box 12, KAMPALA  0772240025  INVOICE Date 30/5/2024  Invoice NO. 25  Your order NO. 15  M/S AMANDA ELECTRONICS   |  |  |  |  |  | | --- | --- | --- | --- | --- | | ITEM NO. | QUANTITY | DESCRIPTION | UNIT COST (SHS) | AMOUNT (SHS) | | 1.  2.  3.  4. | 400 Pieces  2 Pieces  5 Pieces  4 pieces | Energy savers  Television sets  Refrigerators  Deep freezers | 5000  400000  1000000  1000000 | 200,000  800,000  5,000,000  4,000,000 | | TOTAL | | | | 10,000,000 |   Terms of delivery: Free  Terms of payment: Net 20 days with 5% discount if paid before 5 days.  Issued by; sign  Tuuso Andy  Sales Manager    Received by:-----------------------------------  --------------------------------------  ------------------------------------- |

13) BUDGET FOR THE NEW BRANCH OF BIWOOMA TOMATO SAUCE PROJECT

BIWOOMA TOMATO SAUCE PROJECT

PO BOX 32, KAMPALA

0772424250

BUDGET FOR THE PLANNED PROJECT OF 30,000,000

|  |  |  |
| --- | --- | --- |
| REQUIREMENTS | AMOUNT (SHS) | AMOUNT (SHS) |
| FIXED CAPITAL  Acquisition of land  Buildings and Constructions  Purchase of office Furniture  Purchase of machinery.  WORKING CAPITAL  Administrative expenses  Marketing Expenses  Cost of labor  Cost of raw materials  Cost of utilities | 10000000  15000000  500000  1000000  400000  600000  1000000  1000000  500000 | 26500000  3500000 |
| TOTAL | | 30000000 |

b) ACTION PLAN TO BE F OLLOWED DURING THE IMPLEMENTATION OF PLANNED ACTIVITIES

BIWOOMA TOMATO SAUCE PROJECT

PO BOX 32, KAMPALA

0772424250

ACTION PLAN FOR IMPLEMENTING PLANNED ACTIVITIES

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ACTIVITY | TIME FRAME | PERSON IN CHARGE | RESOURCES NEEDED | INDICATORS OF SUCCESS | REMARKS |
| Carrying out market survey | 17-18 /5/2024 | Tonney | Money  Stationary | Availability of money |  |
| Preparing a business plan | 19/5/2024 | Tom | Money | Business plan prepared |  |
| Mobilizing the necessary resourses | 20-22/5/2024 | Joan | Money and time | Resouses obtained |  |
| Selecting a suitable location | 22-23/5/2024 | Sarah | Money | Location obtained |  |
| Construction of business buildings | 24/5/2024 – 1/9/2024 | Jeniffer | Building materials | Building constructed |  |
| Purchasing raw materials | 2/9/2024 | Melissa | Money | Materials bought |  |
| Recruiting workers | 3-4/9/2024 | Melinda | Money and stationary | Workers recruited |  |
| Installing utilities | 5/9/2024 | Sula | Money | Utilities installed |  |
| Lunching the business | 6/9/2024 | John | money | Product lauched |  |

c) Policy guides for ensuring quality products

* High quality raw materials and inputs shall be used.
* Proper storage facilities shall be used for both raw materials and finished goods.
* Specialized skilled personnel shall be employed in the production department.
* There shall be maximum supervision and monitoring of workers.
* Appropriate technology shall be used to produce high quality products.
* Proper hygiene shall be maintained at all times at the work place.
* Proper welfare of workers shall be ensured so as to motivate workers to produce high products.
* Machines shall be serviced regularly to produce high quality products.
* Proper technical specifications shall be followed.
* Clear instructions shall be given to workers regarding the production process.
* Workers shall be trained continuously to equip them with skills of producing quality products.

d) Program for purchasing business requirements for BIWOOMA TOMATO SAUCE PROPJECT.

BIWOOMA TOMATO SAUCE PROJECT

P.O BOX 32 KAMPALA

0772424250

|  |  |  |  |
| --- | --- | --- | --- |
| TIME | ACTIVITY | PERSON IN CHARGE | REMARKS |
| 8/5/2024 | Determining the business needs | Katasi Joyce |  |
| 9/5/2024 | Identifying potential suppliers | Katasi Joyce |  |
| 10/5/2024 | Contacting the suppliers | Kirungi Mark |  |
| 12/5/2024 | Selecting the best supplier | Katasi Joyce |  |
| 13/5/2024 | Ordering for the goods | Kirungi Mark |  |
| 18/5/2024 | Checking the goods on arrival | Kirungi Mark |  |
| 20/5/2024 | Paying for the goods. | Kirungi Mark |  |

PREPARED BY; APPROVED BY;

SIGN --------------------------------

NAME (FILL IN) ----------------------------------

TITLE: ----------------------------------

14) LOAN REPAYMENT SCHEDULE FOR WORLD TOURS AND TRAVEL ENTERPRISE.

LOAN AMOUNT SHSH 50,000,000.

INTEREST RATE 15% ON REDUCING BALANCE METHOD.

NAME OF THE BANK: CENTENARY BANK.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| PERIOD | PRINCIPAL | INTEREST | TOTOL PAYMENT | TOTAL OUTSTANDING BALANCE |
| Year 1  Year 2  Year 3  Year 4  Year 5 | 10,000,000  10,000,000  10,000,000  10,000,000  10,000,000 | 7,500,000  6,000,000  4,500,000  3,000,000  1,500,000 | 17,500,000  16,000,000  14,500,000  13,000,000  11,500,000 | 40,000,000  30,000,000  20,000,000  10,000,000  0 |
| TOTAL | 50, 000,000 | 22,500,000 | 72,500,000 |  |

b) Factors considered before obtaining a loan from the financial institution.

* Loan size
* Interest rate
* Loan fees
* Loan installments
* Collateral Security
* Loan period
* Purpose of the loan

c) Program followed when obtaining a loan.

WORLD TOURS AND TRAVEL ENTERPRISE.

PO BOX 100, KAMPALA

0771453672

PROGRAM FOR OBTAINING A LOAN

|  |  |  |  |
| --- | --- | --- | --- |
| DATE | ACTIVITY | PERSON IN CHARGE | REMARKS |
| 1/6/2022 | Identifying the reason for obtaining the loan | Financial Controller |  |
| 2/6/2022 | Developing a business plan | Financial Controller |  |
| 5/6/2022 | Developing a plan to show how the business will be financed and the possible funding sources | Financial Controller |  |
| 6/6/2022 | Identifying and approaching the preferred financier | Financial Controller |  |
| 7/6/2022 | Obtaining terms and conditions | Financial Controller |  |
| 8/6/2022 | Comparing the terms and conditions | Financial Controller |  |
| 9/6/2022 | Checking the business plan to establish the implication of the loan to the business | Financial Controller |  |
| 10-11/6/2022 | Starting the discussion with the chosen financiers | Financial Controller |  |
| 20/6/2022 | Obtaining the loan and using it for the intended purpose. | Financial Controller |  |

PREPARED BY APPROVED BY SIGN………………………………………..

NAME FILL IN …………………………………….. TITTLE…………………………………………

d) Capital expenditure Budget for shs. 50,000,000.

WORLD TOURS AND TRAVEL ENTERPRISE.

PO BOX 100, KAMPALA

0771453672

CAPITAL EXPENDITURE BUDGET

|  |  |  |  |
| --- | --- | --- | --- |
| ITEM | QUANTITY | UNIT COST (SHS) | AMOUNT (SHS) |
| Acquisition of land  Construction of building  Purchase of motor vehicle  Purchase of furniture  Purchase of computer accessories  Purchase of tools and equipment  Obtaining and installing utilities | 1  4 | 250000 | 5000,000  15,000,000  10,000,000  3,000,000  2,000,000  7,000,000  1300,000  1000,000  1000,000 |
| TOTAL | | | 50,000,000 |

15) Budget for Pre-operating expenses of KJ’S CARPENTRY WORKSHOP

KJ CARPENTRY WORKSHOP

PO BOX 23 WAKISO

0701003388

PRE-OPERATING EXPENSES BUDGET FOR SHS.100,000,000

|  |  |  |  |
| --- | --- | --- | --- |
| ITEM | QUANTITY | UNIT COST (SHS) | AMOUNT (SHS) |
| Business license expenses  Business registration expense  Expenses on machine installation  Market research expenses  Advertising expenses  Expenses on recruitment of workers |  |  | 5000,000  5000,000  10,000,000  10,000,000  20,000,000  15,000,000 |
| TOTAL | | | 100,000,000 |

b) Agenda for the Meeting with workers about expansion of the workshop

|  |
| --- |
| KJCW  KJ CARPENTRY WORKSHOP  PO BOX 23 WAKISO  0701003388  AGENDA FOR THE MEETING ABOUT EXPANSION OF THE WORKSHOP SCHEDULED FOR FRIDAY 7TH JUNE 2O24   1. Recording apologies 2. Opening prayer 3. Communication from the chairperson. 4. Reading previous minutes. 5. Matters arising from 3 and 4 6. Closing prayer   Signed  IRANKUNDA GLORIA  SECRETARY |

C) How the business shall ensure its sustainability.

Lobbying for diverse regular donations. e.g. government donations

Diversification of the business i.e. dealing in many products

Training workers to equip them with skills of producing quality products

Insuring the business to get compensated in case of any risk.

Reinvesting the profits /ploughing back profits to enable stable financing.

Negotiating community acceptance to win a large customer base.

Encouraging saving for future investment like expansion of the business.

Ensuring democratic leadership.

Being flexible

d) Theory of change for kj carpentry workshop.

KJ CARPENTRY WORKSHOP

PO BOX 23 WAKISO

0701003388

THEORY OF CHANGE

VISION: To be the top manufacturers of high quality Furniture in Uganda.

IMPACT: Manufacturing of high quality furniture reduces the need for replacing furniture and economizes the materials needed including timber so as to save the environment.

OUTCOMES: The number of desks, tables, and furniture in the surrounding schools, hotel and homesteads.

OUTPUT: Furniture

ACTIVITIES: sources for high quality timber planning and smoothing the timber, ensuring quality finishing and varnishing, ensuring proper display and storage.

INPUTS: These include Timber, machinery, Human Resources, financial resources and information resources.

16) Memorandum of Association to be used during company formation.

BEAUT COSMETIC LIMITED

P.O BOX 50 KAMPALA

0782 778899

MEMORANDUM OF ASSOCIATION

Name Clause. BEAUT COSMETIC LIMITED

Address /situation clause: The address is P.O BOX 20, Kampala, it is located along plot 34/35 Bombo Road Kampala District. Tel: 0782 778899

Objective clause:

To supply high quality cosmetics to satisfy the customers

To increase profits of the business

Capital clause. Registered capital of the company is 10 millions.

Liability clause: the liability of the shareholders is limited to the capital contributed.it is limited by shares contributed contributed by each.

Declaration clause. We the undersigned have agreed to form a private limited company and have clearly followed the requirements of the Company Act.

Signed 1: muto tom signed 2. Kasule allan

MUTO TOM   
KASULE ALLAN

Witnessed by:

Signature.

Name

Postal address

Occupation

b) MEMO TO THE SALES MANAGER INVITING HIM FOR A DISCUSCUSSION ABOUT TURNING THE SHOP INTO A COSMETICS COMPANY.

|  |
| --- |
| BCL  BEAUT COSMETIC LIMITED  P.O BOX 50 KAMPALA  0782 778899  MEMO  FROM: Managing Director.  TO: Sales manager  DATE: 6/6/2024  REF: MD/SM/6/6/2024  SUBJECT: TURNING THE SHOP INTO A COMPANY  I Wish to bring to your attention, the view of the directors about enlarging a shop to a company and therefore you are requested to investigate this matter and advice accordingly.  Thank you.  *Kabata Andrew*  KABATA ANDREW  MANAGING DIRECTOR |

c) PROSPETUS TO USE IN THE PROCESS OF SELLING SHARES

BEAUT COSMETIC LIMITED

P.O BOX 50 KAMPALA

0782 778899

PROSPECTUS

Date: 6/6/2024

Beaut Cosmetic Limited invites the public to subscribe to shares totaling to 10,000 at a value 0f 1000 shillings.

History of the company. The company has been in operation for 2 years and it has 10,000 shares of which 6000 will be ordinary and the balance preference shares.

Future plans of the company. It intends to have 6000 ordinary shares and hopes to provide them other products like bonds and debentures.

Products the company deals in. it deals in ordinary and preference shares and bonds.

Risks faced in its operations. Limited capital for expansion.

Purpose of additional capital. To meet the minimum requested capital of shs. 10,000000.

Dividends shared in the past. No dividends shared in the past since it has just been incorporated into a company.

Sign *maddu mark*

MADDU MARK

COMPANY SECRETARY

d) SHARE CERTIFICATE TO BE ISSUED TO SHAREHOLDERS OF BEAUT COSMETIC LIMITED

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| BCL  BEAUT COSMETIC LIMITED  P.O BOX 50 KAMPALA  0782 778899  SHARE CERTIFICATE  Registered capital of shs 10000000 divided into 10000 Shares of shs 1000 each  Certificate No: 005  This is to that;  Name: GADAFI JOEL  Address: KAMPALA  Occupation: TEACHER  Is a registered share holder of 500 ordinary shares numbered from 01 to 500 inclusive of Ug. Shs 1000 each fully paid in the above named company subject to the memorandum and Articles of association.   |  |  |  |  |  | | --- | --- | --- | --- | --- | | Date | Transfer No. | No. of shares | Numbered | | |  |  |  | From | To |   Note: No transfer can be registered unless accompanied this certificate.  Given under the common seal of the company this 6/6/2024.  For and on behalf of Beaut Cosmetic Limited.  …………………………………… ……………………………………..  CHAIRMAN BOARD OF DIRECTORS COMPANY SECRETARY |

17) MASAVU ENTERPRISES

CASH FLOW STATEMENT

FOR THE MONTHS OF MAY, JUNE, JULY AND AUGUST 2O21

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| DETAILS | MAY (SHS) | JUNE(SHS) | JULY(SHS) | AUGUST(SHS) |
| Balance b/d | 32,000,000 | 33,459,000 | 35,805,000 | 36,970,000 |
| CASH IN FLOWS | | | | |
| Cash Sales | 720,000 | 780,000 | 900,000 | 1,140,000 |
| Credit sales | 144,000 | 156,000 | 180,000 | 228,000 |
| Donations | 1000,000 | 1,800,000 | 1,500,000 |  |
| Rent income | 600,000 | 600,0000 | 600,000 | 660,000 |
| Total in flows | 34,464,000 | 37,095,000 | 38,985,000 | 38,998,000 |
| CASH OUT FLOWS | | | | |
| Cash purchases | 475,000 | 760,000 | 1,045,000 | 1,330,000 |
| Utilities | 250,000 | 250,000 | 250,000 | 250,000 |
| VAT | 180,000 | 180,000 | 180,000 | 180,000 |
| Advertising | 100,000 | 100,000 |  | 100,000 |
| Credit purchases |  |  |  | 450,000 |
| Sales Commission |  |  | 540,000 | 68,400 |
| Total cash out flows | 1,005,000 | 1,290,000 | 2,015,000 | 2,378,400 |
| NET CASH POSITION | 33,459,000 | 35,805,000 | 36,970,000 | 36619600 |

b) Ways of managing business cash surpluses

* Reinvesting back the cash surplus into the business to expand.
* Lending out part of the cash surplus at profitable interest rates.
* Investing the cash surplus in a new business.
* Using part of the cash surplus to finance training of workers to improve quality of the labor force.
* Using part of surplus to motivate workers
* Using part of the surplus to pay off outstanding bills.
* Using part of the surplus to replace or repair the business fixed assets.
* Using part of the surplus to carry out research and development programs.

c) The Net Cash Position of Masavu Enterprises is a surplus of shs 33,459,000 in May, surplus of shs 35,805,000 in June, a surplus of shs 36,970,000 in July and a surplus of shs 36619600 in August. This implies that it is a profitable business.

18) i) mutwe shs 235000

Mutwe’s PAYE = NIL, Because his salary is less than the threshold and his salary does not attract PAYE.

ii) Kigere shs 400000

Kigere’s PAYE = Shs 10000+20/100 of the amount by which the chargeable income exceeds shs.335000.

=shs 10000+20/100(400,000 – 335000)

=shs 10000 + 20/100(65000)

=shs 23000

iii) kiwaato shs 600,000

kiwaato’s PAYE = shs 25000+30/100 of the amount by which chargeable income exceeds shs.410,000.

= shs 25000 + 30/100(600000-410000)

=shs 25000 + 0.3x 190,000

= shs. 82000

iv) Nyashi shs. 11000000

Nyashi’s PAYE = shs 25000+30/100(11000000-410000) + 10/100(11000000-10000000)

= 25000+317000+100000

=shs 3,302,000.

b) solution

stage 1 masavu

VAT chargeable =VAT rate x purchase value

=18/100 x 9000,000

=shs.1, 620,000

Stage 11 masavu - Teeba

VAT chargeable =VAT rate x (sales-purchases)

=18/100 x (11000000-9000000)

=shs 360,000

Stage 111 Teeba- Bambuza

VAT chargeable = VAT rate x (sales-purchases)

=18/100 x (14000000-11000000)

=18/100 x 3000000

=shs 540,000

Stage iv Bambuza – Consumer

VAT chargeable = VAT rate x (sales - purchases)

= 18/100 x (19000000 - 14000000)

=18/100 x 5000000

= shs 900,000

Stage v consumer

VAT chargeable = VAT rate x purchase

= 18/100 x 19000000

= shs 3,420,000

c) Importance of paying taxes

* It enables the entrepreneur to run business activities without fear of being closed down by the government.
* It attracts government support and sympathy in times of need for example VAT refunds.
* It creates a good reputation/image of the business towards suppliers, customers and financiers.
* Government uses tax revenue to provide free education and medical care which benefits the business.
* Government uses tax revenue to provide infrastructure ie roads used by business owners.
* Government uses tax revenue to provide social security which benefits business eg creating police force and paying for its services.
* Taxes help to create a sense of social responsibility among business owners hence promoting hard work.
* Import duties paid by business help to protect domestic market for local businesses.
* Government uses tax revenue to pay its workers hence increasing their purchasing power to buy business goods and services.

19)

1. Cost sales = Goods available sales – closing stock

= 16000000 – 4000000

=shs 12000,000

1. Gross profit = Net sales – cost of sales

=20000000 – 12000000

= shs 8000,000

1. Average stock = opening stock + closing Stock/2

= 5000000 + 4000000/2

=90000000/2

=shs 4500,000

1. Net profit = Net sales – Total operating expenses

= 20000000 – 6000000

= shs 14000000

1. Liquid fund = cash + Bank

= 900000+1600000

= shs 2500,000

1. Capital employed = fixed capital + working Capital

But working capital = current assets – current liabilities

= (debtors +cash+ Bank+stock)-(creditors+ Outstanding rent)

= (1500000+900000+1600000+4000000)-(3000000+1000000)

= 8000000 – 4000000

=shs 4000,000

Therefore, capital employed = 8000000 + 4000000

=shs.12000000

1. Circulating capital = Total current Assets

= debtors +cash+ Bank+stock

= 1500000+900000+1600000+4000000

= shs 8000000

1. Borrowed capital = Total long term liabilities

= bank loan

= 2000,000

iX) capital owned = Total Assets – Total Liabilities

= (8000000+8000000) – (4000000+2000000)

=16000000 – 6000000

=Shs 10,000,000

b)

i) margin = Gross profit/Net sales x 100

=8000000/20000000x100

=40%

ii) mark up = Gross profit/Cost of salesx100

=8000000/12000000x100

=67%

iii)Current ratio= Current Assets/Current liabilities

=8000000/4000000

=2:1

iv) cash ratio= Absolute assets/current liabilities

= 2500000/4000000

=0.63

v) ROCE = Net profit/Capital Employedx100

= 14000000/12000000x100

=116.7%

vi) Acid test ratio= (Current Assets – closising stock)/current Liabilities

= 4000000/4000000

= 1:1

vii)Rate of stock turn over = cost of sales/Average stock

= 12000000/4500000

=2.7 Times

viii) Economy ratio = Total administration Expenses/Net salesx100

=6000000/20000000x100

= 30%

ix)Debtor’s turnover period= Total debtors/Net salesxNo. Of days in a year

=1500000/20000000x365

= 27days

x)Creditor’s Turnover period=Total Creditors/Net PurchasesxNo. Of days in a year

=3000000/11000000x365

=100days

xi)Average period stock was held before selling = Average stock/Cost of salexN0.of days in a year

=4500000/12000000x365

=137days

xii)Net profit ratio = Net profit/Net salesx100

= 14000000/20000000x100

=70%

**SOLUTION GUIDE P3**

CASE STUDY GUIDE

20a)

1. Awinya and Kisakye possess the following attributes of good listeners;

* They rarely ask for pardons
* They take note of key points that need remembering
* They always sit comfortably when attending to someone
* They clear the mind of own of own thoughts to reduce mental rendering
* Keeping eye contact to get the speaker.
* Using non verbal attending behaviours nice nodding the head
* The avoid destructions like noise
* They concentrate on the message being communicated
* They are always relaxed to allow more to be communicated

1. Taxes expected to be paid are both direct and indirect; they are as follows

* PAYE ( Pay As You Earn)
* Gift tax
* Wealth/propery tax
* Exporting duty
* VAT (Value Added Tax)

The importance of the above taxes to the country are as following;

* They help to raise government revenue
* They help to reduce income inequality
* They control inflation
* They help in discouraging consumption or producing of harmful ( undesirable products)
* They create employment opportunities
* They encourage hard work
* They encourage forced saving

1. Policies to promote sustainable development in the community;

* Reducing poverty
* Participating in environmental conservation efforts like afforestation.
* Preventing environmental degradation
* Maintaining a minimum populaton
* Using / following the regulatory policies regarding quality etc
* Encouraging the use of alternative sources of energy e.g Bio gas
* Establishing restrictive trade policies.
* Product – food, drinks and restaurant services
* Price – monetary value attached to the food and pricing strategies
* Places / Distribution – where products are sold from
* Positioning – it may be in terms of quality Vs competitors’ quality
* Promotion -methods of promotion (creating awareness)
* People – the kind of people employed
* Process – the way goods and services are offered.
* Packaging -Wrapping products attractively
* Planning – deciding on what, when and how to produce
* Physical evidence – lay out, staff uniforms

1. Ways through which they can continue battling for customers’ loyalty for a long period of time;

* Improving on the quality of the product
* Creating a good business image
* Advertising the products
* Charging everyday customers low prices
* Using workers, training of workers
* Offering a variety of products
* Offering customers’ convenience

1. The laws to be followed by Awinya and Kisakye when marketing themselves and their careers include the following;

* Law of unity
* Distinctiveness
* Visibility
* Leadership
* Good will
* Persistence
* Unity

1. Lesson learnt from Awinya and Kisakye include;

* Paying attention to the customers promotes effective communication
* Production of high-quality goods/ services attracts more customers
* Proper planning is key for business success
* Setting a target/goal oriented is important and it leads to success

21a) description of the business projected.

* Name and address of the business
* Location
* Products offered
* Customer services
* Type of business
* Nature of the business ownership
* Uniqueness of the project
* Source of capital
* Date of establishment
* Purpose of the business
* SWOT analysis

(EVIDENCE IS A MUST)

b i) marketing activities carried out the club members;

* Determining who the business customers are
* Determining customers needs
* Designing and developing products that meet customer needs
* Distribution
* Pricing
* Advertising and sales promotion
* Selling
* Ensuring customer care
* Conducting market research

(EVIDENCE IS A MUST)

ii) production activities

* Carrying out market research on the product to produce
* Developing a product idea
* Translating a product idea in a product design
* Sourcing raw materials from reliable source
* Carrying out actual production
* Packaging the product
* Storing
* Branding the product
* Making a follow up with customers to find out how the product is performing on the market
* Making any improvements required

(EVIDENCE IS A MUST)

iii) financial activities carried out include

* Cash management
* Making payments
* Banking
* Book keeping
* Auditing
* Financial reporting

(EVIDENCE IS A MUST)

iv) human resource management activities;

* Manpower planning
* Motivation
* Training
* Remuneration
* Conducting performance appraisal
* Managing disputes of club members
* Ensuring effective communication among club members
* Recruitment
* Managing club members benefits

(EVIDENCE IS A MUST)

c) the project operated was an attractive investment idea due;

* It was operated with low start up capital
* It was less competitive
* It was properly timed
* It was highly related to club members skills
* It had good income potential
* It had good income potential
* It was highly accepted in society
* It easily promoted creativity and innovation of club members
* It had enough market

(EVIDENCE IS A MUST)

d) visual communication was manifested in the project in the following ways

* Use of organisational chart
* Use of photographs
* Posters and wall charts
* Graphs
* Films to give information about business operations

(EVIDENCE IS A MUST)

e) techniques that were employed to minimize costs of production;

* Employing club members that where not paid
* Buying raw material from cheaper sources
* Avoiding unnecessary costs
* Setting up quality standards to be achieved
* Using quality raw materials
* Training of club members
* Monitoring and supervising production process
* Undertaking market research
* Use cheap raw materials
* Giving specifics duties and responsibilities to club member
* Observing technical specifications regarding quality and quantity

(EVIDENCE IS A MUST)

22a) the distinctive features that made the project unique included the following;

* Brand name was different from other projects
* Products’ features where different from those of other businesses
* Ownership and management were different from other businesses
* Technology used was different from other businesses
* Nature of the customers served by the project was different from other businesses
* Days of operations wee weekends compared to other businesses that would operate on daily basis.

(EVIDENCE IS A MUST)

b) factors that influence the choice of suppliers of the project inputs included;

* Lead time of the supplier
* Past performance
* Ease of communication with the supplier
* Distance between the project and the supplier
* Terms of sale of the supplier
* Transport mode and availability
* Quality of materials needed
* Reputation of the suppliers

(EVIDENCE IS A MUST)

c) the following specific business control system was managed by;

i) Customer merchandise

* Keeping a file of customer’s merchandise
* Calling customers to pick their merchandise in case of over stay
* Ensuring first in fast out
* Separating them from other inventories
* Employing one club member to be in charge
* Releasing the goods after customers have paid cash
* Labelling them for easy identification.

(EVIDENCE IS A MUST)

ii) accounts receivables

* Maintaining a file for account recievables
* Giving short terms for their payments
* Employing of club members in charge of account recievables
* Keeping updated records of all accounts receivables
* Offering incentives to all debtors to pay in time e.g. cash discounts
* Reminding debtors to make payments

(EVIDENCE IS A MUST)

1. Cash at hand;
   * Recording all cash received
   * Banking instantly all cash received
   * Using cash for its intended purpose
   * Avoiding cash drawings
   * Employing only one club member to be in charge of cash management
   * Giving proper accountability whenever expenditure is made
   * Using internal auditors
   * Keeping under strong back

(EVIDENCE IS A MUST)

d) entrepreneurial traits observed by club members include;

* Hardworking
* Persistence
* Commitment
* Concern for quality
* Builds for the future
* Effective communication
* Systematic planning
* Decision making
* Risk taking
* Goal oriented
* Information seeking
* Persuasion and networking
* Self-confident
* Flexibility
* Builds on strength
* Willing to listen

(EVIDENCE IS A MUST)

e) key time management techniques employment in the project include;

* Identifying goals
* Being action oriented
* Taking notes
* Being action oriented
* Working in blocks of time
* Being reflective
* Planning in detail for tomorrow
* Asking questions before work
* Prioritizing
* Being flexible
* Eliminating the urgent
* Learning to say no
* Rewarding yourself

(EVIDENCE IS A MUST)

23a (i) current assets owned by the project at the time of winding up include;

* Cash at hand
* Cash at bursar’s office
* Closing stock
* Accounts receivables
* Prepayment

(EVIDENCE IS A MUST)

ii) the procedures followed to dissolve the project include;

* Meeting was held
* The chairperson presented the idea of dissolving the project
* The treasurer gave the financial report
* Convening profitability and financial stand of the project
* Creditors were identified and a decision was to pay them off was taken
* Amount remaining after paying off the creditors was shared among the club members

(EVIDENCE IS A MUST)

b) books of accounts and business documents that were used in the project included;

Books of accounts included;

* Two column cashbook
* Three column cashbook
* Petty cashbook
* Sales journals
* Purchase journals

(EVIDENCE IS A MUST)

Business documents included;

* Inquiry letter
* Quotations
* Price lists
* Purchase order notes
* Delivery notes
* Invoices
* Credit notes
* Debt notes
* Receipts
* Cash sale slips
* Payment vouchers

(EVIDENCE IS A MUST)

C i) negotiation tactics practiced by members of the business included;

* Communicating frequently
* Holding special events
* Promoting two-way communication
* Enhancing customer service
* Visiting customers

d) ways employed to boast club member’s morale included the following;

* Appreciating their work
* Promoting them on merit
* Involving them in decision making
* Training club members
* Carrying out objective performance appraisal
* Ensuring effective communication
* Sharing concerns towards their problems

e) measures that were taken to ensure sustainable competitive advantage;

* Fair pricing
* Ensuring good customer care
* Using attractive proper packaging
* Ensuring effective communication
* Training workers
* Improving the quality of products
* Ensuring customer added convenience
* Provision of aftersales service
* Using product overlap
* Offering discounts

(EVIDENCE IS A MUST)

SECTION C: Field attachment / field trip

24a)

* name and address
* business location
* products
* customers
* type of business
* business ownership
* sources of fund
* assets of the business
* date of establishment
* purpose of the business
* SWOT analysis
* Uniqueness of the business

(EVIDENCE IS A MUST)

b) the procedure the business follows when training its employees;

* Identifying organizational objectives
* Assessing the needs
* Selecting training objectives
* Selecting competent trainers
* Administering training
* Evaluating the training

(EVIDENCE IS A MUST)

c) entrepreneurial skills acquired from the attachment;

* Purchasing
* Book keeping
* Planning
* Leadership
* Communication
* Interpersonal skills
* Time management
* Selling
* Negotiation
* Personal branding
* Human resource management skills

(EVIDENCE IS A MUST)

d) the following justify that this business ensures business to its employees;

* Give fair recommendation
* Respect its workers
* Ensures job security
* Provides protective gears
* Ensures open communication
* Ensures training its employees
* Ensure safe working environment
* It avoids discrimination at workplace
* It recognizes and appreciated its worker

(EVIDENCE IS A MUST)

e) management tasks of this business include;

* Production management tasks
* Marketing management tasks
* Financial management tasks
* Personnel management tasks

(EVIDENCE IS A MUST)

25a) physical assets the business own include;

* Land
* Building
* Vehicles
* Machinery
* Furniture
* Equipment
* Tools

(EVIDENCE IS A MUST)

b) management functions carried out in the business include;

* Planning
* Organizing
* Staffing
* Directing
* Controlling
* Coordinating
* Budgeting
* Reporting
* Problem solving
* Decision making

(EVIDENCE IS A MUST)

c) measures employed in the business to ensure safety and security of its employees include;

* Installation of security cameras
* Providing protective gears
* Walk ways are put in place
* Security personnel are put in place
* Dangerous moving parts of the machines are covered
* Instructional manuals are provided
* First aid facilities are in place
* Fire extinguishers are put in place
* Emergency assembly grounds are put in place

(EVIDENCE IS A MUST)

d) innovations being practiced in the business include;

* Product innovation
* Process innovation
* Supply chain innovation
* Organizational innovation
* Service innovation
* Business model innovation
* Marketing innovation

(EVIDENCE IS A MUST)

e) customer care practices being used in the business include the following

* Welcoming customers with a smile
* Waiting benches are provided
* Customer care offices are in place
* Customers are given discounts
* Customer complaint are handled tactfully
* Prompt services are given to customers
* After sales services are provided
* The business is pleasant to its customers
* Suggestion boxes are put in place
* Customers are given good hostility

(EVIDENCE IS A MUST)