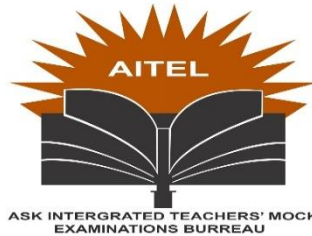


P230/2
ENTREPRENEURSHIP
EDUCATION
Paper 2
July/Aug. 2022
3 hours



AITEL JOINT MOCK EXAMINATIONS

Uganda Advanced Certificate of Education
ENTREPRENEURSHIP EDUCATION

Paper 2

3 Hours

INSTRUCTIONS TO CANDIDATES:

*Answer any **four** questions only.*

*All questions carry **equal** marks.*

Credit will be given for use of relevant diagrams and illustrations.

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

Make a grid and show questions answered in their order.

1. You have decided to start a biscuits factory in your home town.
 - (a) Prepare guidelines you will follow to ensure gender balance of employees in the business, (07marks)
 - (b) Write a letter of inquiry to one of the suppliers of raw materials. (06 marks)
 - (c) Draw a brochure you will use to advertise your business (06 marks)
 - (d) Write instruction that your employees should observe for proper maintenance of the factory machines (06 marks)
2. You are operating a metal fabrication business in your village town.
 - (a) Prepare a production plan for your business (07 marks)
 - (b) Estimate the pre-operating expenses for your business (06 marks)
 - (c) Write a certificate of appreciation issued to one of the outstanding workers, (06 marks)
 - (d) Draft rules that your employees will follow for effective time management in the business (06 marks)
3. You own 20 houses for rent in your home city. You charge each house shs 400,000. The government gives you a rent free allowance of shs2,820,000, 20% Of rent income for repairs and renovations and 20% rental tax rate.
 - a) Compute rental tax paid in a year (07 marks)
 - b) Give the benefits your business enjoys from paying taxes (07 marks)
 - c) Draw a contractors board for one of your houses under construction. (06 marks)
 - d) Present a policy for cleaning your houses. (05 marks)
4. You have been appointed a personnel manager of OWUNYA MOTOR GARAGE which is experiencing a high labour turnover.
 - (a) Identify the causes of the high labour turn over in the business. (06marks)
 - (b) Prepare a job description for an accountant of the business. (06 marks)
 - (c) Prepare a programme for recruiting an accountant in the business. (06 marks)
 - d) Advise management on strategies that should be adopted for managing workers' discipline. (07 marks)

5. The following balances were extracted from the financial statement of Kigato enterprises at the end of 2019.

particulars	shs	particulars	shs
cash	3,000,000	Bank	(700,000)
Sales	40,000,000	Purchases	17,000,000
Fixed assets	7,000,000	Rate of stock turn	5 times
Closing stock	2,500,000	Accounts payable	500,000
Operating expenses	8,000,000	Accounts receivable	7,000,000
Average stock	4,000,000	Rent income owing	50,000

(a) Calculate

- (i) Cost of sales *(03 marks)*
- (ii) Net profit *(03 marks)*
- (iii) Working capital *(03 marks)*

(b) Compute and interpret

- (i) Stock holding period in weeks *(04 marks)*
- (ii) Rate of Creditors turn over. *(04 marks)*
- (iii) Acid test ratio. *(04 marks)*
- (iv) Average collection period in days. *(04 marks)*

6. The following below are projections for Kasooto enterprises for the months of January, February and March 2020

Details	January (Shs)	February (Shs)	March (Shs)
Cash sales	2,000,000	2,000,000	2,000,000
Donation of building		5,000,000	
Cash purchases	1,000,000	1,000,000	1,000,000
Cash donations received		4,000,000	6,000,000
Payment for rent	100,000	100,000	100,000
Acquisition of generator	4,000,000		
Sale of old furniture	10,000,000	12,000,000	8,000,000
Credit sales	200,000	200,000	200,000
Credit purchases	300,000	300,000	300,000
Discount received		150,000	400,000
Salaries and wages	400,000	400,000	400,000
Dividend received	3,000,000		3,000,000
Depreciation on generator	50,000	50,000	50,000

Additional information:

- (i) Cash to be received from debtors in the month following the month of sale.
- (ii) Payment to creditors to be made in the month of purchases.
- (iii) Monthly cash purchases expected to reduce by 20% after the third month.
- (iv) Monthly cash sales expected to increase by 10% after the first month.

Required:

- (a) Prepare a Cash flow plan for the three months of January, February and March 2020. *(18 marks)*
- (b) Comment on the Net cash position of the business. *(03 marks)*
- (c) Suggest measures Kasooto enterprises can use to avoid cash flow short falls. *(04 marks)*

END