**UACE ENTREPRENEURSHIP EDUCATION – P230**

**ANSWER GUIDE TO SEMINAR QUESTIONS – 24th JUNE 2023**

**PART 1: SECTION A – PAPER ONE (P230/1)**

**1(a)(i) Forms of innovation**

* Business model innovation
* Marketing innovation
* Product innovation
* Service innovation
* Organisational innovation
* Process innovation
* Supply chain innovation
* Financial innovation

**(ii) Attributes that should be possessed by innovators.**

* Compelling vision
* Opportunity oriented
* Self-disciplined
* Inner directed
* Extra-ordinarily persistent
* Associate with positive people
* Trend spotters
* Passionate about what they do / believe
* Creative

(b)(i) **Business idea** refers to a response of a person or an organisation to solve an identified problem in the environment / market / community **OR** Business idea is a concept which can be used for commercial purposes.

**(ii) Objectives of generating business ideas by an entrepreneur.**

* To respond to market / customers’ needs.
* To stay ahead of competition / To overcome competition
* To respond to the changing fashions and requirements
* To respond to natural threats and scarcities
* To exploit technology (to do things better)
* To bring new products on the market.
* To help specific groups of people.
* To increase sales.
* To increase profits.
* To create a good business image.
* To create a positive impact on the society.
* To spread risks and avoid failure
* To respond to the product life cycle.

**(c) Elements of tax compliance**

* Registration of the tax payer
* Filing tax returns
* Proper record keeping / management **or** proper documentation of all business transactions.
* Declaration i.e information provided by the tax payer to the tax authority should be correct and accurate.
* Timely tax payment

**(d)(i) Competitive cost advantage** refers to the ability of a business / firm to provide the same services to the customer(s) at a lower cost or price than its competitors **while**  **sustainable** **competitive advantage** refers to an advantage that enables a business / firm to survive in the market against its competitors over a long period of time.

**(ii) Aspects an entrepreneur should consider when evaluating business competition.**

* Volume / level of sales
* Flow of customers / number of customers
* Level / state of technology
* Production orders
* Nature / quality of the workers employed
* Cash flow
* Profit level
* Quality of the products / services offered
* Price of goods / services
* Hours / time of business operation
* Quality of customer care

**(e) Suggested benefits of proper time management in business.**

* Increases / improves efficiency in production
* Lowers / minimises production costs
* Increases the profits
* Leads to better customer / consumer satisfaction
* Leads to proper / prompt service delivery
* Improves employee – employer relationship
* Quickens / eases decision making process
* Encourages team work
* Puts the firm / business at a competitive advantage
* Improves the productivity of the business.
* Makes strategic planning easy
* Increases sales volume
* Reduces stress

**PART II: SECTION B – PAPER ONE (P230/1)**

**2(a) Various contents / elements / components of a feasibility study.**

* Market feasibility study i.e the study shows market available for a proposed product / service.
* Technical feasibility study i.e the study shows the required resources to produce or deliver proposed good/service.
* Financial feasibility study i.e the study reveals how attractive or hopeless the business idea is from the financial point of view.
* Organisational / managerial feasibility study i.e the study defines the legal / corporate / organisational structure of a business.
* Political feasibility study i.e the study looks at political factors that impact on business success.
* Schedule feasibility study i.e the study shows the plan for completing / implementing planned business activities.
* Operational feasibility study i.e the study shows operational strategies of the business.
* Cultural feasibility study i.e study shows the impact of culture(s) on the planned business.
* Economic feasibility study i.e study shows the economic benefits of the proposed business to the society.

**(b) Factors that determine choice of an attractive investment idea that provides the possibility of monetary returns for the entrepreneur (factors that determine business opportunity)**

* Return on investment / level of profitability of the business opportunity
* Availability of market / market size
* Costs involved / costs consideration
* Skills possessed
* Availability of raw materials
* Acceptance by the community / acceptability in the community
* Legality of the business / government policy on business opportunity available.
* Objectives of the business.
* Capital requirements of the business.
* Degree / ease of entry into the market
* Level of competition
* Availability of business support services.

**3(a) The global environment factors which promote entrepreneurship development**

* Favourable export policy
* Favourable import policy
* Open international market
* Presence of democracy / high level of democracy
* Favourable government global policy
* Increase in global trade / international trade
* Easy access to global finance / adequate global finance.

**(b) The impact of globalisation to entrepreneurial activities in Uganda**

**Positive impact of globalisation**

* Widens market / leads to accessibility and expansion of markets.
* Promotes technological transfer
* Promotes labour mobility
* Provides employment opportunities
* Improves international relations
* Promotes utilisation of would be idle resources
* Facilitates the development of infrastructure like roads.
* Promotes international transactions and communication.
* Generates more government revenue.
* Encourages creativity and innovation in business
* Promotes democracy and good governance
* Promotes capital inflow
* Encourages specialisation

**Negative impact of globalisation**

* Leads to spread of diseases like Ebola.
* Leads to moral decay
* Leads to economic dependence
* Promotes / encourages brain drain
* Causes unemployment problem
* Leads to inequalities between countries
* Promotes / accelerates capital / resource outflow
* Leads to exhaustion / depletion of resources because of over exploitation.
* Encourages illegal trade practices like smuggling of low quality products

**4(a) An account for the popularity of small and medium enterprises.**

* They utilise / mainly use the locally available resources
* Decision making is easy
* They require less capital to start their operations.
* They have/incur low operational costs
* They can be located anywhere even in rural areas
* They create employment opportunities for family members
* They sell goods in small affordable quantities
* They are easily accessible
* They are flexible in their operations
* They require simple technology that is mainly labour intensive.
* Favourable government policy on small and medium enterprises.
* They are generally easy to establish because they require less formalities.

**(b) Challenges associated with family businesses**

* Challenge of decision making
* Challenge of succession of business
* Limited skills to operate business
* Challenge of capital / limited capital
* Limited information access
* Laziness among family members
* Theft and misuse of business funds and stocks
* Withdrawing of goods from the business for private use.
* Taking the business for granted.
* Challenge of compensating family members
* Role confusion since responsibilities are not well defined at times.
* Centralised control system by family heads
* Conservatism of family members
* Challenge of communication due to role confusion.
* High turnover of non-family members
* Emotions due to family disagreements
* Informality as in most cases are not registered businesses.
* Tunnel vision i.e limited outside opinions and diversity on how to operate the business.

**5(a) Circumstances under which an entrepreneur may collect information from customers about a product of a business.**

* When there is need to find out the nature of the customers based on age, income, gender etc.
* When an entrepreneur wants to find out the product that is most needed in the market.
* In case an entrepreneur wants to determine the effectiveness of advertising and sales promotion strategies for the product.
* If there is need to find out the appropriate price(s) for the product customers are willing to pay.
* In case there is need to make better decisions and plans of action.
* In case of need to establish the level of competition.
* When there is need to identify the likely profits from sales opportunities.
* When there is need to determine the market share of the product.
* In case there is need to establish the suitable location for the business.
* If there is need to respond to the needs of the customers.
* When there is need to reduce business risks.
* When there is need to discover problems in the current market.
* In case there is need to determine the volume of goods to be put on the market.
* When an entrepreneur wants to establish the SWOT of the product.
* In case there is need to promote the business image.
* When there is need to determine the suitable distribution channel of the product.

**(b) Tools an entrepreneur can use to collect information about a product of a business.**

* Personal contact
* Observation
* Questionnaire / market survey guide
* Interviewing
* Brain storming
* Sampling
* Experimenting
* Surfing / internet
* Documentary / record review
* SWOT analysis

**6(a) The different forms or methods of employee training.**

* Off the job training
* On the job training
* Induction / orientation training
* Coaching / instructor led training
* Apprenticeship
* Mentoring / Role play
* Performance review / training / appraisal
* Bench marking
* Industrial training / internship or school practice

**(b) Relevance of employee training in an organisation.**

* Promotes good employee – employer relationship
* Improves employee morale / motivates workers
* Increases / promotes employee efficiency
* Encourages team work
* Reduces labour / employee turnover
* Reduces / lowers supervision costs.
* Helps in inducting new employees
* Improves workers’ skills.
* Creates a pool of readily available manpower to fill the vacant post(s).
* Enables employees to cope with technological changes.
* Increases productivity / encourages hard work.
* Helps to meet the expansion needs of the business.
* Reduces accidents
* Promotes a good business image.
* Increases profitability of the business.
* Facilitates delegation and decentralisation of authority.

**7(a) Threats to development of Ugandan communities.**

* Dependency
* Discrimination
* Dishonesty
* Corruption
* Exploitation
* Diseases especially incurable ones like HIV/AIDS etc
* Violence eg domestic violence, wars, crimes etc
* Poverty
* Uneducated and disempowered communities

(b) **Social responsibilities of a business to the community.**

* Providing / creating employment for the people.
* Providing good quality goods/services
* Providing training facilities.
* Providing market for the products sold by the communities.
* Utilising the would be idle resources.
* Promoting the development of infrastructure.
* Paying of taxes to contribute to government revenue.
* Conserving the environment / reducing the harmful effects of business activities on the environment.
* Supporting / sponsoring of community development programmes.
* Promoting unity and harmony among the communities.
* Encouraging creativity and innovations among the community members.

**8(a) Legal documents used in buying and selling of shares.**

* Receipt
* Share certificate
* Purchase contract form / note
* Clients information form
* Allotment letter / form
* Share application form / order form
* Prospectus

**(b) Merits and demerits of investing in collective investment schemes.**

**Merits of investing in collective investment schemes;**

* Encourage diversification of risks.
* Enable easy accessibility to financial securities / investments
* Lower transaction costs involved
* They offer investor protection
* Promote easy monitoring of performance
* They are flexible
* Liquidity is made easy.
* Promote professional management of the business
* They are affordable

**Demerits of investing in collective investment schemes**

* They lead to loss of control.
* There are many fees and charges paid / involved for the services rendered by the fund managers.
* There are lower returns in collective investment schemes.
* There are many legal procedures involved hence time wastage for investors
* There is an opportunity cost.

**9(a) Steps followed in drafting a business plan.**

1. Selecting / choosing a business or type of business to establish.
2. Conducting a market survey for the selected type of business.
3. Collecting / gathering relevant data concerning different aspects or items of the business and establishing their costs.
4. Drafting a business plan.
5. Discussing the drafted business plan with experts.
6. Writing a final business plan
7. Preparing an action plan for the implementation of the business plan.

**(b) The structure of a good business plan.**

* Executive summary
* General description of the business.
* Statement of vision, mission, goals and objectives of the business (purpose of the business)
* Marketing plan
* Production / technical / operating plan
* Organisational / management / administrative / human resource plan
* Financial plan
* Action / work / implementation plan
* Appendix
* Cover page

**PART III: PROJECT MANAGEMENT – P230/2.**

**10(a) Prepared credit note.**

KAZIBURE SHOE MAKERS ENTERPRISE

P.O.BOX 739,

MUKONO.

0772 739 739

No: 2560 Date: 24/6/2023

Invoice number: 2904

Delivery note number: 004

Account number: 0123456

To: Bright future high school

P.O. Box 100,

Lugazi

Your account has been credited with shs.400,000 being correction of an overcharge.

|  |  |  |
| --- | --- | --- |
| **Serial number** | **Details** | **Amount (shs)** |
| 001 | Erroneous amount | 1,660,000 |
| 002 | Correct amount | 1,260,000 |
| 003 | Difference (overcharge) | 400,000 |

We regret any inconveniences caused.

Prepared by:

ONYA JONA

SALES MANAGER

**KSME**

**CREDIT NOTE**

**(b) Credit policy for the business.**

KAZIBURE SHOE MAKERS ENTERPRISE

P.O. BOX 739,

MUKONO

0772 739 739

**CREDIT POLICY**

* Credit sales shall attract higher price than cash sales by % to discourage credit transactions.
* The maximum credit period shall be days / weeks / months from the date of supply.
* A written agreement shall be made between the business and the debtor for proper debt management.
* A cash discount of % shall be allowed to customers to encourage prompt payment(s).
* Maximum credit sales shall be shs. to easily manage credit sales.
* Credit sales exceeding shs. shall be granted to the customer on condition he/she offers collateral security like .
* The location of the customer to be granted credit shall not exceed a radius of km from the business for proper follow up of debtors.
* Credit sales shall only be authorised by for effective management.
* Credit sales shall be given for goods that are about to expire.
* Down payment of (% or amount) shall be required for all credit sales.
* All disputes / disagreements shall be settled through (dialogue / arbitrator / use of courts of law).

**NB:** For guidelines, there is need to use **shall** and be **specific**.

**(c) Programme for preparing for negotiation with a supplier.**

KAZIBURE SHOE MAKERS ENTERPRISE

P.O.BOX 739,

MUKONO.

0772 739 739

**PROGRAMME FOR PREPARING FOR NEGOTIATION WITH A SUPPLIER**

|  |  |  |  |
| --- | --- | --- | --- |
| **DATE** | **ACTIVITY** | **PERSON(S) IN CHARGE** | **REMARKS** |
| Should be filled in (use current or examination dates) | * Establishing the business needs. * Carrying out research on the supplier. * Identifying the negotiation strategies to use like using a leader. * Identifying the negotiation tactics to use by choosing a Chief negotiator. * Selecting the meeting site, venue and time for negotiating | Fill in either names or titles. | Should be left blank. |

Made by: Approved by: Signature:

OPERA TONNY Name:

PURCHASING MANGER Title:

**(d) Advert for promoting the business products.**

KAZIBURE SHOE MAKERS ENTERPRISE

P.O. BOX 739,

MUKONO.

0772 739739

Deals in all types of shoes – soccer shoes, running shoes, high heel shoes, school shoes etc.

Located in Mukono town on plot 10A adjacent to Equity Bank.

Shoes protect the legs from the injuries caused by sharp objects.

“The customer is the boss”.

**KSME**



**11(a) A plan for taking an insurance policy.**

BLESSED COMPOUND DESIGNERS AND CLEANERS COMPANY LTD

P.O. BOX 100,

TORORO

0700 100 100

PLAN FOR TAKING AN INSURANCE POLICY

|  |  |  |  |
| --- | --- | --- | --- |
| DATE | ACTIVITY | PERSON(S) IN CHARGE | REMARKS |
| To be filled | * Identifying the machines to insured. * Contacting (selected) insurance companies. * Selecting the best insurance company. * Checking on the business budget. * Filling the proposal form. * Getting information about the premium to be paid. * Signing the proposal form after paying the fist premium installment. * Receiving a cover note. * Making regular payments to the insurance company. * Receiving the insurance policy | Fill names or titles |  |

Drawn by: Approved by: Signature:

OPIMA DERRICK Name:

GENERAL MANAGER Title:

**(b) Fixed capital expenditure budget.**

BLESSED COMPOUND DESIGNERS AND CLEANERS COMPANY LTD

P.O. BOX 100

TORORO

0700 100 100

FIXED CAPITAL EXPENDITURE BUDGET

|  |  |
| --- | --- |
| **FIXED CAPITAL REQUIREMENTS** | **AMOUNT (SHS)** |
| * Acquisition / purchase of land | xxx |
| * Purchase and installation of machines | xxx |
| * Construction of buildings | xxx |
| * Purchase of business vehicles | xxx |
| * Purchase of tools and equipment | xxx |
| * Purchase of business furniture | xxx |
| * Installation of power | xxx |
| * Installation of water lines | xxx |
| **TOTAL FIXED CAPITAL** | **XXX** |

Prepared by: Approved by: Signature:

MUKASA PHILIP Name:

FINANCE MANAGER Title:

**(c) Designed visitors’ book or reception book for the business should include;**

* Name and address of the business
* Business logo
* Document name i.e Visitors’ book / Reception book
* Document number
* Welcome phrase / sentence
* Number / serial number
* Date of visit
* Name of visitor
* Visitor’s address
* Visitor’s contact(s) e.g telephone number, e-mail address etc.
* Visitor’s title / post
* Visitor’s identity card number / passport number / NIN
* Vehicle / motor cycle number
* Reason / purpose of the visit
* Arrival time or sign in time
* Departure time or sign out time
* Visitor’s comments or remarks
* Visitor’s signature
* Visitor received / allowed in by;-
* Frame

**(d) Benefits of the business to the community**

BLESSED COMPOUND DESIGNERS AND CLEANERS COMPANY LTD

P.O. BOX 100,

TORORO

0700 100 100

**BENEFITS OF THE BUSINESS TO THE COMMUNITY**

* Provides compound designing and cleaning services.
* Provides employment opportunities.
* Provides market to the products from the community.
* Brings services nearer to people in the community.
* Facilitates infrastructural development like roads, health centres etc.
* Used for research and education purposes
* Acts as a training ground for entrepreneurs.
* Enhances security in the community
* Gives back to the community / corporate social responsibility e.g planting trees.
* The business pays taxes to the government which in turn provides services to the community.
* Respects / upholds the norms and values of the community.
* Utilises the would be idle resources e.g free rooms.

**12(a) A notice informing the public about the intention to shift the business:**

UNIQUE LEATHER TANNING FACTORY

P.O. BOX 50

MBARARA

0773 50 60 70

Number: 014 24.6.2023

TO ALL ESTEEMED CUSTOMERS

**RE: CHANGE OF LOCATION**

This is to inform all our esteemed customers of our intentions to relocate the business operations to a more spacious place for better performance.

The current location is congested and dirty which makes the customers uncomfortable.

We expect to shift to the new location on 1st July 2023 and it will be in Ntungamo Town, market street on plot 5A opposite Stanbic Bank.

We apologise for any inconveniences this may cause.

For further inquiries contact customer care desk on 0772 405060.

**MANAGEMENT**

ULTF

**NOTICE**

(b) **Daily distribution schedule for business products.**

UNIQUE LEATHER TANNING FACTORY

P.O. BOX 50

MBARARA

0773 50 60 70

**DAILY DISTRIBUTION SCHEDULE FOR PRODUCTS**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Day** | **Time** | **Product** | **Market / place / customer** | **Quantity** | **Person(s) incharge** | **Means of delivery or vehicle number** | **Remarks** |
|  |  |  |  |  |  |  |  |

Designed by; Signature: Approved by: Signature:

Name: Name:

Title: Title:

**(c) Strategies for ensuring good customer care in the business**

UNIQUE LEATHER TANNING FACTORY

P.O. BOX 50

MBARARA

0773 50 60 70

STRATEGIES FOR ENSURING GOOD CUSTOMER CARE

* + - * Being honest and trust worthy to customers.
      * Welcoming customers warmly and with a smile.
      * Handling of customers’ complaints promptly and well or tactfully.
      * Providing prompt / timely and excellent services to the customers.
      * Providing appropriate after sale services to the customers.
      * Providing / offering good quality goods/services to the customers.
      * Being available and efficient to serve the customers.
      * Being pleasant to the customers.
      * Treating the customers with respect / using good business language to communicate with the customers.
      * Having adequate knowledge of the products on sale.
      * Offering / extending credit facilities to loyal / credit worthy customers.
      * Charging fair/affordable prices to customers for goods/services.
      * Giving discounts to customers who buy products in bulk or pay promptly.
      * Ensuring added convenience to the customers.

**(d) Cash sale for the business**

UNIQUE LEATHER TANNING FACTORY

P.O. BOX 50,

MBARARA

0773 506070

Number: 017 Date:

To/Ms:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Serial No.** | **Details** | **Quantity** | **Unit cost (shs)** | **Amount (Shs)** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **E & O E** | **T O T A L** | | | **XXX** |

Issued by; Signature:

Name:

Title:

***Goods once sold are not returnable***

***Goods once sold are not returnable***

**ULTF**

**CASH SALE**

**13(a) Mission and Vision statements of the business.**

1. **Mission statement**

**JAMBO MILK PROCESSORS ENTERPRISE**

**P.O. BOX 200,**

**LIRA**

**0700 200 200**

**MISSION STATEMENT**

“To produce / provide high quality milk processed products by using modern milk technology.”

1. **Vision statement:**

**JAMBO MILK PROCESSORS ENTERPRISE**

**P.O. BOX 200,**

**LIRA**

**0700 200 200**

**VISION STATEMENT**

“To become the leading milk processing enterprise in Lira town.”

**(b) The label to be placed on one of the packaging materials should include;**

* Name and address of the producing business
* Business location
* Business logo
* Brand name of the product
* Ingredients used to make the product.
* Relevant illustrations
* The quantity / weight of the product packaged.
* Packaging / manufacture date
* Expiry date
* Batch number
* Bar code number
* Quality assurance statement e.g good for human consumption.
* Instruction on storage
* UNBS/ISO symbol or logo
* Benefits of the product
* Persuasive phrase or slogan
* Country of origin
* Method / ways of disposal of the packaging material for environmental conservation.
* Caution statement
* Frame.

JAMBO MILK PROCESSORS ENTERPRISE

P.O. BOX 200,

LIRA

0700 200 200

Batch number: 40269

Certified by UNBS

**Ingredients:** milk, fats

Keep the environment clean.

Manufacturing date: 24.6.2023

Expiry date: 30.7.2023

Store under cool temperature(s)

Best when taken before a meal

“Jambo yogurt is next to none.”

Made in Uganda

Located in Lira town on Plot 10A next to Total Uganda

**JMPE**

**JAMBO YOGURT**







**1 litre**

**2 1 4 7 8 9 5 7 3 1 8 3 2**

(c) **Designed work order form for the business.**

JAMBO MILK PROCESSORS ENTERPRISE

**JMPE**

P.O. BOX 200,

LIRA

0700 200 200

**WORK ORDER FORM**

Form number: 1440 Date: …………………

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Customer’s name & address | Work order number | Description of work to be done | Employee responsible | Starting time/date | Ending time / date | Total job cost | Remarks |
|  |  |  |  |  |  |  |  |

Submitted by; Approved / received by;

Signature: Signature:

Name: Name:

Title: Title:

**(d) One day programme for launching the business.**

JAMBO MILK PROCESSORS ENTERPRISE

P.O. BOX 200,

LIRA

0700 200 200

ONE DAY PROGRAMME FOR LAUNCHING THE BUSINESS

|  |  |  |  |
| --- | --- | --- | --- |
| **Time** | **Activity** | **Person(s) in charge** | **Remarks** |
| Fill in | * Preparing the venue * Arrival and registration of the invited guests * Arrival of the chief guest * Singing anthems and saying prayer * Welcoming remarks * Touring of the business premises * Giving of speeches * Conducting the official launch * Having entertainments * Having lunch or refreshments * Giving out promotional documents and items like T-shirts. * Closure and departure | Fill in names or title |  |

Formulated by: Approved by: Signature:

Ogwanga Philip Name:

General Manager Title:

**14(a) Designed stock card for the business.**

SAWA MAIZE MILLERS ENTERPRISE

P.O. BOX 400,

SOROTI

0772 400 400

Card number: 001

Item number: 460

Item / Product name:

Maximum stock level:

Minimum stock level:

Re-order level:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Receipts** | | | | **Issues** | | | | **Stock balance** | **Remarks** |
| **Date** | **Quantity received** | **Received by** | **Order No.** | **Date** | **Quantity issued** | **Issued to** | **Requisition No.** |
|  |  |  |  |  |  |  |  |  |  |

Issued by; Signature: Authorised by: Signature:

Name: Name:

Title: Title:

**SMME**

**STOCK CARD**

**(b) Developed plan for training business workers.**

SAWA MAIZE MILLERS ENTERPRISE

P.O. BOX 400,

SOROTI

0772 400 400

**PLAN FOR TRAINING BUSINESS WORKERS**

|  |  |  |  |
| --- | --- | --- | --- |
| **DATE** | **ACTIVITY** | **PERSON(S) IN CHARGE** | **REMARKS** |
| Use current or examination date | * Identifying organisational or business objectives. * Identifying the training needs. * Identifying training objectives * Selecting the trainees. * Selecting training methods. * Selecting trainers * Administering or conducting the training. * Evaluating the training | Use names or titles |  |

Developed by; Approved by; Signature:

EKUBU VINNY Name:

GENERAL MANAGER Title:

**NB: A day’s training plan can also be developed with the following activities.**

* Arrival and registration of trainees.
* Singing anthems and saying prayers.
* Giving welcome remarks.
* Presentations by different trainers
* Having refreshment / meals / entertainment / break
* Demonstrations
* Allowing open discussions / interactions
* Giving closing remarks.

**(c) Guidelines to ensure proper management of the loan.**

SAWA MAIZE MILLERS ENTERPRISE

P.O. BOX 400,

SOROTI

0772 400 400

GUIDELINES TO ENSURE PROPER MANAGEMENT OF THE LOAN

* A manageable loan size / amount shall be obtained for easy repayment.
* Accurate information shall be provided when obtaining or servicing the loan.
* Regular visits shall be paid / made to the lender to give updates on business performance.
* The agreed method of loan repayment shall be observed.
* The loan amount shall be used for the intended purpose.
* Communication shall be made to the lender of any major changes taking place in the business.
* Seminars and workshops on loan or financial management shall be attended.
* Proper monitoring and supervision shall be done to ensure profitability of the business and repayment of the loan.
* The loan shall be insured with the insurance companies for compensation in case of inability to pay.

**NB:** Guidelines are presented using **shall** and they should be **specific**  in nature.

**(d) Procedures to be followed by management when handling indisciplined employees.**

SAWA MAIZE MILLER ENTERPRISE

P.O.BOX 400,

SOROTI

0772 400 400

PROCEDURES TO BE FOLLOWED BY MANAGEMENT WHEN HANDLING INDISCIPLINED EMPLOYEES

* Documenting the indiscipline or recording the offence.
* Taking preliminary action by the immediate supervisor or talking to the indisciplined employee.
* Writing a warning letter if the employee does not change.
* Forwarding the indisciplined employee to the disciplinary committee.
* Giving a fair hearing to the employee to defend him/herself.
* Recommending and taking disciplinary action depending on the magnitude of the offence eg suspension for a given period of time, termination of the employee, demotion, paying fines etc.

**PART IV: FINANCIAL MANAGEMENT – P230/2**

**15(a) Cash flow plan / cash flow statement**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| KAZIBURE’S  CASH FLOW PLAN  FOR JUNE, JULY, AUGUST AND SEPTEMBER 2024 | | | | |
| **DETAILS** | **JUNE (SHS)** | **JULY (SHS)** | **AUGUST (SHS)** | **SEPTEMBER (SHS)** |
| Balance b/f | 60,000,000 | 145,200,000 | 181,900,000 | 216,500,000 |
| **CASH INFLOWS:** |  |  |  |  |
| Cash sales | 40,000,000 | 40,000,000 | 40,000,000 | 40,000,000 |
| Debenture |  | 8,000,000 |  |  |
| Sale of old furniture |  | 6,000,000 |  | 3,000,000 |
| Loan | 10,000,000 |  |  |  |
| Cash / receipts from debtors | 60,000,000 | 60,000,000 | 60,000,000 | 60,000,000 |
| Cash donation | 4,000,000 | 4,000,000 | 4,200,000 | 4,200,000 |
| Rent income | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| **TOTAL CASH INFLOWS** | **179,000,000** | **268,200,000** | **291,100,000** | **328,700,000** |
| **LESS: CASH OUTLOWS:** |  |  |  |  |
| Cash purchases | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 |
| Payment to creditors |  | 32,000,000 | 32,000,000 | 32,000,000 |
| Interest on loan |  | 500,000 | 500,000 | 500,000 |
| Purchase of a vehicle |  | 20,000,000 | 8,000,000 | 8,000,000 |
| Salary bill | 3,000,000 | 3,000,000 | 3,300,000 | 3,630,000 |
| Commission to sales workers | 800,000 | 800,000 | 800,000 | 800,000 |
| **TOTAL CASH OUTFLOWS** | **33,800,000** | **86,300,000** | **74,600,000** | **74,930,000** |
| **NET CASH POSITION** | **145,200,000** | **181,900,000** | **216,500,000** | **253,770,000** |

**(b) Comment on the trend of the net cash position.**

1. A surplus of shs.145,200,000 for the month of June.
2. A surplus of shs.181,909,000 for the month of July
3. A surplus of shs.216,500,000 for the month of August.
4. A surplus of shs.253,770,000 for the month of September

The net cash position of Kazibure’s business is/will be **stable.**

16(a)(i) Cost of sales = Average stock x stock turnover

Average stock =

=

= Shs.4,500,000.

Cost of sales = 4,500,000 x 2.67

**= Shs.12,015,000**

1. Goods available for sale = Cost of sales + Closing stock

= 12,015,000 + 4,000,000

**= Shs.16,015,000**

(iii) Employed capital = Total fixed assets + Working capital

Working capital = Current assets – Current liabilities

Current assets = Closing stock + Debtors + Cash + Bank

= 4,000,000 + 1,500,000 + 1,200,000 + 1,300,000

**= Shs.8,000,000**

Current liabilities = Creditors + Commission received in advance

= 3,000,000 + 1,000,000

= **Shs.4,000,000**

Working capital = 8,000,000 – 4,000,000

= **Shs.4,000,000**

Employed capital = 8,000,000 + 4,000,000

= **Shs.12,000,000**

(b)(i) Net profit margin =

Net profit = Gross profit – Total operating expenses

Gross profit = Gross profit margin x Net sales

= 40% x Net sales

=

**= Shs.8,000,000**

Net profit = 8,000,000 – 2,000,000

**= Shs.6,000,000**

Net profit margin =

= **30%**

**Interpretation: The business realised or generated net profit of shs 30 for every shs.100 of sales made.**

(ii) Cash ratio =

=

=

=

**= 0.625:1 or 62.5%**

**Interpretation:** The business was able to clear only **0.625** or **62.5%** of its current liabilities using its absolute liquid assets.

(iii) Working capital / Current ratio =

=

=

**= 2:1**

**Interpretation:** The business was able to clear its current liabilities **twice** using its current assets.

**17(a) PAYE paid = Tax rate x chargeable income.**

* **Onyait Jose:**

Gross monthly salary = shs.235,000.

Amount of PAYE paid by Onyait Jose is **NIL** (Shs 0).

This is because his monthly salary of shs.235,000 is the monthly **tax threshold.**

* **Ekubu Vincent:**

Gross monthly salary = shs.334,000.

PAYE Payable = 10% x (334,000 – 235,000)

=

= **Shs.9,900.**

* **Asianut Esther:**

Gross monthly salary = shs.410,00

PAYE Payable = 10,000 + 20% x (410,000 – 335,000)

= 10,000 +

= 10,000 + 15,000

**= Shs.25,000.**

* **Adeke Joy:**

Gross monthly salary = shs.760,000

PAYE payable = 25,000 + 30% x (760,000 – 410,000)

= 25,000 +

= 25,000 + 105,000

= Shs.130,000.

(b)(i) VAT paid on each item = VAT rate x value added

**or**

**=** VAT rate x (sales – purchases)

VAT paid on bags =

=

**= Shs.3,420,000**

VAT paid on clothes =

=

**= Shs.2,880,000**

VAT paid on watches =

=

**= Shs.4,860,000**

(ii) Amount the consumer paid for watches = Sales value + VAT on sales value

= 57,000,000 +

= 57,000,000 + 10,260,000

**= Shs.67,260,000**

(c)(i) Gross rental income = Total rental income from all sources

**OR**

**=** Annual rent from Mutajjiri + annual rent from Masikini

Annual rent from Mutajiri = Rent per month x 12 months

= 800,000 x 12

= Shs.9,600,000

Annual rent from Masikini = Rent per month x 12 months

= 350,000 x 12

= Shs.4,200,000

Gross rental income for the year = 9,600,000 + 4,200,000

= Shs.13,800,000

(ii) Chargeable rental income = Gross rental income – Allowable rental expenses

= 13,800,000 -

= 13,800,000 – 10,350,000

= Shs.3,450,000.

(iii) Rental income tax paid to URA = Tax rate x chargeable rental income

= 0

= Shs.1,035,000.

**PART V: PAPER THREE – P230/3**

**SECTION A: CASE STUDY**

**18(a) Likely reasons why goods may be returned by buyers to the enterprise.**

* Not ordered for
* Expired
* In excess
* Defective / faulty / unfit
* Damaged (in transit)
* Supplier decided to charge higher prices than agreed price.
* Not according to the sample provided
* Over-delayed and the buyer informed the supplier that he/she should not send the goods ordered for.

**b) Ways in which Aunt Safari minimises business risks.**

* Ensuring tight security.
* Employing skilled and experienced personnel.
* Motivating staff
* Diversifying lines of production
* Up-grading technology
* Frequently or regularly carrying out market research.
* Ensuring proper monitoring and supervision of personnel.
* Diversifying markets

**c(i) Sources from which Aunt Safari establishes the credit worthiness of her customers.**

* Potential customers’ banks
* Credit bureaux in the country.
* Competitors / other traders dealing in similar goals.
* Community members
* Other customers / buyers.
* Suppliers of similar commodities

**c(ii) Measures suggested for Aunt Safari to take to induce debtors to pay back promptly.**

* Accepting other forms of payment than cash.
* Allowing payment in installments convenient to debtors.
* Offering discount to debtors who pay back promptly.
* Imposing heavy fines and penalties on debtors who pay back after the credit period or who don’t pay back.
* Ensuring that customers take goods on credit pledge collateral security of a higher value.
* Entering into new agreement for better terms and conditions of repayment.
* Accepting payment in form of goods and services i.e barter exchange.
* Expanding and locating places of payment to debtors’ convenience.

**d) Types of financial institutions in Uganda that can provide services to entrepreneurs like Aunt Safari**

* The central bank (BOU)
* Commercial banks
* Development banks (-UDB)
* Merchant banks (-NBC)
* Micro finance institutions
* Insurance companies (eg offer unit trust services)
* Cooperatives (eg SACCOs)
* Building societies / companies (-HFCU)

**e) Advice to Aunt Safari on the factors that influence the potential market of the businesses;**

* Demand for the products
* Prices
* Level of competition
* Location of the business
* Government policy on businesses
* Season (for consumption)
* Availability of substitutions/substitutes
* Number of people, businesses and institutions in the locality
* Income level (of buyers)

**SECTION B: SCHOOL BUSINESS CLUB**

**19(a) General description of the business should include;**

* Name and address of the business
* Business location
* Product / service offered
* Purpose of the business i.e vision, mission, goals and objectives.
* Sources of funds
* Nature / type / legal form of business
* Description of fixed assets
* Target market / customers
* Date of establishment
* Uniqueness of the business
* SWOT analysis

**b) Challenges faced when selecting the business opportunity taken up:**

* Difficulty of identifying a viable business opportunity.
* In complete business plan
* Failure to protect the business idea
* Difficulty of financing the start-up
* Fear of failure
* Inexperience about the business to be done
* Difficulty of selecting the right type / legal form of business ownership.
* Lack of confidence
* Failure to carry out effective market survey
* Difficulty of identifying a suitable business location.

**c) Factors considered when determining the working capital requirements of the business:**

* Size/level of output of the business
* Nature / type / form of the business
* Accessibility of funds
* Stability of sales
* General price level / economic situation e.g inflation
* Length of cash cycle
* Size of market or market needs
* Availability of working capital
* Government policy of taxation

**d) The contents of the market survey guide used should include;**

* Customer identity or target market/customers
* Product type, quality, effectiveness, attributes etc
* Price of the product / service
* Effectiveness of the distribution channel i.e place
* Competition in the market
* Customers’ needs / preferences, and willingness and ability
* Effectiveness of advertising and promotion
* Trends in the market
* Availability and effects of substitutes.

**e) Pre-operating expenses met in the business project**

* Acquisition of fixed assets like land, machines, premises/buildings, tools and equipment.
* Installation costs for machines, tools and equipment
* Business licence / licence fees
* Business registration fees
* Technical training expenses
* Advertising costs / promotion costs.
* Market research / survey costs
* Installation of utilities like water, power.
* Production trial costs.
* Consultancy fees about the business project.

**20(a) The type of business mentioned should be any of the following**

* Agribusiness
* Manufacturing business
* Trading business
* Service business
* Extraction business
* Sole proprietorship
* Partnership
* Company
* Cooperative
* Joint venture

**NB:** The product / service offered depends on the type of business mentioned.

**b) Management functions the club executives performed in the enterprise.**

* Controlling
* Planning
* Organising (delegating, coordinating)
* Staffing
* Leading
* Communicating
* Budgeting
* Motivating

**c) The characteristics of the business environment that affected the enterprise.**

* Opportunity and obstacle oriented
* Uncertain / unpredictable
* Flexible / dynamic
* Complex
* Interdependant / inseparable
* Multi faceted
* Competitive
* Composed of internal and external factors
* Has far reaching / long term impact
* Regulates scope of business
* Businesses lack control over it.

**d) Factors considered when choosing the form of business organisation/ownership you set up.**

* Need for personal contact
* Geographical location of market
* Legal status desired
* Liability preferred
* Way of raising capital
* Need to maintain secrecy
* Continuity / duration of business.
* Legal formalities required
* Promptness of decision making
* Need for independence / authority

e) **The activities carried out when marketing products / services of the enterprise:**

* Establishing who the customers are
* Finding out what the customers need / want.
* Developing the goods / services to suit target customers’ needs / tastes and preferences.
* Setting prices for the products / services
* Promoting the products / services
* Making the products available i.e distributing the goods
* Ensuring good customer care
* Promoting public relations or image of the products and enterprise as a whole
* Selling the products / offering the services.

**SECTION C: FIELD ATTACHMENTS / FIELD TRIP**

**21(a) Description of the enterprise**

* Name and address of the business
* Business location
* Product / service offered
* Purpose of the business ie vision, mission, goals and objectives. .
* Sources of funds
* Nature / type / legal form of business
* Description of fixed assets
* Target market / customers
* Date of establishment
* Uniqueness of the business
* SWOT analysis

**(b) The enterprise protect its intangible assets like invention, design, literacy or artistic work arising from its creativity in any of the following ways.**

* Obtaining a patent
* Maintaining trade secrets
* Registering a trade mark
* Licensing
* Registering the business as a company
* Using domain names (ie fire walls)
* Registering a brand name
* Franchising
* Registering design right
* Obtaining a copy right
* Enforcing non-competitive agreements.

**(c) Advice to the entrepreneur about what to focus on when presenting a business plan to the stakeholders of the project should include;**

* The purpose of the business
* Location and size of the business
* Brief description of the product, market and customer benefits
* Production process.
* Organisation and management of the business
* Experience in the business and how and why it will succeed.
* Financial highlights and profit forecasts including total amount required for start up, fixed costs, working capital, and financial proposals of the business.

(d) **How the entrepreneur promotes the business**

* Advertising
* Using attractive sign posts, bill boards, neons and banners
* Organising and attending trade fairs and exhibitions
* Personal selling
* Giving free samples
* Ensuring proper displays in and outside business premises
* Playing music from business premises, and from moving vehicles publicizing using public address system.
* Offering sponsorships to learners and for social events like sports.
* Attractive lighting in business premises / work place
* Issuing and using attractive staff uniforms.
* Attractive packaging with relevant (product) information
* Branding, designing and trade marking products.

**(e) That various business laws the enterprise observes:**

* The Company Law
* Public Health Law
* Foods and Drugs Act
* Consumer Protection Law
* Environment Law
* Weights and Measures Act
* Licensing and Business Registration Act

**22(a)(i) Description of the nature of the business.**

* Name and address of the business
* Business location
* Product / service offered
* Purpose of the business ie vision, mission, goals and objectives.
* Sources of funds
* Nature / type / legal form of business
* Description of fixed assets
* Target market / customers
* Date of establishment
* Uniqueness of the business
* SWOT analysis

**(ii) The objectives of the field trip should include the following;**

* To relate theory acquired from classroom to practical work in actual business activity.
* To expose myself / ourselves to the real business world.
* To introduce myself / ourselves to field research.
* To visualise what takes place in an enterprise.

**b) The challenges faced during the field trip.**

* Scarcity of scholastic materials like stationery
* Difficulty of accessing means of transport
* Fatigue due to long distance travelled and movement within the business enterprise.
* Language barrier.
* Pollution due to too much dust, noise, etc.
* Difficulty of obtaining meals.
* Bad weather / unfavarouble natural factors
* Harsh reception / welcoming by employees
* Inadequate and unrealiable information obtained.
* Inconveniences such as use of vulgar language, congestion in vehicles, molestation, etc caused by colleagues

**c) Advice to the business owner on proper environmental impact assessment policy the enterprise needs to have should include the following:**

* Practising re-forestation and afforestation
* Selecting and using raw materials that have no adverse effect on the environment.
* Recycling waste materials
* Having proper waste disposal ground
* Using degradable packaging materials
* Conserving wetland to reduce on climate change
* Practicing modern methods of farming.
* Doing environmentally friendly business
* Putting up warning labels and sign posts to warn people not to go to dangerous places / areas.
* Planting grass and covers to prevent soil erosion.
* Treatment of waste materials before disposal
* Sensitising / educating staff about importance, and ways of protecting the environment.
* Using other forms of energy than wood fuel.

**d) The terms of sale being applied in the business**

* Selling on credit
* Offering discounts
* Imposing fines and penalties on defaulting debtors.
* Pledging of collateral security for accessing credit
* Offering guarantees and warranties
* Selling on cash basis
* Offering after sales services
* Installment selling i.e hire purchase and deferred payment.

**e) Means of payment the enterprise uses to minimise cash shortfalls.**

* Cheques
* Bills of exchange
* Promissory note
* Postal orders
* Money order

**END**