

P230/2
ENTREPRENEURSHIP
EDUCATION
Paper 2
Nov./Dec. 2023
3 hours



UGANDA NATIONAL EXAMINATIONS BOARD
Uganda Advanced Certificate of Education
ENTREPRENEURSHIP EDUCATION

Paper 2

3 hours

INSTRUCTIONS TO CANDIDATES:

*Answer any **four** questions.*

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.*

1. You have established a social enterprise aimed at minimising deforestation in your community.
 - (a) Write a report about the root cause analysis of deforestation in your community. (04 marks)
 - (b) Using GEPIC structure for advocacy, highlight the problems of deforestation in your community. (06 marks)
 - (c) Develop guidelines that should be followed by the community to minimise deforestation. (08 marks)
 - (d) Draw a programme for the launch of your enterprise. (07 marks)

2. The following information was extracted from the budget notes of Kula Holdings Ltd.

I. Opening cash balance as at 1st January, 2023 was projected to be Shs800,000.

II. Sales in units were;

Month (2023)	Units
January	1,600
February	1,800
March	2,000
April	1,600

Each unit was to be sold on credit at Shs5,000 and payment was to be effected within the month of sale.

III. Loans from K.K. Trust bank Ltd were as follows;

Month (2023)	Amount(Shs)
January	----
February	1,000,000
March	----
April	2,000,000

IV. Receipts from sale of by-products were expected as follows;

Month (2023)	Amount(Shs)
January	----
February	1,000,000
March	800,000
April	800,000

V. Monthly rent income Shs900,000 was to be received in January 2023 and was to be increased by 20% for each of the following months.

VI. Production raw material costs in units were projected as follows:

Month (2023)	Units
January	1,400
February	1,600
March	1,800
April	2,000

The production raw material cost was to be Shs400 per unit.

VII. Labour costs were projected as follows:

Month (2023)	Amount (Shs)
January	3,000,000
February	4,500,000
March	8,000,000
April	9,000,000

VIII. The fixed costs were to be paid in cash Shs1,000,000 per month.

IX. The business was to acquire a machine in January 2023 at Shs15,000,000 and cash Shs5,000,000 was to be paid. The balance was to be paid in the ratio of 5:3:2 in the following months respectively.

Required:

- (a) Prepare a Cash Flow Statement for the months of January–April 2023, for Kula Holdings Ltd. (20 marks)
 - (b) Advise Kula Holdings Ltd on how to avoid deficits in the cash flow. (05 marks)
3. There are many car worn-out tyres in your community.
- (a) Identify any **five** business opportunities from the tyres. (05 marks)
 - (b) Develop guidelines for evaluating a good business opportunity. (06 marks)
 - (c) Draft a criterion for selecting a good location for your business. (06 marks)
 - (d) Write to your District Local Government indicating the support you need for your business. (08 marks)
4. You have been recruited as Production Manager of a new milk processing plant in your home town.
- (a) Identify any **four** products of the business. (04 marks)
 - (b) Prepare a production plan for the business. (10 marks)
 - (c) Draft guidelines for minimising costs of production of the business. (06 marks)
 - (d) Recommend any **five** types of personnel to be recruited for the business. (05 marks)

5. The following are Income Statements and Balance Sheets for Alpha and Beta businesses for the period ended 31.12.2022.

**ALPHA AND BETA INCOME STATEMENTS
FOR THE PERIOD ENDED 31.12.2022**

	Alpha		Beta	
	Shs'000'	Shs'000'	Shs'000'	Shs'000'
Sales		100,000		200,000
less cost of sales:				
Opening stock	6,000		29,000	
Purchases	44,000		94,000	
Goods available for sale	50,000		123,000	
less closing stock	5,000	45,000	31,000	92,000
Gross profit		55,000		108,000
less operating expenses		25,000		78,000
Net profit		30,000		30,000

N.B:

	Alpha	Beta
Average stock	Shs5,500,000	Shs30,000,000

**ALPHA AND BETA BALANCE SHEETS
AS AT 31.12.2022**

	Alpha		Beta	
	Shs '000'	Shs '000'	Shs '000'	Shs '000'
Fixed Assets:		80,000		145,000
<u>Current Assets:</u>				
Stock	5,000		31,000	
Debtors	4,000		25,000	
Bank balance	6,000	15,000	18,000	74,000
Total assets		95,000		219,000
<u>Liabilities:</u>				
Capital	56,000		138,000	
Add: Net profit	30,000	86,000	30,000	168,000
<u>Current Liabilities:</u>				
Creditors		9,000		51,000
		95,000		219,000

Required:

- (a) Calculate each of the following from the above income statements and balance sheets:
- Gross profit margin. (03 marks)
 - Expenses as a percentage of sales. (03 marks)
 - Stock turnover. (03 marks)
 - Quick ratio. (03 marks)
 - Creditors payment period. (03 marks)
- (b) Compare and comment on the financial performance of the **two** businesses based on each of the ratios calculated in 5(a) above. (10 marks)

6. You have won a Shs50 million prize to start a garbage collection business in your community.

- (a) Estimate any **five**;
 - (i) fixed capital requirements and (05 marks)
 - (ii) working capital requirements (05 marks)of the business.
- (b) Draft guidelines for controlling the cash flow of your business. (08 marks)
- (c) Write a presentation highlighting the benefits of the business to the community. (07 marks)