

1. Your small poultry unit is performing relatively well amidst risks such as disease outbreak, theft and burglary among others.

- Prepare a programme for analyzing risk situations in the business. (06 marks)
- Write a letter to the local council chairperson to register the complain of theft and burglary. (06 marks)
- Formulate strategies for enhancing security in the business. (08 marks)
- Design a job specification for your chief security officer. (05 marks)

2. You have decided to start a medium scale maize milling business in your home town.

- Estimate the start-up expenses for the business (05 marks)
- Present policy guidelines for ensuring proper handling and safety of machines. (07 marks)
- Write a credit status inquiry for one of your new client who wishes to buy maize flour worth shs. 5,000,000 on credit. (05 marks)
- Prepare a programme for servicing maize milling machines. (07 marks)

3. BS Enterprises deals in, manufacturing of leather shoes for both males and females. It employs a total number of 15 workers and in the year 2021, the business had the following information.

Items	Amount (shs)
Turnover	48,000,000
Capital	60,000,000
Opening inventory	6,000,000
Closing inventory	3,000,000
Purchases	25,000,000
Carriage on purchases	1,000,000
Carriage on sales	500,000
Account receivable	5,000,000
Account payable	4,500,000
Accrued rent	500,000
Bank	4,000,000
Cash	3,000,000
Salaries and wages	7,000,000
Motor van	3,500,000
Land	7,000,000
Provision for depreciation on motor van	300,000

a) Compute:

- Cost of sales. (02 marks)
- Gross profit. (02 marks)
- Net profit. (02 marks)
- Fixed capital. (02 marks)
- Rate of return on capital employed. (03 marks)
- Revenue per employee ratio. (02 marks)

b) Compute and interpret:

- i. Wages and salaries expenses ratio. (03 marks)
- ii. Holding ratio in days. (03 marks)
- iii. Average payment period in weeks. (03 marks)
- iv. Cash ratio. (03 marks)

4. You are the General Manager of HOT MEALS RESTAURANT in your area that also provides outdoor catering services.

- a. Design a daily distribution schedule for your products. (06 marks)
- b. Formulate guidelines to be followed by the sales team when handling difficult customers. (08 marks)
- c. Select a suitable medium and generate an advertisement for the business products. (06 marks)
- d. Draw a menu card for the business. (05 marks)

✓ 5. Your youth group is involved in the processing and selling of a variety of agricultural products and you have just received an order from a hotel in your town.

- a. Prepare a delivery note for the products ordered for. (06 marks)
- b. Make an invoice for the products to be delivered to the hotel. (06 marks)
- c. Design instructions to be followed by the workers to ensure quality in the business. (07 marks)
- d. Write a bid notice for the supply of two new maize grinding machines. (06 marks)

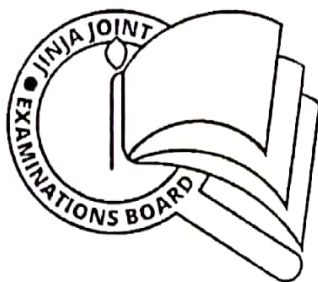
6. The following projections belong to SUPER WHOLESEALERS for the months of May, June and July, 2021

- i. Credit purchases per month expected to be worth Shs 6,000,000
- ii. Monthly cash sales are expected to be shs 10,000,000. The sales are expected to decrease monthly by 10%
- iii. Monthly planned cash purchases are expected to amount to 90% of each month's cash sales
- iv. Commission income for the month of April 2021 to be shs 5,000,000 and this is projected to increase each month by 10%
- v. Credit sales per month projected to be shs 6,000,000. Payments from the debtors would be received in the following month
- vi. The business plans to purchase a mini bus worth shs 16,000,000 on hire purchase in May and pay a down payment of shs 5,000,000. The balance to be paid in the following months in the ratio 3:2 respectively
- vii. Salary expenses at the end of each month to amount to shs 400,000 per worker. The business had 10 workers in May. The business new policy is to increase the number of workers each month by 2 at the same salary rate
- viii. The business plans to finance any cash flow short fall at the end of each month by obtaining a loan from Quality Bank in the following month
- ix. The bank loan will attract a monthly interest rate of 5% payable starting in the month following acquisition
- x. Monthly commission to be paid to sales workers shall be 5% of each month's cash sales
- xi. The business had a net cash balance of shs 475,000 on the 30th April 2021

- xii. Depreciation expenses per month projected to be shs 300,000
- xiii. Monthly cash donations projected to be shs 2,000,000. The business plans to donate food items of the same value in the month of July

You are required to:

- a. Prepare the cash flow statement for SUPER WHOLESEALERS for the months of May to July 2021. (18 marks)
- b. Comment on the trend of the net cash position. (03 marks)
- c. Propose to the business ways of using any cash surplus. (04 marks)



Jinja Joint Examinations Board
Mock Examinations 2022
P230/2 Entrepreneurship

Marking guide

1. (a) Name and address of business programme for analysing risk situations in business.

Date	ACTIVITY	PERSON IN CHARGE	REMARKS
Fill in	<ul style="list-style-type: none"> Assessing the risk Determining the goals /objectives. Determining the various alternatives available Gathering the information and weighing the various alternatives. Minimising risks Planning and implementing the best alternatives. 		

Prepared by

Sign

Name.....

Title

Approved by :

Signature

Name

Title

Mark allocation

Title - 01 mk

Activities Any $6 \times \frac{1}{2} =$ 03 mks

Any other $4 \times \frac{1}{2} =$ 02 mks

Total = **06 marks**

- (b) Letter to the local council chairperson to register the complain of theft and burglary should shoe:
- Name and address of the business
 - Date of writing
 - Reference Number
 - Recipient is LCI chairperson of (state village/cell/Division/Ward and district or town.

- Salutation
- Reason i.e complain of theft and burglary,
- Body showing – Reason for writing
 - Quotes dates of theft
 - Quote number of hens stolen
 - Name suspects if possible
 - Action from the LCI chairperson
 - Waning/measure you intend to take as the owner if the business

Complimentary close is yours faithfully

Mark allocation

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

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

06 marks

- (c) Title: Name and address
- Strategies for enhancing security in the business
- i. Checking thoroughly all the vehicles, motor cycles and persons entering or leaving the business at the main entrance.
 - ii. Ensuring that all vehicles, motor cycles, persons and their properties are registered on arrival at the main gate.
 - iii. Installing security lights and switching them on at night.
 - iv. Having in place a well maintained fence and monitoring it at all times.
 - v. Installing security monitoring equipment like Cameras, alarm systems at the business premises to monitor security.
 - vi. Employing well-armed and trained security workers and giving them clear instructions relating to security.
 - vii. Electrifying the wall fence of the business.
 - viii. Placing warning labels /notices relating to security at different points within business premises or outside.
 - ix. Restricting permission to enter the business to business customers, workers and other permitted business parties.
 - x. Installing fire extinguishers at the business work place and periodically training workers on how to use them.
 - xi. Ensuring that all workers wear business uniforms that have name and number tags on them at all times during working time.
 - xii. Ensuring close supervision of all workers while carrying out their duties in order to minimise bad behaviours like theft.
 - xiii. Prosecuting all trespassers of the business premises
 - xiv. Allocating specific duties to each worker and holding each responsible for any security matters related to each ones assignment.

Title -01 mk

Any other $7 \times 1 = 07$ mks

- Job title
- Qualifications
- Competences
- Physical & ties
- Age, marital status

- d. Name and address of business
 Job specification
 Job title: Chief security officer
 Gender: Preferably male
 Experience: Eg two years' experience is serving in a related position in a reputable firm.
 Age: Between 25 – 40 years' old
 Education: Minimum Advanced level certificate with additional training in security matters
 Other competencies" Computer literate knowledge of Kiswahili language
 Physical characteristics: Tall and muscular energy.
 Etc.
 Mark Allocation
 Title = 01 mark
 Any other 4x1 = 04 mark

2.(a)

.....MAIZE MILLERS

P.O BOX(TOWN)

ESTIMATED START-UP EXPENSES

Particulars	Amount shs
Market Research	xx
Advertising	xx
Recruitment and training of manpower	xx
Purchase of maize Huller machines	xx
Installation of utilities	xx
Installation of machinery and equipment	xx

Total start-up expenses

MARK ALLOCATION

Title = 01 mk
 Grand total = 01 mk
 Any other 3x1 = 03 mks

(b) MAIZE MILLERS

P.O BOX(2mks)

POLICY GUIDELINES FOR ENSURING PROPER HANDLING AND SAFETY OF MACHINES

- i. Machines like computers are to be covered when not in use to avoid dust and damages.
- ii. Machines are to be regularly service twice a month as recommended by the supplier(s)

- iii. Machines are to be painted and oiled to avoid rusting.
- iv. Workers shall be given clear instructions/ machine operational manuals on how to use the machines.
- v. Proper safety guards or devices shall be attached to dangerous moving parts of machines to avoid their damage like power stabilizers, fridge guards
- vi. Machines are to be switched off immediately after use so as to save power or avoid accidents.
- vii. Machines shall be properly stored in appropriated places that are moisture free.
- viii. Skilled labour shall be employed to operate specific production machines.
- ix. Workers are to be trained periodically on how to use be used only for the intended purposes as prescribed by the manufacturer/ supplier.
- x. There shall be close supervision and monitoring of the workers using the machines.
- xi. Workers are to be provided with appropriate safety devices that prevent running of machines while their hands or other parts are in danger when using the machines.

MARK ALLOCATION

Title = 01 mark

Any other 6x1 = 06 marks

Total (07 marks)

- (c) A credit status inquiry /letter should show
 - i. Name and address of the maize mill business
 - ii. Date of writing
 - iii. Reference number
 - iv. Title and bank where the inquiry is to be carried out.
 - v. Salutation is dear Sir/Madam
 - vi. Reason/subject line is credit status
 - vii. Inquiry.....(Name of customer)
 - viii. Body showing:
 - ✓ Reason for writing
 - ✓ Name of customer/client
 - ✓ Value of maize flour i.e } Shs.5,000,000
 - ✓ Assurance that information
 - ✓ Given shall be kept confidential }
 - ix. Complimentary close is yours faithfully,
 - Sign
 - Name
 - Title

MARK ALLOCATION

Body Any 4 x ½ = 02 marks

Any other $6 \times \frac{1}{2} = 03$ marks
Total = 05 marks

(d) MAIZE MILLERS
P.O BOX (TOWN)

PROGRAMME FOR SERVICING MAIZE MILLING MACHINES

Date	ACTIVITY	PERSON IN CHARGE	REMARKS
	<ul style="list-style-type: none"> — Identification of machines to be serviced — Determining the nature of service to be nature of service to be done — Selection of the technical to do the servicing — Contacting the technician — Servicing the machines — Receiving a report from the technician about servicing done — Making payments to the technician — Setting date for next servicing of machines. 		

Prepared by:

Sign

Name

Title

Approved by:

Sign

Name

Title

MARK ALLOCATION

Title = 01 mark

Activities $6 \times \frac{1}{2}$ = 03 mks

Any other $6 \times \frac{1}{2}$ = 03 mks

Total **07 mks**

3. (i) Cost of sales
 = Opening inventory + Purchases + Carriage on Purchase - Closing Inventory
 = $6,000,000 + 25,000,000 + 1,000,000 - 3,000,000$
 = $32,000,000 - 3,000,000$
 = Shs 29,000,000 ✓
- (ii) Gross profit = Net sales - cost of sales
 = $48,000,000 - 29,000,000$
 = shs 19,000,000 ✓

$$\begin{aligned}
 \text{(iii) Net profit} &= \text{Gross profit} - \text{Total expenses} \\
 \text{But expenses} &= \text{Carriage on sales} + \text{decreased rent} \\
 &+ \text{salaries and wages} + \text{prov. For depr. Om motor van.} \\
 &= 500,000 + 500,000 + 7,000,000 + 300,000 \\
 &= \text{Shs } 8,300,000 \\
 \therefore \text{Net profit} &= 19,000,000 - 8,300,000 \\
 &= \text{Shs } 10,700,000
 \end{aligned}$$

$$\begin{aligned}
 \text{(iv) Fixed capital} &= \text{motor van} - \text{prov. for depar.} + \text{Land} \\
 &= 3,500,000 - 300,000 + 7,000,000 \\
 &= \text{Shs } 10,200,000
 \end{aligned}$$

$$\begin{aligned}
 \text{(v) Rate of return on capital employed} &= \frac{\text{Net profit} \times 100}{\text{Capital employed}} \\
 \text{But capital employed} &= \text{Fixed capital} + \text{working capital} \\
 &= 10,200,000 + 15,000,000 - 5,000,000 \\
 &= \text{shs } 20,200,000
 \end{aligned}$$

$$\begin{aligned}
 \therefore \text{Rate of return on capital employed} &= \frac{10,700,000 \times 100}{20,200,000} \\
 &= 52.97\% \\
 &= 53\%
 \end{aligned}$$

$$\begin{aligned}
 \text{(vi) Revenue per employee ratio} &= \frac{\text{Turnover} / \text{sales}}{\text{Total number of workers}} \\
 &= \frac{48,000,000}{15} \\
 &= \text{Shs. } 3,200,000
 \end{aligned}$$

$$\begin{aligned}
 \text{(b) (i) Wages and salaries expenses ratio} &= \frac{\text{Wages and salaries} \times 100}{\text{Turnover}} \\
 &= \frac{7,000,000 \times 100}{48,000,000} \\
 &= 14.58\% \\
 &= 15\%
 \end{aligned}$$

Interpretation: For every shs. 100 earned from sales shs 15 is spent on salaries and wages of workers.

$$\begin{aligned}
 \text{(ii) Holding ratio in days} &= \frac{\text{Average stock} \times \text{Number of days in a year}}{\text{Cost of sales}} \\
 &= \text{1 stock turn over period.}
 \end{aligned}$$

But Average stock = $\frac{\text{opening stock} + \text{closing stock}}{2}$

$$= \frac{6,000,000 + 3,000,000}{2}$$

$$= \text{shs. } 4,500,000$$

$$\begin{aligned} \therefore \text{Holding ratio in days} &= \frac{4,500,000}{29,000,000} \times 365 \\ &= 56.6 \text{ days} \\ &= 57 \text{ days} \quad \checkmark \end{aligned}$$

Interpretation: Stock was held for 57 days before selling it. \checkmark

$$\begin{aligned} \text{(iii) Average payment period in weeks} &= \frac{\text{Accounts payable} \times \text{Number of weeks in a year}}{\text{Net purchases}} \\ &= \frac{4,500,000 \times 52}{26,000,000} \\ &= 9 \text{ weeks} \end{aligned}$$

Interpretation: The business suppliers are paid after an average of 9 weeks.

$$\begin{aligned} \text{(iv) Cost ratio} &= \frac{\text{Absolute liquid Assets}}{\text{Current Liabilities}} \\ &= \frac{\text{Cash} + \text{Bank}}{\text{Current liabilities}} \\ &= \frac{4,000,000 + 3,000,000}{5,000,000} \\ &= \frac{7,000,000}{5,000,000} \\ &= 1.4 \div 1 \end{aligned}$$

Interpretation = The business is able to pay off its current liabilities using its absolute liquid assets.

Discounts ar
purchases m
Difficult cus
experienced
Etc.
x. xi. xii.

4. (a) HOT MEALS RESTAURANT
P.O BOX(TOWN)

DAILY DISTRIBUTION SCHEDULE FOR MEALS

TIME	PRODUCT/FOOD	CUSTOMER	QUANTITY	PERSON IN CHARGE	REMARKS

PREPARED BY:

SIGN

NAME

TITLE

APPROVED BY:

SIGN

NAME

TITLE 4. xdt x 1/2 = 2

(b) HOT MEALS RESTAURANT

P.O BOX(TOWN)

GUIDELINES FOR HANDLING DIFFICULT CUSTOMERS

- Customers complaints are to be received and evaluated immediately to determine whether they are genuine or not for proper action to be taken to handle them.
- Words being used and feelings expressed by the difficult customers shall be listened to carefully in order to make them know that the business is interested in the issue.
- Difficult customers are to be apologised to either in writing or orally for the inconveniences caused in case something went wrong.
- Customers shall be motivated to open up by giving them enough time so as to reduce tension or anger hence able to establish why they are difficult.
- Difficult customers are to be referred to the customers' care desk for better handling of their problems.
- Security guards shall be invited to help in handling difficult customers who become violent at the business premises.
- Money is to be refunded to difficult customers who reject replacement of products.
- Arguing with difficult customers who are angry displeased or complain is to be avoided.
- Difficult customers shall be restricted from accessing/entering the business premises.

- REMARKS
- x. Discounts are to be offered to difficult customers in case the previous purchases made had a problem to calm them down.
 - xi. Difficult customers are to be talked to and convinced that the problem experienced shall not occur again.
 - xii. Etc.

4.(c) Selection of medium

An advertisement for the business products should show:

- Name and address of the business
- Other contacts i.e Tel. no /email address/ website address.
- Physical location of the business
- Products /service dealt in /offered.
- Benefits of the products to customers
- Any promotional offer in place.
- Business operational hours
- Relevant pictures/illustrations
- Business logo
- Business slogan

Any 5x1 = 05 marks

Total = 06 marks

B/S name - 04
any 7x1 = 07
05 marks

4(d) Menu card for the business should show:

- Name and address of the business
- Telephone contact.
- Products offered
- Physical location
- Name of officer on whose names it's issued.
- Personal Tel. no for the officer.
- Relevant picture/illustrations
- Business slogan
- Frame.

foods served & prices

Any 5x1 = 05 marks

5.(a) Delivery note for the products ordered for should show:

- Name and address of the business
- Date of writing
- Document name/identity i.e delivery note
- Business logo
- Name and address of the customer/client
- Break down of the goods to be delivered i.e product and quantity.
- Means of delivery
- Received by is signature and name.

There s
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iii.
iv.
v.

- Delivered by i.e signature name and title.
- Frame
- Document Number
- Etc.

Any 12 x = 06 marks

5.(b) An invoice for the products to be delivered to the hotel should show

- Name and address of the business
- Date of writing the invoice
- Business logo
- Document Name is invoice
- Document Number
- Purchase order no
- Name of customer (HOTEL)
- Break down of goods invoiced ie.

No	Particulars	Quantity	Unit Price	Amount (shs)
Total				

- E &OE
- Discounts allowed if any
- Credit period allowed
- Terms of delivery
- Prepared by i.e Signature.....

Name

Title

- Received by is signature

Name

Title

- Frame .

Any 12 x = 06 marks

(c) Name and address of the business

P.O Box (TOWN)

INSTRUCTIONS TO BE FOLLOWED BY THE WORKERS TO ENSURE QUALITY IN BUSINESS

- High quality raw materials /inputs like fresh pineapples, oranges. Mangoes, maize grain etc shall be used.
- Proper technical specification for processing of agricultural products shall be followed to ensure correct mixing of ingredients.

- iii. There shall be efficient monitoring and supervision of workers to minimise mistakes and defaults in production.
- iv. Proper and high quality packaging materials /facilities shall be used like damp proof bags, disposable cups etc to minimise contamination of production.
- v. Appropriate technology like destoner machines, blenders etc shall be used to ensure efficiency.
- vi. Workers are to ensure proper cleanliness of business premises to avoid contamination of goods.
- vii. Etc.

Title = 01 mk

Any other 6x1 =

06marks

07 marks

5(d) Bid notice for the supply of two new maize grinding machines should show

- Name and address of business
- Other contacts i.e Tel. No/email address
- Goods to be supplied.
- Document name i.e Bid Notice
- Business logo
- Date of publication of Bid notice
- Terms and conditions for bidding to be met by prospective suppliers i.e

Bidding fee which is non-refundable

Income tax clearance certificate

Beginning date for submission of bids

Closing date and time for submission of dwelly filled bids

Business Trading Licence and Registration certificate.

Brief background about the business.

Date and time for opening the bids

Table of summary of events ie.

ACTIVITY	DATE
Publication of Bid Notice	
Picking bid documents	
Submission of bids	
Opening of bids	
Evaluation of bidders	
Award of contract	
Signing of contract	

Etc

Any 6x 1 =06 marks

6. SUPER WHOLESALERS
CASH FLOW STATEMENT
FOR THE MONTHS OF MAY JUNE AND JULY ,2024

TRANSACTIONS	MAY(SHS)	JUNE(SHS)	JULY(SHS)
CASH INFLOWS			
Cash balance <i>b/d</i>	475,000	4525,000	(3,625,000)
Loan from Quality Bank			3,625,000
Cash sales	10,000,000	9,000,000	8,100,000
Receipts from debtors		6,000,000	6,000,000
Commission income	5,500,000	6,050,000	6,655,000
Total cash inflow	15,975,000	25,575,000	20,755,000
CASH OUTFLOWS			
Cash purchases	9,000,000	8,100,000	7,290,000
Purchase of mini bus	5,000,000	6,600,000	4,400,000
Salary expenses	4,000,000	4,800,000	5,600,000
Loan interest			181,250
Commission to sales workers	500,000	450,000	405,000
Cash donation	2,000,000	2,000,000	2,000,000
Total cash out flows	20,500,000	21,950,000	19,876,250
Net cash position	4525,000	(3625,000)	878,750

36 ticks x ½ = 18 marks

(b) The financial position of the business was unstable for the months of May it was a surplus of shs. 4,525,000, June a deficit of shs 3,625,000 and July a surplus of shs. 878,750

(c) **Ways of using cash surplus.**

- Paying creditor and all outstanding bills.
- Increasing sales by increasing manageable debtors and *expanding* explaining customers base.
- Diversifying business operations
- Replacing fixed assets with the excess cash available.
- Depositing cash on a fixed deposit account to earn more money.

End