***P230/2***

***ENTREPRENEURSHIP EDUCATION***

***PAPER 2***

***JULY, 2017***

***3 Hours***

****

**ACEITEKA JOINT MOCK EXAMINATIONS 2017**

**UGANDA ADVANCED CERTIFICATE OF EDUCATION**

**ENTREPRENEURSHIP EDUCATION**

**PAPER 2**

**3 Hours**

**INSTRUCTIONS TO CANDIDATES**

* Answer only **four** questions in all.
* All questions carry equal marks.
* Credit will be given for the use of relevant diagrams and illustrations.
* Any additional question(s) answered **shall** not be marked.
* Begin answers to each question on a fresh page.

**Turn over**

**1.** You have acquired a loan of Ugx. 18,000,000/= from Bank of Africa to clear your goods from Uganda Revenue Authority. The borrowed money is to be repaid in the next 5 years at an interest rate of 10% per year in 5 equal instalments.

(a) Develop a loan amortization schedule you are to follow **(08 marks)**

(b) Explain any **three** factors the bank will consider before issuing you with the funds required

**(06 marks)**

(c) Complete the loan application form issued to you by the bank **(06 marks)**

(d)How will you ensure proper handling of the borrowed funds? **(05 marks)**

**2.** You and your friends have opened up a new business in your home locality dealing in compound designing and maintenance; however, you have a challenge of acquiring office space from where to carry out your operations.

(a) Write a letter to one of your business partners requesting her to assist you look around for an appropriate office. **(07 marks)**

(b) Formulate the terms and conditions you will follow when recruiting workers in your company. **(06 marks)**

(c) Prepare a partnership deed to govern your operations  **(07 marks)**

(d) Advertise your business using a signpost **(05 marks)**

**3.** The Government of the Republic of Uganda plans to organise Local Council 1 elections next year in the month of April and it has been resolved that these elections shall be by secret ballot. However, to accomplish this task, Government through the Ministry of Local Government is calling for bids to supply the Electoral Commission with the required stationery.

(a) As an official of the Ministry in charge of this exercise, write a bid notice that is to be placed in the newspapers **(08 marks)**

(b) Explain any **five** reasons why non-registered businesses will not be considered eligible for this business deal **(05 marks)**

(c) Design a stock requisition form to be used during this exercise **(06 marks)**

(d)Write a memo to all District chairpersons inviting them for an urgent meeting to discuss the issue **(06 marks)**

**4.** The Trial Balance below was extracted from the books of **J.T. Confectionery Limited** as at December 31, 2015.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Dr**  **(Shs )** | **Cr**  **(Shs )** |
| Purchases and sales | 25,000,000 | 45,000,000 |
| Returns | 500,000 | 400,000 |
| Stock January 1, 2015 | 9,500,000 |  |
| Electricity | 1,000,000 |  |
| Salaries and wages | 2,500,000 |  |
| Advertising | 300,000 |  |
| Rent | 700,000 |  |
| Discounts | 150,000 | 200,000 |
| Furniture and fittings at cost | 5,000,000 |  |
| Motor vehicle at cost | 10,000,000 |  |
| Drawings | 1,450,000 |  |
| Motor van at cost | 8,500,000 |  |
| Debtors and creditors | 1,800,000 | 1,555,000 |
| Bad debts | 200,000 |  |
| Bank overdraft |  | 1,300,000 |
| Provision for bad debts |  | 150,000 |
| Capital |  | 9,495,000 |
| **TOTALS** | **58,100,000** | **58,100,000** |

Additional information as at December 31, 2015.

(i) Stock was valued at shs. 5,000,000

(ii) Electricity accrued shs 500,000

(iii) The provision for bad debts should be charged at 5 % on debtors

(iv) Prepaid rent shs 200,000

(v) Advertising bill due shs 100,000

(vi) Depreciate furniture and fittings at 10% and motor vehicle at 15% per annum all on cost.

**Required:**

(a) Prepare an Income Statement for the year ended December 31, 2015. **(13 marks)**

(b) Determine the value of the following as at December 31,2015.

(i) Fixed assets **(02 marks)**

(ii) Current assets **(02 marks)**

(iii) Liabilities  **(02 marks)**

(c) Compute and interpret the:

(i) Current ratio  **(03 marks)**

(ii) Average credit period for sales (assume 365 days in a year) **(03 marks)**

**5.** Uganda is currently experiencing a huge challenge of sugar shortage; as a person with an entrepreneurial mind-set you have spotted a prime business opportunity as a result and thus decided to set up a sugar processing plant in your home area to assist Government in addressing this challenge.

(a) Prepare a cash withdrawal slip of shs. 50,000,0000 from your bank **(06 marks)**

(b) Design a label to be fixed on the packaging material of your product **(05 marks)**

(c) Draft a programme that you will follow on the day of launching your business enterprise.

**(07 marks)**

(d) Develop a distribution schedule for the company **(06 marks)**

**6**. Gift Holdings Limited (GHL)had the following balances for the months of January, February, March, and April.

(i) January 1, GHL had a cash balance of shs 20,000,000.

(ii) Monthly credit sales of shs 4,000,000 but payment was made in the following month.

(iii) The business bought a motor van of shs 18,000,000 on hire purchase in February and the down payment was shs 8,000,000; the balance was paid in a ratio of 2:3 respectively in the following months.

(iv) Monthly cash purchases stood at shs 5,000,000.

(v) Monthly cash sales were shs 2,000,000.

(vi) The business got a loan of shs 10,000,000 in the month of March at an interest rate of 5% on the principal.

(vii) The company's monthly wages and salaries amounted to shs. 1,500,000.

(viii) Monthly income from rent was shs. 500,000 which increased by 5% in the last two months.

(ix) GHL received a donation of shs. 8,000,000 in the month of April.

(x) Payment of electricity bills amounted to shs 300,000 in January and February.

(xi) Monthly taxes were shs 180,000.

(xii) Monthly credit purchases amounted to shs 600,000 and payment was made in the last month.

(xiii) The business sold a machine on and received cash of shs. 600,000 in the second month.

**Required:**

(a) Prepare GHL's cash flow statement for the months four months **(16 marks)**

(b) Comment on GHL's cash status **(03 marks)**

**(c**) Advise GHL’s Management on how to deal with cash deficit. **(06 marks)**

***End***