

**KAMSA JOINT MOCKS**  
**UACE 2022**  
**DRAFT MAKING GUIDE FOR P230/2 ENTREPRENEURSHIP**  
**PAPER 2**

1(a) XXXX MATEL WORK SHOP  
P.O BOX XX KAMPALA  
FINANCIAL PLAN FOR 2022

**FIXED CAPITAL NEEDS**

	Shs		Shs
Machines tools & Equipment	XXXX	} 02	XXXX
Motor vehicle	XXXX		
Furniture	XXXX		
Construction / Expansion of workshop	XXX		

**WORKING CAPITAL NEEDS**

Raw materials / stock	XXXX	} XXX	02
Direct labour			
Administration salaries	XXX		
Marketing & Distribution	XXX		
Power. Water & utilities	XXX		XXXX

**BUSINESS START UP CAPITAL**

Installation of utilities	XXX	} 02	XXX
Trade licence	XXX		
Market research	XXX		
Training of labour	XXX		
TOTAL CAPITAL REQUIREMENTS	XXX		<u>200,000,000</u>

**PROJECTED PROFITABILITY**

Estimated sales	XXX	}	
Less cost of sales	XXX		
Estimate profits	XXX		
Estimated operational costs		XXX	
Net profit before tax		XXX	

**BREAK EVEN ANALYSIS**

XXX  
The break +-  
even point projected at 40% of Net sales

**SOURCES OF CAPITAL**

	Shs
Owners equity	120,000,000
Long term liability	<u>80,000,000</u>
Capital employed	<u>200,000,000</u>

(b) Memo informing employees to pick salary

XXX MATEL WORKSHOP  
P.O BOX≠Kampala  
[Tel:044830482](tel:044830482)  
Email metawegmail

FROM: FINANCIAL MANAGER  
TO: ALL STAFF  
REF: MM/FM/06/22  
DATE: JULY 6<sup>TH</sup> 2022  
SUBJECT: JUNE SALARY

On behalf of the xxx matel workshop, allow me to can upon all staff members to pick up June salary from my office during the working hours.

Thank you.

AWOR JANE  
FINANCE MANAGER

(a) A well designed local purchase order to be used by the business should contain.

- Frame
- Name and address of the business
- Business logo
- Document identify ie LOCAL PURCHASE ORDER
- Document Number
- Provisim for “Date”
- Provision for suppliers name & address.
- Table with column headings ie serial No. Description, Quantity, unit price, Amount and Total (should be left blank)
- Provision for lead period
- Provision for prepared by ie sign, name & title
- Provision for Authorised by

Any <sup>10</sup>/<sub>2</sub> = 5 marks

d) XXX METAL WORK SHOP  
BOX≠KAMAPALA

GUIDELINES FOR ENSURING PROPER CASH MANAGEMENT

All cash received shall first be counted and checked to ensure that is correct before it is kept.

Cash at the business premises shall be kept under locakable safe / drawer to minimize pilferage and theft.

The business shall do every things it takes to avoid/ minismise spending money on personal / matters (drawings).

Cash received shall be banked leaving little money in the business for petty expenditure.

All cash received and spent shall be documented and accounted for by physically balancing the physical cash and cash records at the end of each day.

All cash payments shall be document and authorized by the entrepreneur personally.

Auditors shall be employed to surprisingly check for errors and fraud made by workers in the financial department.

**Any 6x1 including the heading.**

2(a)(i) Inventory velocity ratio =  $\frac{\text{cost of sales}}{\text{Average stock}}$

Average stock

Cost of sales = Opening stock + Purchases – closing stock

= 18000,000 + 82,000,000 + 6,200,000

= 90,000,000 – 6,200,000

= Shs 83,800,000

Average stock =  $\frac{\text{opening stock} + \text{closing stock}}{2}$

2

=  $\frac{8,000,000 + 6,200,000}{2}$

2

14,200,000

2

Shs 7,100,000

Therefore inventory velocity ratio =  $\frac{83,800,000}{7,100,000}$

7,100,000

11.8 times / turns OR

Approx 12 times

3 ticks x 1 = 3 marks

(ii) Holding period =  $\frac{\text{Average stock}}{\text{Cost of sales}} \times \text{No of days in a year.}$

Cost of sales

=  $\frac{7,100,000}{83,800,000} \times 365 \text{ days}$

83,800,000

= 40 days

3 ticks x 1 = 03 marks

(iii) Cash ratio =  $\frac{\text{Absolute current Assets}}{\text{Current liabilities}}$

Current liabilities

Absolute current asset = Cash in hand + Bank balance

= 6,000,000 + 25,000,000

= Shs 31,000,000

Current liabilities = Bank overdraft + creditors

= 16,000,000 + 13,000,000

= Shs 29,000,000

Therefore Cash ratio =  $\frac{31,000,000}{29,000,000}$

29,000,000

= 1.06:1 or 1:1

= 3 ticks x 1 = 03 marks

(iv) Working capital ratio =  $\frac{\text{Current Assets}}{\text{Current liabilities}}$

Current liabilities

Current Assets = Stock + Debtors + Bank + Cash

= 6,200,000 + 28,000,000 + 25,000,000 + 6,000,000

= 65,200,000

Therefore working capital ratio =  $\frac{65,200,000}{29,000,000}$

29,000,000

$$= 2.2:1$$

3 ticks x 1 = 03 marks

(v) Fixed Assets turnover =  $\frac{\text{Sale}}{\text{Fixed Assets}}$   
 $= \frac{160,000,000}{400,000,000}$   
 $= 0.4:1$

3 ticks x 1 = 03 marks

(vi) Creditors turnover =  $\frac{\text{Net purchases}}{\text{Creditor}}$   
 $= \frac{82,000,000}{13,000,000}$   
 $= 6 \text{ times / turns}$

3 ticks x 1 = 03 marks

(vii) Gearing ratio =  $\frac{\text{Long term liabilities}}{\text{Owner's Equity}}$

Owner's equity = capital + net profit - drawings

Net profit = Gross profit - Expenses

Gross profit = Net sales - cost of sales

Cost of sales = opening stock + purchases - closing stock

$$= (8,000,000 + 82,000,000) - 6,200,000$$

$$= 90,000,000 - 6,200,000$$

$$= \text{Shs } 83,800,000$$

$$\text{Gross profit} = 160,000,000 - 83,800,000$$

$$= \text{Shs } 76,200,000$$

$$\text{Net profit} = 76,200,000 - 20,000,000$$

$$= 56,200,000$$

$$\text{Owners equity} = 70,000,000 + 56,200,000 - 20,000,000$$

$$= 106,200,000$$

$$\text{Therefore gearing ratio} = \frac{56,200,000}{106,200,000} \times 100$$

$$= 52.9\% \text{ or Approx } 53\%$$

b)

- Interpretation of holding period 40 days , implies that on average, stock was held for 40 days before it was sold
- Interpretation of gearing ratio of 53% implies that 53% of the funds are borrowed while 47% is out of the business' equity (capital).

3a) XXXX SAVING AND CREDIT CO-OPERATIVE

P.O BOX # MASAKA

CREDIT POLICY GUIDELINES

- Types of loan products: The loans offered shall be secured.
- Maximum loan period: The maximum loan period shall not exceed two years.
- Maximum loan amount: The maximum amount that an individual may borrow shall not exceed 50% of the total assets pledged.
- Maximum interest rate on loans: The maximum interest charged on loans shall not exceed 25% per annum.
- Penalty for late payment. Any loan payment by borrowers shall attract an interest of 1% of the loan amount per day.
- Mode of loan application. Loans shall be applied for in writing upon filling a design loan application form approved by the loan committee.
- Guarantors: Guarantors to borrowers shall exclude members and employees of XXX SACCO.

- Applicant's identification. Loan applicants shall produce proper identification i.e. National Identity Card.
- Loan collateral / security. All collateral used as security for the shall be two times the value of the loan applied.

Any 7 x 1 = 07 marks including headings

b) XXX SAVING AND CREDIT CO-OPERATIVE  
P.O BOX # MASAKA  
LOAN RECOVERY PROGRAMME FOR OVER DUE DEBTS

TIME FRAME/DAY	ACTIVITY	PERSON IN CHARGE	REMARKS
	Collection of all records on debtors (Drawing a list of all debtors)	xxx	
	Arranging debtors according to credit periods.	xxx	
	Contacting debtors by phone and dispatching reminder notes to debtors	xxx	
	Collection of payments and reconciling / updating of debtors records.	xxx	
	Issuing of statement of accounts to debtors.	Xxx	
	Issuing of last reminder notes to debtors who have defaulted.	xxx	
	Hiring a debt collection firm to demand payments from defaulters.	xxx	
	Compiling and publishing the list of defaulters and giving them the final date to clear.	xxx	
	Taking legal action against the defaulters eg <b>acting</b> their collaterals.	xxx	

PREPARED BY  
SIGN XXX  
NAME XXX  
TITLE : LOAN OFFICER

APPROVED BY

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Heading 01 mark  
Activity (any) 4 x 1 = 04 marks  
Others 3 x 1 = 03 marks

c) A design of a cash deposit slip to be used by the clients

XXX SAVING AND CREDIT CO-OP P.O BOX # MASAKA									
Date : .....		CASH DEPOSIT ONLY				No.1340802			
ACCOUNT NAME			ACCOUNT NO.						
BRANCH	TELLER NAME AND STAMP		DENOMINATIONS						
			NOTES SHS			AMOUNT SHS			
PAID IN BY			50,000						
			20,000						
			10,000						
			5,000						

		2,000	
SIGNATURE		1,000	
		COINS	
		1,000	
TELEPHONE		500	
		200	
		TOTAL DEPOSIT	

Amount in words: .....

.....

.....

Any 10/2 = 05 marks

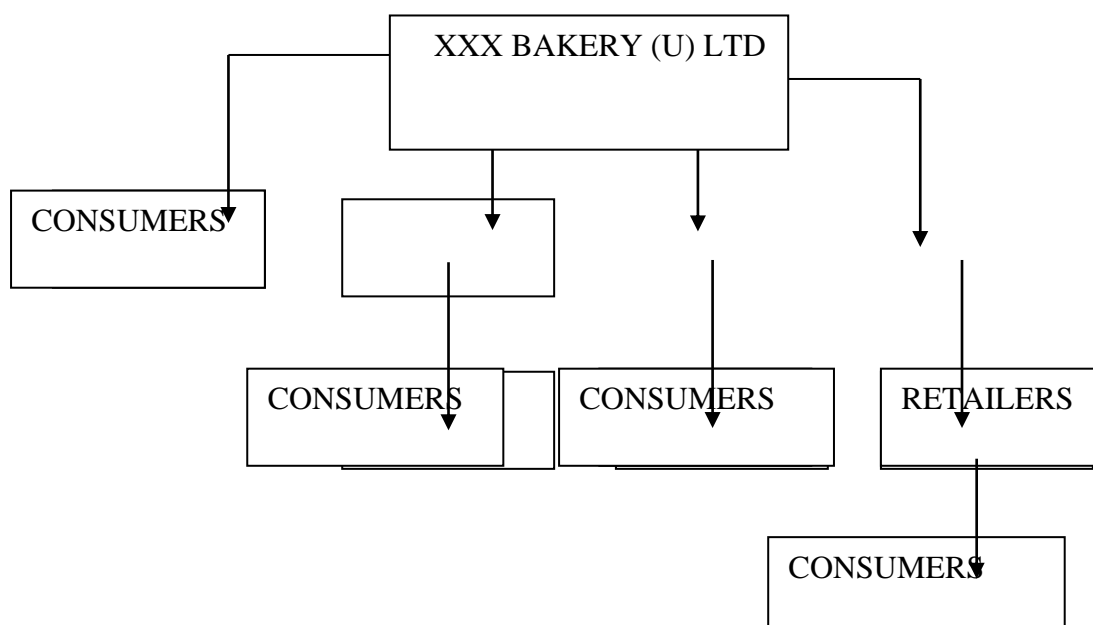
d) Management should ensure the following to overcome resistance to change;

- Involving those who resist in the change process itself
- Building support networks
- Having early communication and discussions
- Using managerial authority and states
- Offering resistance to those involved
- Encouraging and supporting those involved

Any 5 x 1 = 05 marks

4a)

XXX BAKERY (U) LTD  
P.O BOX # KAMPALA  
Telephone: xxxxxxxx  
MARKETING FLOW CHART



6 X 1

b) XXXX BAKERY (U) LTD  
P.O BOX # KAMPALA  
TEL: xxxxxxxx Email.  
Production plan for 2022

#### Business premises and location

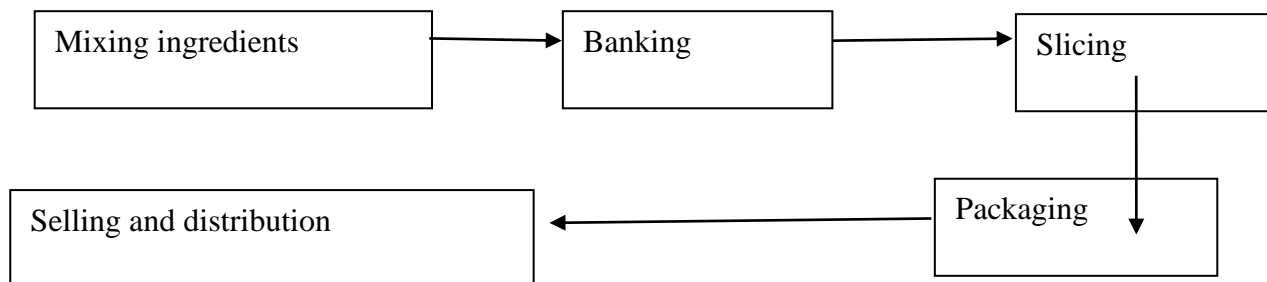
The business is located in Kampala/ Rubaga division, Natete Nakawuka road plot 10 opposite shell petrol station .therefore there ready market due to the dense population.

#### Products offered;

Products offered are bread, doughnuts, cakes and bans which are very fresh.

#### Manufacturing process and lay - out

The production process is illustrated diagrammatically below:



#### Choice of machinery and equipment;

The business uses both power driven and hand driven machines and they purchased from local suppliers of Katwe in Kampala and others are imported from China .

#### Summary costs for machinery and equipments

No	Details of description	Unit cost (shs)
1	Generator	100,000,000
2	Oven	50,000,000
3	Slicing machine	5,000,000
4	Mixer	60,000,000
	Total cost	215,000,000

#### Raw materials and consumables

The main raw materials wheat, salt sugar, yeast, fats and water. These are estimated at shs 80,000,000 for the first month of operation and are purchased from Kikubo shopping centre in Kampala.

Production standards and quality objectives to be maintained during production process, the business follows the production standard prescribed by Uganda National Bureau of standards.

#### Labour requirements

The bakery employs two (2) technicians with a diploma in food science and technology, two technical assistances with a certificate in pastry and bakery and six casual workers with reasonable experience.

#### Power and utilities

The bakery uses electricity, diesel for a stand still generator and water. Electricity charge per month is estimated at shs.600,000. Diesel at shs.300,000 and water at shs .200,000 per month.

#### Waste disposal

The bakery has waste products like burnt breads. These are sold to piggery farmers to feed the animals and chicken.

#### Packaging

The products are packaged in polthene bags and boxes. Packaging materials cost shs.4,000,000 per production cycle.

Any 7 x 1 including heading  
Note: specificity is essential.

c)

XXXX BAKERY (U) LTD P.O BOX # KAMPALA TEL: XXXXXXXX Email: bakers@ gmail.com WEEKLY MARKETING SCHEDULE					
DAY	MARKET ROUTE	PRODUCTS	QUANTITY	PERSON IN CHARGE	REMARKS
MONDAY	NATETE	1kg loaves ½ kg loaves Bans,cakes	1000 2000 100 doz.	MUSISI ALEX	
TUESDAY	MAKINDYE	1kg loaves ½ kg loaves Bans,cakes	1000 2000 500	KITATA ALI	
WEDNESDAY	NAKAWA JINJA ROAD	1kg loaves ½ kg loaves Bans,cakes	2000 4000 500 doz.	MUSISI ALEX	
THURSDAY	KAMPALA CENTRAL	1kg loaves ½ kg loaves Bans,cakes	2000 4000 1000doz.	KITATA ALI	
FRIDAY	RUBAGA	1kg loaves ½ kg loaves Bans,cakes			
PREPARED BY SIGN. XXXX NAME. XXXX TITLE. SALES MANAGER			APPROVED BY _____ _____ _____		

$\frac{12}{2} = 06$  marks

(d)

XXXX BAKERY (V) LTD

P.O. BOX # KAMPALA

#### GUIDELINES TO ENSURE PRODUCTION OF QUALITY PRODUCTS

- Proper storage facilities for both inputs and the products shall be used to ensure quality products.
- High quality raw materials and other inputs shall be used.



- Proper packaging shall be done eg use of polythene paper and paper boxes to avoid contaminations.
- There shall be maximum supervision and monitoring by the production managers during the production process.
- Specialized and skilled man power shall be employed eg food technologists.
- Technical specializations regarding machines, tools and equipments shall be followed.
- Clear instructions regarding production shall be given to the producers to avoid waste due to errors.
- Workers shall be trained continuously so as to equip them with modern production skills
- Cleanliness at the work place and during the distribution produce to avoid contamination of the products.

Any 6 x 1 including heading

5a) DINGI DINGI TRADERS'  
CASH FLOW STATEMENT

FOR JANUARY, FEBRUARY, MARCH AND APRIL 2017

Details	JAN shs	FEB Shs	MARCH Shs	APRIL Shs
Cash balance b/d	33,000,000	25,600,000	11,600,000	23,950,000
Add: CASH INFLOW				
Cash sales	20,000,000	20, 000,000	20, 000,000	20, 000,000
Receipts from debtors	21,600,000	12, 000,000	12, 000,000	12, 000,000
Sale of old lorries			31, 000,000	31, 000,000
Bank loan (DFCU bank)		3, 000,000		
TOAL CASH INFLOWS	74,600,000	60,600,000	74,600,000	86,950,000
Less: CASH OUTFLOWS				
10% sales commission	2, 000,000	2, 000,000	2, 000,000	2, 000,000
Loan repayment (principal			1, 500,000	1,500,000
5% interest on loan			150,000	150,000
Office furniture				900,000
Cash purchases	17, 000,000	17, 000,000	17, 000,000	17, 000,000
Payments to creditors	18, 000,000	18, 000,000	18, 000,000	18, 000,000
Salaries and wages	12, 000,000	12, 000,000	12, 000,000	12,

				000,000
VAT on office furniture				
TOTAL CASH OUTFLOWS	49, 000,000	49, 000,000	50, 650,000	51,712,000
NET CASH POSITION	25,600,000	11,600,000	23,950,000	35,238,000

$\frac{x}{50} \times 22$

(b) Dingi Dingi Traders should use surplus by

- Re-investing it in the business
- Investing in another project or buying shares elsewhere.
- Buying assets
- Paying off liabilities
- Increasing the salaries of the employees
- Donating to the needy

Any 3 x1

6(a) XXXX GIFTS CENTRE

P.O BOX # JINJA (U)

EXECUTIVE SUMMARY

- Back ground of the business

It started three (3) years ago as a small scale business but is growing steadily. It is located in Wanyange ward Iganga Road plot 10 Jinja city and it is a sole proprietorship

- Objectives of the business:

To maximize sales and profits by 30% in the first quarter of the financial year.

- Products offered:

Produces and distributes quality gift bags and paper bags

- Overview of the market of the products:

The market for the products is promising and growing steadily.

- Competitive advantages:

The business produces high quality gift bags which are cheaply charged compared to other business competition.

- Projected growth.

The projected growth is 25% and thus the business is planning to open up three (3) branches within the city.

- Key members of the business.

They include Matovu Ivan assisted by the self motivated staff of ten members.

- Finding requirements to the business

The following requirements need to be financed

Fixed capital requirements:	shs		
Land	XXXX		
Furniture		XXXX	
Machinery	XXX	XXXX	
Star up expenses.			
Obtaining trading licence	XXX		
Market survey expenses		XXX	XXX
Working capital requirements.			
Administration	XXX		
Raw materials costs	XXX	XXX	
Total requirements		XXXX	

(b)

XXXX GIFT CENTRE

P.O BOX XXX JINJA (U)

#### GUIDELINES FOR HANDLING DIFFICULT CUSTOMERS

- Difficult customer objections shall be received or acknowledges and immediately evaluated to determine whether they are genuine or not.
- They shall be given enough time to open up and give all the details.
- They shall be referred to the customer care desk for better handling.
- An apology shall be made to them either orally or in writing for an inconvenience caused in case of some errors.
- Their complaints shall immediately be attended to as fast as possible.
- Follow up shall be made to difficult customers once or after a problem has been raised.
- Security guards shall immediately be called to help in handling difficult customers who become violent at the business premises.
- Difficult customers whose complaints cannot be immediately solved shall be politely requested to come back later as the business buys time to find proper solutions to handle the complaints.
- Very difficult customers who are easy to manage shall be restricted access to the business premises.
- All workers shall be advised to avoid arguing with difficult customers who angry or quarrelsome.

(c)

A well written appointment letter to a newly recruited officer should contain the following:

- Name and address of the workshop
- Date of issue
- Reference i.e. our ref. and your ref.

- The name of the security officer
- Salutation i.e. dear sir/madam
- Subject heading i.e. appointment for the post of security officer.
- Body emphasizing back ground, date of appointment, date of assumption of duty, remunerations and duties to be performed i.e. job description.
- End clause i.e. your faithfully
- Enclosed (enc.)
- Copy circulated (c.c) e.g. to the finance manager.

Any 6 x 1 = 06 marks.

(d)

<p style="text-align: center;">XXX GIFT CENTRE</p> <p style="text-align: center;">P.O BOX # JINJA (U)</p> <p style="text-align: center;">PROGRAMME FOR NEGOTIATING WITH WORKERS ON STRIKE</p>			
TIME FRAME	ACTIVITY	INCHARGE	REMARKS
	Collecting information through research to discover the exact needs of other party		
	Analysing the collected information and comparing it with the needs of the workshop.		
	Setting up clear objectives for negotiating process due to take place		
	Developing negotiation strategies like deciding whether to use one negotiator or a team of negotiators.		
	Developing preliminary tactics for negotiation and choosing a chief negotiator with experience and training in negotiation skills		
	Selecting the negotiation venue		

PREPARED BY

APPROVED BY

SIGN: xxxxxx

.....

NAME : xxxxxx

.....

TITLE: xxxxxxxx

.....

Heading

01 mark

Activities

Any 4 x1 = 04marks

The rest of the activities Any 4 x ½ = 02marks

07 marks

**END**

