

P230/2  
ENTREPRENEURSHIP  
EDUCATION  
Paper 2  
Nov./ Dec. 2024  
3 hours



UGANDA NATIONAL EXAMINATIONS BOARD

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP EDUCATION

Paper 2

3 hours

**INSTRUCTIONS TO CANDIDATES:**

*This paper consists of **six** questions.*

*Answer **four** questions in all.*

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

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

*Begin each question on a fresh page.*

1. You plan to start a small-scale community based gender partnership craft business.
  - (a) Identify the management roles for the members of the business. (05 marks)
  - (b) Draft guidelines for ensuring gender balance in the conduct of the business. (06 marks)
  - (c) Develop strategies that will be used to promote women participation in the business. (06 marks)
  - (d) Prepare a presentation to educate your potential business partners about the need for gender partnership. (08 marks)
2. The following financial accounts were obtained from Super Designers' Enterprise:

**SUPER DESIGNERS' ENTERPRISE**  
**INCOME STATEMENT FOR THE YEAR ENDING 31/12/2023**

| Particulars                    | Shs        | Shs        | Shs         |
|--------------------------------|------------|------------|-------------|
| Sales                          |            |            | 100,000,000 |
| <u>Less costs of sales</u>     |            |            |             |
| Opening stock                  |            | 30,000,000 |             |
| Add: Purchases                 | 86,000,000 |            |             |
| Less: Closing stock            | 25,000,000 | 61,000,000 |             |
| Cost of sales                  |            |            | 91,000,000  |
| Gross profit                   |            |            | 9,000,000   |
| Add; Commission received       |            |            | 500,000     |
| Gross income                   |            |            | 9,500,000   |
| <u>Less operating expenses</u> |            |            |             |
| Stationery                     | 550,000    |            |             |
| General expenses               | 900,000    |            |             |
| Rent                           | 900,000    |            |             |
| Motor expenses                 | 500,000    |            |             |
| Total expenses                 |            |            | 2,850,000   |
| Net profit                     |            |            | 6,650,000   |



**SUPER DESIGNERS' ENTERPRISE  
BALANCE SHEET AS AT 31/12/2023**

|                  | Shs         |
|------------------|-------------|
| Buildings        | 130,000,000 |
| Debtors          | 10,000,000  |
| Creditors        | 15,000,000  |
| Bank overdraft   | 9,000,000   |
| Machines         | 59,000,000  |
| Capital          | 120,000,000 |
| Drawings         | 13,000,000  |
| 6 year bank loan | 68,000,000  |

**Required:** Calculate;

- (a) Gross profit ratio. (03 marks)
  - (b) Net profit ratio. (03 marks)
  - (c) Credit payment period. (03 marks)
  - (d) Debt collection period. (03 marks)
  - (e) Stock turn-over period. (04 marks)
  - (f) Working capital ratio. (05 marks)
  - (g) Sales to fixed assets ratio. (04 marks)
3. You plan to open another branch of a juice making business.
- (a) Prepare a newspaper advert for the business. (06 marks)
  - (b) Write guidelines for determining the target market for your business. (07 marks)
  - (c) Prepare a programme for launching the new branch of the business. (05 marks)
  - (d) Design sales promotion strategies for the business. (07 marks)
4. You have received a grant of Shs10,000,000 from National Agricultural Advisory Services (NAADS) to carry out a tree planting project.
- (a) Prepare an operational budget for your project. (06 marks)
  - (b) Develop a job description for a Financial Manager of the project. (07 marks)
  - (c) Write a letter inviting the NAADS Coordinator of your area for inspection of the project. (07 marks)
  - (d) Design a certificate of appreciation that will be issued to an outstanding performing employee. (05 marks)

5. Mopiro Sam operates a motor cycle hire business (Boda Boda) in Mbale. His bank has advised him to prepare cash projections for his business for the coming financial year as a requirement to get a loan that will help him expand his business.

A discussion with him yielded the following information:

- (I) He started his business with Shs50 million which he banked in a business account named MOSA TOURS. On June 30, 2024 the account had a cash balance of Shs14 million.
- (II) At the start of the financial year, July 2024 he wanted to buy 6 motor cycles at a cost of 4 million each. This will bring to 10 the number of motor cycles.
- (III) He intended to sell three of the four old motor cycles in July 2024 at an estimated price of Shs2.3 million each.
- (IV) He expects four of the motor cycles to be on self-ride and the other three to be with hired riders. The revenue collections are expected as follows:
  - Hired motor cycles Shs720,000 per motor cycle per month.
  - Hired rider motor cycle Shs480,000 per motor cycle per month.
- (V) The motor cycles are to be fueled in Tatal (U) Ltd at a quarterly fuel consumption as follows:

| 2024        | 2024       | 2025       | 2025        |
|-------------|------------|------------|-------------|
| July - Sept | Oct - Dec  | Jan - Mar  | April- June |
| 200 litres  | 200 litres | 400 litres | 500 litres. |

The fuel price per litre is Shs3,200. Cash is paid to Tatal in the quarter following.

- (VI) Motor cycles are serviced quarterly in Umoja garage at a cost of Shs30,000 per motor cycle in the first two quarters and Shs40,000 per motor cycle in the third and fourth quarters. Payment is made in the same quarter.
- (VII) The motor cycles are to be depreciated at 10% per annum on a straight line basis.
- (VIII) The riders are to be paid a monthly salary of Shs300,000 each and a daily allowance of Shs6,000. There are 80 riding days in a quarter.
- (IX) Mopiro Sam makes personal cash drawings of Shs400,000 per quarter.
- (X) In the month of January 2025 Mopiro Sam plans to sell the old motor cycles for Shs1,200,000 and buy four new motorcycles at Shs4,500,000 each. Three of the four motor cycles are for self-ride and the other one replaces the old one.



(XI) Other fixed cost payments are estimated per quarter as follows:

Transport for staff Shs600,000.

Electricity Shs60,000.

Rent Shs150,000.

**Required:**

- (a) Prepare a cash budget based on the four quarters of the financial year July 2024-June 2025. (24 marks)
  - (b) In which quarter would you advise Mopiro Sam to take on the bank loan and why? (01 mark)
6. You have been appointed a Managing Director of a declining financial institution. Your current major duty is to revive the performance of the institution.
- (a) Prepare the Executive summary of the financial institution. (06 marks)
  - (b) Draft a programme for borrowers to follow when acquiring loans. (06 marks)
  - (c) Formulate guidelines to help borrowers to ensure proper loan management. (06 marks)
  - (d) Write a public notice of sale on auction of a house that was pledged by a borrower as a collateral security. (07 marks)