

## ENTREPRENEURSHIP EDUCATION

### 845/1 Marking guide

1. (a) Objectives of the business;

- Profit maximization.
- Create employment for myself.
- Provide goods and services to the community.
- Get recognition (good will)
- Societal benefits.
- 70 increase sales/increase market share
- To increase production.
- To open other branches.
- To become a market leader.

Any  $4 \times 1 = 4$  marks

(b) Steps to follow in preparation of a business plan;

- Selecting business opportunity.
- Conducting a market survey
- Drafting description of the business.
- Stating vision mission, goals, and objectives.
- Drafting marketing plan.
- Drafting production plan.
- Drafting organizational plan.
- Discussion of the various drafts.
- Polishing and finalizing the plan
- Preparation of an action plan.

Any  $5 \times 2 = 10$  marks

NB. Chronological order should be observed.

(c) The organizational plan of a restaurant should have the following;

- Name and address of the business
- Document name i.e organizational plan.
- People to work in the business i.e number and type.
- Workers qualifications.
- Workers task/duties.
- Who will do the administrative part of the business.
- How will they be paid i.e salaries/wages.
- What benefits will they be paid/other benefits.

Any  $6 \times 1 = 6$  marks

(d) Factors to consider when determining the working capital requirements of the business.

- Size of the business/level of output.
- Nature of the business.
- Length of the cash cycle i.e time it takes between selling and payment of cash.
- Stability of revenue, sales revenue.
- Inflation/prince/costs of working requirements.
- Accessibility to funds/finance.
- Size of the market.
- Availability of working capital requirements.
- Government policy or taxation.

Any  $5 \times 1 = 5$  marks

2. (i) (i) Gross profit margin =  $\frac{\text{Gross profit}}{\text{Net sales}} \times 100$

$$= \frac{60,000,000}{240,000,000} \times 100$$

$$= 25\%$$

3 marks

(ii) Net profit to sales ratio =  $\frac{\text{Net profit}}{\text{Net sales}} \times 100$

$$= \frac{35,000,000}{240,000,000} \times 100$$

$$= 14.5\%$$

$$15\%$$

3 marks

(iii) Net profit to owners equity =  $\frac{\text{Net profit}}{\text{Owners equity}} \times 100$

$$= \frac{35,000,000}{114,000,000} \times 100$$

$$= 30.7\%$$

$$31\%$$

3 marks

(iv) Acid test ratio =  $\frac{\text{Current assets} - \text{closing stock}}{\text{Current liabilities}}$

$$= \frac{128,000,000 - 47,000,000}{74,000,000}$$

$$= \frac{81,000,000}{74,000,000}$$

$$= 109:1$$

3 marks

1.1:1

Or quick assets (Debtors + bank + cash)

Current liabilities

81,000,000

74,000,000

1.09:1

1.1:1

(v) Stock turn over = cost of sales

Average stock

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

$= \frac{23,000,000 + 47,000,000}{2}$

= shs 35,000,000

180,000,000

35,000,000

3 marks

= 5.14 times

(vi) Fixed assets turnover =  $\frac{\text{Net sales}}{\text{Fixed assets}} \times 100$

Fixed assets

$\frac{24,000,000}{132,000,000} \times 100$

18.2%

3 marks

Or Net sales

Fixed assets

=  $\frac{240,000,000}{132,000,000}$

1.81:1

1.8:1

(vii) Debt to owners equity (gearing ratio)

Longterm liabilities

Owners equity

$\frac{72,000,000}{114,000,000} \times 100$

63.16%

63.2%

(b) (i) Debt to owners equity ratio of 63.2%

Implies that 63.2% of the business funds are borrowed while 36.8% is out of the business equity (capital) 2 marks

(ii) Net profit to sales ratio of approximately 15% means that out of every shs. 100 earned from sales, Net profit was shs. 15. 2 marks

Or

The business realized a net profit of approximately shs. 15 on every shs. 100 of sales.

3. (a) The terms and conditions which should govern the contract should be:-

- The cost of the juice
- Quantity to be supplied
- Period for which the contract will last
- Terms of payment e.g cash, credit
- The quality of the juice
- Delivery terms
- Days and time of delivery e.g Monday morning
- Discount to be given
- Identity the parties to the contract.

Use shall or is/are

Any  $7 \times 1 = 7$  marks

(b) The invoice should have the following:

- Name and address
- Document name i.e invoice
- Document number
- Business logo
- Inside address
- Date
- Table showing item, quantity, unit price, total price.
- Terms of 5% cash discount
- Account is due on demand
- Prepared by
- Frame

The document should be filled

Any  $6 \times 1 = 6$  marks

(c) A receipt should have the following:

- Name and address

- Document name
- Document number
- Inside address
- Date
- Table showing number, item, amount (with units)
- Amount in words
- Prepared by
- Frame
- Business logo.

Any 5 x 1 = 5 marks

Should be filled

(d) Hygiene guidelines to be observed by the workers in your business.

- All employees shall present medical form before starting work.
- All employees shall wear prescribed garments at work.
- An employees shall be required to maintain personal hygiene (batting short finger nails)
- There shall be regular cleaning of the work stations.
- There shall be constant cleaning of utensils used.
- There shall be compulsory medical checkup.
- All fruits shall be kept in a clean environment.
- All fruits shall be washed using disinfectant before being canned.
- All juice shall be packed immediately after canning.

Any 7 x 1 = 7 marks

#### 4. MUSOKE

##### SALES JOURNAL

FOR THE MONTH OF MARCH 2021

Date	Details	Invoice	Folio	Invoice details shs	Invoice total shs
2021				700,000	
1 <sup>st</sup> March	Claire: clothes			80,000	
1 <sup>st</sup> March	2 x 350,000	001	SL <sub>1</sub>	60,000	840,000
1 <sup>st</sup> March	Soap 4 x 20,000				
1 <sup>st</sup> March	Shoes 3 x 20,000			500,000	
18 <sup>th</sup> March	Juma			25,000	475,000
	Goods	02	SL <sub>2</sub>		900,000
	Less 5% discount				
27 <sup>th</sup> March	Hashim	03	SL <sub>3</sub>		2,215,000
31 <sup>st</sup> March	Transfer to sales A/C		GL <sub>1</sub>		

10 X  $\frac{1}{2}$  = 5 marks



MUSOKE'S  
RETURN IN WARDS JOURNAL  
FOR THE MONTH OF MARCH 2021

Date	Details	Credit note No.	Folio	Credit note details shs	Total amount shs.
9 <sup>th</sup> March	Claire Soap	001	SL <sub>1</sub>	20,000	
	Clothes $\frac{1}{2} \times 350,000$			175,000	195,000
30 <sup>th</sup> March	Hashim	002	SL <sub>2</sub>		150,000
31 <sup>st</sup> March	Transfer to return A/C				345,000

$6 \times \frac{1}{2} = 3$  marks

MUSOKE'S  
PURCHASES JOURNAL  
FOR THE MONTHS OF MARCH 2021

Date 2021	Details	Invoice	Folio	Invoice details shs	Mount shs
5 <sup>th</sup> March	Honey well Iron sheets (30x28,000) Cement 20x30,000 Books 15x15,000	001	PL <sub>1</sub>	840,000 600,000 <u>225,000</u>	
	Less 10% discount			1,665,000	1,498,500
10 <sup>th</sup> March	PEPE Shirts 6x150,000 Pipes 9x8000 Bolts 12x200,000	002	PL <sub>2</sub>	166,500 900,000 72,000	
24 <sup>st</sup> March	Kwagala Pangas 36x300,000 Trousers 20x700,000	003	PL <sub>3</sub>	2,400,000 10,800,000 14,000,000	3,372,000
31 <sup>st</sup> March	Transfer to purchases A/C		GL <sub>3</sub>		24,800,000
					<u>29,670,000</u>

$13 \times \frac{1}{2} = 6 \frac{1}{2}$  marks

MUSOKE'S  
RETURNS OUTWARD JOURNAL  
FOR THE MONTHS OF MARCH 2021

Date	Details	Credit note	Folio	Details of debt note shs	Total shs.
14 <sup>th</sup> March	Honey well Iron sheets 5x28,000 Cement 2 x 30,000 Books Pepe	001	PL <sub>1</sub>	140,000 6,000 15,000	215,000 150,000
31 <sup>st</sup> March	Transfer to purchase Return A/C				<u>365,000</u>

$7 \times \frac{1}{2} = 3 \frac{1}{2}$  marks

SALES LEDGERS

Dr	CLAIRE' A/C	CR
2021 March 1 <sup>st</sup> sales S.J	SHS 840.000	2021 March 9 <sup>th</sup> return in wards RIJ 195,00

Dr	JUMA'S ACCOUNT	CR
2021 March 1 <sup>st</sup> sales S.J	SHS 475.000	2021 SHS

Dr	HASHIM ACCOUNT	CR
2021 27 <sup>th</sup> Match sales SJ	SHS 900.000	2021 9 <sup>th</sup> March returns in wards 150,000

PURCHASES LEDGERS

Dr	HONEY WELL ACCOUNT	CR
2021 Match 14 <sup>th</sup> returns outwards	SHS 215.000	2021 March 5 <sup>th</sup> purchases P.J 1,498,500

Dr		KWAGALA' ACCOUNT		CR	
2021	SHS	2021	SHS		
		24 <sup>th</sup> March purchases P.J	24,800,000		

Dr		HONEY WELL ACCOUNT		CR	
2021	SHS	2021	SHS		
26 <sup>th</sup> March purchases returns	150,000	10 <sup>th</sup> March purchases P.J	3,372,000		

#### GENERAL LEDGERS

Dr		SALES ACCOUNT		CR	
2021	SHS	2021	SHS		
		31 <sup>st</sup> March Sundry debtors	2,215,000		

Dr		RETURNS IN WARDS ACCOUNT		CR	
2021	SHS	2021	SHS		
31 <sup>st</sup> March total debt notes	345,000				

Dr		PURCHASES ACCOUNT		CR	
2021	SHS	2021	SHS		
31 <sup>st</sup> March Sundry creditors	29,670,500				

Dr		RETURNS OUTWARDS ACCOUNT		CR	
2021	SHS	2021	SHS		
		March 31 <sup>st</sup> Total credit note	365,000		

14 ticks  $\times \frac{1}{2} = 7$  marks

Total 25 marks

Without units 50% penalty

5. (a) Factors to consider in selecting and buying the right type of machinery/equipment.

- The initial cost of the machinery
- The capacity of the machinery
- Ease in maintenance and repair.
- Flexibility for adjustment.
- Productivity and efficiency of machinery
- The useful life of the machinery
- Guarantee given by the manufacturer
- Source of the machinery.
- Simplicity and ease of use.



Any 8 x 1 = 8 marks

(b) Steps to follow when insuring the project;

- Filling a proposal form.
- Calculation of premiums by agent and payment.
- Issuing of cover note/binder
- Issuing of an insurance policy.
- Filling claim form in case the even insured against happens.
- Compensation by the insurance company.
- Termination of policy.

Any 5 x 1 = 5 marks

(c) Ememo should have the following;

- Name and address
- From
- To
- Reference
- Date
- Subject
- Body
- Logo
- Frame

Any 5 x 1 = 5 marks

(d) A Suitable newspaper advert should include:-

- Name and address of the business.
- Type of media used i.e news paper
- Location of the business
- Products offered by the business
- Relevant illustrations
- Persuasive closing statements.
- Business logo.
- Frame.
- Background of the business.

Any 7 x 1 = 7 marks

END