

KAMSSA 2020 MARKING GUIDE

ENTREPRENEURSHIP EDUCATION

841/1

1(a) Working capital requirement of a motorcycle spare shop may include the following.

- Stock of spare parts for sale.
- Rent bills/ payments for room/shop/space.
- Monthly salary/wage bills for attendants.
- Monthly electric bills for lighting and heating.
- Daily transport expenses.
- Daily/monthly bills meals expenses for feeding.
- Daily/monthly airtime expenses for calling suppliers and customers.
- Monthly/daily water expenses/bills for cleaning the shop room.

Any $5 \times 1 = 5$ marks

(b) Factors to consider when choosing the supplier of spare parts include.

- The price/cost charged by supplier of spare parts i.e cheaper suppliers is considered.
- The quality of spare parts supplied i.e good quality spare parts will be considered.
- The terms conditions given by supplier in terms of delivery, credit terms, etc. i.e a supplier with favorable terms will be considered.
- Lead time i.e time taken to supply spare parts ordered for. i.e short lead time for a supplier will be considered.
- Reliability of the supplier of spare parts I.e a reliable supplier will be considered.
- Reputation/name/image of a supplier i.e a well known/reputable supplier will be considered.
- Distance of the supplier i.e nearby supplier will be considered.
- The stock levels of the supplier i.e a supplier with large stock of spare parts will be considered.

Any $7 \times 1 = 7$ marks

(c) The environment concerns when operating the spare parts shop

- Environmental sanitation and hygiene.
- Environmental pollution i.e water, air and noise.
- Environmental degradation.
- Conservation of fauna and flora.
- Wetlands conservation.
- Water quality and safety.
- Forest conservation and maintenance.
- Soil quality and productivity.

Any $7 \times 1 = 7$ marks

(d) Business ethics to be observed towards customers include.

- Being honest to customer.
- Being polite and sincere to customer.

- Being cheerful and kind to customer.
- Dis closure of the contents of the spare parts.
- Full filling contractual obligations.
- Offering advice to the customers about the spare parts/choice of spare parts.
- Being transparent to the customers.
- Dis engaging in activities that affect customers.

Any $6 \times 1 = 6$ marks

2(a)

FOUNTAIN TRADING COMPANY LIMITED
BALANCE SHEET
AS AT 31/12/2016

PARTICULARS	SHS	SHS	PARTICULARS	SHS	SHS
Capital	120,000,000		Fixed assets		
Net profit	<u>9,350,000</u>		Buildings	130,000,000	
	129,350,000		Machinery	<u>59,000,000</u>	
Drawings	13,000,000		Total		189,000,000
Equity capital		116,350,000			
Long term liabilities					
Debentures		83,650,000	Current assets		
Current liabilities			Stock	23,000,000	
Creditors	15,000,000		Debtors	10,000,000	
Bank overdraft	<u>9,000,000</u>		Total current assets		35,000,000
Total liabilities		24,000,000			
		<u>224,000,000</u>			<u>224,000,000</u>

$13 \times 1 = 13$ marks

(b) Current ratio = $\frac{\text{current assets}}{\text{current liabilities}}$

$$= \frac{35,000,000}{24,000,000}$$

$$= 1.5: 1$$

(ii) Acid test ratio = $\frac{\text{current assets} - \text{stock}}{\text{current liabilities}}$

$$= \frac{35,000,000 - 25,000,000}{24,000,000}$$

$$= \frac{10,000,000}{24,000,000} = 0.24: 1$$

(iii) Fixed capital = total fixed assets

$$= \text{buildings} - \text{machinery}$$

$$= 130,000,000 + 59,000,000$$

$$= \text{shs. } 189,000,000$$

$$(iv) \text{ Gross profit ratio} = \frac{\text{gross profit} \times 100}{\text{sales}}$$

But Gross profit = sales – cost of sales

$$\begin{aligned} \text{Cost of sales} &= \text{opening stock} + \text{purchases} - \text{closing stock} \\ &= (30,000,000 + 860,000) - 25,000,000 \\ &= 116,000,000 - 25,000,000 \\ &= \text{shs. } 91,000,000 \end{aligned}$$

$$\begin{aligned} \text{Therefore Gross profit} &= 100,000,000 - 91,000,000 \\ &= \text{shs. } 9,000,000 \end{aligned}$$

$$\begin{aligned} \text{Hence the Gross profit ratio} &= \frac{9,000,000 \times 100}{100,000,000} \\ &= 09\% \end{aligned}$$

3.(a) Factors to consider when locating an aquaculture project include.

- Availability of enough space /land in the area to construct the pond
- present/availability of water for the pond.
- Availability and cost of worker/cheap labor.
- The security of the area ie tight security to ensure safety of the project.
- Access to market for product ie fish.
- The land scape of the area ie flat and valley land escapes are reparable.
- Accessibility of the means of transport since product are perishable.
- Availability of other support services such as demonstration centre. fish farming program.
- For consultation

Any 1 × 7 = 7marks

(b) The project will depend on the natural environment though the following ways

- Through provision of land on which the pond will be established.
- Through provision of water to be used in the pond.
- The fish feeds will be manufactured from the natural environment.
- Through provision of the market to the business or project.
- Through provision of the fish to be kept in the pond.
- The natural environment will provide ground on which roads to access the project and market on constructed.

Any 1 × 6 = 6marks

(c) The following are the elements to be included in the marketing plan of the project.

- The target market (customers) of the customers to whom fish will be sold.
- The position of the competitors ie after forms producing fish.
- The pricing methods of the fish and fish product.
- Promotion and adverting strategies.
- The targeted sales volumes.
- The marketing and selling expenses.

Any $6 \times 1 = 6$ marks

(d) How the project will damage the natural environment

- Through causing a depression to the land scape
- By displacement of aquatic life such as snakes, and other wild insects and animals
- Through deforestation i.e clearing the plant cover to create room for construction f or the fish pond
- Through water pollution in case the dead fish are disposed off into the nearby water sources.
- Through spraying dangerous chemicals to kill insects which are dangerous to fish ,soil infirmity can be caused.
- Through reclamation of wetland and swamps hence destroying natural water catchment areas.
- Through destroying the ecological system.
- why should business keep proper records.
- To ascertain and profitability of the business.
- To find out the financial position of business.
- For reference purposes.
- For easy access to finance from financial institution.
- For tool of management and control.
- To act as base for future planning.
- For easy assessment of tax by tax authorities.
- To ease decision making.

4(a)

**BAMASAVU GENERAL ENTREPRISE
TWO COLUMN CASHBOOK
FOR THE MONTH OF OCTOBER 2013**

DR
CR

Date	Details	F	Cash(shs)	Bank(shs)	Date	Details	F	Cash(shs)	Bank(shs)
Oct 1	Balance	b/d	20,000	2,190,000	Oct 5	Namaswala			154,000
"3	Lutalo		21,000		"8	Purchases			810,000
"10	Bank	c	100,000		"10	Cash	c		100,000
"25	Sales		635,000		"12	Transport		50,000	
"16	Cash	c		635,000	"13	Muswavu		115,000	
"18	Luyomb o			225,000	"16	Bank	c	635,000	
"24	Kulwana			323,000	"20	Purchases		150,000	350,000
"28	Sales			720,000	"25	Drawings			400,000
					"29	Wage		30,000	
					"30	Office furniture			720,000
					"31 st	Balance	c/ d	165,000	1,559,000
2013			1,145,000	4,093,000				1,145,000	4,093,000
Nov 1	Balance	b/d	165,000	1,559,000					

$20 \times 1 = 20\text{marks}$

(b) Why should business keep proper records.

- To ascertain and profitability of the business.
- To find out the financial position of the business.
- For reference purposes.
- For easy access to finance from financial institution.
- For tool of management.
- To act as base for future planning.
- For easy assessment of tax by tax authorities.
- To ease decision making.

$\text{Any } 5 \times 1 = 5\text{marks}$

5(a)How cash in SBC will be managed.

- Banking cash received for security reasons
- Locking all the cash available at the supermarket in lockable safes
- Close monitoring and supervision of all the cashiers to ensure that no cash is misused
- Employing qualified cashiers and tellers

- Instituting an internal control system for checks and balances
- Ensuring periodic receipt of bank statement and reconciling them with the cash book
- Employing auditors to check for errors and fraud-using for the super market only on business transaction not any other deals to avoid wastage.
- Receipting all the cash received and paid out.
- By authorizing all cash payments and expenditures to be made.

Any $5 \times 1 = 5$ marks

(b)The subsidiary books of accounts to be maintained in the supermarket included:

- Cash book for all the cash transactions in the supermarket.
- The purchase book for all the credit supplies from the different supplier's.
- The sales book for the customers who may be granted credit.
- The purchases returns book for any stock that may be returned to suppliers due to some reasons.
- The sales returns book for any stock that may be returned back to the super market by customer due to some reasons.
- The general journal for any other transaction not recorded in the rest of subsidiary books.

Any $6 \times 1 = 6$ marks

(c)The business laws to be observed in the supermarket include

- Business registration and formation act.
- Consumer protection laws.
- Foods and drugs law.
- Environmental protection law.
- Trading licensing law/act.
- Waste management and disposal act/laws.
- Weights and measurement laws.
- Public health law/act.

Any $5 \times 1 = 5$ marks

(d) Measurements to minimize risks in the super market.

- Installing fire extinguishers all over the
- Putting security lights in all dark places, around the supermarket.
- Employing security guards at the gate and entrances/exits of the super market.
- Insuring the business against different risks
- Employing only skilled cashiers and accountants.
- Training staff the skills of handling machines and equipments.
- Following government laws and requirements.
- Ensuring proper record keeping to keep track of all business transactions.

Any $5 \times 1 = 5$ marks

END