

P230/2

Entrepreneurship Education  
Paper 2

July/August 2024

3 Hours



## ERETA EDUCATION CONSULTS LTD

JOINT MCOK EXAMINATIONS 2024

*Uganda Advanced Certificate of Education*

**ENTREPRENEURSHIP EDUCATION**

**PAPER TWO**

*3 hours.*

### **Instructions:**

*Attempt any four (4) questions only.*

*Cross through any work you want not marked*

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

1. You are a finance manager of a given metal fabrication company and because of the high demand of your products, you have decided to go in for 50,000,000/= loan from Centenary bank to meet the demand.

(06marks)

a) Present the business profile to the bank.

(06marks)

b) Prepare a financial plan for the business.

c) What guidelines would you put in place to ensure proper management? (06marks)

d) Draw a program for taking an insurance policy for the business. (06marks)

2. You are involved in the production of honey in your home town.

a) Write a quotation to one of your customers who has written an inquiry to establish about your product. (06marks)

b) Develop a marketing plan for your products. (06marks)

c) Prepare a program for carrying out personal selling (07marks)

d) Present a market flow chart for your business. (06marks)

3. You are provided with the following summarized income statement from the books of OJAMBO at the end of the trading period on 30/06/ 2023.

PARTICULARS	AMOUNT
Net sales	39,500,000/=
Less cost of sales	32,380,000/=
Gross profit	7,120,000/=
Less operating expenses	5,910,000/=
Net profit	1,210,000/=

Additional information

Total current assets	13,232,000/=
Total current liabilities	1,222,000/=
Total fixed assets	6,000,000/=
Total creditors	700,000/=

Prepared

Approved

Calculate and interpret

- i. Gross profit margin (03marks)
- ii. Gross profit markup (03marks)
- iii. Rate of return on employed capital (05marks)
- iv. Working capital ratio. (04marks)
- v. Acid test ratio. (04marks)
- vi. Rate of stocking turn (03marks)
- vii. Credit payment period in weeks. (03marks)

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4. Your cashier has been involved in fraud of business funds in your bakery business.

- a) Write a termination letter to end the contract of this cashier (06marks)
- b) Prepare a job advert for the new cashier (07marks)
- c) What criteria will you put in place to manage the employees' discipline in the business? (07marks)
- d) Design a local purchase order to be used in business. (05marks)

5. You have established a hybrid crafts social enterprise aimed at minimizing community unemployment.

- a) Develop a root cause analysis tool for unemployment (06marks)
- b) Present a GEPIC structure for advocacy for promoting the enterprise mission. (06marks)
- c) Design a market survey guide to be used in collecting data aimed at assessing the market. (06marks)
- d) Draft a daily distribution schedule for the business products (06mark)

6. The following projections relate to B3 holding Limited during the months of May, June and July 2024

- i) On 1<sup>st</sup> May 2024 the company had a cash balance of 40,000,000/= and bank balance of. (8,000,000/=)

Test  
interviewed

- ii) Monthly cash sale amounted to 14,000,000/= but this is to increase by 5% monthly.
- iii) Monthly credit sales amounted to 30,000,000/= payment was to be made in the month following sale after a cash discount of 2%.
- iv) The business acquired a loan in June worth 20,000,000= Principal of 10,000,000/= was to be paid in the following month after acquisition and monthly interest on loan of 10% was to be paid starting June.
- v) Monthly cash purchase are 70% of the respective monthly cash sale.
- vi) Monthly salary for (5 workers is projected at 350,000/= each but in the month of July the business recruited more 5 workers.
- vii) The business expected monthly donations worth. 3,000,000/= but in the month of July, the donation was in form of machines.
- viii) The business expects to buy goods on credit in May worth 60,000,000/= payments of which is to be made in the ratio of 60%:40% excluding the month of purchase.
- ix) The business issued a debenture certificate worth 10,000,000/= in the month of July.
- x) Rent income was to reduce by 12% monthly, the income for April was 2,600,000/=.

#### Required

- a) Prepare a cash flow budget for the period (20marks)
- b) Suggest measures that B3 holdings Limited can implement to avoid a cash flow short fall in the cash budget. (05marks)

END