

UACE ENTREPRENEURSHIP EDUCATION **PAPER 3**

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Preface

First Edition

The first edition of this book is an attempt to put together the content taught to A' Level Entrepreneurship students in Paper 3 in a bid to instill in them positive attitudes towards appreciating business and self-employment as a career. Many forget these two critical things immediately they leave school, only to discover later that they are day-to-day issues in the business and economic environment.

Given that our education system is so examination oriented this paper aims at examining purely practical skills so as to compel the students and teachers to adequately acquire these skills needed in their development and the country in general through evaluating, analyzing, explaining and interpreting information in order to make judgements and conclusions relating to entrepreneurship problems and situations. The book is ideal for those taking Entrepreneurship Education at A' Level as they prepare for their future careers in the different business related fields.

This paper tests the practical skills gained by the candidate from the **Classroom**, the **School Business Club** and **real business environment**.

Paper 3 has **three sections**: Section **A**, **B** and **C**.

Section A: Case Study (Compulsory)

A Case Study regarding entrepreneurs will be presented to the candidates to test their understanding and interpretation of concepts. The case study will cover a number of topics in Entrepreneurship syllabus from which questions will be asked. This will constitute **25 marks**.

Section B: School Business Clubs

This Section will assess student's participation in School business Clubs which are the laboratory for Entrepreneurship Education. It aims at measuring the personal development that candidates go through in their School Business Clubs.

Section C: Field Attachment/Field Trips

Field attachment is a field based practical training experience that prepares learners for the tasks they are expected to perform on completion of their education. Here, students will be required to participate in the field

attachment in real businesses at their own conveniences. However, it is advisable that students take the field attachment during their holiday.

The author is solely responsible for any shortcomings and literature gaps in the reproduction of this book, which might have remained despite the maximum efforts to avoid them and he will be very grateful for any suggestions and feedback. May this book be beneficial to all the stakeholders!

Iganga S.S February 2013

Enjoy the book

Dedication

Dedicated to:

- All those students who seek success in their UACE Entrepreneurship Education, Paper 3 final Exams.

Acknowledgements

I wish to extend my sincere gratitude to all my colleagues in the teaching profession for their suggestions and enthusiastic encouragement for this kind of work.

Many thanks go to the Headmistress of Iganga Secondary School, Mrs. Balina Nseko Idah for her parental guidance and support.

I also wish to thank my candidates of Iganga S.S 2013-2014 for encouraging me and participating in the development of this piece of work.

Finally yet importantly, many thanks go to various practicing entrepreneurs/respondents especially the management of VITA FOAM (U) LTD and CRESTED CRANE HOTEL & TOURISM TRAINING INSTITUTE for some extracts.

Without the assistance, encouragement and co-operation of the above mentioned people, my efforts would be no where to be recognized.

May God bless you all.

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EXAMINATION FORMAT

Paper 3 consists of **three sections**: Section **A**, **B** and **C**. It comprises of *five* (5) questions and a candidate is required attempt only *four* questions. Section **A** consists of a Case Study and is compulsory. This section carries **25 marks**. Section **B** consists of two (2) questions all set from School Business Clubs each carrying **25 marks**. Section **C** consists of two (2) questions all set from field trips each carrying **25 marks**. A candidate is required to attempt at least **ONE** question from sections **B** and **C**. This paper is a **3 hour** summative written examination.

FIELD ATTACHMENT/Field Trips

The field attachment gives students practical insights into a wide range of business experiences. The attachment aims to provide a unique opportunity for students to apply their classroom learning in real life situations under the supervision of experienced business owners and staff.

Objectives of field attachment

The field attachment is aimed to enable students to:

- Learn, develop and apply new skills appropriate to real business setting in which they will be working.
- Apply knowledge and skills acquired in the academic setting to the practical demands of the real business environments.
- Develop and apply appropriate interpersonal skills in the institutional settings.
- Develop and refine the communication skills and business ethics required for working in a business.

KINDS OF BUSINESS STUDENTS SHOULD NOT BE ATTACHED TO

As learners are looking for businesses from where to conduct their field trips, the following businesses should be excluded:

- Gambling businesses.
- Businesses dealing with traditional medical practices.
- Businesses dealing with pornographic and sex related materials.
- Businesses operating at night.
- Businesses that involve a lot of hard labour like burning charcoal, brick making, etc.

WHAT TO BE DONE DURING FIELD ATTACHMENT BY STUDENTS

The main role during field trips is to observe and document the nature and type of goods and services being provided in the business that a student is attached. Depending on the nature of goods or services being provided in the business of attachment, the host supervisor may assign students some duties to perform as well. Thus the student's roles during the field attachment will be divided into two main areas as follows:

- (i) They will be expected to observe and document all sorts of goods or services provided in the business of attachment. The documentation should be made in a diary form clearly indicating *the date of observation, the type of goods or services observed, the qualifications of personnel providing such goods or services and comments about goods or services provided and the way they are provided.*
- (ii) They are likely to be assigned some duties to perform during field attachment. Students will be expected to document in a diary form all duties that they undertake during field work attachment. These duties should be summarized daily and weekly.

KIND OF INFORMATION TO BE LOOKED OUT FOR DURING FIELD ATTACHMENT

- **Background of the business.** Under this section, the learner is expected to gather information about:
 - Location of the business (region and district).
 - When the business was started.
 - Nature of the business.
 - General description of business.
 - Goods and services offered by the business.
 - Nature of customers of the business/clientele.
 - Sources of funding.
 - Vision statement of the business.
 - Mission statement of the business.
 - Statement of goals and objectives of the business.
 - Description of premises and assets.
 - Economic and social activities where the business is located.
 - Social problems in the area.

- **Organizational structure and production layout.** Here, the learner is expected to gather information about:
 - Management structure.
 - Business relations with other bodies like government.
 - Production layout if any.

- **Staff welfare.** Here, the learner is expected to gather information about:
 - Meals, uniform, accommodation.
 - Staff development.
 - Health and safety.

- **SWOT Analysis of the business.** Under this section, the learner is expected to gather information about the Strengths, Weaknesses, Opportunities and Threats of the business.

- **Field attachment experience.** Here, the learner is expected to gather information about:
 - Routine activities and responsibilities.
 - Lessons learned during the field attachment with descriptive evidence for example:
 - Risk management.
 - Communication skills.
 - Marketing skills.
 - Marketing skills.
 - Purchasing skills.
 - Skills of writing a business plan.
 - Packaging and product branding.
 - Business ideas generation.
 - Innovation and creativity.
 - How to negotiate with customers, suppliers, etc.
 - How to promote sales of products/services.
 - How to handle competition of business.
 - Business ethics.
 - Management skills and communication systems in the business.
 - Challenges experienced by the candidate during field attachment.

Recommendations

The school administration or head of department should write a letter introducing a candidate to the business of attachment. A candidate will be advised to get field attachment in a near home.

Briefing of students

Before the field attachment, students should be briefed a week before they do end of term examination, so that they can appreciate field attachment as an integral part of their education. In such briefing, the following areas shall be addresses:

- The purpose of the field attachment programme.
- Basic requirements in terms of equipment and materials.
- Code of conduct expected of the students during the field attachment.
- Grading/evaluation of the field attachment programme.
- Various channels of communication for students during the field attachment e.g. where and how to report when they have problems.
- When and how to handover materials/equipment lent to them by the host organisation during the field attachment.
- Other matters concerning their welfare during the field attachment.
- Health and safety issues.

COMMON MISTAKES MADE IN PAPER 3

- (i) **Failure to read and understand instructions.** This is still a challenge to some candidates. In this paper, section A is compulsory and a candidate may either answer all the two questions from Section B about the school business projects and answer one question from Section C or a candidate is free to answer the two questions in Section C and pick one from Section B making it a total of four (4) questions.
- (ii) **Failure to read, analyze and interpret the case study.** Some students have a bias towards reading the case study yet it is a compulsory question. This implies that such candidates give answers with out attaching evidence from the case study as if they are answering questions of paper 1. The end result of this practice is that such candidates score either zero or little marks in this section.
- (iii) **Poor question selection.** This usually happens in Section B and Section C. some questions in these two sections tend to be unfriendly but at times it is hard for a candidate to distinguish between them. A candidate may choose a question where he/she may not even score 10/25. This is usually caused by such questions having very simple sub-sections that one may easily answer. However, in most cases, such sub-sections may not even be carrying half of 25 marks. This may however be overcome through constant practice.
- (iv) **Giving answers in an outlined form.** Paper 3 is a practical paper that requires candidates to answer the **WHY** (*mentioning the point*) and **HOW** (*giving evidence*). This implies that after the candidate has given a correct answer, he/she must go an extra mile to convince the examiner by giving a perfect example or evidence from the case study, school business project, field attachment or filed trip.

Note:

The greatest challenge in this paper is actually here. Candidates present answers which at times are correct but lack evidence/examples to backup their answers. This implies that where one would score full marks, he/she ends up getting half as illustrated below:

Format of awarding marks in this paper

While marking paper 3, marks are awarded as follows:

- Mentioning a correct point = ½ mark
- Evidence/example = ½ mark

Hence from the above illustration, assuming say part (a) of a question carries 6 marks, a candidate who gives his six (6) correct points but without evidence only gets 3 marks for mentioning i.e. $6 \times \frac{1}{2} = 3$ marks. Such a candidate will be denied the remaining 3 marks because he/she lacks evidence for his/her answers.

- (v) **Failure to participate in school business projects.** Like we saw earlier, paper 3 is a practical paper that requires hands-on. Questions set in Section B about school business projects require perfect knowledge from the candidate about day-to-day activities in the project(s). However, some students and teachers tend to take this for granted hoping to generate answers direct from paper 1. This is indeed very dangerous and wrong because these answers will have no evidence at all.
- (vi) **Failure to carryout field attachments/field trips.** Field attachment is mainly used to answer question four (4) while field trips are used to answer question five (5). However, some students and teachers have paid little or attention these two sections. Answers are forged once the name of business is captured from may be sign post, media or relatives who may not have required details. But remember, some questions are technical and require the student's participation. Nevertheless, students doing Geography and Entrepreneurship in the subject combinations tend to believe that the information gathered from Geography field trips can perfectly work in this paper but this is wrong. This is because the areas of concern in these two papers are totally different. For example, naming the tools/equipment used

in the business, source documents being used as well as stating the purpose for each, giving the correct location of the business as paper 3 demands and above all getting the evidence to support the answers raised.

Note:

Let us check the above mistakes for improved scores.

COMMON TERMS USED IN SETTING IN PAPER 3

Before we look at these terminologies first of all, we need to appreciate the nature and demands of this paper i.e. the **WHY** (*mentioning the point*) and **HOW** (*giving evidence*). However, in so doing, we also need to know that in some cases, the how i.e. *evidence is implied in the statement/answer raised*. Hence it is the duty of the student or teacher to identify areas where evidence is implied and not.

- (i) **Illustrate/draw.** This requires the candidate to illustrate the answer with the aid of a drawing/diagram. For example draw/illustrate the layout, organizational chart, etc. of the business you were attached.
- (ii) **Describe.** The candidate is expected to give a point and then explain it in details with evidence.

Note:

Candidates tend to confuse the above two words in exams. For instance, a question may be “describe the lay-out of the business you were attached to.” Most students will end up giving the answer by drawing the layout which is wrong. This question requires answers in an essay form (paragraphs) and not a drawing. However, evidence for each answer must be given. This will be in form of giving the purpose/use of each element stated. For example, store/warehouse (why/mentioning), for storing both raw materials and finished goods (how/evidence).

- (iii) **Explain.** The candidate is supposed to give a very clear and some detailed point with evidence.
- (iv) **State/give/list/mention/outline.** The candidate is supposed to give a brief but clear point say of one or one and half lines but with evidence.
- (v) **What.** This requires the candidate to explain, “What is” by giving clearly explained points but with evidence.

- (vi) **Why/give reasons.** The candidate is supposed to give a reasoned answer to the question but with evidence.

TEACHING SYLLABUS

Paper 3 unlike paper 1 and 2 has no syllabus of its own. It borrows information from all topics of entrepreneurship syllabus including financial management from which questions are asked.

It therefore covers areas like:

- (i) Introduction to entrepreneurship education
- (ii) Entrepreneurship skills
- (iii) Business ideas
- (iv) Business opportunities
- (v) Small and Medium Enterprises
- (vi) Gender and entrepreneurship
- (vii) Entrepreneurial Environment
- (viii) Social Entrepreneurship
- (ix) Business planning
- (x) Production management
- (xi) Quality management
- (xii) Product promotion
- (xiii) Marketing management
- (xiv) Coping with competition
- (xv) Personnel/human resources management
- (xvi) Capital markets and
- (xvii) Taxation

Note:

All the above topics are supported by;

- (i) School Business Projects,
- (ii) Field attachments, and
- (iii) Field trips.

EXAMINATION TIPS/APPROACH

SECTION A

Section A consists of a Case Study and is compulsory. The case study tests students' understanding and comprehension of entrepreneurial concepts. A Case Study regarding entrepreneurs is presented to the candidates to test their understanding and interpretation of concepts. The case study covers a number of topics in Entrepreneurship syllabus including financial management, from which questions are asked.

Note:

- (i) *While answering questions in this section, candidates should put emphasis on the kind of question being attempted. This is because some questions require evidence from the case study that helps to backup the candidate's answer(s) in order to earn a full mark(s). However, not all questions may require evidence from the case study.*
- (ii) *(Refer to Example 1 in part 4 for details).*

SECTION B

This Section assesses student's participation in School business Clubs that are the laboratory for Entrepreneurship Education. It aims at measuring the personal development that candidates go through in their School Business Clubs.

Note:

- (i) *Language used here is preferably past tense since at the end of the two years of study; the candidates must dissolve their projects. Hence we use words like was, were, had, etc.*
- (ii) *Evidence in form of description, examples is strictly required.*
- (iii) *Name and address of business includes business name, box number, district and contacts.*

- (iv) *The business location should include the village, parish, sub county/division, county/municipally, district or if not the candidate should give an outstanding physical feature e.g. opposite Nambole stadium.*
- (v) *The business vision should be within the two years of candidates' study.*
- (vi) *Uniqueness of the business may be in form of unique features like workers, assets, buildings, production methods, legal ownership, customers being served, etc.*
- (vii) *Sources of funds must carry the values/amounts of money.*
- (viii) *The SWOT Analysis should be in line with industry.*
- (ix) *(Refer to questions 2 and 3 in set 1 for details).*

SECTION C

Field attachment is a field based practical training experience that prepares learners for the tasks they are expected to perform on completion of their education. Here, students are required to participate in the field attachment in real businesses at their own conveniences. However, it is advisable that students take the field attachment during their holiday.

Note:

- (i) *Language used here is preferably present tense since the projects still exist. Hence we used words like is, are, has, etc*
- (ii) *Evidence in form of description, examples is strictly required.*
- (iii) *Name and address of business includes business name, box number, district and contacts.*
- (iv) *The business location should include the village, parish, sub county/division, county/municipally, district or if not the candidate should give an outstanding physical feature e.g. opposite Nambole stadium.*
- (v) *Uniqueness of the business may be in form of unique features like workers, assets, buildings, production methods, legal ownership, customers being served, etc.*
- (vi) *Sources of funds may or may not carry the values/amounts of money.*
- (vii) *The SWOT Analysis should be in line with industry.*
- (viii) *(Refer to questions 4 and 5 in set 1 for details)*

SAMPLE QUESTIONS & ANSWERS

Example 1

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP EDUCATION

PAPER 3

3 hours

INSTRUCTION TO CANDIDATES:

This paper consists of three sections; A, B and C.

*Answer **FOUR** questions only. All questions carry equal marks.*

Section A is compulsory.

*Attempt at least **ONE** question from sections B and C.*

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

Any additional question(s) attempted will not be marked.

SECTION A:

CASE STUDY

*Answer **all** parts of this question*

1. Read the Case Study of and answer the questions that follow:

Gundeeze owns and operates GUNDE hardware shop strategically located in Mukono municipality. It is well stocked with plumbing materials, electrical equipment and general hardware tools.

Gundeeze employs a cashier, two sales assistants, two casual labourers and two security guards. The workers are paid promptly their monthly salary and are provided with lunch, transport and medical allowances. Gundeeze supervises the workers, orders and receives materials and authorizes payment. He conducts weekly stock-taking, keeps valuable documents in a safe, monitors the flow of stock, determines the re-order level and lead time, and holds weekly meetings with workers.

Gundeeze ensures that customers are satisfactorily served. Regular customers receive credit and sometimes have their products delivered to their premises. As a result of constant advertising, the hardware has also attracted schools, churches and hospitals as its customers.

Given that GUNDE hardware shop deals with many cash transactions, physical security systems have been put in place. Any cash beyond one million shillings is banked. There are plans to insure the business.

Due to the high profits enjoyed by GUNDE hardware shop, new entrepreneurs from the area have invested in similar businesses.

Questions

- (a) How are the workers of GUNDE hardware shop motivated? (04 marks)
- (b) Mention the management tasks performed by Gundeeze in the business. (03 marks)
- (c) Identify the measures taken by Gundeeze to control inventory in the business. (04 marks)
- (d) Explain the marketing strategies used by GUNDE hardware shop (06 marks)
- (e) Giving reasons for your answer, advise Gundeeze on the insurance policies that should be taken for the business. (04 marks)
- (f) Why may GUNDE hardware shop be able to survive despite the competition from the new hardware shops in the area? (05 marks)

SECTION B:

SCHOOL BUSINESS CLUBS

*Answer at least **one** question from this Section*

2. With reference to the School Business Project owned and operated by your Entrepreneurship Club;

- (a) Describe the business project. (05 marks)
- (b) Explain the measures that were taken to ensure proper cash management. (06 marks)
- (c) Describe the techniques which were used to promote sales. (06 marks)
- (d)
 - (i) What risks were faced by the business? (04 marks)
 - (ii) Outline the precautions that were taken to minimize the risks mentioned in 2 (d) (i) above. (04 marks)

3. In relation to a business project owned by your school business club;

- (a) Give the goals of the project. (04 marks)
- (b) State the measures that were adopted to maximize profits. (04 marks)
- (c) Describe the marketing plan which was used by the business. (05marks)
- (d) Explain the measures that were taken to ensure proper management of inventory. (06marks)
- (e) What strategies were used to maintain a large market share amidst competition? (05 marks)

SECTION C:

FIELD ATTACHMENT/FIELD TRIPS

*Answer at least **one** question from this Section*

4. For any business enterprise you were attached to;

- (a) Describe the nature of the business. (05 marks)
- (b) (i) Name any two **tools/ equipment** used in the business. (02 marks)
- (ii) State that purpose of each of the tools/ equipment named in (b)(i) above. (02 marks)
- (c) Explain the methods the business uses to manage its credit sales. (06 marks)
- (d) What measures does the business use to ensure discipline of its employees? (05 marks)
- (e) Outline the indicators of time wastage in the business. (05 marks)

5. For any one field trip you made as an individual or a group:

- (a) State the objectives of the field trip. *(03 marks)*
- (b) Describe the lay-out of the business. *(04 marks)*
- (c)
 - (i) What challenges are faced by the business? *(04 marks)*
 - (ii) Recommend to the entrepreneur, the ways of handling the challenges mentioned in (c)(i) above. *(04 marks)*
- (d) Explain the measures used by the business to ensure satisfaction of its customers. *(05 marks)*
- (e) Outline the factors the business considers when recruiting its employees. *(05 marks)*

END

Solutions

Note:

The underlined statements represent evidence from the case study.

1. (a) Ways through which workers of GUNDE hardware shop are Motivated include;

Through prompt payment of salaries where workers are paid promptly their monthly salaries.

Provision of fringe benefits to workers such as lunch, transport and medical allowances.

By involving workers in decision making through holding weekly meetings with his workers.

Through effective communication i.e. Gundeeze holds weekly meetings with his workers.

Through effective appraisal of workers. This is done through supervising of workers.

Through providing good working conditions to workers for example putting physical security systems in place and plans to insure the business.

(b) Management tasks performed by Gundeeze in the business include;

- Marketing management e.g. constant advertising.
- Financial management e.g. banking of money beyond one million.
- Production management e.g. controlling inventory in the business.
- Human resource management e.g. staffing and motivation of employees.

(c) Measures taken by Gundeeze to control inventory in the business include;

- Stock-taking. This is done on a weekly basis.
- Ensuring proper use of working capital by making orders, receiving materials and authorizing payment.
- Determining re-order level.
- Determining lead time. *evidence*
- Monitoring the flow of stock. *is*
- Keeping valuable documents and other items in a safe. *implied*
- Putting in place tight physical security systems. *here*

(d) Marketing techniques used in GUNDE hardware shop include;

Ensuring strategic location of the business i.e. the business is located in Mukono municipality where the target market is high.

Providing variety of products to customers i.e. the shop is well stocked with plumbing materials, electrical equipment and general hardware.

Providing good customer care through ensuring that customers are satisfactorily served.

Giving credit to regular customers.

Offering after sales services for example delivering customers products bought to their premises.

Ensuring constant advertising which has enabled the hardware to attract schools, churches and hospital as its customers.

Ensuring ready supply through monitoring the flow of stock, determining lead time and re-order level.

(e) Insurance policies that should be taken for the business by GUNDE hardware shop include;

Fidelity guarantee, to minimize the risk of fraud among workers.

Cash in transit policy, to safeguard money in transit.

Workman's compensation/employer's liability, to safeguard against any injuries to workers while at work.

Theft and burglary policy, to safeguard against theft and break-ins by thieves and robbers.

Fire accident policy, to safeguard against destruction of the business property by fire.

Bad debts policy, to safeguard against loss through bad debts.

Loss of profits policy, to cover against loss of profits due to changes in demand and market conditions.

Motor vehicle insurance policies like third party insurance policy, to safe guard against loss of vehicles in accidents.

Machinery breakdown and consequential loss, to cover against losses that may arise out of machinery breakdown.

Life insurance/assurance, to cater for insurance for the entrepreneur or workers' lives.

(f) Reasons for survival of GUNDE hardware shop amidst competition include;

Having strategic location of the business i.e. the business is located in Mukono municipality.

Provision of variety of products to customers i.e. the shop is well stocked with plumbing materials, electrical equipment and general hardware.

Provision of good customer care through offering credit to regular customers.

Constant and effective advertising which has enabled the hardware to attract schools, churches and hospital as its customers.

Use of appropriate distribution strategies by dealing directly with customers and delivering their products bought.

Ensuring ready supply/appropriate inventory levels through monitoring the flow of stock, determining lead time and re-order level.

Offering quality goods and services through ensuring that customers are satisfactorily served.

Having well motivated staff through provision of fringe benefits to workers such as lunch, transport and medical allowances.

Having proper financial and cash management by banking cash beyond one million.

2. (a) **General description of the business project owned and operated by the entrepreneurship club**

The name of the business was JUST 4 “U” POPCORNs, P.O.Box 200, IGANGA and TELEPHONE: 0771-800900.

The business was located at Buwoya village, Bukoyo parish, Bulamagi Sub County, Kigulu South County in Iganga District.

Purpose of the business:

- (i) The Vision of the business was “To be the leading producer and supplier of quality popcorns within school.
- (ii) The mission of the business was “To produce and distribute quality popcorns at affordable prices to meet customers’ needs within the school”.
- (iii) Statement of objectives
 - (a) To increase output levels by 10% in six months
 - (b) To increase sales by 10% in six months
 - (c) To realize an increase in profits of 5% in six months
 - (d) To reduce costs of production by 5% in nine months
- (iv) Statement of Goals
 - (a) To increase sales by 30% in 1 ½ years
 - (b) To realize an increase in profits of 30% in one year
 - (c) To buy another popcorn machine in one year

The school business project was formed on March 9, 2013 by the 19 founder members.

JUST 4 “U” POPCORNs business was a partnership business that was owned and managed by 19 partners/students.

The products offered by the business were mainly popcorns packed in polythene bags.

The customers of the business were mainly students, teaching and the non-teaching staff of the school.

The business had assets like two popcorn machines, one serving counter/table, three basins, two chairs and one room/building were production and selling could take place.

Uniqueness of the business. The project had unique/imported popcorn machines different from the locally made and commonly used ones and it had had a unique worker from those in the school canteens.

The sources of funds for the school business project were as follows:

S/No.	Source	Amount (Shs)
1	Membership fees each Shs. 2,000	38,000
2	Sale of shares	570,000
3	Gifts and offers	300,000
4	Loan from school administration	300,000
5	Suppliers credit/trade credit	100,000
6	Customers' /students advances	192,000
TOTAL		1,500,000

The SWOT Analysis of the business was as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"> (i) Skilled workers (ii) New and innovative product (popcorn) (iii) Strategic location of business (within school) (iv) Quality products (popcorn) 	<ul style="list-style-type: none"> (i) Lack of marketing expertise (ii) Poor quality goods or services (iii) Damaged reputation (iv) Undifferentiated products
Opportunities	Threats
<ul style="list-style-type: none"> (i) Market vacated by ineffective competitors (ii) Increasing number of students in senior one and five (iii) Merging business with the senior fives (iv) New market segments (senior one and five) 	<ul style="list-style-type: none"> (i) New competitors in the market (ii) Collections made by the school administration for power (iii) Superior channels of distribution by competitors (iv) Price wars with competitors (v) New and innovative products of competitors

(b) Measures that were taken to ensure proper cash management include;

Banking all cash received on a weekly basis through the club patron to business account (3020545350) in centenary bank.

Receiving and making payments of cash only authorized personnel i.e. the treasurer.

Recording all cash received in the receipt book and documenting all cash paid out using payment vouchers.

Keeping cash at the business premises under lock and key (lockable safe)

Ensuring proper counting and checking of cash received and paid out three times to ensure correctness.

Avoiding use of business funds by the club officials on personal matters through imposing interest on drawings.

Receiving bank statements on a regular basis and making reconciliations with the cashbook at the business premises.

Carrying out regular and abrupt auditing of the treasurer to the business by the club patron.

Giving of accountability by the club officials on a weekly basis to the members during weekly club meetings.

Training of the club officials in charge of cash in financial management by the school bursar.

(c) The techniques that were used to promote sales include;

Advertising of business products on school assemblies, notice boards, visitation days and in the school magazine.

Personal selling. This could be done over weekends by club members who could hawk popcorns to different dormitories looking for customers.

Providing quality products by using quality seeds and quality cooking oil.

Sponsoring of school activities like chapel, news reading, school magazine, housework, etc.

Using attractive packaging i.e. paper bags with the business' logo.

Offering discounts to those who buy in large quantities.

Selling goods on credit to regular and trustworthy customers i.e. teachers and prefects.

Giving free samples of new products to customers so as to promote their sales.

Using attractive branding i.e. JUST 4 “U” POPCORNS.

Using attractive display of finished products in the shelves.

(d) (i) Risks faced by the business include;

- Fire outbreak from burning charcoal and cooking oil.
- Bad debts from customers who fail to pay (bad debtors).
- Loss of profits through goods going bad, embezzlement, etc.
- Embezzlement of funds by club officials like the treasurer.
- Theft of business equipment by dishonest students/customers.
- Accidents while at work e.g. burns from hot cooking oil.
- Machinery breakdown due to poor use and handling, over use, etc.
- Bad weather conditions especially during heavy rain seasons.
- Unexpected competition from new teachers' canteen/decline in market share/unfavourable changes in demand.

(ii) Precautions that were taken to minimize the risks in (d)(i) above include;

Acquiring and putting in place fire extinguishers and training people on how to use them, to protect against fire outbreak.

Selling on a cash basis and giving credit to only trustworthy customers, to avoid bad debts.

Ensuring proper record keeping and regular auditing of books of accounts, to check on loss of profits.

Ensuring tight security, to guard against theft and burglary.

Acquiring and using protective gears like gloves, gum boots to protect against accidents from burning cooking oil.

Training of workers on handling machinery, to avoid constant break downs of machines.

Having good customer care, to fight competition from competitors.

Conducting intensive advertising, to check on declining market share.

3. (a) The goals of JUST 4 “U” POPCORNs include;

- To increase sales by 30% in 1 ½ years
- To realize an increase in profits of 30% in one year.
- Reducing costs of production by 25% in 1 ½ years.
- To buy another popcorn machine in one year.
- Employing one more worker after one year.

(b) Measures that were adopted to maximize profits by JUST 4 “U” POPCORNs include;

Involving club members themselves in doing club work than employing paid employees so as to reduce costs of production.

Buying inputs in large quantities and from cheaper sources (wholesalers) to minimize costs of production.

Increasing sales through adverting on school assemblies and notice boards.

Using cheaper packaging materials that are self-made by the club members.

Reducing on advertising costs by announcing the products on school assemblies.

Using school facilities at zero costs such as electricity, security and transport.

Charging high prices especially during freedom week (after end of term exams)

- (c) **The marketing plan which was used by JUST 4 “U” POPCORNS includes;**

**JUST 4 “U” POPCORNS
P.O.Box 200, IGANGA
TELEPHONE: 0771-800900**

MARKETING PLAN

Target market. The customers of the business were mainly students, teaching and the non-teaching staff of the school. Students buy in large quantities while teaching and non-teaching staff buy in smaller quantities.

Products offered. The products offered by the business were mainly popcorns packed in polythene bags.

Position of competitors. The direct competitors of JUST 4 “U” POPCORNNS were the canteens owned and operated by teaching and the non-teaching staff of the school. Their strength lies in having large capital base and their weaknesses are poor product distribution and high prices.

Pricing of products. The retail prices for the different products of JUST 4 “U” POPCORNNS products compared to those of the competitors are as follows:

Price	Our price (Shs)	Competitor’s price(Shs)	Difference (Shs)
Least/minimum	200	500	300

Sales targets. The business aimed at selling products not less than Three hundred thousand shilling (Shs. 300,000) per every week.

Terms and conditions for selling products. The products were usually sold on cash basis to avoid bad debts. However, creditworthy customers (teachers and prefects) could be given credit facilities.

Distribution strategy. Products are directly sold to customers from the business premises. Over weekends, personal selling is done at the different dormitories within school.

Promotion and advertising strategy. The business' products were promoted and advertised through advertisements on school assemblies, notice boards, personal selling, attractive signpost, writing in magazines and newsletters, as well as displaying the products attractively at the business premises.

Projected marketing expenses. Per term, the business could spend seven hundred thousand shillings on marketing as illustrated below:

ITEM	COST (Shs)
Packaging materials (paper bags)	300,000
Advertising	50,000
Sales agents wages	350,000
TOTAL	700,000

(d) The measures that were taken to ensure proper management of inventory by JUST 4 “U” POPCORNs include;

Conducting periodic stock taking i.e. on a weekly basis.

Monitoring the flow of stock, using stock cards, stock requisition and issue forms.

Keeping proper business records relating to stock, using stock cards, stock requisition and issue forms.

Determining the re-order level. This as set at 100kgs of popcorn seeds and 20 litres of cooking oil.

Establishing the lead time of the suppliers to avoid stock-outs. This was two days from placing the order.

Ensuring proper use of working capital by making orders, receiving materials and authorizing payment by the club treasurer.

Ensuring proper storage of stock in the business’ store to ensure availability.

Ensuring tight security at the business premises, by keeping the stock in lockable store.

Conducting stock reconciliation, by comparing records in the stock cards, stock requisition and issue forms and the balance in store.

(e) The strategies that were used by JUST 4 “U” POPCORNs to maintain a large market share amidst competition include;

(i) *Marketing techniques*

Intensive advertising on school assemblies, notice boards, attractive signpost, writing in magazines and newsletters, as well as displaying the products attractively at the business premises.

Ensuring effective communication with customers, for example using an effective signpost at the business premises.

Ensuring effective decision making, for example selecting the best channel of distribution, proper pricing of products, sourcing of quality raw materials.

Using effective negotiation with customers, on product prices and quality.

Improving on the quality of products by using quality seeds and quality cooking oil.

Personal selling. This could be done over weekends by club members who could hawk popcorns to different dormitories looking for customers.

Using attractive display of finished products in the shelves.

Giving discounts, to large quantity buyers and those who settle their accounts promptly.

Ensuring favourable pricing strategies so as to set prices that are conducive to the customers but also can leave the farm with some profits i.e. our minimum price was shs. 200.

(ii) *Marketing strategies*

Advertising on school assemblies, notice boards, attractive signpost, writing in magazines and newsletters, as well as displaying the products attractively at the business premises.

Networking i.e. sharing information and services among individuals and groups having a common interest (customers).

Giving free information about the business products for instance where to find them, their prices, way of use and handling/storage.

Offering guarantees/warrantees on the business products so as to win customers' confidence i.e. 7days warrantee.

Using newsletters i.e. writing periodical reports and magazines giving news or information about the business products to the customers.

Cold calling i.e. sending of written anonymous messages to customers some of whom may or may not be known to the business.

Using referrals i.e. promoting products to new customers through referrals, usually word of mouth through already existing customers by directing new customers to the source of business products or by telling them about the positive features of the business.

4. (a) Description of the business I was attached to.

The name of the business is VITA FOAM (U) LIMITED P.O.Box 846 JINJA TELEPHONE: 0702-382894

The business is located on plot M30 along Nyenge East road, Nyenga, in Njeru Town Council, Buikwe District.

Purpose of the business:

- (i) The Vision of the business is “To be the best foam manufacturer to the delight of customers”.
- (ii) The mission of the business is “To continuously and consistently provide quality and durable products that conform to international standards while maintaining efficiency and effectiveness”.
- (iii) Statement of Goal(s)
To provide mattresses of international standards that surpass customers’ expectations at a price that represents value.
- (iv) Statement of objectives
 - (a) To value and encourage individual growth and creativity.
 - (b) To value and encourage individual and group performance.
 - (c) To strive not to create theft or environmental hazards.

The business was started in 1973 and officially opened in 1975.

VITA FOAM (U) LIMITED is a Private Limited Company owned by two Directors.

The main products of the Company are mattresses, cushions, pillowcases and mattress covers.

The customers of the business are households surrounding the community, organizations like UNEB, schools, hospitals, traders i.e. wholesalers and large scale retailers.

The Company owns assets like land i.e. 4 acres, buildings, production machines, delivery vans/trucks, office furniture, etc.

Uniqueness of the business. The Company has unique features like unique packaging materials, brand name, raw materials and product features.

The sources of funds for the Company are as follows:

S/No.	Source
1	Loans from banks
2	Retained earnings
3	Own sources/past savings
4	Suppliers credit/trade credit
5	Customers' advances

The SWOT Analysis of the Company

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ First foam factory in Uganda ▪ Strong market base ▪ Strong brand name of the Company ▪ Excellent management of the Company ▪ Quality, durable and long lasting products ▪ The only foam Company that gives warrantee ▪ Certified by UNBS hence strong trust in customers ▪ Favourable pricing strategies ▪ Acquisition and ownership and assets ▪ Creativity and innovation ▪ Strong financial base ▪ Recognized and reliable customers 	<ul style="list-style-type: none"> ▪ Inadequate raw materials ▪ Inadequate working capital ▪ Limited market for certain products ▪ Counterfeits by way of changing mattress covers ▪ Limited skilled labour e.g. machine operators, chemists, etc. ▪ Limited market research ▪ Poor customer services
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Introduction of low cost products ▪ Increasing number of people in the country ▪ Diversification of production ▪ Consolidation/absorption 	<ul style="list-style-type: none"> ▪ Stiff competition i.e. growing number of foam factories ▪ Weak economy (business cycle) that is full of depressions ▪ High technological advancements in the industry

(b) (i) Tools/equipment used in VITA FOAM (U) LIMITED

- (i) Wheel barrows
- (ii) Computers
- (iii) Hoes

(ii) Purpose of the tools/equipment used VITA FOAM (U) LIMITED

- (i) Wheel barrows, for carrying finished products to the warehouse/store.
- (ii) Computers, for storing information about business customers, sales, etc.
- (iii) Hoes, for cleaning factory compound.

(c) Methods used in VITA FOAM (U) LIMITED to manage credit sales include;

Fixing the maximum amount/value of goods to be sold on credit. This was two million shillings to recognized organizations like schools.

Giving a shorter credit period to credit customers i.e. 30days from the date of the invoice.

Inducing debtors to pay in time by giving them discounts i.e. 5% cash discount.

Documenting of all credit sales, using delivery notes and invoices issued to customers.

Reminding debtors about their debts, by sending reminder/demand notice to them.

Using one authorized person i.e. manager to approve/allow credit sales basing on customer's capacity, condition, collateral security and credit worthiness.

Asking for collateral security debtors, especially car registration books.

Imposing penalties on debtors who do not pay within the credit i.e. paying 10% of the invoice price as interest on accrued debt.

Contracting of independent legal companies i.e. advocates to manage the debts on behalf of the company.

Insuring against bad debts with insurance companies i.e. SWICO.

Note:

Incase a candidate was attached to a supermarket; he/she is free to write "QUESTION NOT APPLICABLE because the business I was attached to does not offer credit facilities'.

(d) Measures used by VITA FOAM (U) LIMITED to ensure discipline of its employees

- Recording the reporting and departure time for each employee using the arrive and departure register.
- Monitoring workers while at work, by assigning a supervisor to each employee.
- Punishing indisciplined employees, by pay cuts, suspension, etc.
- Warning indisciplined workers, by issuing of warning letters to them.
- Respecting employees, by treating all of them with respect/dignity.
- Motivating employees e.g. by paying them adequately and promptly.
- Handling workers' grievances tactfully and fairly.
- Ensuring self-discipline by the employer i.e. exemplary leadership by the manager.
- Conducting regular and objective meetings with employees.
- Setting deadlines for accomplishing particular tasks.
- Scheduling work by assigning each employee a particular task.
- Conducting regular and objective performance appraisals of employees.

(e) The indicators of time wastage in VITA FOAM (U) LIMITED include;

- Gossiping i.e. employees talking to others about personal matters.
- Having unnecessary/extra long group meetings.
- Allowing too many interruptions at work like gossiping.
- Being disorganized by having no specific targets.
- Engaging in little or no delegation of work by superiors.
- Being late or absent for work or leaving early.
- Unnecessary long procurement procedures or inputs leaving workers idle at work.
- Being indecisive on the side of the entrepreneur or manager.
- Role conflict at work especially as result of overlapping of functions.

5. (a) **The objectives of the field trip we made to CRESTED CRANE HOTEL & TOURISM TRAINING INSTITUTE include;**
- (i) To relate theory taught in class to practical work.
 - (ii) To expose myself/ourselves to the business world.
 - (iii) To introduce myself/ourselves to field research.
 - (iv) To visualize/see what takes place in enterprises e.g. challenges being faced, ways of marketing, production, etc.
- (b) **The description of the lay-out of CRESTED CRANE HOTEL & TOURISM TRAINING INSTITUTE includes;**
- Storage facilities, for storing materials/supplies and equipment.
 - Walkways/space, for easy movement within the business premises.
 - Disposal facilities, for disposal of wastes.
 - Power room, for housing the standby generator.
 - Parking area, for parking customers' and staff vehicles.
 - Employee facilities, i.e. changing rooms, rest rooms and washrooms/toilets.
 - Reception, where customers and visitors get first assistance/direction.
 - Gates that serve as entrance/exit ways in and out of the business respectively.
- (c) (i) **Challenges faced by CRESTED CRANE HOTEL & TOURISM TRAINING INSTITUTE include;**
- Limited market due to competition from the upcoming Hotels in the same locality e.g. Nile Resort Hotel
 - High technological advancements in the industry i.e. new Hotels with modernized facilities.
 - Limited skilled labour in the cafeteria department.

- High operational costs in terms of electricity, water and salaries.
- Limited capital to expand into other regions of the country.
- High labour turnover due to job insecurity.
- Insecurity especially vandalizing of customers' vehicles at night.
- Weak economy (business cycle) that is full of depressions.
- Health issues originating from certain types of food offered by the Hotel (fast foods)
- Inadequate facilities used in the Hotel and training school
- Limited market research, due to low skills and high costs.

(ii) Recommendations to CRESTED CRANE HOTEL & TOURISM TRAINING INSTITUTE on ways of handling the challenges in (c)(i) above include;

Improving customer care, carrying out intensive advertising and offering variety of services to increase market.

Improving on technology being used in the hotel by carrying out research.

Training of workers in the cafeteria department so as to equip them with the relevant skills.

Using alternative sources of power like biogas to minimize on power bills.

Obtaining soft loans from government to expand the capital base of the enterprise.

Ensuring job security of workers by issuing them with appointment letters.

Improving security by hiring security personnel and fixing security facilities.

(d) Measures used by CRESTED CRANE HOTEL & TOURISM TRAINING INSTITUTE to ensure satisfaction of its customers include;

Being honest to customers i.e. being trustworthy while handling business transactions with customers.

Handling customers' complaints well for instance under weight, over priced products, contaminated products, etc.

Offering prompt and excellent services to customers i.e. serving them whenever they show interest or demand for the goods or services.

Being pleasant i.e. liking and doing the job with happiness especially through verbal and non-verbal communication.

Provision of customer care when carrying out business transactions for example welcoming and greeting the customers.

Offering technical and after sales services like free packaging, transport, free gifts, etc.

Improving on the quality of the products regularly depending on the market demands e.g. offering DSTV services.

Being efficient and available to assist the customers from time to time i.e. the hotel operates 24/7.

Extending credit facilities to trustworthy customers i.e. recognized organizations.

Offering occasional price reductions or discounts to customers e.g. on wedding and birthday parties.

(e) The factors considered by CRESTED CRANE HOTEL & TOURISM TRAINING INSTITUTE when recruiting its employees include;

Age of the employee. The hotel employs people above 18 years more than those below the age of 18 years to avoid child labour according to the law.

Cost of the employee. Labour whose cost is relatively low and affordable are purchased more than those which are very expensive.

Gender/sex of the employee. The hotel employs more of females than males for marketing purposes.

Marital status of the employee. Mostly, prefer people who are single because they tend to be committed to work and are flexible.

Working experience of the employee. The hotel recruits more workers with the required experience i.e. waiters, waitresses, cleaners and chefs to perform the job well.

Level of skills required. Employees who possess the skills required in production are recruited more than the semi-skilled and the unskilled.

Health conditions of the employee. Normally employs workers with good health status as they are in position to be at work almost all the time.

Example 2

SECTION A:

CASE STUDY

*Answer **all** parts of this question*

- 1. Read the Case Study of Gift Dairy Farm and answer the questions that follow:**

Gift Dairy Farm is located in Nyabushozi, Kiruhura District in Western Uganda. The farm is now owned and operated by Gift Flavia, a daughter of the late Mwesigye John. The farm employs twenty (20) workers recruited from the local community.

It was started in the late 1960s by Gift's grandfather. Gift took over the farm when it had eight cows. She has been adding to the herd since that time.

Although the farm owns two large buildings and Dairy cows, it is considered a small business by dairy farm standards. The farm occupies 178 acres of land. Flavia ploughs the land and plants elephant grass to feed the present herd of Friesian, Jersey dairy cows and five replacement heifers.

The average production is 2000 litres of milk per cow per year. The product is sold to local consumers and a local milk-packaging agent who takes it to his principal consumer in Kampala. The milk is sold at market rates.

On December 31, 2012, Gift's records showed the following:

Fixed assets i.e. land, buildings, farm machinery, milk tanks, milk equipment and cows valued at Shs. 190,000,000. In addition, there was Shs. 3,450,000 in cash, Shs. 3,450,000 in accounts receivable owed to the farm by milk buyers and prepaid insurance of Shs. 5,560,000.

The current liabilities for the farm were Shs. 10,000,000 on short-term loan and Shs. 900,000 on salaries and wages owed to farm workers. The long-term liabilities were Shs. 5,000,000 on long-term loans.

The income from milk sales was worth Shs. 134,000,000, the direct costs of milk production (cost of goods sold) were Shs. 42,000,000 and the operating expenses were Shs. 38,000,000. The net profit for the year was Shs. 54,000,000. Many dairy farms are now being established and others expanded in the nearby areas. These many pose a lot of competition to Gift Dairy Farm, hence reduce its market share. Gift has fears that the sales income may greatly reduce.

- (a) Use the above information to develop a balance sheet statement for Gift Dairy Farm. (05 marks)
- (b) Give **five** reasons why financial record keeping is important for Gift Dairy Farm. (05 marks)
- (c) State **three** reasons for Gift's choice of the type of business (03 marks)
- (d) Explain any **three** benefits Gift Dairy Farm gets from the local community. (03 marks)
- (e) What other possible business opportunities can Gift undertake to effectively utilize the 178 acres of land? (04 marks)
- (f) Advise Gift on **five** ways of maintaining and expanding the market share. (05 marks)

SECTION B:

SCHOOL BUSINESS CLUBS

*Answer at least **one** question from this Section*

2. With reference to a business project owned by your school business club;

- (a) Give the general description of the business project. (04 marks)
- (b) Describe the production process of the project. (05 marks)
- (c) Explain **four** internal control systems used in the project to ensure quality products/services. (04 marks)

- (e) With examples, give **three** types of costs incurred by the business project during the production of goods and services. (06 marks)
- (d) (i) State the nature of product packaging used by the business. (01 mark)
- (ii) Give **five** reasons for the choice of packaging in (e) (i) above. (05 marks)

3. In relation to a business project owned by your school business club;

- (a) Describe the business project you carried out. (04 marks)
- (b) Explain four sources of finance for the business. (04 marks)
- (c) Give five factors that favoured the establishment of the business project in the school. (05 marks)
- (d) Describe **four** operational activities of the business project. (04marks)
- (d) (i) Name any **three** hazardous substances resulting from the operations of the business (03 marks)
- (ii) Give **five** measures taken to manage the hazardous substances mentioned in (e) (i) above. (05 marks)

SECTION C:

FIELD ATTACHMENT/FIELD TRIPS

*Answer at least **one** question from this Section*

4. For any field attachment carried out;

- (a) Give the general description of the business you were attached to. (04 marks)
- (b) State any **five** forms of communication used in the business. (05 marks)
- (c) Describe **five** methods of sales promotion used by the business you were attached to. (05 marks)

- (d) Explain the control measures used to ensure proper management of cash in the business. (05 marks)
- (e)
 - (i) List any **three** source documents used by the business. (03 marks)
 - (ii) Explain the use of the source documents mentioned in (e) (i) above. (03 marks)

5. For any one field trip you made as an individual or a group:

- (a)
 - (i) State any **two** objectives of the field trip. (02 marks)
 - (ii) Describe the business you visited. (02 marks)
 - (iii) Draw a sketch of the physical layout of the business you visited. (03 marks)
- (b) Describe the steps followed in the purchasing plan of the business. (04 marks)
- (c)
 - (i) Identify any **three** taxes paid by the business. (03 marks)
 - (ii) Advise the business owner on the importance of paying taxes. (04 marks)
- (d) State **three** indicators of good customer care in the business you visited. (03 marks)
- (e) Give **three** reasons why the business should cope with change. (03 marks)

END

Solutions

(a)

GIFT DAIRY FARM'S
BALANCE SHEET
AS AT 31ST DECEMBER 2012

PARTICULARS	SHS	SHS	SHS
<u>FIXED ASSETS</u>			
Land, buildings, machinery, etc			190,000,000
<u>CURRENT ASSETS</u>			
Accounts receivable (Debtors)	3,450,000		
Cash at hand	3,450,000		
Prepaid insurance	<u>5,560,000</u>		
Total current assets		12,460,000	
<u>LESS CURRENT LIABILITIES</u>			
Short-term loan	10,000,000		
Salaries and wages due	<u>900,000</u>		
Total current liabilities		<u>10,900,000</u>	
Working capital			<u>1,560,000</u>
CAPITAL EMPLOYED			<u>191,560,000</u>
Financed By:			
<u>LONG-TERM LIABILITIES</u>			
Long-term loan			5,000,000
Capital		132,560,000	
Add net profit		<u>54,000,000</u>	
Capital owned			<u>186,560,000</u>
CAPITAL EMPLOYED			<u>191,560,000</u>

Or

GIFT DAIRY FARM'S
BALANCE SHEET
AS AT 31ST DECEMBER 2012

CAPITAL AND LIABILITIES	SHS (000)	SHS (000)	ASSETS	SHS (000)	SHS (000)
Capital	132,560		FIXED ASSETS		
Add Net profit	<u>54,000</u>		Land, buildings, etc		190,000
Capital owned		186,560			
Long-term loan		5,000			
CURRENT LIABILITIES			CURRENT ASSETS		
Short-term loan	10,000		Accounts receivable	3,450	
Salaries and wages due	900		Cash at hand	3,450	
Total C/liabilities		<u>10,900</u>	Prepaid insurance	<u>5,560</u>	<u>12,460</u>
		<u>202,460</u>	Total current assets		<u>202,460</u>

Note:

- (i) *Currency units are a must.*
- (b) **The reasons why financial record keeping is important for Gift Dairy Farm include:**
- (i) To determine the financial position of the business by preparing a balance sheet.
 - (ii) To calculate profits or losses for the enterprise using the income statement.
 - (iii) To provide information for credit transactions i.e. information about debtors and creditors.
 - (iv) To act as a tool for controlling movement of business assets like cash.
 - (v) To guide the entrepreneur in decision making/planning.
 - (vi) For purposes of assessing the amount of tax to be paid by the business.
 - (vii) To help in inviting, directing and guiding investors who would wish to invest in the business by buying shares.

(viii) For purposes of future reference for instance by working as evidence of business transactions that took place.

(c) Reasons for Gift's choice of the type of business

- Family influence/bias/preference i.e. inheritance. Gift inherited the business from her grandfather.
- Availability of resources for example land of 178 acres, cows i.e. the eight dairy cows that she Gift started with, premises i.e. the two large buildings.
- Availability of market for instance, the local consumers and a local milk packaging agent.
- High returns on investment/High profitability of the business for instance in the year 2012, the business made a net profit of Shs. 54,000,000.
- Possession of knowledge and skills needed to run and operate a dairy farm. This was acquired from the family.
- Social cultural factor i.e. cattle keeping is the main activity in the area for example existence of many dairy farms in the area.

Note:

- (i) *All points should reflect evidence from the case study.*
- (ii) *No speculation of answers.*

(d) Benefits Gift Dairy Farm gets from the local community.

- The community provides labour for instance the farm employs 20 workers who were recruited from the community.
- It provides market for the farm products like milk sold the local consumers and a local packaging agent.

- Provision of land like the 178 acres that Flavia ploughs and plants elephant grass to feed the cows.
- Provision of farm inputs like feeds and cows for example Gift was able to add on the number of cows since the time she took over the farm.
- Provision of capital in form of loans for instance the long-term loan of Shs. 5,000,000 owed by Gift Dairy Farm.
- Provision of infrastructure for example roads and electricity that is used to run the farm machines and equipment.
- Provision of auxiliary services like insurance that facilitate the smooth running of business. For instance, by the end of year 2012, the farm had prepaid insurance of Shs. 5,560,000.
- Provision of security to the business/farm by the community for instance the farm employs 20 workers of which some may be in charge of security at the farm.

Note:

(i) *Give evidence from the case study.*

(e) Other possible business opportunities Gift can undertake to effectively utilize the 178 acres of land.

- Establishing a milk processing plant
- Establishment of a bio-gas production plant
- Establishment of animal production plat
- Establishment of a meat processing plant
- Establishment of a training institute for farmers
- Setting up a butchery

- Processing of organic manure

Note:

(i) *There should be some input-output relationship of the dairy farm i.e. the business opportunities should be related to dairy farming.*

(f) Ways of maintaining and expanding the market share.

(iii) Marketing strategies

- Advertising through the media like radio, television and the press.
- Networking i.e. sharing information and services among individuals and groups having a common interest.
- Giving free information about the business products for instance where to find them, their prices, way of use and handling/storage.
- Offering guarantees/warranties on the business products so as to win customers' confidence.
- Cold calling i.e. sending of anonymous messages to customers some of whom may or may not be known to the business.
- Using referrals i.e. promoting products or services to new customers through referrals, usually word of mouth. It may be done by already existing customers by directing new customers to the source of business products or by telling them about the positive features of the farm/business.
- Using newsletters i.e. writing periodical reports giving news or information about the farms products to a special group of customers for example local milk packaging agents.

(iv) Marketing techniques

- Ensuring effective communication with customers for example using an effective signpost at the business premises.
- Ensuring effective decision making for example selecting the best channel of distribution, proper pricing of milk/products, sourcing of quality raw materials.

- Conducting market research to enable the business to identify customers' needs and meet them efficiently and effectively for instance quality, pricing, etc.
- Using effective negotiation with customers on product prices and quality.
- Improving the quality of products/milk to meet the needs and demands of customers.
- Giving discounts to large quantity buyers and those who settle the accounts promptly.
- Ensuring favourable pricing strategies so as to set prices that are conducive to the customers but also can leave the farm with some profits.
- Using attractive displays of for example milk tanks and containers in and outside the business premises.

2. (a) General description of the school business project

The name of the business was JUST 4 "U" POPCORNs, P.O.Box 200, IGANGA and TELEPHONE: 0771-800900.

The business was located at Buwoya village, Bukoyo parish, Bulamagi Sub County, Kigulu South County in Iganga District.

Purpose of the business:

- (i) The Vision of the business was "To be the leading producer and supplier of quality popcorns within school.
- (ii) The mission of the business was "To produce and distribute quality popcorns at affordable prices to meet customers' needs within the school".
- (iii) Statement of objectives
 - To increase output levels by 10% in six months
 - To increase sales by 10% in six months
 - To realize an increase in profits of 5% in six months
 - To reduce costs of production by 5% in nine months

- (iv) Statement of Goals
- To increase sales by 30% in 1 ½ years
 - To realize an increase in profits of 30% in one year
 - To buy another popcorn machine in one year

The school business project was formed on March 9, 2013 by the 19 founder members.

JUST 4 “U” POPCORN business was a partnership business that was owned and managed by 19 partners/students.

The products offered by the business were mainly popcorns packed in polythene bags.

The customers of the business were mainly students, teaching and the non-teaching staff of the school.

The business had assets like two popcorn machines, one serving counter/table, three basins, two chairs and one room/building were production and selling could take place.

Uniqueness of the business. The project had unique/imported popcorn machines different from the locally made and commonly used ones and it had had a unique worker from those in the school canteens.

The sources of funds for the school business project were as follows:

S/No.	Source	Amount (Shs)
1	Membership fees each Shs. 2,000	38,000
2	Sale of shares	570,000
3	Gifts and offers	300,000
4	Loan from school administration	300,000
5	Suppliers credit/trade credit	100,000
6	Customers’ /students advances	192,000
TOTAL		1,500,000

The SWOT Analysis of the business was as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"> i. Skilled workers ii. New and innovative product (popcorn) iii. Strategic location of business (within school) iv. Quality products (popcorn) 	<ul style="list-style-type: none"> i. Lack of marketing expertise ii. Poor quality goods or services iii. Damaged reputation iv. Undifferentiated products
Opportunities	Threats
<ul style="list-style-type: none"> i. Market vacated by ineffective competitors ii. Increasing number of students in senior one and five iii. Merging business with the senior fives iv. New market segments (senior one and five) 	<ul style="list-style-type: none"> i. New competitors in the market ii. Collections made by the school administration for power iii. Superior channels of distribution by competitors iv. Price wars with competitors v. New and innovative products of competitors

(b) Description of the production process of JUST 4 U POPCORN

Carrying out market research. Here, we collected information from students and teachers about the proposed products so as to get their opinions to enable future decision making.

Developing the product idea. This was through brain storming sessions that were held by the members to the school project.

Translating the product idea into product design. The school project held different meetings where discussions were held about the proposed product so as to come up with a proper product design.

Acquiring required inputs i.e. popcorn machine, cooking oil, popcorn seeds, basins, etc.

Production process i.e. carrying out actual production while observing quality standards.

Packaging the products i.e. in polythene bags and paper bags with the school business logo/label

Storing the products. We used to store the raw materials in sacks while finished goods were being stored in plastic buckets.

Distribution of the products. during break time, the members of the school business club could hawk the product to different classes while during lunch time and after classes, the customers could buy directly from the production/selling place.

Making a follow up with customers to find out how the product is performing in the market. Here, the members of the project could ask the customers (students and teachers) to find out whether the product was meeting the expectations.

Making any improvements in the products desired. We used to conduct market assessments to find out challenges the product is facing and therefore make improvements especially in quality.

Note:

(i) *The chronological order must be observed by the candidate.*

(c) The internal control systems used in the project to ensure quality products/services include:

- Purchasing of quality raw materials e.g. cooking oil to encourage production of quality products.
- Monitoring and supervising of the production process so as to minimize errors during production.
- Checking out the stock to ensure that it is up to the set quality standards.
- Monitoring the stock in order to get rid of slow selling stock or stock nearing expiry for example by lowering prices.
- Carrying out market research or surveying customers all the time to find out whether they are satisfied with the quality of products.
- Discussing product returns with customers to establish the sources of their discontent.
- Carrying out pre-test of the raw materials used before the final product is produced.

(d) Types of costs incurred by the business project during the production of goods and services.

- (i) Direct costs/prime costs i.e. costs that can be specifically identified with a particular department or process.

Examples include;

- (a) Direct materials (cooking oil, salt, popcorn seeds)
- (b) Direct labour/direct wages
- (c) Direct expenses like royalties

- (ii) Indirect costs/overheads i.e. costs incurred during production but which cannot easily be traced to the items being manufactured.

Examples include;

- (a) Wages and salaries
- (b) Utilities i.e. power and water
- (c) Depreciation of popcorn machine

(iii) Office and administration expenses

Examples include;

- (a) Stationery
- (b) Office salaries and wages
- (c) Depreciation of office furniture

(iv) Selling and distribution expenses

Examples include;

- (a) Advertising
- (b) Sales commission

(v) Financial charges

Examples include;

- (a) Interest on loan
- (b) Bank charges
- (c) Discounts allowed

(e) (i) **The nature of the product packaging used by the business.**

- (i) Polythene and paper bags, where products are put and then sealed.
- (ii) Plastic containers/lunch boxes that are carried by the customers/students themselves

Note:

- (i) *Where packaging cannot be done, the candidate should state "NOT APPLICABLE" as his/her answer as some products may not require packaging.*
- (ii) *The product packaging to be used depends on the nature of the product to be packaged. Hence other packaging materials may include:*
 - Plastic bottles and can
 - Disposal containers/tins
 - Boxes/cartons
 - Trays, etc

(e) (ii) The reasons for the choice of the packaging in (e) (i) above;

Low cost i.e. one dozen of polythene bags is at Shs. 1,600 with 200 bags and the lunch boxes are free i.e. they owned by customers.

Paper bags have a multipurpose function i.e. they can be used by customers for further storage purposes.

Paper bags can easily decompose hence pose less effect on the environment.

Polythene bags easy to destroy through burning after being collected.

Favourable terms and conditions of purchase from suppliers i.e. the packaging materials in most cases were being obtained on credit.

The design of the product conforms to the packaging materials.

Portability of the packaging materials i.e. paper bags, polythene bags and plastic containers are easy to carry.

Easy accessibility i.e. the packaging materials are readily available from the nearest town.

Note:

- (i) *This question is not applicable to some projects and so the candidate should indicate "NOT APPLICABLE" as his/her answer.*

3. (a) Description of the business project we carried out

The name of the business was JUST 4 “U” POPCORN, P.O.Box 200, IGANGA and TELEPHONE: 0771-800900.

The business was located at Buwoya village, Bukoyo parish, Bulamagi Sub County, Kigulu South County in Iganga District.

Purpose of the business:

- (i) The Vision of the business was “To be the leading producer and supplier of quality popcorns within school.
- (ii) The mission of the business was “To produce and distribute quality popcorns at affordable prices to meet customers’ needs within the school”.
- (iii) Statement of objectives
 - (e) To increase output levels by 10% in six months
 - (f) To increase sales by 10% in six months
 - (g) To realize an increase in profits of 5% in six months
 - (h) To reduce costs of production by 5% in nine months
- (iv) Statement of Goals
 - (d) To increase sales by 30% in 1 ½ years
 - (e) To realize an increase in profits of 30% in one year
 - (f) To buy another popcorn machine in one year

The school business project was formed on March 9, 2013 by the 19 founder members.

JUST 4 “U” POPCORN business was a partnership business that was owned and managed by 19 partners/students.

The products offered by the business were mainly popcorns packed in polythene bags.

The customers of the business were mainly students, teaching and the non-teaching staff of the school.

The business had assets like two popcorn machines, one serving counter/table, three basins, two chairs and one room/building were production and selling could take place.

Uniqueness of the business. The project had unique/imported popcorn machines different from the locally made and commonly used ones and it had had a unique worker from those in the school canteens.

The sources of funds for the school business project were as follows:

S/No.	Source	Amount (Shs)
1	Membership fees each Shs. 2,000	38,000
2	Sale of shares	570,000
3	Gifts and offers	300,000
4	Loan from school administration	300,000
5	Suppliers credit/trade credit	100,000
6	Customers' /students advances	192,000
TOTAL		1,500,000

The SWOT Analysis of the business was as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"> i. Skilled workers ii. New and innovative product (popcorn) iii. Strategic location of business (within school) iv. Quality products (popcorn) 	<ul style="list-style-type: none"> i. Lack of marketing expertise ii. Poor quality goods or services iii. Damaged reputation iv. Undifferentiated products
Opportunities	Threats
<ul style="list-style-type: none"> i. Market vacated by ineffective competitors ii. Increasing number of students in senior one and five iii. Merging business with the senior fives iv. New market segments (senior one and five) 	<ul style="list-style-type: none"> i. New competitors in the market ii. Collections made by the school administration for power iii. Superior channels of distribution by competitors iv. Price wars with competitors v. New and innovative products of competitors

(b) The sources of finance for the business included;

- (i) Membership fees of each Shs. 2,000 from all members to the business.
- (ii) Sale of shares at Shs. 30,000 per member.
- (iii) Gifts and offers from parents and friends of Shs. 300,000.
- (iv) Loan from school administration of Shs. 300,000.
- (v) Suppliers credit/trade credit where supplies could be obtained on credit especially packaging materials.
- (vi) Customers' /students advances from their pocket money.
- (vii) School financial contribution of Shs. 100,000.
- (viii) Annual subscription fees from members
- (ix) Retained profits from the business trading activities.

Note:

- (i) *A candidate may give evidence or not because some sources may not require evidence.*

(c) The factors that favoured the establishment of the business project include;

Availability of required labour with the ability to start and operate the business i.e. some members/students were running the same type of business at home during holidays.

Existence of ready market i.e. school has a big population of 1300 students and over 60 teachers, most of who reside inside the school with their families.

Presence of security i.e. the business was located in a purely boarding school where security is taken as a priority hence production and trading activities could be done easily.

Support and acceptance by the school administration in form of financial contribution of Shs. 100,000 and a loan facility of Shs. 300,000. The school also offered a single room to the project where production and selling used to be done.

Presence of good infrastructure in form of buildings and hydroelectric power to run the popcorn machine.

Availability of required inputs that all the time were accessible from the nearest town i.e. cooking oil, packaging materials and popcorn seeds.

Availability of capital, which was raised from different sources hence enabling starting and the day-to-day running of the business.

Note:

(i) *A candidate should give evidence.*

(d) The operational activities of the business activities included;

Purchasing inputs .i.e. every Saturday, the treasurer was in charge of buying the inputs through the club patron/subject teacher.

Actual production. The projects worker was in charge of sun warming the popcorn seeds and making popcorn every day.

Installation of machinery. The popcorn machines were installed by the school estates manager assisted by the school electrician.

Packaging of products. The popcorns were being packaged in polythene and paper bags as well as the students' containers/lunch boxes.

Branding of the product. The products were given a unique brand name i.e. JUST 4 U POPCORN which is printed on paper bags so as to distinguish it from others.

Advertising and sales promotion. The marketing department used to announce the products and their prices on every Monday assembly. We could give discounts to large quantity buyers.

Selling and distribution of commodities. The products were being sold from the production premises from Monday to Friday. During weekends, all members of the project could hawk the products to different dormitories in school.

Storing of products. The popcorn seeds used to be kept in sacks, cooking oil in jerrycans while finished products in plastic buckets.

Financial management. The treasurer used to maintain a cashbook to record day sales and expenditures. All cash generated during the week was being banked on the business bank account every Saturday.

Carrying out market research. We used to collect information from students and teachers about the proposed products so as to get their opinions to enable future decision making.

Organising meetings. The business secretary used to arrange and call for meetings every Sunday evening where members could make informed decisions about the project.

Note:

(i) *A candidate should give evidence of performance.*

(e) (i) The hazardous substances resulting from the operations of the business included;

- (i) Hot cooking oil during production
- (ii) Power short circuits due to loose connections and overload
- (iii) Smoke and other emissions from the production processes.
- (iv) Burning charcoal especially during power blackouts
- (v) Litter in the school compound for example polythene bags and paper bags.

Note:

- (i) *A candidate should give evidence.*
- (ii) *The hazardous substances depend on the type business project.*

(e) (ii) Measures taken to manage the hazardous substances motioned in (e) (i) above included;

Ensuring proper installation/connection of machines to avoid power short circuits and damage to machines.

Providing warning labels on hazardous substances or areas to minimize accidents especially those which can easily catch fire like cooking oil.

Introducing or improving local ventilation for easy circulation of air in the work station.

Providing preventive and protective equipment like helmets, masks, face shields, gloves, etc. to reduce exposure to hazardous substances.

Training of workers and educating customers on management of hazardous substances.

Making sure that all flammable substances used i.e. those which can easily catch fire like cooking oil are kept and covered in containers so that they are not easily exposed.

Ensuring adequate lighting in the workstation so as to avoid accidents resulting from hazardous substances as well as increasing productivity.

Making sure that workers read and understand instructions of using hazardous substances or chemicals before using them.

Reusing and recycling of the materials for example paper bags to avoid litter.

Note:

(i) A candidate should give evidence of performance.

4. (a) General description of the business I was attached to.

The name of the business is VITA FOAM (U) LIMITED P.O.Box 846 JINJA TELEPHONE: 0702-382894

The business is located on plot M30 along Nyenge East road, Nyenga, in Njeru Town Council, Buikwe District.

Purpose of the business:

- (i) The Vision of the business is “To be the best foam manufacturer to the delight of customers”.
- (ii) The mission of the business is “To continuously and consistently provide quality and durable products that conform to international standards while maintaining efficiency and effectiveness”.
- (iii) Statement of Goal(s)
To provide mattresses of international standards that surpass customers’ expectations at a price that represents value.
- (iv) Statement of objectives
 - (d) To value and encourage individual growth and creativity.
 - (e) To value and encourage individual and group performance.
 - (f) To strive not to create theft or environmental hazards.

The business was started in 1973 and officially opened in 1975.

VITA FOAM (U) LIMITED is a Private Limited Company owned by two Directors.

The main products of the Company are mattresses, cushions, pillowcases and mattress covers.

The customers of the business are households surrounding the community, organizations like UNEB, schools, hospitals, traders i.e. wholesalers and large scale retailers.

The Company owns assets like land i.e. 4 acres, buildings, production machines, delivery vans/trucks, office furniture, etc.

Uniqueness of the business. The Company has unique features like unique packaging materials, brand name, raw materials and product features.

The sources of funds for the Company are as follows:

S/No.	Source
1	Loans from banks
2	Retained earnings
3	Own sources/past savings
4	Suppliers credit/trade credit
5	Customers' advances

The SWOT Analysis of the Company

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ First foam factory in Uganda ▪ Strong market base ▪ Strong brand name of the Company ▪ Excellent management of the Company ▪ Quality, durable and long lasting products ▪ The only foam Company that gives warrantee ▪ Certified by UNBS hence strong trust in customers ▪ Favourable pricing strategies ▪ Acquisition and ownership and assets ▪ Creativity and innovation ▪ Strong financial base ▪ Recognized and reliable customers 	<ul style="list-style-type: none"> ▪ Inadequate raw materials ▪ Inadequate working capital ▪ Limited market for certain products ▪ Counterfeits by way of changing mattress covers ▪ Limited skilled labour e.g. machine operators, chemists, etc. ▪ Limited market research ▪ Poor customer services
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Introduction of low cost products ▪ Increasing number of people in the country ▪ Diversification of production ▪ Consolidation/absorption 	<ul style="list-style-type: none"> ▪ Stiff competition i.e. growing number of foam factories ▪ Weak economy (business cycle) that is full of depressions ▪ High technological advancements in the industry

(b) The forms of communication used in the business I was attached to include;

Oral/verbal communication usually used by the manager while communicating to subordinates especially on telephone and by use of mouth in staff meetings.

Written communication. This includes monthly departmental reports, notices to employees, minutes of staff meetings, organizational chart showing hierarchy of authority, use of memos and business letters to employees, suppliers, etc.

Non-verbal communication. For instance, employee uniforms at work, Company logo and trade mark on products, product designs and colours, time of arrival and departure by employees, office designs for the Chief Executive Officer and junior executives.

Visual communication. Here the company communicates through the signpost at the company's premises and billboards along heavy traffic roads in the country.

Audio-visual communication. here, communication is made through television advertisements by the firm on Bukedde TV.

(c) Methods of sales promotion used by the business I was attached to.

Advertising the business products through the media i.e. using Baba FM and Bukedde TV.

Offering trade discounts to schools, hospitals and hotels and cash discounts to trading businesses i.e. wholesalers and large-scale retailers.

Selling products on credit to trustworthy customers i.e. wholesalers and large-scale retailers.

Using attractive packaging materials/covers for mattresses and cushions.

Using attractive brand names for the products i.e. VITA FOAM for mattresses and cushions.

Participating in trade fairs and exhibitions especially the trade fair organized by Uganda Manufacturers Association at Lugogo once every year.

Establishment of distribution centres in major towns in the country.

Using attractive window/showroom/point of sale display at distribution centres in major towns in the country.

Giving money back offers through refunding money to customers who return products for different reasons like damage, poor quality, wrong size, etc.

Renovation of business premises at the end of every successful year especially through repainting.

Offering after sales services like free transport to those who buy mattresses in large quantities.

Offering gifts (TV sets and motorcycles) to loyal and prominent customers especially wholesalers.

(d) Control measures used to ensure proper management of cash in the business I was attached to include;

Banking all cash received daily and leaving little money in business for daily expenditure. Directors do this.

Ensuring that all cash received is properly documented and accounted for by physically balancing the physical cash and cash records at the end of each day. The accountant does this.

Ensuring that cash at the business premises is kept under lockable safe/drawer. Management provided the drawers and they supervise their use.

Ensuring that all cash payments are documented and authorized by the Director(s) personally.

Avoiding spending business cash on personal or private matters (drawings) of Directors. They use their own money.

Monitoring all workers receiving cash and applying checks and balances to minimize fraud. The company has an external auditor.

Employing auditors surprisingly to check for errors and fraud made by workers in the financial department. The Company's external auditor does this.

Ensuring proper counting and checking all cash received by workers in the financial department to ensure that it is correct. Management provided money counterfeit detectors.

Receiving bank statements regularly (monthly) and comparing them with the cashbook to trace for discrepancies and in case of any, they should be reconciled. The company's accountant does this.

(e) (i) Source documents used by the business include;

- (i) Purchase orders given to suppliers when making orders for inputs especially chemicals.
- (ii) Cash sale slips issued on goods sold on cash basis.
- (iii) Delivery notes that accompany goods (mattresses and cushions) that have been delivered to customers.
- (iv) Invoices that indicate that values of goods (mattresses and cushions) that have been sold to customers on credit.
- (v) Receipts that acknowledge receipt of cash from debtors.
- (vi) Payment vouchers used when making payments for different items say salary advances to workers, suppliers, etc.
- (vii) Requisition forms used when requisitioning for cash, raw materials from stores, etc.
- (viii) Cash deposit slips used when depositing Company money on its bank account.
- (ix) Cheque leaves used when making payments to different persons like suppliers, workers, taxes, etc. and withdrawing money from the entity's bank account.
- (x) Bank statements from the company's bankers that enable the company to check their funds in the bank and update their cashbook.

Note:

- (i) *The source documents used vary from one type of business to another.*

(e) (ii) Use of the source documents mentioned in (e) (i) above.

For preparing books of accounts like sales and purchase daybooks using invoices and cashbooks, using receipts and cash sale slips.

For verification of transactions, for example cash sale slips are used in verifying cash received from daily cash sales while cheque leaves confirm payments

For monitoring cash inflows and cash out flows using receipts, cash sale slips and payment vouchers.

For ascertaining the number of creditors and debtors in the business by using the incoming and outgoing invoices respectively.

For checking errors made by the company's accountant and minimizing fraud using the bank statement.

5. (a) (i) Objectives of the field trip I/we made

- (i) To introduce myself/ourselves to field research.
- (ii) To relate theory to practical work taught in class.
- (iii) To expose myself/ourselves to the business world.
- (iv) To see what takes place in enterprises e.g. challenges being faced, ways of marketing, production, etc.

(ii) Description of the CRESTED CRANE HOTEL & TOURISM TRAINING INSTITUTE

The name of the business is CRESTED CRANE HOTEL & TOURISM TRAINING INSTITUTE P.O.BOX 444, JINJA TELEPHONE: 0434-121954

The business is located at Nalufenya village, Mpumude parish, Jinja West, Jinja Municipality in Jinja District along Jackson Crescent road.

Purpose of the business:

- (i) The Vision of the business is “The leading centre of excellence in hands-on training in Uganda for the tourism and hospitality”.
- (ii) The mission of the business is “To produce a highly skilled and competent workforce for the national and international tourism and hospitality”.
- (iii) Statement of objectives
 - (a) To provide a highly clean environment for the guests.
 - (a) To provide quality services and food for the guests.
- (iv) Statement of Goals
 - (a) To grow and expand
 - (b) To be the leading centre for of excellence in hands-on hospitality in Uganda.

The Hotel was formed in 1994 while the training institute was formed in 1996.

CRESTED CRANE HOTEL & TOURISM TRAINING INSTITUTE is government owned enterprise.

The products/services offered by the business are accommodation, outside catering, receptions for weddings, music concerts and parties, catering and hotel management training, etc.

The customers of the business are tourists, guests, students/trainees, diners, etc.

The business owns assets like land, buildings, furniture, motor vehicles, machinery i.e. standby generator, tools and equipment used in the hotel, etc.

Uniqueness of the business. The Hotel hosts unique visitors that others do not receive like the president and MPS. It is the only government hotel in the locality, it is the only training institute in hotel management and catering, it has spacious and big gardens within the locality.

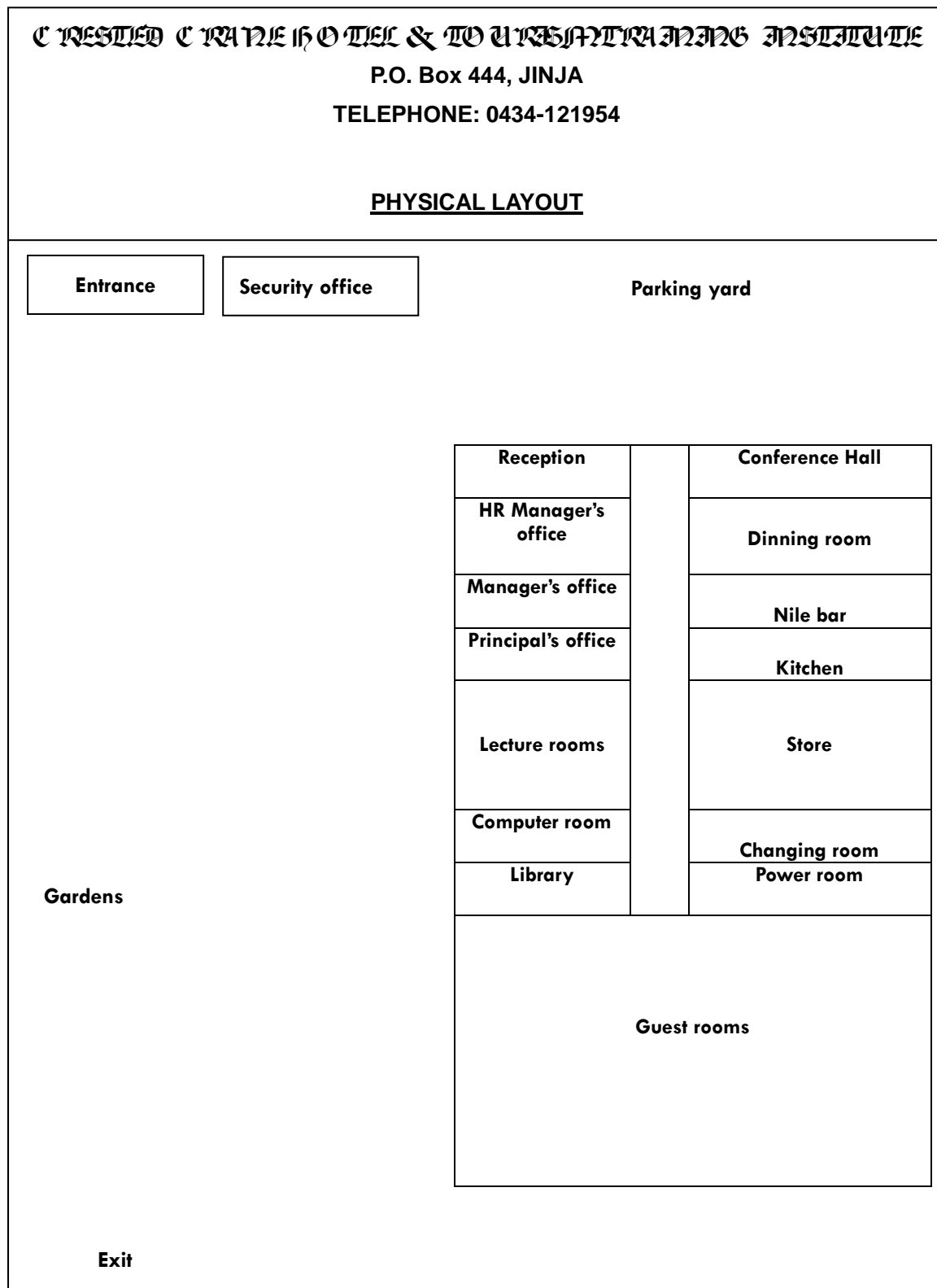
The sources of funds for the school business project were as follows:

S/No.	Source
1	Government
2	Retained earnings/profits
3	Gate collections for music concerts
4	Bar sales
5	Accommodation fees
6	Dinning sales
7	Conference facilities fees
8	Garden hiring fees

THE SWOT ANALYSIS CRESTED CRANE HOTEL & TOURISM TRAINING INSTITUTE

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Strong financial base ▪ Strong market base ▪ The only government hotel in the locality ▪ The only training institute in hotel management ▪ Spacious and big gardens within the locality ▪ Strong brand name of the Company ▪ Excellent management of the Company ▪ Favourable pricing strategies ▪ Acquisition and ownership and assets ▪ Creativity and innovation ▪ Recognized and reliable customers 	<ul style="list-style-type: none"> ▪ Inadequate facilities used in the Hotel and training school ▪ Limited market research ▪ Poor customer services ▪ Low product quality ▪ Service inaccuracy ▪ Limited skilled labour in the cafeteria department
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Ability to get government funding ▪ Expansion by opening up new hotels i.e. New Triangle Hotel ▪ Introduction of low cost menu ▪ Growing tourism industry in the country ▪ Diversification of production ▪ Consolidation/absorption 	<ul style="list-style-type: none"> ▪ Competition from the upcoming Hotels in the same locality e.g. Nile Resort Hotel ▪ High technological advancements in the industry i.e. new Hotels with modernized facilities ▪ Weak economy (business cycle) that is full of depressions ▪ Health issues originating from certain types of food offered by the Hotel (fast foods)

(iii) A sketch of the physical layout of the business I/we visited.



**(b) The steps followed in the purchasing plan of the business
I/we visited include;**

Determining the business needs i.e. how much to stock, the materials and equipment it needs to produce goods for sale to customers.

Identifying potential suppliers by determining which suppliers sell the goods, materials or equipment needed by the business.

Contacting suppliers by either visiting their offices personally or calling them to get information regarding the kinds of goods, raw materials or equipment each supplier can provide.

Selecting the best suppliers with the most favourable terms and conditions in terms of price, discounts, credit, reliability, etc.

Ordering for goods by writing an order letter or by verbal ordering where the company's procurement officer goes to the supplier and orders for a commodity by a word of mouth.

Checking the goods as soon as they are received for damages to ensure that the goods which got damaged during transportation are isolated and excluded.

Checking the invoice for accuracy i.e. to find out whether the invoice is correct by comparing it with the delivery note.

Making payments i.e. paying the supplier for the goods ordered and received either by cash or by cheque. The company's accountant does this.

(c) (i) Taxes paid by the business I/we visited include;

- (i) Value added tax i.e. sales tax, commercial tax levy.
- (ii) Withholding tax normally for the government.
- (iii) Income tax/corporation tax/profit tax that is levied on profits or income earned by the business.
- (iv) Wealth tax that is imposed on accumulated wealth, capital or savings the business e.g. land, buildings, shares or other investments.
- (v) Capital gains tax i.e. paid on sale of capital assets like sale of property and investments like stocks, bonds, etc.
- (vi) Octorio tax i.e. paid on goods that pass through another country's territory (Kenya through Mombassa port).
- (vii) Customs duty that is levied on imported goods or exports of the business leaving the country.

Note

The taxes paid vary from one type of business to another.

(ii) Advice to the business owner on the importance of paying taxes include;

Enables the organisation to run activities without fear or being prosecuted or close down the business.

It attracts government support and sympathy in times of need.

It creates a good business image/reputation hence customers, suppliers and financiers are willing to deal with the business.

It promotes individual/business responsibility and self-reliance leading to hard work.

Government uses revenue for infrastructural development, which benefits the business.

Import duties protect infant local industries hence widening the local market.

Government uses revenue for paying salaries/wages/allowances to its workers hence increasing their purchasing.

Note:

Answers should be tied to benefits of taxes that accrue to the business.

(d) The indicators of good customer care in the business I/we visited include;

Being honest to customers i.e. being trustworthy while handling business transactions with customers. for instance over charging of customers is highly prohibited my management.

Handling customers' complaints well by addressing issues or complaints that are presented by customers for instance under over priced products, wrong size, contaminated products, etc.

Offering prompt and excellent services to customers through providing quick services by the waiters and waitresses.

Being pleasant, i.e. the waiters and waitresses like and do the job with happiness.

Provision of customer care when carrying out business transactions for example welcoming and greeting the customers the waiters and waitresses.

Showing knowledge of the customers i.e. calling them by their names. The manager, waiters and waitresses do this.

Being efficient and available to assist the customers from time to time, i.e. the hotel operates 24/7.

Extending credit facilities to trustworthy customers i.e. daily clients.

Improving on the quality of the products regularly depending on the customer demands.

Being clear when communicating to customers. The manager, waiters and waitresses do this.

Note

Evidence of performance is needed.

(e) The reasons why the business I/we visited should cope with change include;

To adopt new technology which leads to increase in productivity and service delivery.

To responds to customer needs that keep changing and growing hence creating new demand for new types of products and services.

To promote growth of the business for instance by enabling employees to learn new skills, explore new opportunities and exercise their creativity in ways that benefit the organization through new ideas and increased commitment.

To acquire new ideas and innovations for example change results in new ways of looking at customer needs, new ways of delivering customer service, new ways of strengthening customer interactions and new products that might attract new markets.

To determine the direction of the economy basing on level of product demand in the market.

To cope with competition from up coming Hotels in the locality with new and modernized facilities.

Example 3

Read the case study of Abraham's break-dance project and answer the questions that follow:

Abraham Byansi had passion for dancing right from his child. He was born in a wealthy family but when he reached seven years, he lost both parents in the same month. He had to go and stay with his uncle who was not well off. Abraham used to listen and watch American rappers such as DMC on neighbour's television and this inspired him to love dancing. He could practice dancing in private and stood in front of a mirror with a comb in his hair mimicking the lyrics of rappers such as Brand Nubian, Mosh Def and he enjoyed the dancing practice.

His uncle died and Abraham had to stay with his brother Mapengo Joe in Campswaili slum in Moroto. Life in the slum was hard. He had to learn boxing and violence for survival. Byansi wanted to change the lives of the community by introducing dancing as plan B. he went to a carpenter and asked him to make for him a local guitar. He then made a local drum using empty tins and modified locally made saucepan covers into cymbals. He convinced his brother to join him and they started to train hard for one month rapping, dancing and playing the locally made instruments.

The two brothers started going from place to place rapping and people loved it. They started teaching people to break dance and they even became trend setters. Abraham sees hip-hop as a powerful tool to lift people's lives because he too used to have low self-esteem. He remarks "Hip-Hop allowed me to express myself and it is the way out". Abraham formed a break dance club called "Young Achiever's Break Dancers" (YAB) together with his brother and five good dancers and singers.

A school owner gave them a home to use for one month as they launched the project. Many youths attended the launch and obtained free training lessons. YAB was able to get support from a community organization during the launch.

Today, YAB works with 20 different organizations from Moroto, Soroti, Gulu, Mbale Lira and Tororo where they work with mainly disadvantaged groups and the youths. YAB has become a household name everywhere they go, attracting thousands of people to their shows. YAB earns over 10 million shillings every month. It has built its own head office in Moroto town, bought modern musical

instruments, own farms a music studio and many vehicles. It employs over 100 people. Abraham says that everyone has something to teach. We should learn to respect and appreciate what others have to teach, irrespective of age, ability or class. He uses breaks dance to transform the lives of the people, and his passion meet community needs.

- (a) Abraham is an innovator, justify this statement.
- (b)
 - (i) Give two sources from where Abraham developed the business idea of the break dance.
 - (ii) Why is Abraham's project a good business opportunity?
- (c)
 - (i) Identify the three local music instruments that Abrahams used.
 - (ii) Give three advantages of using local resources local resources to start a business.
- (d)
 - (i) "Abraham sees Hip-Hop as a powerful tool to lift peoples' lives", how do people benefit from YAB.
 - (ii) What shows that Abraham is a social entrepreneur?

Solutions

(a) Reasons to justify that Abraham is an innovator.

Abraham is **passionate** about dancing, just like other innovators who have passion for what they like or believe in.

Abraham like any true innovator has a **compelling vision**. For example Abraham had the vision of introducing dancing as plan B (paragraph 3 in the case study).

Abraham is **opportunity oriented**. For instance, he identified dancing as an opportunity to change lives.

Abraham is **self-disciplined**. For instance, he had to work hard learning how to dance in order to be able to start the dancing project.

Abraham is **inner directed**. He decided by himself to start the dancing project.

Abraham is a **trend spotter**. For example, Byansi and his brother identified the need to teach people to break dance and went ahead to set the trend (paragraph 4).

Abraham is **extra-ordinarily persistent**. For instance he has kept going fulfilling his passion of dancing right from his childhood days.

Abraham **associates himself with positive people** who have positive attitudes towards promoting break dancing like his brother. For example the school owner who gave him the hall.

Abraham is a **good learner**. For example he copied dancing skills from the neighbour's TV he watched when young.

Abraham is **fast at what he does**. For example, he immediately moved to make local musical instruments after developing the idea of starting a dancing project.

(b) (i) **Sources from where Abraham developed the business idea of the break dance business.**

Personal interest. Abraham developed the business idea from his own passion for dancing.

Media. Abraham watched television dancing programmes from the neighbour's television.

(ii) Reasons why Abraham's project is a good business opportunity.

The business requires low start-up capital. The break dance business started with low capital that included three local musical instruments.

The break dance had and still continues to have real demand among the community.

The availability of resources, like musical instruments for facilitating the dancing and also Abraham's and other members have the business skills.

Abraham's break dance project was and is still competitive. Many customers attend the dance shows.

The break dance provided and still continues to provide acceptable returns/rewards/profits.

The break dance business meets the objectives of Abraham's like of changing peoples' lives away from violence.

The break dance business is having growth potential and now covers six towns of Moroto, Lira, Soroti, Gulu, Mbale and Tororo.

Reasonable ease of entry into the market. Abrahams easily joined the break dance market.

(c) (i) The three local musical instruments that the Abrahams used include;

- (i) Local drums
- (ii) Local guitar
- (iii) Locally made cymbals

(ii) Advantages of using local resources to start a business include;

- (i) They are easily/readily available.
- (ii) They are affordable/cheap
- (iii) They facilitate use of formerly idle resources.
- (iv) The use of some of these resources, like waste materials help in cleaning the environment.
- (v) They help to save foreign exchange on the importation of resources.
- (vi) Use of locally available resources earns income to the owners of such resources from their sales.

(d) (ii) Reasons that show that Abraham is a social entrepreneur include;

Abraham is a **risk taker** like any other entrepreneur. He undertook the risk of starting the break dance club.

Abraham is **goal oriented and visionary**. He started with a positive vision to change lives of the people through break dancing and went ahead to set attainable goals to attain the vision.

Abraham is a **good listener** like any other social entrepreneur. For instance, he used to listen to American rappers like DMC on the neighbour's television set.

Abraham is an **advocator**. For example, he speaks against violence for survival and other bad habits among the people and uses break dance to change peoples' lives.

Abraham is **optimistic**. For example, he had to tolerate uncertainty of life after losing parents, his uncle and life in the slum in Moroto. He remained positive and determined to succeed in life.

Abraham is **flexible**. For example, he had to change from boxing and violence that was less rewarding to break dancing.

Abraham has **personal leadership qualities**. For example, he is leading his brother Mapengo Joe and other members of the break dance club.

Abraham is **empowering**. He uses the abilities of his brother, other club members and workers employed to perform tasks in the club and other businesses owned.

Abraham is **ethical and principle-centred**. For example, he makes decisions in the break dance club like to provide good quality entertainment according to values he upholds.

Example 4

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP EDUCATION

PAPER 3

3 hours

INSTRUCTION TO CANDIDATES:

*This paper consists of **three** sections; **A**, **B** and **C**.*

*Answer **FOUR** questions only. All questions carry equal marks.*

*Section **A** is compulsory.*

*Attempt at least **ONE** question from sections **B** and **C**.*

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

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

SECTION A: (25 MARKS)

CASE STUDY

- 1. Read the Case Study of Benedict's Service station and answer the questions that follow:**

Three years ago, Benedict bought a service station from an old man who had run the station using old machines and hand driven pumps. The sales were the best of any service station in the town. The former owner had been a very popular man in the area and had many loyal customers. Some of this popularity rubbed off on the new owner but there were a lot of people in the area who didn't like Benedict.

As soon as Benedict took over the service station, his business began to decline. Within a period of three years, almost all old customers had left for the nearby service station and only a few new customers came to the service station. The biggest reason for losing sales was the attitude Benedict had towards his customers. For example, when a boy came to the station with his bicycle tire and wanted air for an inflated bicycle tire, Benedict told him "I am here to sell gasoline, not to give air, ask your father to buy you a bicycle pump, don't bother me".

Another time a man on his way to a wedding stopped for gasoline. Benedict sold him gasoline but was in such a hurry and seemed to be very tired because of the hand pump he was using; he didn't check the oil or wash the windows. When the man asked Benedict to do these things, Benedict did them in bad humour and grumbled about all the work he had to do. He cleaned only the windscreen in spite of the fact that all the windows were dusty.

After several instances like these, word got around about Benedict's bad personality. Nobody wanted to buy gasoline from Benedict's service station. The successful business Benedict had taken over broke after three years as most of the customers shifted to another nearby service station.

- (a) The service station had been a success for 16 years before Benedict took over. Identify the reasons why it got broke within years after Benedict became the owner. (05 marks)
- (b) “Never argue with a customer. Adopt the attitude that the customer is always right no matter how wrong he is”. Justify the statement in reference to the case study. (05 marks)
- (c) Drawing from your experience, give three unethical behaviour towards customers in day to day business transactions. (03 marks)
- (d) What could Benedict have done to attract more customers?(05 marks)
- (e) Why did the old man succeed in a business that Benedict failed at? (02 marks)
- (f) Give five factors that determine business success. (05 marks)

SECTION B:

SCHOOL BUSINESS CLUBS

*Answer at least **one** question from this Section*

2. With reference to a business project owned by your school business club;

- (a) Give the general description of the business project you carried out. (04 marks)
- (b) Explain how you developed the business idea. (05 marks)
- (c) Show how you raised the start-up capital. (04 marks)
- (d) Describe the production activities of your business. (06 marks)
- (e) Explain the marketing strategies used by your club. (06 marks)

3. With reference to a business project owned by your school business club;

- (a) Give the general description of the business project you carried out. (04 marks)
- (b) Explain the factors that favoured the establishment of the business project in your school. (04 marks)
- (c) Describe how innovative you were in your project. (05 marks)
- (d) Examine the impact of your project on the environment. (04 marks)
- (e) (i) What challenges did your project encounter? (04 marks)
(ii) Explain the measures you took to overcome the challenges in (e) (i) above. (04 marks)

SECTION C:

FIELD ATTACHMENT/FIELD TRIPS

*Answer at least **one** question from this Section*

4. For any field attachment carried out;

- (a) Give the general description of the business you were attached to. (04 marks)
- (b) (i) List any three source documents used by the business you were attached to. (03 marks)
(ii) Explain how the source documents in (b) (i) above were being used. (03 marks)
- (c) Identify any three competitive advantages of the business you were attached to. (03 marks)
- (f) (i) Identify any three market gaps in the business environment. (03 marks)
(ii) Advise the business owner on how to fill the gaps identified in (d) (i) above. (03 marks)

- (g) Explain the entrepreneurial skills you acquired from the business. (06 marks)

5. For any one field trip you made as an individual or group;

- (a) (i) State any two objectives of the field trip. (02 marks)
- (ii) Describe the business you visited. (02 marks)
- (iii) Draw a layout of the business you visited. (03 marks)
- (b) How does the business you visited market its products?(03 marks)
- (c) (i) Explain the problems faced by the business you visited. (05 marks)
- (ii) What recommendations can you give the business visited to address the problems in (c) (i) above? (04 marks)
- (e) How does the business you visited handle credit or debt management? (03 marks)
- (f) What contributions does the local community make to the business you visited? (03 marks)

END

Solutions

SECTION A:

1. (a) The service station went broke after Benedict became the owner because:
 - Of using old machines and hand driven pumps.
 - Benedict had bad attitude towards his customers.
 - Of too much overload due to sole proprietorship leading to poor service delivery.
 - Benedict was not popular in the area.
 - Benedict was less skilled/experienced to run the service station.
- (b) Justification of the statement *“Never argue with argue with customer. Adopt the attitude that the customer is always right no matter how wrong he/she is”*.
 - To overcome competition and make profits, one should always treat customers with respect because they generally choose to go where they are treated with dignity.
 - Good image reflected in the business personnel promotes good customer relations thus attracting more customers.
 - Customers’ convenience and services promotes good customer relations as part of good service.
- (c) Other unethical behaviour towards customers in day to day business transactions apart from that in the case study:
 - Charging high prices to cheat customers.
 - Offering poor quality products/services.
 - Failure to keep promises.
 - Lack of fairness.
 - Lack of comparison.

(d) What Benedict could have done to attract more customers:

- Persuasive advertising.
- Giving free samples.
- Giving price reductions/price off offers.
- Attending trade fairs and exhibitions.
- Organizing prize winning competitions.
- Offering after sales services.
- Opening more branches.
- Giving gifts to customers.
- Giving donations/sponsorships.
- Creating good public relations/customer care.
- Offering premium/bonus.

(e) Why the old man succeeded in business that Benedict filed at:

- The old man was very popular in the area.
- He had many loyal customers.
- He was skilled/experienced in running the service station yet using old machines and hand driven pumps.

(f) Factors that determine business success:

- Business location.
- Managerial ability/skills.
- Level of competition.
- Pricing strategies of the business/level of prices.
- Profitability of the business.
- Rate of expansion of the business.
- Market size/level of demand /elasticity of demand.
- Level of capital and time of financing.
- Entrepreneur's attitude towards business.

SECTION B: SCHOOL BUSINESS CLUB

2. (a) General description of the business project carried out should include;

- Business name, address and contact.
- Business location.
- Business vision.
- Business mission.
- Business objectives.
- Goods/services offered.
- Customers of the business.
- Sources of funds.
- Description of premises and assets of the business.

(b) Explanation of how the business idea was developed.

- Through newspapers i.e. about sale of business or personal services.
- Through magazine articles describing business.
- Through trade shows and exhibitions.
- Through hobbies i.e. activities pursued for pleasure and relaxation.
- Through surveys i.e. finding out what customers need and want informally through personal contacts and observations or formally using intensive questionnaires.
- Brain storming especially the leader/teachers guiding the students to give possible business opportunities in the school.
- Through vocational training and experience i.e. making the learners start a business with the skills and experience gained.

Note:

A candidate is supposed to explain only one method fully and exhaustively backed up by evidence.

(c) How capital for the business was raised:

- Through personal savings contributed by the students.
- Through borrowing from the school, individuals, etc.
- Through donations/ gifts from well wishers.
- Through contributions from parents and guardians.
- Through selling part of the business to others.

Note:

A candidate is supposed to explain only one method fully and exhaustively backed up by evidence

(d) Description of the production activities of the project should include the following areas:

- Purchasing process/actual production.
- Selling of commodities.
- Advertising and sales promotion.
- Documentation.
- Participation schedules by each candidate.
- Installation of tools and equipments and construction of the business premises (if any).
- Management of credit and debts.
- Packaging of product(s).
- Branding
- Storing of products.

(e) Marketing strategies used by the cub may include:

- Networking.
- Organizing school trade and fairs and exhibitions
- Writing in the school magazines about the project.
- Newsletters e.g. flyers/leaflets.
- Advertising
- Giving free information to interested prospects in the school.
- Cold calling of customers.
- Offering guarantee to the customers.
- Referrals

3. (a) **General description of the business carried out by the school business club should include;**
- Business name, address and contact.
 - Business location.
 - Business vision.
 - Business mission.
 - Business objectives.
 - Goods/services offered.
 - Customers of the business.
 - Sources of funds.
 - Description of premises and assets of the business.
- (b) **Factors that favoured the establishment of the business project in the school.**
- Existence of ready market.
 - Availability of raw materials.
 - Availability of required networks.
 - Presence of security.
 - Support by school administration and management.
 - Existence of ready space/premises/land.
- (c) **Description of how innovative the candidate was in the project should address areas like.**
- Creation/alteration of business structures, practices and models.
 - Sourcing of inputs and delivery of products to customers.
 - Introduction of a new product/service or substantially improved.
 - Changing the way business is done in terms of capturing value.
 - Development of new marketing methods/improvement in product design/packaging/promotion/pricing.
 - Implementation of a new or significantly improved production or delivery method.

(d) Impact of the business project on the environment:

(i) Positive impact

- Creates employment opportunities to society.
- Provision of goods and services.
- Participates in social activities e.g. tree planting, cleaning, etc.
- Facilitates infrastructural development e.g. electricity extension.
- Utilizing idle resources e.g. land.
- Provides market for the society's products.
- Provides information for research and study purposes.
- Sponsorship of community development programmes.

(ii) Negative impact

- Littering the school compound with paper wrappers.
- Creates noise pollution by students when consuming products/services during break or lunch time.
- Displacement of people/staff as a result of setting up business project.

(e) (i) Challenges the business project encountered include:

- Insufficient capital for expansion of operations.
- Limited skills to professionally perform duties.
- Difficulties in decision making due to plurality of ownership.
- Competition with similar businesses in the school.
- Limited sources of supply of commodities.
- Challenge of bad debts from student customers.
- Limited time for operation.
- Challenge of remunerating expectant owners of the business.

(ii) Measures taken to overcome the challenges mentioned in (e) (ii) above may include:

- Selling mainly on cash basis to overcome bad debts.
- Carrying out sales promotion activities so as to fight competition.
- Looking for alternative suppliers with better terms and conditions.
- Getting financial assistance from parents and well wishers.
- Ensuring proper planning.
- Convincing business owners to work hard to earn high dividends.

SECTION B: FIELD ATTACHMENT/FIELD TRIPS

4. (a) General description of the business the candidate was attached s should include;

- Business name, address and contact.
- Business location.
- Business vision.
- Business mission.
- Business objectives.
- Goods/services offered.
- Customers of the business.
- Sources of funds.
- Description of premises and assets of the business.

(b) (i) Source documents used by the business the candidate was attached to:

- Payment voucher.
- Invoice.
- Cash sale slips.
- Receipts.
- Bank statements.

- Cheque leaves.
- Delivery notes.
- Local purchase order forms.
- Petty cash vouchers.
- Statement of account forms.
- Credit notes.
- Debit notes.

(ii) How the source documents mentioned in (b) (i) were being used:

- Payment voucher were being used to verify the transactions that took place.
- Invoices were being used to ascertain the number of creditors and debtors of the business.
- Credit notes and debit notes were being used to determine the level of errors in transactions with debtors.
- Cash sale slips were being used to ascertain cash inflows from sales.
- Vouchers were being used to prepare books of accounts.

(c) Competition advantages of the business the candidate was attached to:

- Offering good quality goods and services.
- Cheaper prices.
- Added convenience of opening early and closing late.
- Positive attitude towards customers by treating them with respect and dignity.
- Good representation and appearance of business premises, personnel, products, package, etc.

(d) (i) Market gaps in the locality of the business the candidate was attached to should include:

- Low quality products.
- Limited variety of commodities.
- Low volume of stock.

(iii) Advice to the business owners on how to fill the gaps identified in (d) (i) above:

- Improvement in quality e.g. by looking for a new supplier with quality products and raw materials.
- Increasing on the variety of commodities by purchasing from different sources and types.
- Investing in production and supply of commodities being demanded but not supplied.

(e) Entrepreneurial skills the candidate acquired from the business he/she was attached to should include:

- Managerial skills.
- Technical skills.
- Financial management skills.
- Communication skills.
- Purchasing skills.
- Writing skills.
- Skills for business idea generation.
- Skills for packaging and branding.
- Skills for creativity and innovation.
- Skills for sales promotion.
- Skills for handling competition.
- Skills for promoting good customer care.
- Skills for practicing good business ethics.

5. (a) (i) Objectives of the field trip should include:

- (i) To introduce myself/ourselves to field research.
- (ii) To relate theory to practical work taught in class.
- (iii) To expose myself/ourselves to the business world.
- (iv) To see what takes place in enterprises e.g. challenges being faced, ways of marketing, production, etc.

(ii) Description of the business that was visited should include:

- Business name, address and contact.
- Business location.
- Business vision.
- Business mission.
- Business objectives.
- Goods/services offered.
- Customers of the business.
- Sources of funds.
- Description of premises and assets of the business.

(iii) Layout drawn for the business visited by the candidate should show:

- Entry/exit gate.
- Security check point.
- Reception/administration block.
- Parking yard.
- Processing room.
- Inspection room.
- Maintenance room.
- Employee facilities e.g. changing rooms, toilets, rest rooms, etc.
- Stores.
- Grading, packaging and branding room.
- Waste disposal bin.
- Power/generator room.
- Water source.

(b) How the business visited markets its products should include:

- Through using attractive and strategic display.
- Through advertising and sales promotion.
- By offering discounts.
- Through effective decision making.
- Through effective and efficient communication.
- By ensuring good customer care.
- Through using efficient and effective distribution channels.
- By carrying out market research.
- Through negotiating for fair prices for the goods the business deals in.

(c) (i) Problems faced by the business visited should include:

- Limited market due to competition.
- Limited working capital.
- Unfavourable government policies e.g. high taxes and absence of subsidies.
- Underdeveloped infrastructural facilities e.g. irregular power and water supplies, poor transport network and storage facilities.
- Insecurity due to theft, burglary, etc.
- Low management ability.
- Inadequate skilled labour.
- Poor location of the business.
- Poor planning.

(ii) Recommendations given to the business visited to address the problems mentioned in (c) (i) above should include:

- Borrowing from cheaper sources.
- Ensuring market expansion through advertising, quality improvement, sales promotion, etc.
- Training of employees and employing skilled manpower.
- Transferring the business to a favourable location.
- Acquiring own source of power, water, means of transport and storage.

- Joining/forming business associations and lobbying for reduction in taxes and provision of subsidies.
- Undertaking security measures e.g. employing security guards, constructing wall fence, etc.
- Ensuring proper planning.

(d) How the business visited handles credit or debt management should include:

- By fixing maximum amount/value of goods to be sold on credit.
- By giving a shorter credit period.
- By asking for collateral security with higher value.
- By imposing penalty on debtors who do not pay within the credit period.
- By accepting any other mode of payment e.g. cheques.
- By rescheduling the date of payment to make it convenient for the debtors to pay.

(e) Contribution local community makes to the business visited should include:

- It supplies labour to the business.
- It supplies raw materials used by the business in the production process.
- It serves as a source of market to the business by buying its goods and services.
- Offering land/space for expansion.

Note:

These answers must be explained with the aid of evidence/examples

REVIEW QUESTIONS (Section A)

- 1. Read the case study below and answer the questions that follow.**

Kato and Kakuru were born in a family, the survival of each depended on subsistence farming. They practiced this same economic activity up to the age of 15 years when they realized that there was need to be creative and innovative so as to break the filth of poverty they were suffocating in.

Political certainty, the introduction of entandikwa, poverty alleviation, NAADS programmes, private sector foundation and enterprise Uganda activities plus the improving business atmosphere in Uganda as well as family support encouraged Kato and Kakuru to think of engaging in some business activities. They started by carrying out small scale commercial agriculture. Since they had enough food staff, whatever income they earned was saved.

After raising enough capital, Kato and Kakuru opened up a retail shop in their nearest trading center. This shop was a success since it was well stocked with good quality essentials shop, a book shop commodities. Fair prices were charged and the brothers offered other incentives to their customers. With in less than five years, they duo opened up a wholesale general merchandise shop, a bookshop, two supermarkets and engaged in bus transport business. Practicing agriculture was no longer in their mind due to weather vagaries.

In the same town were other businesses dealing in similar commodities. This did not make Kato and Kakuru to lose heart, instead they got encouraged, to adopt new ways to boost their business to success. Despite the stiff competition, the brothers continued to expand their businesses. They employed very skilled, experienced and business oriented graduates from their village and assigned them the duty of strengthening production and human resources management departments. Kato and Kakuru ensured that the staff was well motivated. They encouraged the staff members to save

part of their income and invest the savings in business not competing with the one in which they were employed. Within a short period, many employees became entrepreneurs and this upgraded the welfare of the whole community.

- (a) How innovative were Kato and Kakuru? (05 marks)
- (b) Identify any five forms of entrepreneurial environment that Could have enabled Kato and Kakuru to succeed. (05 marks)
- (c) What ethical behaviour did Kato and Kakuru extend towards the customers? (03 marks)
- (d) Justify the personal entrepreneurial characteristics that enabled Kato and Kakuru to start and run their business. (05 marks)
- (e) How did the family of Kato and Kakuru promote success of the business? (02 marks)
- (f) What factors helped Kato and Kakuru to succeed in their business? (02 marks)

2. Read the Case Study below and answer the questions that follow:

Mr. and Mrs. Baguma operate a food kiosk in Shauri Yako market, along Nakivubo Road, Kampala. There are many other Kiosks in the market and the competition is very high. Mr. and Mrs. Baguma are very hard working. They are always at their food Kiosk by 6:00am everyday. They have specialized in serving non-fried traditional dishes. This means that they use high quality and value foods to prepare their dishes, which must be in their original high quality form. They sell traditional drinks like milk and porridge. On weekends, one may choose to get a glass of the local alcoholic porridge or beer.

While Mr. Baguma strategically stands outside his Kiosk to welcome customers, Mrs. Baguma gives them seats, takes their orders and ensures that waiters and waitresses serve them promptly. After their meals, Mr. Baguma collects payments. Customers leave after catching up with the latest news from different parts of Uganda, Mr. Baguma always has. A farewell and comeback request from Mr. Baguma always rings in the minds of the customers every time they think about lunch while in Kampala.

The Baguma's food Kiosk is always full of happy eating customers. The Bagumas know most of their customers by name, their favourite dishes and drinks. There is never a day when neither of the Baguma's is at the Kiosk. It only happened once when they had lost their cousin and they went to the village for the burial leaving the Kiosk in the care of the workers. For the two days they were away, their sales were very low and the neighbour food Kiosks cashed in. Since then, at least one of them has to be around.

Mr. Baguma pays and treats his employees well in order to avoid the costs of high labour turnover. This has enabled him to maintain his workers for long. Owners of the neighbouring kiosks have a misconception that the Bagumas use charms to attract and keep their customers and at times, they display their jealousy and hostility openly.

At the end of every year, Mr. Baguma analyses his business records to assess the performance of the business and pays taxes to URA. At the end of last year, his sales were Shs. 250,000,000. The cost of sales was Shs. 80,000,000 and expenses were Shs. 50,000,000.

- (a) (i) Identify the entrepreneurial qualities possessed by Bagumas. (02 marks)
- (ii) Which other qualities should they have to be more successful? (03 marks)
- (b) Advise the Bagumas on how to maintain their market share for the next 10 years. (05 marks)
- (c) Compute and interpret the following for Baguma's as at the End of last year.
 - (i) Mark up. (03 marks)
 - (ii) Net profit ratio. (02 marks)
- (d) What should be done by those in the same line of business in the same catchment area with Baguma's in order to neutralize them and also get customers? (05 marks)
- (e) Identify the costs of high labour turnover Mr. and Mrs. Baguma are trying to avoid by keeping their workers happy and motivated. (02 marks)

3. Read the Case Study of Billy and answer the questions that follow:

Some people in Uganda like taking tea with sugar and as a result, there is a high demand for sugar in the country. Noticing that there is a high demand for sugar in Uganda, and realizing that this was a good business opportunity, Billy (an entrepreneur) started growing sugarcanes from which he could make sugar.

Slowly and steadily, Billy embarked on the task of setting up a sugarcane plantation and a sugar factory. He looked for capital, bought land and planted sugarcanes, built factory buildings, bought machines and installed them. Billy hired many skilled and unskilled human resources to help do all this work and manage the business. Billy now owns a large sugarcane plantation and a sugar factory, which employs very many people whom he pays relatively well. Billy has also encouraged the people living in the neighbourhood to grow and sell sugarcanes to his business. The income of people selling sugarcanes to Billy's business has increased and their standard of living has also gone up.

Billy's business makes profits on which it pays taxes to the government. The workers pay graduated tax to the Local Council of the area. The Local Council has as a result been able to construct feeder roads in the area, which have made it possible for the people to produce and sell their agricultural products.

Since the plantation and factory workers have school age going children, Billy has set up schools for them. The school fees charged are fairly low and are affordable by the workers and the people in the neighbourhood. The children who previously traveled long distances now go to Billy's Primary and Secondary School. The school has most of the basic requirements and is staffed with well-qualified teachers. As a result, the performance of the children in district and national examinations is very good. The students and their parents are proud of the school.

Billy has also set up recreational facilities for the workers and the community. A local football team plays in the country's top football tournament. A clinic has been set up and it provides health services to the whole community at affordable rates.

- (a) What convinced the entrepreneur to start the business? (05 marks)
- (b) What contributions does the business make to the community? (05 marks)
- (c) What lessons do you learn from Billy's experience? (03 marks)
- (d) What could be some of the negative impacts that the business causes to the environment? (05 marks)
- (e) What factors led to the success of Billy's business? (03 marks)
- (f) Give four entrepreneurial characteristics that Billy possessed. (04 marks)

4. Read the Case Study of Butyampa and answer the questions that follow:

"In our village, our family land was large and you could not see our neighbours' homes from ours" said the man. "Our neighbours also had very big pieces of land. "We had enough land to cultivate and graze our animals. We could not cultivate any piece of land continuously for more than four seasons. There would always be a fresh piece of land to cultivate, which would give better harvests. Most of the land was covered with trees, shrubs and swamps. Rain seasons never failed. Cows and goats ate to their fill and were fat".

"Those were the good old days, the days of my fathers and grandfathers. Things have however changed. So many new developments have taken place. People seeking to make money came and put up a machine. This machine is fed with lots and lots of big pieces of stone. It eats them and spits small pieces of stone and at times, dust. Large parts of the village have been dug up to get the stone to feed the machine".

There is another machine, which is fed with big trunks of wood and it produces small straight wood. I hear them say it is timber. All the trees that used to cover the hilltops and valleys have been cut down to feed this machine. They say that they were supposed to plant new trees to replace those being cut but ever since they started, they have not yet planted any.

Then there are many big and rich people keeping many black and white cows. They came and took our swamps and dug deep channels, which took away the water that used to flood the area. They then planted grass on which their cows feed. Looking at it now, you would never know that there used to

be a swamp.

With the businesses have come new things like cars. One can travel from our village to Kabale while seated in a car. Previously, one walked and it would take two (2) days. There are many shops selling things we had never seen before. The houses are covered with iron sheets. Previously we used grass from the swamp. As for the clothes, I cannot say anything.

“All these changes brought many people to our village. These days, there are many people in the village. People’s homes are too close to each other. They say that this is one of the reasons we have frequent malaria attacks. During the days of my grandfather and my father, we never knew malaria. People’s land holdings have shrunk hardly enough for growing subsistence food. The land is cultivated over and over again and it is never given time to rest. The yields are very low and we can no longer grow some of the crops we used to like. Sorghum our major staple crop no longer grows tall, it is hardly a younger man’s height. The forests and swamps have also gone. Women have to go very far to look for firewood and water. The rain no longer comes regularly and when it does, it is short, hardly enough for the crops to grow well. Worse still, at times it is too heavy with strong winds and hailstones. It destroys and washes away crop, kills animals and takes away the soil.

It would be better if Kazooba (God of the sun) took me now before I see the worst of my days. They say things are changing, but if they keep changing like I have seen, then I am worried for my womb”.

- (a) What is the case study about? (03 marks)
- (b) “It would be better if Kazooba (God of the sun) took me now before I see the worst of my days”. What was the old man trying to mean by this statement? (05 marks)
- (c) Identify the natural environment elements the old man is talking about. (05 marks)
- (d) What businesses have been established in the old man’s village? (03 marks)
- (e) How has each of these businesses contributed to environmental degradation? (05 marks)
- (f) What has been the effect of the degraded environment? (04 marks)

5. **Read the Case Study TAJI DAIRY FARM and answer the questions that follow:**

At Kipera, Mlali Rural District is the Taji Farm. The farm is now owned and operated by Jamila Taji, daughter of Taji Hassan. It was started in the late 1960s by her grand father and was operated for many years by her father, Hassan. Jamila took over the farm along with 8 herd eight years after she completed her training at LITI Morogoro. She has added to the herd on a regular basis since that time, and even though the farm owns two large buildings and dairy cows, it is considered a small business by dairy farm standards.

The farm consists of 178 acres in Kipera. Jamila has a permit from the local authorities to plough the land prepare it for planting corn and alfalfa hey crops that feed the present herd of Frecisian and Jersey daily cows and the approximately 5 replacement Heifers. She uses the dairy herds manure and other wastes by returning them to the land as fertilizer. Production averages about 1,650 litres of milk per cow per year. The product is sold to a local milk bottling agent who takes it to his principal consumer in Dar es Salaam. The milk is sold at market rates between T.Shs. 9,000 to 125,000 per hundred litres, depending on market conditions.

At the end of the year, Jamila examines her financial position to put together the formal financial statements. Her records show the fixed assets of land, buildings, farm machinery, milk tanks milk equipment, the 15 cows and 5 heifers are valued at T.Shs. 1,128,808. Additionally, there is T.Shs. 13,555 in cash, T.Shs. 34,556 in accounts receivable owed to the farm by the milk buyer, an inventory of hay and corn silage of T.Shs. 14,506, and supplies and prepaid insurance of T.Shs. 5,556 that make the **current assets**.

The current liabilities for the farm are: T.Shs. 25,000 on a short-term loan that was used to buy a second had farm trailer and T.Shs. 9,222 owed to labourers on the farm. The **fixed or long-term liabilities** total T.Shs. 505,000 with T.Shs. 377,000 of the amount as a mortgage on the farm and T.Shs. 128,000 as a mortgage on the live stock.

Sales income from milk and other sales for last year totaled T.Shs. 278,898 and the **direct costs** of milk production (treat as cost of good sold) were T.Shs. 131,300. Other expenses were T.Shs. 131,931. Net profit was T.Shs. 15,667 not including any salary or draws from capital.

- (a) Use the above data to develop a balance sheet statement for Jamila.
- (b) Using the balance sheet you prepared, develop the following information:
 - (i) Current ratio.
 - (ii) Working capital.
 - (iii) Ownership ratio.
- (c) From the sales income and direct costs; calculate the:
 - (i) Gross margin (profit).
 - (ii) Net profit.
 - (iii) Net profit margin
- (d) Why is current ratio important?

6. Read the Case Study of Wangari and answer the questions that follow:

Wangari Maathai is the first Kenyan female to earn a PhD and the first African woman to receive the international Nobel Peace Prize, one of the most high-status awards in the world. She started a non-profit social enterprise called the Green Belt Movement (GBM). Over years of effort, Wangari succeeded in gathering mostly rural women to plant more than 10 million trees to prevent soil erosion and provide firewood for cooking.

In Kenya, and many parts of the world, forest and natural resources are in serious danger. Before Wangari started her work, approximately 9 trees were being replanted for every 100 trees that were cut down. She was afraid that there would soon be no trees left! As a professor, she understood that trees are essential to healthy ecosystem. Trees affect the weather, soil, water and animals of every living community. Wangari Mathaai believes in sustainable development. She thinks that unless we take proper care of the environment we cannot end poverty. Education will be impossible, as children are pulled out of school to work in the fields or are too malnourished to learn. There can be no development or proper treatment of

diseases and HIV/AIDS, or empowered women unless we stop polluting and destroying the environment in which we live.

The GBM started with a simple idea: get communities to plant trees and protect the environment. The women Wangari mobilized also had paid employment for planting the trees. Two of the key goals of GBM are:

- Empowerment of especially women and girls.
- Promotion of a tree planting movement across Africa.

The GBM's strategy is to develop a community's ability to improve their own lives, the environment, and the sustainable management of resources. Wangari has had an amazing positive impact on society and environment: Hundreds of thousands of Kenyan women have improved their own lives, soil erosion has been reduced in critical watersheds, and thousands of acres of indigenous forests have been restored or protected.

"If I have learned one thing, it is that humans are only part of this ecosystem. When we destroy the ecosystem, we destroy ourselves, for in its survival depends our own" - Wangari Mathaai.

- (a) Identify the Key goals of GBM. *(04 marks)*
- (b) Apart from the enterprise stated in the case study, what other social enterprises could the GMB have started? *(04 marks)*
- (c) How has the community benefited from the GBM? *(05 marks)*
- (d) "In Kenya, and many parts of the world, forest and natural resources are in serious danger". According to the case study, which resources are being referred to in this context? *(05 marks)*
- (e) "If I have learned one thing, it is that humans are only part of this ecosystem. When we destroy the ecosystem, we destroy ourselves, for in its survival depends our own". Justify the statement in reference to the case study. *(07 marks)*

7. Read the Case Study of Yunus and answer the questions that follow:

Muhammad Yunus of Grameen Bank is a Bangladeshi banker and economist who won the Noble Peace Prize for starting microcredit or microfinance. He started Grameen Bank, a for-profit business that provides small loans to mostly poor women to improve or start business.

Poor people had no access to loans at traditional banks because they were considered too high risk of not paying back the money. Most people went to money lenders for loans who charged them extremely high interest rates and did not provide them with support or resources on how to improve their businesses.

Yunus started Grameen Bank because he believed that, given the chance, the poor will repay the borrowed money and his “bank for the poor” could be self-sustaining. Providing low interest credit to the poor is now considered a global tool to reduce poverty. Grameen Bank has issued loans to millions of people and continues to grow.

- (a) Why did the poor women acquire the loan funds from Yunus?
(06 marks)
- (b) What factors do you think were being considered by Yunus before extending the loan facilities to his clients? (10 marks)
- (c) Despite the fact that Yunus’ bank was “bank for the poor”, Yunus succeeded in his business. Give reasons for this success. (04 marks)
- (d) If you were appointed as a specialist in loan management, how would advice the poor women (borrowers) in the case study on proper loan management? (05 marks)

8. Read the Case Study of Dr. V and David Green and answer the questions that follow:

Dr. V and David Green of Aravind Eye Hospitals gave sight back to millions of Indians who would otherwise be blind. At the age of 65, Dr. V. sold his home and opened a hospital to perform free or low-cost eye surgery on poor Indians. Dr. V. opened a lens factory that used an innovative approach to reduce the cost of lenses from the market price of US\$150 to just US\$10.

Business entrepreneurs failed to see this opportunity because they try to make the highest profit from every item sold. Instead, Dr. V makes a small amount of profit from each item sold to poor customers and sells many (high sales volume). For those who cannot pay, he gives it away for free. He also sells products at market prices to those who can pay.

- (a) Apart from selling of his personal house, suggest other sources of capital Dr. V could have used. *(06 marks)*
- (b) Explain the methods of price determination being used by Dr. V and David Green. *(05 marks)*
- (c) Basing on the case study, describe the entrepreneurial characteristics of Dr. V. *(06 marks)*
- (d) What methods of product/sales promotion are being used by Dr V and David Green? *(05 marks)*
- (e) What lessons do you learn from Dr V and David Green? *(03 marks)*