

**Uganda Advanced Certificate of Education  
PRE- REGISTRATION EXAMINATIONS 2016  
ENTREPRENEURSHIP EDUCATION**

**PAPER 2**

**TIME: 3 HOURS**

1. You are operating a Bakery in your home town. You acquired a loan of shs. 12,000,000 from Centenary Bank payable in 4 years at an interest rate of 20% per annum on reducing balance method.

- a) Prepare a loan payment schedule. (7 marks)
- b) Design a payment voucher to be used in your project. (5 marks)
- c) Write an appreciation letter to one of your employees for excellent performance. (5 marks)
- d) Formulate the employees' code of conduct of your project. (8 marks)

2. You own an electronics shop in a busy area.

- a) Write a notice informing the customers of the intention to shift to the next village. (6 marks)
- b) Show the terms and conditions of the hire purchase Agreement in your project. (7 marks)
- c) Design a cash receipt for the business. (5 marks)
- d) Prepare a weekly receipt promotional programme for your business. (7 marks)

3. You are running a diary plant after receiving a grant from the Uganda Manufactures Association.

- a) State two goals and objectives for your business. (4 marks)
- b) Design a plant layout for your plant. (5 marks)
- c) What are the guidelines followed to observe quality at your plant? (8 marks)

4. You intent to start a juice processing plant in your home town.

- a) Place an order to your supplier of fruits for the business. (6 marks)
- b) Write a cheque of shs 200,000 to one of the credit suppliers of passion fruits. (6 marks)
- c) What are the guidelines to be followed when selling products on credit? (8 marks)
- d) Design a reception register to be used in your project. (5 marks)

5. The following balances were extracted from the financial statements of Kitego's business at the end of 2015.

<b>Details</b>	<b>Shs</b>
Sales	288,000,000
Total fixed assets	65,500,000
Average debtors	90,000,000
Opening stock	40,200,000
Closing stock	50,400,000
Cost of sales	201,600,000
Total current assets	36,100,000
Equity capital	68,400,000
Total current liabilities	16,800,000
Net profit before interest & tax	40,600,000
Long term liabilities	38,500,000
Interest expense for the year	5,700,000

**Required;**

- a) Compute the following ratios for the business
- i) Gross profit percentage (3 marks)
  - ii) Rate of stock turnover (3 marks)
  - iii) Average collection period for debts in weeks (3 marks)
  - iv) Leverage ratio (3 marks)
  - v) Interest cover (3 marks)
  - vi) rate of stock turn over (3 marks)
  - vii) net profit margin (3 marks)
- b) Interpret the following ratios using your results above.
- i) rate of stock turn over (2 marks)
  - ii) net profit margin (2 marks)

6. The following trial balance was extracted from the books of Sibyangu Enterprise as at 31<sup>st</sup> December, 2014.

**Sibyangu Enterprises' Trial balance as at 31<sup>st</sup> December, 2014**

<b>Details</b>	<b>Debit (Shs)</b>	<b>Credit (Shs)</b>
Stock (1.1. 2014)	12,500	
Purchases / Sales	70,000	130,000
Salaries & wages	8,750	
Transport	7,500	
Carriage outwards	2,600	
Insurance	950	
Furniture	60,000	
General expenses	1,800	
Provision for bad debts		450
Rent and rates	1,400	
Discounts	1,875	1,125
Cash	600	
Drawings	1,500	
Debtors / creditors	15,000	10,750
Motor van	35,000	
Furnitures & fittings	6,250	
Capital		75,000
Electricity payable	3,750	
Bank over draft	4,650	
	<b>225,725</b>	<b>225,725</b>

v) Motor van to be depreciated at 10% and fixtures and fittings at 15% p.a.

vi) During the year Sibyangu took goods worth 500 for personal use.

Required;

a) Prepare an income statement

b) Prepare a balance sheet as at 31<sup>st</sup> December, 2014.

**\*\*END \*\***