

**UGANDA ADVANCED CERTIFICATE OF EDUCATION.  
P230/2 ENTREPRENEURSHIP EDUCATION.  
TIME : 3HOURS.**

**INSTRUCTIONS TO CANDIDATES:**

- Attempt any four questions.
- All questions carry equal marks.
- Credit will be given for use of relevant diagrams.
- Any additional question(s) will not be marked.

1. You are operating a metal fabricating project in your town. Due to increased market, You intend to recruit more employees and purchase more machines.

- a) Design a job advert for the post of an accountant. (07 marks)
- b) Prepare an invoice for a customer that has taken goods on credit. (06 marks)
- c) Develop guidelines for proper handling of machines in the business. (06 marks)
- d) Design a job application form. (06 marks)

2. You are the general manager of a business dealing in clay products. The business has been incorporated into a limited liability company.

- a) Present a share certificate to be issued to the shareholders. (06 marks)
- b) Design a flier to be issued to your potential customers. (06 marks)
- c) Write a letter inviting all shareholders to an annual general meeting. (06 marks)
- d) Prepare a cheque in payment to one the creditors to the company. (07 marks)

3. You are operating a rapidly expanding large scale retail stationery business. It would like to recruit more workers.

- a) Prepare a program for recruitment of workers. (07 marks)
- b) Prepare a purchase order to be sent to your supplier of stationery items. (07 marks)
- c) Work out a working capital budget of shs.5, 000,000 for one month. (05 marks)
- d) Write down a job description for the post of purchasing manager. (06 marks)

4. You have established a mushroom growing business in your home area. The demand is rapidly increasing and you are to sign a contract to supply to N.M supermarket. You are to lunch the business soon.

- a) Develop objectives for your business. (04 marks)
- b) Design a cash sale slip for use in the business (07 marks)
- c) Draft the terms and conditions to be included in the contract. (08 marks)
- d) Prepare a delivery note for the initial supply of mushrooms to N.M supermarket. (06 marks)

5. The following information was extracted from the books of Otim Enterprises Ltd as at 31<sup>st</sup> December 2012.

OTIM ENTERPRISES LTD  
TRIAL BALANCE  
AS AT 31<sup>ST</sup> DECEMBER 2012.

Details	Debit ( shs)	Credit ( shs)
Capital		2,500,000
Stock (1.1.2012)	250,000	
Plant and machinery at cost	2,500,000	
Motor vehicles at cost	800,000	
Provision for depreciation on plant and machinery.		200,000
Provision for depreciation on Motor vehicles		160,000
Purchases	3,600,000	
Sales		6,000,000
Sales returns	400,000	
Purchase returns		200,000
Wages and salaries	600,000	
Discount allowed	50,000	
Discount received		40,000
Carriage inwards	25,000	
Carriage outwards	30,000	
Postage and telephone	75,000	
Water and electricity	86,000	
Bad debts written off.	15,000	
Provision for baddebts		10,000
General expenses	85,000	
Rent and rates	150,000	
Debtors	550,000	
Creditors		466,000
Cash in hand	60,000	
Cash at bank	300,000	
	<b>9,576,000</b>	<b>9,576,000</b>

The following additional information was available:-

- i. Closing stock on 31<sup>st</sup> December 2012 was valued at shs 225,000.
- ii. Depreciation was charged at 10% of cost of plant and machinery and 20% of cost of motor vehicles.
- iii. Accrued rent was shs. 30,000 and prepaid rates were shs 10,000.
- iv. Outstanding electricity expense was shs.6,000
- v. Provision for bad debts is to be increased by shs.3,000.

REQUIRED:-

- a) Prepare a Trading, Profit and Loss Account for the Year ended 31<sup>st</sup> December 2013 (16 marks)
- b) Compute and interpret the following:-
  - i. Working capital (03 marks)
  - ii. Gross profit ratio (03 marks)
  - iii. Average collection period for debts in months (03 marks)

6. The following information relates to the business of Okello.

i. Opening balance as at 1<sup>st</sup> January 2013 was shs.3,200,000.

ii. Sales in units were as follows.

January	8,000
February	9,000
March	7,000
April	1,000.

Each unit was sold at shs.500 and sold on cash basis.

iii. Loan from Centenary Bank Ltd shs.

January	---
February	5,000,000
March	-----
April	3,000,000

iv. Receipt from debtors were as follows:-

January	-----
February	1,000,000
March	800,000
April	300,000

v. Production raw material units used were as follows :-

January	7,000
February	8,000
March	9,000
April	10,000.

The above raw materials cost shs.2000 per unit.

vi. Labour costs shs.

January	1,500,000
February	1,200,000
March	1,000,000
April	1,400,000

vii. Fixed costs of shs 200,000 per month are paid monthly.

viii. A Motorvan was bought and paid for in March for shs.10,000,000.

**Questions:**

- Prepare a Cash Flow Statement for four months ending 30<sup>th</sup> April 2013. (16 marks)
- Comment about the cash position of r business (04 marks)
- Suggest measures that Okello can undertake in order to avoid deficits in the cash flow (05 marks)

END