

P230/2
ENTREPRENEURSHIP
EDUCATION
PAPER 2
MARCH, 2023
3HOURS

S.6 MID TERM ONE EXAMINATIONS 2023
ENTREPRENEURSHIP EDUCATION

PAPER 2

3HOURS

INSTRUCTIONS TO CANDIDATES

- Attempt **four** questions in this paper.
- Use of relevant diagrams and illustrations will lead to award of credit.
- All questions carry **equal** marks.

1. Mukasa investments Ltd had the following projections for the year 2018.

- i) On 1st January 2018, the business had cash shortfall of Shs 3,500,000 and it is the business' policy to obtain a loan at the beginning of the month to overcome the deficit realized during the previous month.
- ii) The business expects to make monthly cash sale of Shs 6,000,000 and are expected to increase by 10% on monthly basis after the first month.
- iii) The business organized a football match in February and expected a gate collection of Shs 5,000 each for the first 1000 spectators and extra spectators Shs 7,000 each and the match was watched by 1500 spectators.
- iv) Monthly rent income Shs 1,800,000 and is expected to reduce by 10% after the first two months.
- v) The business expects to obtain donation from a community Based organization Shs 1,000,000 at the end of each quarter of the year.
- vi) The business expects to obtain debenture of Shs 1,500,000 in February.
- vii) Monthly credit sales amounted to Shs 3,000,000. It was the business policy to collect 70% in the month of sale and 30% in the next month.
- viii) Monthly cash purchase amounted to Shs 1,200,000 and they were projected to increase by 50% in the third month.
- ix) The business purchased machinery in February at Shs 8,000,000

and payments were made in February and March in the ratio of 6:2 respectively.

- x) Monthly wage payment of 50 workers each amounting to Shs 120,000.
 - xi) The business is expected to pay taxes at the end of each quarter of the year of Shs 600,000.
 - xii) The business machinery is expected to depreciate by Shs 200,000 per month.
 - xiii) Monthly credit purchases Shs 800,000.
 - xiv) The business is expected to pay back interest on any loan obtained at a rate of 5% starting in the month of loan acquisition.
- a) Prepare a cash flow statement for the first three months of 2018
(18marks)
- b) Comment on the trend of the net cash position. *(3marks)*
- c) Give any *four* causes of cash shortfalls in business.
(4marks)

2. You bought a declining tours and travel enterprise. You intend to rehabilitate it in order to make it competitive again; you have obtained a loan of Ugx. 50,000,000 from centenary bank, payable in five equal instalments in five years at an interest of 15% per annum at reducing balance method.

- a) Prepare a loan repayment schedule to ease loan repayment. **(06 marks)**
- b) Present the factors you considered before obtaining a loan from the financial institution. **(08 marks)**
- c) Present the programme you followed when obtaining a loan. **(06 marks)**
- d) Draw a capital expenditure budget for the loan you have obtained. **(05 marks)**

3. You are operating a carpentry workshop business in your area.

- a) Write a marketing plan for your business (06 marks)
 - b) Design a Goods received Note for use in your business (06 marks)
 - c) How do you minimise the production costs in your business (07 marks)
 - d) Prepare guidelines for ensuring proper handling and safety of business assets (06 marks)
4. You have established a social enterprise to fight malaria problem in your community.
- a) Formulate policy guidelines for promoting innovations in your project (07 marks)
 - b) Draft GEPIC structure for Advocacy for promoting your mission (06 marks)
 - c) Develop a root cause analysis for malaria (07 marks)
 - d) Design a visitor`s register for your office (05 marks)
5. You have mobilized savings and establish business Hotel.
- a) State;
 - i) Mission (02 marks)
 - ii) Vision (02 marks)
 - b) Develop its executive summary (07 marks)
 - c) Formulate a menu to be used in your hotel (06 marks)
 - d) Draft a programme for analyzing & minimizing risks in your business (08 marks)
6. You are operating a stationery shop that also offers a variety of secretarial services.
- a) Write a letter inviting a technician to service the office machine

- (05 *marks*)
- b) Design a programme when purchasing raw materials (06 *marks*)
- c) Prepare a credit note for a customer who was overcharged by Shs. 200,000 (07 *marks*)
- d) Develop guidelines for proper handling of business machines (07 *marks*)

End