

P230/2

Entrepreneurship

Education

Paper 2

July/Aug, 2024

3 hours



ASSHU-KASESE JOINT EXAMINATIONS BOARD (AKJEB)

MOCK EXAMINATIONS

UGANDA ADVANCED CERTIFICATE OF EDUCATION

ENTREPRENEURSHIP EDUCATION

PAPER 2

3 HOURS

INSTRUCTIONS TO CANDIDATES:

*Answer **four (4)** questions only*

All questions carry equal marks

Credit will be given for use of relevant diagrams and illustrations

*Any additional question(s) answered will **not** be marked*

1. You are operating a shoe making factory in your home town. You even make products on special orders.
 - (a) Design a work order form for the business. (07 marks)
 - (b) Draw a plan for conducting personal selling. (07 marks)
 - (c) Compose guidelines for ensuring good business ethics towards the customers. (06 marks)
 - (d) Formulate the social responsibilities of your business to the community. (05 marks)
2. The following balances were obtained from the financial statement of KAYUMB'S business at the end of 2023.

	UGX.
Sales	288,000,000
Total fixed assets	65,500,000
Average debtors	90,000,000
Opening stock (1/1/2023)	40,200,000
Closing stock (31/12/2023)	50,400,000
Cost of sales	201,600,000
Total current assets	36,100,000
Equity capital	68,400,000
Total current liabilities	16,800,000
Net profit before interest and tax	40,600,000
Long term liabilities	38,500,000
Interest expense for the year	5,700,000

Required:

- (a) Compute the following ratios for the business.
 - (i) Gross profit margin, (03 marks)
 - (ii) Stock turnover, (03 marks)
 - (iii) Debtors collection days, (03 marks)
 - (iv) Leverage ratio, (03 marks)
 - (v) Interest cover, (03 marks)
 - (vi) Working capital ratio, (03 marks)
 - (vii) Net profit margin. (03 marks)
- (b) Interpret the following ratios using your results in 2(a) above;

- (i) Stock turnover
- (ii) Interest cover

(02 marks)

(02 marks)

3. You have been employed as a Risk Management Officer in a metal fabrication business.
- (a) Identify the risks faced by the business that you will monitor (06 marks)
 - (b) Design a programme for analyzing risk situations in the business (06 marks)
 - (c) Write a Memo inviting workers to attend a one day training on risk Management strategies (05 marks)
 - (d) Present guidelines to be followed to minimize risks (8 marks)
4. You have discovered poor financial management issues in your bakery business resulting from worker's unethical behaviours.
- (a) Prepare a job advertisement for the post of an accountant (09 marks)
 - (b) Develop a policy that will ensure effective cash management (06 marks)
 - (c) Draw a plan for recovering money from the debtors (6 marks)
 - (d) Write a marketing plan for the business (05 marks)
5. You have been appointed as the Human Resource manager of a tailoring business in your community. The business plans to recruit more workers and also motivate them.
- (a) Design a job application form for the business (07 marks)
 - (b) Formulate a motivational policy for the business to keep workers' morale high (07 marks)
 - (c) Draft a pay slip to be used in the business (06 marks)
 - (d) Write a job specification for the post of assistant Human Resource Manager (05 marks)
6. The following information relates to SIBENDIRE ENTERPRISES LTD, being projections for the months of September, October and November, 2024.
- (i) Opening balances as at 1st September, 2024
 - Bank balance shs. (16,000,000)
 - Cash balance shs. 10,000,000
 - Debtors shs. 30,000,000
 - Creditors shs. 15,000,000

- (ii) Expected units to be purchased in Kgs are; 40,000, 24,000 and 20,000 in September to November respectively at a cash price of shs 500 per kg.
- (iii) The business hopes to receive cash from debtors in September to November in the ratio of 5:3:2 respectively.
- (iv) Cash sales for September are projected at 18,000kgs and they are expected to increase monthly by 20%. Each kg is expected to be sold at shs. 2,000.
- (v) Monthly purchases of clothes to be donated to the society are valued at shs 4,000,000.
- (vi) Monthly sales of packaging materials for cash projected at shs. 2,000,000.
- (vii) Payments to creditors will be made in September to November in a ratio of 1:1:1 respectively. October payments will be made in November.
- (viii) Monthly labour cost payment to each of the 8 workers is shs 350,000. In November, the business will recruit two (2) new workers at the same monthly pay.
- (ix) Administrative expenses paid at the end of each month are projected as shs. 4,000,000. This will decrease by 5% starting in October.
- (x) General expenses per month projected to be shs 3,400,000

Required;

- (a) Prepare a cash flow statement for **SIBENDIRE ENTERPRSES LTD FOR** the three months. (20 marks)
- (b) Comment on the net cash position of the business enterprise for the three months (05 marks)

END