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845/1
Entrepreneurship
Education
Paper 1
July 2016
2 ½ hors

Uganda Certificate of Education
ENTREPRENEURSHIP EDUCATION
PAPER 1
TIME: 2 ½ HOURS

Instructions:

- *Answer **four** questions in all.*
- ***All** questions carry equal marks.*

1. You have been given a loan of shs. 8,000,000 to start a project of your choice in your community.

a) Giving reasons for your answer, identify one project you would establish. (3 marks)

b) Prepare a budget for your project. (6 marks)

c) How will you ensure quality products in your projects? (10 marks)

d) Explain the benefits of your project to society. (6 marks)

2. The following balances were extracted from the books of Guluma Enterprises.

Opening stock	640,000
Capital	4,000,000
Purchases	2,320,000
Cash in hand	160,000
Cash at bank	680,000
Debtors	760,000
Motor vehicle	2,000,000
Creditors	1,200,000
Loan of 1 year	1,000,000
Expenses	140,000
Closing stock	800,000

a) Calculate the;

i) Value of average stock (3 marks)

ii) Cost of goods sold (3 marks)

iii) Rate of stock turn (3 marks)

iv) Working capital (3 marks)

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b) If the mark up is 331, determine Guluma enterprise's;
i) Net sales (3 marks)
ii) Gross profit margin (2 marks)
iii) Net profit (2 marks)

c) Calculate Guluma enterprise's;
i) Capital employed (3 marks)
ii) Current ratio (3 marks)

3. You plan to start a small scale milk parlor;
a) Give the general description of your proposed project. (5 marks)

b) Describe the factors you will consider when locating the project. (8 marks)
c) Explain the promotional strategies you will employ in your project. (8 marks)
d) How would you determine the price of your products? (4 marks)

4. The following information was extracted from the books of Kabogozza on 31st December 2016.

Capital	98,600,000
Cash	8,000,000
Bank	25,000,000
Opening stock	15,000,000
Purchases	40,000,000
Wages and salaries	10,000,000
Short term loans	1,400,000
Creditors	25,000,000
Purchases returns	5,000,000
Sales	120,600,000
Sales returns	5,000,000
Closing stock	6,000,000
Debtors	30,000,000
Motor vehicle	70,000,000
Electricity	2,600,000
Rent	7,000,000
Discount allowed	600,000
Drawings	20,600,000
Machinery	50,000,000
Long term loam	28,700,000

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Required:

a) Prepare Kaboggoza's Income Statement for the year ended 31st Dec, 2016. (13 marks)

b) Balance sheet as at December 2016. (12 marks)

5. You have acquired a loan of shs. 10,000,000 to set up a furniture work shop.

a) Prepare an estimate of the;

i) Working capital (4 marks)

ii) Fixed capital requirements for the first month of the project. (4 marks)

b) Explain the limitations you would encounter when marketing your products. (6 marks)

c) Under what circumstances may your products be sold on credit basis? (6 marks)

d) Why would you register your business? (5 marks)

END

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