

MATIGO EXAMINATIONS BOARD



P230/2

ENTRPRENEURSHIP EDUCATION MARKING GUIDE 2023 PAPER 2





Qn	Answer	marks
1(a)	<p>A root cause analysis for declining sales</p> <p style="text-align: center;">SUCCESS ELECTRONICS ENTREPRISE P.O BOX 123 HOIMA 0780413120</p> <p style="text-align: center;"><u>ROOT CAUSE ANALYSIS FOR DECLINING SALES</u></p> <p>Statement of need: Declining Sales</p> <p>This is caused by: Reduced number of customers</p> <p>This is due to: poor customer care business</p> <p>This is caused by: Employees are not well motivated</p> <p>This is due to: Low salaries paid</p> <p>This is caused by: Inadequate/ insufficient capital. This is the root cause.</p> <p>Action steps to be taken;</p> <ul style="list-style-type: none"> • Borrowing funds from friends or cheap sources • Paying adequate/ fair salaries to workers in time to motivate them. • Improving customer care • Carrying out promotion activities e.g. intensive advertising. 	<p style="text-align: center;">01</p> <p style="text-align: center;"><i>Any 6 × 1 mark = 06 marks</i></p>
(b)	<p style="text-align: center;">Policy guide lines lfor enhancing good customer care SUCCESS ELECTRONICS ENTREPRISE P.O BOX 123 HOIMA 0780413120</p> <p style="text-align: center;">POLICY GUIDELINES FOR ENHANCING GOOD CUSTOMER CARE</p>	<p style="text-align: center;"><i>Any</i></p>

	<ul style="list-style-type: none"> Customers' complaints shall be attended to carefully to maintain the market share. Workers shall tell the truth about the business products and prices to avoid mis-leading customers A customer care desk shall be established in the business to handle customer's complaints Workers shall be polite to customers to create a good business image The business shall provide proper care and attention to customers. Workers shall guide customers on how to use handle or store the products to avoid faults in the product usage. The business shall provide appropriate after sales to customers to encourage them to come back. Workers shall guide customers on making choice of products to enable customers make the best selection. The business shall offer prompt services to the customers to avoid unnecessary delays. The business shall extend credit facilities to well-known and trustworthy customers to avoid bad debts. <p style="text-align: right;"> Business Name & address & document Name take. 1 mark Any right guideline must have/be ✓ Specific to the topic ✓ Shall must appear ✓ Backup(Reason) </p>				7 × 1 mark = 07 marks
(c)	Programme for recruiting new employees SUCCESS ELECTRONICS ENTREPRISE P.O BOX 123 HOIMA, 0780413120 PROGRAMME FOR RECRUITING NEW EMPLOYEES				Any $12 \times \frac{1}{2}$ = 6marks
	TIME FRAME/DATE	ACTIVITY TO BE DONE	PERSON RESPONSIBLE	REMARK OR COMMENTS	
	Must be fill in (future dates)	<ul style="list-style-type: none"> identify vacant posts/ man power gaps. Establishing the required skills/qualifications. Establishing the payments/ salary & fringe benefits. Preparing & placing job advert in the media. 	Must be filled in either (Names / Title).	Must be left blank.	

		<ul style="list-style-type: none"> • Receiving application letter. • Sorting of applications & short listing applicants. • Establishing interview panels. • Inviting the short listed candidates for interviews. • Conducting interviews. • Selecting the most suitable candidates, • Contacting the selected candidates. • Issuing appointment letters. • Organising an induction or orientation programme for new employees. • Carryout placement of new employees. 			
	Prepared by: Signature: Name: OMEGA JACK: Title Human Resource Manager.		Approved by: Signature: Name: Title:		
	<p style="text-align: right;">Date column filled in – $\frac{1}{2}$</p> <p style="text-align: right;">Business Name & Address & Document Name – $\frac{1}{2}$ mark</p> <p style="text-align: right;">Each step $\frac{1}{2}$ mark</p> <p style="text-align: right;">Person in charge column $\frac{1}{2}$ mark if filled in</p>				

	Remarks column $\frac{1}{2}$ mark if left blank																																														
(d)	<p>Invoice for goods taken on credit</p> <div style="text-align: center; margin: 10px 0;"> SECCESS ELECTRONIC ENTREPRISE P.O BOX 123 HOIMA, 0780413120 </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <div>REF ORDER No. 1460</div> <div style="border: 1px solid black; padding: 5px 20px;">INVOICE</div> <div>VOICE No 1260</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Mr Mugera Richard P.O BOX 100 Kayunga</div> <div>DATE: 23/04/2023</div> </div> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th>SERIAL No</th> <th>QUANTITY</th> <th>DESCRIPTION /DETAILS</th> <th>UNIT COST (SHS)</th> <th>INVOICE AMOUNT (SHS)</th> </tr> </thead> <tbody> <tr><td>001</td><td>50</td><td>Bulbs</td><td>10,000</td><td>500,000</td></tr> <tr><td>002</td><td>20</td><td>Flat irons</td><td>50,000</td><td>1000,000</td></tr> <tr><td>003</td><td>10</td><td>Extension cables</td><td>20,000</td><td>200,000</td></tr> <tr><td>004</td><td>04</td><td>Refridgrators</td><td>1,000,000</td><td>4,000,000</td></tr> <tr><td>005</td><td>100</td><td>Sockets</td><td>3,000</td><td>300,000</td></tr> <tr><td>006</td><td>10</td><td>Kettles</td><td>200,000</td><td>200,000</td></tr> <tr><td>007</td><td>02</td><td>Flat screens</td><td>1,000,000</td><td>2,000,000</td></tr> <tr> <td>E&OE</td> <td>TOTAL</td> <td></td> <td></td> <td>10,000,000</td> </tr> </tbody> </table> <p style="margin-top: 10px;">Accounts are done due on demand</p> <p>Terms of; Delivery Van</p> <p>Terms of payment: 10% cash discount if payments are made within the credit period of 10days from the date writing the invoice.</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 45%;"> <p>Prepared by:</p> <p>Signature: </p> <p>Name Kawundo Amos</p> <p>Title Salemanager:</p> </div> <div style="width: 45%; text-align: right;"> <p>Approved by :</p> <p>Signature: -----</p> <p>Name: -----</p> <p>Title: -----</p> </div> </div>	SERIAL No	QUANTITY	DESCRIPTION /DETAILS	UNIT COST (SHS)	INVOICE AMOUNT (SHS)	001	50	Bulbs	10,000	500,000	002	20	Flat irons	50,000	1000,000	003	10	Extension cables	20,000	200,000	004	04	Refridgrators	1,000,000	4,000,000	005	100	Sockets	3,000	300,000	006	10	Kettles	200,000	200,000	007	02	Flat screens	1,000,000	2,000,000	E&OE	TOTAL			10,000,000	<p>Any 12 items $\times \frac{1}{2}$ = 06 markss</p>
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2(a)	<p>A factory profile should show the following:</p> <ul style="list-style-type: none"> • Bussiness Name and address. • Title i.e factory profile. • Brief decription of the business Bckground. • Services/products offered by the business/ Needs to be satisfied. • Future prospects of the business. • Work accomplishment by the business. • Business ownership. • Purposse of the business i.e Vision/ Mission of the business. 	<p><i>Any</i> 6 × 1 marks = 06 marks</p>
(b)	<p>Terms and conditions for the sale of an old refridgerator should include;</p> <ul style="list-style-type: none"> • Title Name and address of the bussiness • Terms & conditions sale of an old refridgerator • Name of the item to be sold i.e old refridgreatot • Description of the item to be sold • Cost of the item • Place/ venue of sale • Terms of payments for the item to be sold i.e credit or cash • Means of payment i.e cheque, Cash, Bank draft • Date of sale <p>N.B Use shall</p>	<p><i>Any</i> 6 × 1 mark = 06 marks</p>

(c)	Name and adress of the bussiness. AFEASIBLE ACTION PLAN ESTABLISHING A NEW BRANCH.						01 mark
	Time Frame	Activity to be done	Resources needed	Person in charge	Indicators of suceess	Remarks	
	Filled in 	<ul style="list-style-type: none"> • Choosing suitable location. • Obtaining funds needed. • Construction of bussiness premisses. • Purchasing and installation of new machines. • Recruiting more workers. • Starting Normal business operatyions. 	Filled in 	Filled in 	<ul style="list-style-type: none"> • Presence of location • Presence of collateral • Availability of funds 	Left Blank 	
	Prepared by: Signature: Name: Title:				Approved by Signature: Name: Title:		




Any
6 activities
 $\times \frac{1}{2}$
= 03 marks

(d)	<p>The brand label should bring out the following:</p> <ul style="list-style-type: none"> • The products dealt in • Manufacturing and expiry date. • Purpose of the product. • Batch number. • Symbol showing approval by standards agencies e.g UNSB, ISO • Relevant illustrations i.e fruit juice • Brand name of the product. • Quality of product packed (litres) • Name, address, location of the business. • Ingredients/ composition of the product. • Conditions for storage/ handling • Attractive phrase • Frame. 	<p>Any 6 × 1 mark) = 06 marks</p>
3(a)	<p>A notice informing customers about new location should have the following;</p> <ul style="list-style-type: none"> • Name & address of business • Business logo • Date of writing the notice • Document Name i.e Notice • Party it address to i.e All customers. • Reason for writing the notice i.e change of location • Body of the notice: showing reason why the notice is written. • A polygraph. i.e we apologise for any inconveniences caused. • Date when to shift to the new location and the new location to shift to. • Contacts for further inquiries. • Writer of the Notice i.e management • Frame 	<p>Any 6 × 1 mark 06 marks</p>
(b)	<p>Guide line for ensuring cleanliness by employees should show;</p> <ul style="list-style-type: none"> • Title Name & address of the business • Guidelines for ensuring cleanliness by workers • The work place shall be mopped/swept daily to avoid accumulation of dirt/dust. • Compound flowers shall be trimmed weekly to avoid keeping of disease causing agents like rats. • Compound grass shall be kept short to make the compound look neat. • Dustbins shall be provided in different corners of the enterprise to avoid littering of rubbish. • Employees shall be dressed in company uniforms daily so as to look decent and be identified easily. 	<p>Any 6 × 1 mark = 06 marks</p>

	<ul style="list-style-type: none">• Littering rubbish on the compound shall be prohibited to maintain hygiene.• Instructions demanding to keep the compound clean shall be placed in different corners of the bussiness for reminding workers about cleanliness.• Rubbish shall be burnt after every two (2) days to prevent it from accumulating.• There shall be regular painting of the business wall to make them look neat.																			
(c)	<p>An Asset Register BUSINESS NAME & ADDRESS COMPANY ASSET REGISTER SHEET No. 001</p> <table><tr><td>Date of purchase</td><td>Name of Asset</td><td>Qty</td><td>Cost of Asset (Shs)</td><td>Depreciation (Shs)</td><td>Net Book value (shs)</td></tr><tr><td>1st January 2016</td><td>Mixer</td><td>01</td><td>4,000,00</td><td>800,000</td><td>3,200,000</td></tr><tr><td>1st Febuary 2016</td><td>Oven</td><td>01</td><td>6,000,000</td><td>1,500,000</td><td>4,500,000</td></tr></table>	Date of purchase	Name of Asset	Qty	Cost of Asset (Shs)	Depreciation (Shs)	Net Book value (shs)	1 st January 2016	Mixer	01	4,000,00	800,000	3,200,000	1 st Febuary 2016	Oven	01	6,000,000	1,500,000	4,500,000	<p>Any 6 × 1 mark = 06 marks</p>
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(d)	<p>BUSINESS NAME & ADDRESS PROGRAMME FOR LAUNCHING THE BUSINESS PRODUCTS. DATE: ----- TIME: ----- DAY: ----- VENUE: -----</p> <p>P.T.O</p>	<p>07</p>																		

TIME	ACTIVITY TO BE DONE	PERSON IN CHARGE	REMARKS
Fill in	<ul style="list-style-type: none"> • Installing musical instruments and organising the venue. • Welcoming the people to the launch and giving opening remarks. • Leading the prayer, anthems & introducing different visitors. • Introducing the products dealt in to the people and displaying them. • Music interlude • Allowing people to ask questions. • Organising price winning raffles. • Selling sample products at discounted prices. • Music interlude. • Speeches by board members and distinguished guests. • Serving snacks and drinks to people. • Music and closure. 	Fill in	Leave this blank

	<div>Prepared by: Signature: <i>kate john</i> Name: Kato john Title: Sales manger</div> <div>Approved by Signature: Name: Title:</div>									
	<div><i>Activities – Any $8 \times \frac{1}{2} = 04$</i></div>									
4(a)(i)	<div>Bussiness Name & Address</div> <div>Objectives of the business<ul style="list-style-type: none">To increase profits by 5% every monthTo provide employment opportunities to 500 younth in 10 monthsTo collect and recycle 50 tonnes of waste products every month.To open 10 waste collection centres in the community in a year.<div><i>Any 2 objectives × 1 mark = 02 marks</i></div></div>	<div>01</div> <div>02</div>								
(ii)	<div>Business Name & Address</div> <div>Mission statement<ul style="list-style-type: none">To have a clean enviroment through recycling of plastic and wastes.To have a healthy enviroment through sensitivity community people.‘to ensure proper plastic and waste management by setting up collection bins in the community’<div><i>Any Mission statement stated 2 × 1 mark</i></div></div>	<div>01</div> <div>02</div>								
(b)	<div>Programme for becoming a social entrepreneurship</div> <div>BUSSINESS NAME AND ADDRESS</div> <div>PROGRAMME FOR BECOMING A SOCIAL ENTREPRENEUR</div> <table><tr><th>DATE</th><th>ACTIVITIES TO BE DONE</th><th>PERSONAL RESPONSIBLE</th><th>REMARKS</th></tr><tr><td>Use future Dates</td><td><ul style="list-style-type: none">Discovering the vision, passion and skill.Identifying opportunities in the community.Matching the vision with community opportunity.</td><td>Fill in the names of persons</td><td>Leave this blank</td></tr></table>	DATE	ACTIVITIES TO BE DONE	PERSONAL RESPONSIBLE	REMARKS	Use future Dates	<ul style="list-style-type: none">Discovering the vision, passion and skill.Identifying opportunities in the community.Matching the vision with community opportunity.	Fill in the names of persons	Leave this blank	<div>01</div>
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		<ul style="list-style-type: none"> • Acting and spreading change. • Mobilising the required resources. • Constructin the needed buildings. • Recruiting workers. • Launching the social entreprise. • Starting operations of entreprise. 					
	Prepared by: Signature: <i>omonapeter</i> Name: OMONA PETER Title: ENTREPRENEUR		Approved by Signature: Name: Title:				
	<p style="text-align: right;"> <i>Any Activities $\times \frac{1}{2} = 04 \text{ marks}$</i> <i>Total 7 marks</i> </p>						
(c)	<p>GEPIC Structure for advocacy for promoting the bussiness mission</p> <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;"> BUSSINESS NAME AND ADDRESS GEPIC STRUCTURE FOR ADVOCACY FOR PROMOTING THE MISSION </td> </tr> <tr> <td> GREET: The chief guest, invited guests and community memebbers present, I greet you all. Iam mukonyenzi moses, the ownwer ofwaste recyclers factory in(District) ENGAGE : Last year (2022) the statistics at the municipal council offices showed that 100 people died in varius parts of the district due to diseases related to dirty enviroment. PROBLEM: From the analysis made, its clear that the poor health/ disease out break especially cholera is as a result of poor waste disposal. INFORM: As concerned community memebbers, we have come up with a project to fight against poor waste disposal through sensitising community members to use the dustbines approximately, gazetting rubbish collection centres etc. CALL FOR ACTION: We kindly request for your cooperation as we work towards saving the lives of people in ----- district. Thank You. </td> </tr> </table>				BUSSINESS NAME AND ADDRESS GEPIC STRUCTURE FOR ADVOCACY FOR PROMOTING THE MISSION	GREET: The chief guest, invited guests and community memebbers present, I greet you all. Iam mukonyenzi moses, the ownwer ofwaste recyclers factory in(District) ENGAGE : Last year (2022) the statistics at the municipal council offices showed that 100 people died in varius parts of the district due to diseases related to dirty enviroment. PROBLEM: From the analysis made, its clear that the poor health/ disease out break especially cholera is as a result of poor waste disposal. INFORM: As concerned community memebbers, we have come up with a project to fight against poor waste disposal through sensitising community members to use the dustbines approximately, gazetting rubbish collection centres etc. CALL FOR ACTION: We kindly request for your cooperation as we work towards saving the lives of people in ----- district. Thank You.	<p style="text-align: right;"> <i>Any 6 \times 1 = 06 marks</i> </p>
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(d)	<div>Enviromental impact asseesment policy:</div> <div><div>BUSSINESS NAME AND ADDRESS</div><div>ENVIROMENTAL IMPACT ASSESSMENT POLICY</div><div><ul style="list-style-type: none">• Proper waste treatment and disposal shall be ensured to spread of diseases.• Bussiness operations shall be supervised to ensure that they comply with the set starndards or regulartions• Protective equipment shall be provided to the workers to minimise accidents.• Appropriate warning signs or labels shall be put near harmful or dangerous item or areas to minimise injuries.• The already used products shall be recycled to avoid accumulation of wastes.• Bio degradable packaging materials shall be used to protect the enviroment.• Alternate sources of energy shall be used to avoid damaging of the enviroment through defforestation.• Silencers on noisy machines, tools and equipments shall be used to avoid noise pollution.• Enviromental education shall be promoted or emphasized to create enviromentatl awareness.• The business shall contribute funds towards the eviromentat protection programme.</div></div>	<div>Any 5</div> <div>5 × 1 mark</div> <div>= 05 marks</div>
5(a)	CIF Value = \$ 2500	02
(i)	<div><div><div><div>Import duty = Rate × C.f value</div><div><div><div>= 2500 × Shs 3000</div><div>Shs 7,500,000</div></div></div><div><div><div>= $\frac{20}{100}$ × Shs 7,500,000</div><div>Shs 1,500,000</div></div></div></div></div></div>	
(ii)	<div><div><div><div>Excise duty = Rate × (CIF + Import duty)</div><div><div><div>= $\frac{25}{100}$ × (Shs 7,500,000 + Shs 1,500,000)</div><div><div><div>= $\frac{25}{100}$ × Shs 9,000,000</div><div>Shs 2,250,000</div></div></div></div></div></div></div></div>	02

(iii)	$\text{VAT} = \text{Rate} \times (\text{CIF} + \text{Import duty} + \text{Excise duty})$ $= \frac{18}{100} \times \text{Shs } (7,500,000 + 1,500,000 + 2,250,000)$ $= \frac{18}{100} \times \text{Shs } 11,250,000$ $= \text{Shs } 2,025,000$	02
(iv)	$\text{With holding tax} = \text{Rate} \times \text{CIF value}$ $= \frac{6}{100} \times \text{Shs } 7,500,000$ $= \text{Shs } 450,000$	02
(b)(i)	<p>Opio Ben falls income bracket (4)</p> $\text{Opio Ben's PAYE} = \text{Shs } 25,000 + \frac{30}{100} [(\text{Shs } 12,500,000 - \text{Shs } 410,000) + 10\% (\text{Shs } 12,500,000 - \text{Shs } 10,000,000)]$ $= \text{Shs } 25,000 + \left(\frac{30}{100} \times \text{Shs } 12,090,000 \right) + \left(\frac{10}{100} \times \text{Shs } 2,500,000 \right)$ $= \text{Shs } 25,000 + \text{Shs } 3,627,000 + \text{Shs } 250,000$ $\therefore \text{Opio's PAYE} = \text{Shs } 3,902,000$	03
(ii)	<p>Mukisa Andrew falls in income bracket 4</p> $\therefore \text{Mukisa Andrew's PAYE} = \text{Shs } 25,000 + \left(\frac{30}{100} \times \text{Shs } 1780,000 - \text{Shs } 410,000 \right)$ $= \text{Shs } 25,000 + \left(\frac{30}{100} \times \text{Shs } 1,370,000 \right)$ $= \text{Shs } 25,000 + \text{Shs } 411,000$ $\therefore \text{Mukisa Andrew's PAYE} = \text{Shs } 436,000$	02
(iii)	<p>Muganga Alex's falls in income bracket (3)</p> $\text{Muganga Alex's PAYE} = \text{Shs } 10,000 + (20\% \times 395,000 - \text{Shs } 335,000)$ $= \text{Shs } 10,000 + \frac{20}{100} \times \text{Shs } 60,000$ $\text{Shs } 10,000 + \text{Shs } 12,000$ $\text{Muganga Alex's PAYE} = \text{Shs } 22,000$	02
(c)(i)	<p>Stage i</p> $\text{VAT} = \text{Rate} \times \text{value of goods}$ $\frac{18}{100} \times \text{Shs } 10,000,000$ $= \text{Shs } 1,800,000$	06

	<p>Stage ii $VAT = Rate \times value\ added$</p> $= \frac{18}{100} \times Shs\ (12,000,000 - 10,000,000)$ $= \frac{18}{100} \times Shs\ 2,000,000$ $= Shs\ 360,000$ <p>Stage iii $VAT = Rate \times value\ added$</p> $= \frac{18}{100} \times Shs\ (16,000,000 - 12,000,000)$ $= \frac{18}{100} \times Shs\ 4,000,000$ $= Shs\ 720,000$ <p>Stage iv $VAT = Rate \times value\ added$</p> $= \frac{18}{100} \times Shs\ (19,000,000 - 16,000,000)$ $= \frac{18}{100} \times Shs\ 3,000,000$ $= Shs\ 540,000$	
(ii)	<p>Advice to the trader on the negative consequences he would face in case he fails to meet his tax obligations.</p> <ul style="list-style-type: none"> • Imprisonment • Trading license may be cancelled • His goods may be confiscated or sold on publication. • It may lead to business closure. • It may attract heavy penalties and fines • He may lose his business customers hence loss of market. • It may attract Embarrassment/shame to the trader 	<p>Any 4 × 1 mark = 04 marks</p>
6(i)	$Inventory\ turnover\ ratio = \frac{Cost\ of\ sales}{Average\ stock}$ <p>Where cost of sales = $Goods\ available\ for\ sale - closing\ stock$</p> $= Shs\ 16,000,000 - Shs\ 4,000,000$ $= Shs\ 12,000,000$	06

	<p>But average stock = $\frac{\text{opening stock} + \text{closing stock}}{2}$</p> $= \frac{\text{Shs } 5,000,000 + \text{Shs } 4,000,000}{2}$ $= \text{Shs } 4,500,000$ <p>Inventory turnover ratio = $\frac{\text{Shs } 12,000,000}{\text{Shs } 4,500,000}$</p> $= 2.7$ $\approx 3 \text{ Times/turns}$ <p>Interpretation; Manuella sells and replaces his stock approximately 3 times in trading period.</p>	
(ii)	<p>Credit payment period = $\frac{\text{creditors}}{\text{Net purchases}} \times \text{Number of days in a year}$</p> $= \frac{3,000,000}{\text{Shs } 11,000,000} \times 365 \text{ days}$ $= 99.5 \text{ days} \approx 100 \text{ days}$ <p>Interpretation; Manuella on average takes 100 days to pay her creditors or suppliers.</p>	04
(iii)	<p>Rate of return on employed capital = $\frac{\text{Net profit}}{\text{Employed capital}} \times 100$</p> <p>Where Net profit = gross profit – total operating expenses</p> $= \text{Net sales} - \text{cost of sales} - \text{Shs } 6,000,000$ $= \text{Shs } (20,000,000 - 12,000,000) - \text{Shs } 6,000,000$ $= \text{Shs } 8,000,000 - \text{Shs } 6,000,000$ $= \text{Shs } 2,000,000$ <p>Employed capital = Total fixed/Fixed Assets + Working capital</p> <p>But working capital = Total current Assets – Total current liabilities</p> <p>Total current Assets = Closing stock + Debtors + Cash + Bank</p> $= \text{Shs } 4,000,000 + \text{Shs } 1,500,000 + \text{Shs } 900,000 + \text{Shs } 1,600,000$ $= \text{Shs } 8,000,000$ <p>Working capital = Shs 8,000,000 – Shs 4,000,000</p> $= \text{Shs } 4,000,000$ <p>Employed capital = Shs (8,000,000 + Shs 4,000,000)</p> $= \text{Shs } 12,000,000$ <p>Rate of return on employed capital = $\frac{\text{Shs } 2,000,000}{\text{Shs } 12,000,000} \times 100$</p> 16.7%	04

	<p>Interpretation; For every Shs 100 of employed capital, Manuellah gets/earns Shs 16.7 as Net profit</p>	
(iv)	$\text{Stock turnover period} = \frac{\text{Average Stock}}{\text{Cost of Sales}} \times \text{Number of days in a year}$ $= \frac{\text{Shs } 4,500,000}{\text{Shs } 12,000,000} \times 356 \text{ Days}$ $= 137 \text{ Days}$ <p>Interpretation: Manuellah holds stock for approximately 137 days before selling it.</p>	04
(v)	$\text{Cash ratio} = \frac{\text{Absolute liquid Assets}}{\text{Current liabilities}}$ $\text{Absolute Liquid Assets} = \text{Cash} + \text{bank}$ $= \text{Shs } 900,000 + \text{Shs } 1,600,000$ $= \text{Shs } 2,500,000$ $\text{Cash ratio} = \frac{\text{Shs } 2,500,000}{\text{Shs } 4,000,000}$ $= 0.625:1$ <p>Interpretation; Manuela can only clear 0.625 of her current liabilities using its absolute Assets.</p>	04
(vi)	$\text{Profit - mark up} = \frac{\text{Gross profit}}{\text{Cost of sales}} \times 100$ $= \frac{\text{Shs } 8,000,000}{\text{Shs } 12,000,000} \times 100$ $= 66.7\%$ <p>Interpretation For every Shs 100 of cost of sales, Manuellah generates Shs 66.67 as gross profit.</p>	03

END

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