

P230/2

Entrepreneurship Education

Paper 2

Nov. 2023

Time: 3 Hours

WEST ANKOLEE DIOCESE – CHURCH OF UGANDA
S.6 2024 ENTRANCE EXAMINATIONS
ENTREPRENEURSHIP EDUCATION
PAPER 2

TIME: 3 HOURS

INSTRUCTIONS TO CANDIDATES:

Attempt any four questions.

All questions carry equal marks.

Un tidy work may be penalized.

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

1. You are engaged in processing and packaging of milk in your home area. (07mks)
 - (a) Present policy guidelines for ensuring innovation in your business. (07mks)
 - (b) Develop a plan for recovering money from business debtors. (05mks)
 - (c) Write a document to correct the error of under charge on customer's invoice. (06mks)
 - (d) Design a daily work schedule for business employees.

2. The following projections were made by KENTE MARIAM ENTERPRISES during the third quarter of the year 2021.

On 1st July 2021, the business had a cash balance of shs. 3,300,000.

- (ii) The business expected to make sales on credit of shs. 12,000,000 monthly of which payment of 80% was to be made in the month of sale and balance paid in the following month.
- (iii) The business was to get a loan of shs. 3,000,000 in July. The loan was to attract interest of 5% monthly after one month grace period.
- (iv) The business expected a donation of shs. 2,000,000 in August 2021.
- (v) Cash sales expected to be shs. 20,000,000 monthly however they were expected to drop by 20% in the last month.
- (vi) The business had a policy of paying 2% commission on each cash sales.
- (vii) The business was to sale old motor van in July at shs. 8,000,000 and receive 60% of the total price. the balance was to be received in the ratio of 3: 2 in the following months.
- (viii) The Business was to buy 10 office desks in August each at a cost of shs. 60,000.
- (ix) Loan payment was to be in two equal principal installments starting the following month of acquisition of the Loan.
- (x) The cash purchases to be made every month were to be shs. 8,000,000. These were to reduce by 10% in the last month.
- (xi) Labor costs were expected to be shs. 500,000 per employee per month for 10 employees. Three employees were laid off beginning the second month and were not replaced.
- (xii) The vat of 18% was to be paid in response to purchase of office desks.

REQUIRED:

- (a) Prepare Kente Mariam Enterprises cash flow plan for three months. (20n)
- (b) State any five causes of cash flow problems in an enterprise. (05n)
3. You own a bakery in one of the busy towns in Uganda. Because of the increased market share you have decided to open a new branch in one of the districts in Northern Uganda.
- (a) Design a sign post for promoting your bakery in a new area. (05ml)
- (b) Present guide lines for promoting gender equality in your bakery. (07ml)
- (c) Write a letter to the chairperson L.C.5 of the district inviting him / her to come to the official opening of the new branch. (06mk)
- (d) Design a cash sales slip sales for use in your business. (07mk)
4. You have opened a Stationery shop in your locality and you have decided to sell your products on both cash and credit basis as a way of attracting many customers.
- (a) Develop the credit policy for your business. (07mks)
- (b) Prepare a newspaper advert for the post of a cashier. (07mks)
- (c) Formulate rules and regulations to be observed by workers in execution of their duties. (06mks)
- (d) Prepare a budget for working capital requirements for shs. 3,000,000. (05mks)
5. You have obtained a loan of shs. 9,000,000 from Barclays bank to improve your juice processing factory. The loan is charged interest rate of 2% per month on fixed installment method and it is payable with in four yearly equal installments.
- (a) Prepare a loan payment schedule for the business. (07mks)
- (b) Prepare a management plan for the business. (06mks)
- (c) Formulate rules for minimizing business risks. (06mks)
- (d) Draft the strategies you will put in place to; improve the morale of your workers at the workplace. (06mks)

5. The following trial balance was obtained from the records of MUHINDA & SONS ENTERPRISE as at 31.12.2017.

MUHINDA AND SONS ENTERPRISE
TRIAL BALANCE
AS AT 31.12.2017

DETAILS	DR. (SHS)	CR (SHS)
Stock (1.1.2017)	1,000,000	
premises	4,800,000	
Purchases / sales	5,600,000	10,400,000
Returns	600,000	36,000
Salaries & wages	700,000	
Furniture	500,000	
Discount	150,000	90,000
Machinery	2,800,000	
Rent & rates	112,000	
Advertising	208,000	
Insurance	76,000	
Debtors & creditors	1,200,000	860,000
General expenses	114,000	
Cash in hand	48,000	
capital		6,300,000
Bank over draft		372,000
Drawings	150,000	
TOTAL	18,058,000	18,058,000

Stock on 31.12.2017 was Shs. 1,200,000

REQUIRED:

- (a) Calculate;
- (i) Costs of sales. (04mks)
 - (ii) Gross profit. (03mks)
 - (iii) Net profit. (04mks)
- (b) Calculate and interpret;
- (i) Gross profit margin. (03mks)
 - (ii) Net profit ratio. (04mks)
 - (iii) Current ratio. (04mks)
 - (iv) Acid test ratio (03mks)

END