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# EXCEL IN ENTREPRENEURSHIP EDUCATION P230/2

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MONITOR YOUR BUSINESS EASILY WITH THIS MANNUAL



**BUSIIKA MUSLIM ENTREPRENUERSHIP EDUCATION DEPARTMENT**  
**0700695643**

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## **AGUIDE TO PASSING ENTREPRENEURSHIP EDUCATION**

### **PAPER TWO (P230/2) A'LEVEL SUPER NOTES**

#### **PREFERENCE**

This is an application paper that requires candidates to make an application of what they learnt from theory part of the subject in paper one (P230/1).

This paper has got challenges to many teachers in a way that most teachers have misconceptions that questions for this paper are from financial management and purchasing management only. This is not the case. The paper extracts its questions from all topics of the syllabus in paper one (P230/1).

Therefore teachers should not draw a demarcation between papers in terms of topics but rather on formulation of questions.

**Note:** Taxation, business planning, financial management etc are set in theory and calculation in both in ent1 and entrepreneurship 2, so read wisely.

#### **Distinguishing between prepare and design**

- ✓ This distinction only applies to source documents not to; Advertisements, Schedules and programs.
- ✓ Possible questions about programs include; areas, steps, process or procedures e.g design a program for becoming a social entrepreneur.
- ✓ Design and draft are the same to source documents
- ✓ **The format for all programs is the same. The variation is only on activities, and the first date on any programme should be a date of exam.**
- ✓ Put the frame on your prepared information, it earns you one mark, ensure that you use words in question on documents i.e prepare say prepared by, designed say designed by, draft say drafted by, if not sure say prepared by, but you can use the language I have used because some documents one may use delivered.

#### **Questions about policy/ documents/guidelines**

- ✓ A variety of words can be used here e.g prepare, draft, design develop, propose, present, write, suggest and formulate. However the presentation shall remain same irrespective of the word used in the question.
- ✓ The possible sources of such questions include; areas with ways, techniques, suggestions, proposals, tools among others. The answer to such questions is governed by 3 instructions;

Use shall and be specific

Avoid personalizing answers/ business i.e I, my, we and our. This is because we do not draft guidelines for ourselves as owners of the business but for the business e.g formulate guidelines for promoting innovation in your business.

#### **Writing sections of the business plan**

Irrespective of whether you are preparing a business plan for an existing business or for a business not yet established, a business plan is prepared or written using the simple present tense. This is because the business plan is working document to which the business shall always refer. Other guiding instructions are;

Be specific, and avoid personalizing the business e.g prepare a market plan for the business.

#### **Writing skills**

- ✓ Writing skills can be tested in various ways such as writing letters, circulars, notices, memos and reports.
- ✓ The most important tested area here is the flow of information i.e how parts of the letter are following each other. This information is tested from communication skills and variety of work can be tested here e.g write a notice to the public about your intentions of changing the location.
- ✓ The other most important area tested here is the style/ format of letter writing where by the candidate has to be consistent with the style opted for beginning to the end.
- ✓ Also emphasize areas such as; whether you are writing to an insider or outsider which will guide you on how to write the receivers address. This implies when writing to an insider, the receivers address is same as the writer's address unlike when writing to an outsider.
- ✓ Do not fill the approved by side and remarks column,

### **Writing general description of the business**

This consists of a summary statement of the business that aims at explaining the following:

Business name, and address, location of the business, purpose of the business with mission, vision, goals, and objectives, business background, goods offered, target mkt, SWOT analysis,

**Note:** any vision, mission, objectives, goals shall represent the rest because they all rotate around the purpose of the business.

### **Financial management**

The possible sources of questions for A' level financial management are;

- ✓ Financial statement (Income statement and Balance sheet) , Accounting (financial ratios), Cash flow statement, and Taxation

To create a difference between O' level and A' level entrepreneurship National curriculum development centre puts much emphasis on interpreting the results performance of the business by A' level candidates. The interpretation of such results is basically based on the definition of the ratio being interpreted or variables in the formula.

The candidate should master very well stating the different formulae, in addition to indicating the correct units for every answer got depending on what is being calculated.

**Note:** Paper one remains a mother paper for both paper two and paper three.

**Procedures/ stages/steps are used in programme like programme for creative selling etc.**

**Ensure that you put business logos in your documents as a must as I have done in some please!!**

**Ensure that most of your work is in a frame.**

## **BOOK FIVE; TOPICS FOR SENIOR FIVE**

### **PART A. PROJECT MANAGEMENT**

#### **TOPIC ONE: INTRODUCTION TO ENTREPRENEURSHIP EDUCATION**

##### **SUB TOPIC CHANGE (GUIDELINES FOR COPING WITH CHANGE**

**You intend to start a juice processing business in your home town.**

**Qn. Formulate guidelines for coping with change in your business**

**BLESSED JUICE PROCESSORS**

**P.O BOX 333**

**KAMPALA**

**TEL: 0700665544**

##### **GUIDELINES FOR COPING WITH CHANGE**

- (i) Employees shall be trained to let them meet the challenges of change.
- (ii) Explanation shall be provided to workers as to why change is taking place to promote unity.
- (iii) Success shall be rewarded for employees and other stakeholders to feel appreciated
- (iv) Feedback on progress shall be encouraged to give administrators a chance to monitor progress and determine whether action plans related change are actively operating.
- (v) Resistance shall be managed by preparing for anything anyone might do in order to stop change.
- (vi) Readiness shall be assessed by preparing employees and administrators on how to handle modifications.

**Note:** Put the above in the frame and just use paragraphs do not number rather jump spaces as you write

##### **SUB TOPIC CREATIVITY**

**Qn. Formulate policy guidelines for promoting creative ability in your business**

##### **Guidelines for enhancing creative ability**

Policy guidelines for promoting creative ability in business

##### **BLESSED JUICE PROCESSING PLANT**

**P.O.BOX 40**

**SOROTI**

**TEL: 0712607080**

##### **GUIDELINES FOR PROMOTING /ENHANCING CREATIVE ABILITY**

- ✓ Employees/ entrepreneur shall think beyond the invisible frame works that surround problems/ situations
- ✓ Employees shall recognize when assumptions are being made and challenge them.
- ✓ Ideas shall be developed from more than one source to encourage creative ability
- ✓ Technology shall be transferred from one field/ area to another to promote creative ability
- ✓ Employees/ workers shall be prepared to use unpredictable events to their advantage to promote creativity
- ✓ Strange things shall be made familiar and familiar things strange to encourage creativity
- ✓ Judgments shall be suspended and premature criticism avoided to encourage the creative process
- ✓ Analogy shall be utilized/ used to find solutions in existing processes, products or organizations
- ✓ Interests shall be developed in new products, ideas or methods to encourage creative ability.

**Qn. Develop policy guidelines for promoting creative ability in business**

**KOOKI JUICE PROCESSING PLANT**

**P.O.BOX 444**

**KAMPALA**

**TEL: 0700695643**

##### **POLICY GUIDELINES FOR PROMOTING CREATIVE ABILITY**

- ✓ Employees/ entrepreneur shall think beyond the invisible frame works that surround problems/ situations
- ✓ Employees shall recognize when assumptions are being made and challenge them.
- ✓ Ideas shall be developed from more than one source to encourage creative ability
- ✓ Technology shall be transferred from one field/ area to another to promote creative ability
- ✓ Employees/ workers shall be prepared to use unpredictable events to their advantage to promote creativity.
- ✓ Strange things shall be made familiar and familiar things strange to encourage creativity
- ✓ Judgments shall be suspended and premature criticism avoided to encourage the creative process
- ✓ Analogy shall be utilized/ used to find solutions in existing processes, products or organizations
- ✓ Interests shall be developed in new products, ideas or methods to encourage creative ability.

### **SUB TOPIC INNOVATION**

**Question.** Formulate guidelines for promoting innovation in your business

Guidelines for promoting/enhancing/fostering innovation

**SITYA LOSS APPLE GROWING PROJECT**

**P.O BOX 122**

**KAMPALA**

**TEL; 0700667788**

#### **GUIDELINES FOR PROMOTING INNOVATION**

- ✓ Change shall always be expected
- ✓ New rules shall be implemented
- ✓ Innovative strategies shall be developed
- ✓ Barriers shall be avoided
- ✓ Implementation of decisions shall be done so fast
- ✓ Workers shall think like entrepreneurs
- ✓ Workers shall think globally
- ✓ Workers shall always be learners.
- ✓ Performance indicators shall be measured
- ✓ The entrepreneur shall do well to others.

### **SUB TOPIC: ENTREPRENEURIAL MOTIVATION**

**You won an enterprise growing apples**

**Develop guidelines of how you will develop positive mental attitude in the enterprise**

**SITYA LOSS APPLE GROWING PROJECT**

**P.O BOX 122**

**KAMPALA**

**TEL; 0700667788**

#### **GUIDELINES FOR DEVELOPING A POSITIVE MENTAL ATTITUDE**

- ✓ Workers and the entrepreneur shall have a positive mental attitude necessary for achieving success.
- ✓ The entrepreneur shall be result oriented by focusing on specific problems and once the decision has been reached
- ✓ Employees shall be involved in positive activities which are productive help to develop mental attitude.
- ✓ Workers shall make each experience as an opportunity to learn.
- ✓ Work objectives shall be established that are achievable and have an impact.

- ✓ The entrepreneur shall network with successful people/ entrepreneurs to acquire their thinking, mannerisms and characteristics for achievement.
- ✓ The entrepreneur shall identify successful entrepreneurs as role models and mentors.
- ✓ Opportunities shall be taken advantage of and improve situations.
- ✓ The entrepreneur and employees shall have self-belief/having faith in themselves.
- ✓ Negative thoughts and ideas shall be avoided.

**Develop rules for developing entrepreneurial habits in an enterprise**

**SITYA LOSS APPLE GROWING PROJECT**

**P.O BOX 122**

**KAMPALA**

**TEL; 0700667788**

**RULES FOR DEVELOPING ENTREPRENEURIAL HABITS**

- ✓ The entrepreneur shall be mentally, highly organized and be able to focus on variety of problems.
- ✓ The next day's activities shall be planned before sleeping is done. After some time an entrepreneur will be motivated to continue doing it on regular basis.
- ✓ Work shall be started earlier than usual. This becomes a habit if repeated done.
- ✓ Certain time shall be set aside each day for reflecting things.
- ✓ A positive mental attitude shall be encouraged always.

**SUB TOPIC RISKS**

**Qn. Formulate guidelines analyzing a risk situation in your business**

**Guidelines for analyzing a risk situation**

**SITYA LOSS APPLE GROWING PROJECT**

**P.O BOX 122**

**KAMPALA**

**TEL; 0700667788.**

**GUIDELINES FOR ANALYZING A RISK SITUATION**

- ✓ Risks shall be assessed by establishing whether a risk is involved or not and looking at the potential loss of choosing a particular alternative.
- ✓ Goals and objectives shall be determined by assessing whether the risk involved is consistent with company's objectives so that decision is done to obtain assessment of alternate
- ✓ Alternatives shall be clarified by surveying the various alternatives to find out the costs involved.
- ✓ Gathering information and weighing alternatives shall be done by making market estimates and likely returns/ outcomes
- ✓ Risks shall be minimized by carrying out a realistic assessment of the extent to which entrepreneur's abilities and company's capabilities, creativity in determining how odds can be changed, ability to plan strategies and tactics to effect change
- ✓ Best alternative shall be planned and implemented.

**Qn. Present a programme for minimizing risks in your company**

**YEFFE JUICE IN PROCESSING COMPANY**

**P.O BOX 222 MBALE,**

**TEL: 0700695643**

**PROGRAMME FOR MINIMIZING RISKS**



**YEFFE JUICE PROCESSING COMPANY**  
**P.O BOX 22 MBALE,**  
**TEL: 0700695643**

**PROGRAMME FOR MINIMIZING RISKS**

DATE	ACTIVITY	PERSON RESPONSIBLE	REMARKS
22/3/2018	Assessing the risk	Mwalye Martin	
23 <sup>rd</sup> /3/2018	Establishing the potential loss involved in choosing a particular alternative	Lubwama Molly	
24 <sup>th</sup> /3/2018	Determining the objectives and goals in relation to the company	Mwalye Martin	
25 <sup>th</sup> /3/2018	Clarifying the alternatives i.e surveying the various alternatives	Lubwama Molly	
26 <sup>th</sup> /3/2018	Gathering information and weighing various alternatives	Mwalye Martin	
27 <sup>th</sup> /3/2018	Selecting the best alternative	Lubwama Molly	
28 <sup>th</sup> /3/2018	Minimizing the risk	Mwalye Martin	
29 <sup>th</sup> /3/2018	Planning and implementing the best alternative	Lubwama Molly	

Prepared by;  
 Sign: mwebe  
**MWEBE JOAN**  
**GENERAL MANAGER**

Approved by:  
 Sign:.....  
 Name:.....  
 Title:.....

**SUB TOPIC NEGOTIATION**

**Qn. Formulate guidelines for ensuring effective negotiations with customers**

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**KAMPALA**

**TEL; 0700667788.**

**GUIDELINES FOR ENSURING EFFECTIVE NEGOTIATIONS WITH CUSTOMERS**

- ✓ Customers shall be communicated to frequently using appropriate medium.
- ✓ Loyal customers shall be rewarded with gifts
- ✓ Special events that involve customers shall be promoted
- ✓ Two way communication with customers shall be promoted
- ✓ Well trained and dedicated workers shall be employed to handle customers' issues hence improving customer service in the business.
- ✓ Multi-cultural programs in the marketing activities shall be launched.
- ✓ Workers shall visit individual customers to find out how products are doing in the market.
- ✓ The business shall keep all promises/ contracts made with customers.
- ✓ The business shall open any negotiation with a customer on a positive note in a neutral way in order to build good relationship.

**Qn. Formulate guidelines for enhancing negotiation in your business**



**Guidelines for enhancing negotiation**

**SITYA LOSS APPLE GROWING PROJECT**

**P.O BOX 122**

**KAMPALA**

**TEL; 0700667788.**

**GUIDELINES FOR ENHANCING NEGOTIATION**

- ✓ The subject goals and objectives of negotiation shall be determined by being clear about what to be achieved including the subject matter and interest in it.
- ✓ The right climate shall be created
- ✓ There shall be preparation for negotiations.
- ✓ Agreement shall be always sought to promote common understanding
- ✓ Negotiation tactics shall be determined
- ✓ Strategies for negotiation shall be evolved by considering different opinions
- ✓ Actual negotiations shall be carried out by getting all the necessary documents about the subject matter gathered during preparations and any other information required.

**SUBTOPIC BUSINESS ETHICS**

**Qn. Formulate guidelines for enhancing good business ethics**

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**KAMPALA**

**TEL; 0700667788**

**GUIDELINES FOR ENHANCING GOOD BUSINESS ETHICS**

- ✓ Right/ correct quantity of products shall be offered
- ✓ Fair prices shall be charged for all business products
- ✓ Good quality business products shall be sold
- ✓ Right information about business products shall be provided
- ✓ Customer's complaints shall be responded to appropriately
- ✓ Prompt and excellent services shall be offered
- ✓ The business shall provide a variety of products
- ✓ Geniality shall be ensured
- ✓ The business shall be compassionate
- ✓ The business employees shall be responsible at all times.

**Qn. Formulate guidelines for developing good business ethics in your business**

**Guidelines for developing good business ethics**

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**KAMPALA**

**TEL; 0700667788**

**GUIDELINES FOR DEVELOPING GOOD BUSINESS ETHICS**

- ✓ Honesty shall be maintained by being open and free in sharing information that is correct.

- ✓ Promise keeping shall maintained by keeping commitments and should not promise on company's behalf unless authorized.
- ✓ Fairness shall be promoted to benefit all stakeholders
- ✓ There shall be respect for others for their contributions
- ✓ There shall always be compassion by the entrepreneur maintaining an awareness of the needs of others and act to meet these needs.
- ✓ There is shall be ensuring of Integrity by the entrepreneur living up to ethical principles even if confronted with risks and economic pressures like high interest rates and inflation.

### **SUB TOPIC COMMUNICATION**

#### **Question. Formulate guidelines for developing effective communication in your business**

Guidelines for developing effective communication

**SITYA LOSS APPLE GROWING PROJECT**

**P.O BOX 122**

**KAMPALA**

**TEL; 0700667788**

#### **GUIDELINES FOR DEVELOPING EFFECTIVE COMMUNICATION**

- ✓ The message to be communicated shall be clear and correct to avoid confusion
- ✓ The message to be communicated shall be complete to avoid doubt and questions about the receiver
- ✓ There shall be proper timing of the message
- ✓ There shall be use of a similar language to that of receivers
- ✓ Sincerity shall be maintained during communication through giving right message
- ✓ Message to be communicated shall be analyzed to determine its impact the impact.
- ✓ The reliable medium of communication shall be selected/chosen
- ✓ There shall be communication of a message in a noisy free environment
- ✓ The sender shall use the right medium and clear message
- ✓ The receiver shall be trained with better listening skills

#### **Qn. Formulate guidelines for handling difficult customers in your business**

Guidelines for handling difficult customers

**SITYA LOSS APPLE GROWING PROJECT**

**P.O BOX 122**

**KAMPALA**

**TEL; 0700667788**

#### **GUIDELINES FOR HANDLING DIFFICULT CUSTOMERS**

- ✓ There shall be acknowledging and evaluating customers objections
- ✓ The words being used and feelings being expressed by customers shall be listened to carefully.
- ✓ Customers shall be encouraged to open up so that an entrepreneur can understand the basis of their being difficult by asking probing questions.

#### **Qn. Formulate guidelines for attending to messages as an entrepreneur/ business person**

Guidelines for attending to messages

**SITYA LOSS APPLE GROWING PROJECT**

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**TEL; 0700667788**

#### **GUIDELINES FOR ATTENDING TO MESSAGES**

- ✓ Eye contact shall be maintained to increase chances of getting the message.
- ✓ There shall be avoiding looking at things which distract listening and attending to the speaker, when on phone.
- ✓ Appropriate body posture shall be used to help one to stay tuned and pay attention.
- ✓ There shall be proper positioning of a person well when on phone to create comfort but not so relaxed to lose listening ability.
- ✓ There shall be verbal or non-verbal acknowledgement of the speaker to show attention.
- ✓ Non- verbal behaviors shall be used like nodding the head to show approval or different facial expressions when interacting with the speaker personally.

**Qn. Formulate guidelines for developing a good personal brand in an enterprise**

Guidelines for developing a good personal brand

**SITYA LOSS APPLE GROWING PROJECT**

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**TEL; 0700667788**

**GUIDELINES FOR DEVELOPING A GOOD PERSONAL BRAND**

- ✓ The entrepreneur shall identify his/her unique values completely.
- ✓ The entrepreneur shall list his/her key attributes in terms of strengths/ talents.
- ✓ The entrepreneur shall develop his own personal brand statement. The entrepreneur should integrate his brand statement into whatever he does.
- ✓ The entrepreneur shall watch his appearance. He should also watch his brand behavior. Packaging the entrepreneur's brand includes his conduct as well. For example delivering products promptly as promised.
- ✓ The entrepreneur shall communicate the brand regularly
- ✓ The entrepreneur shall evaluate his brand regularly.

**Qn. You are engaged in manufacture of human drugs including tablets and syrups as well as offering treatment to out-patients.**

**(a)Design a brand label / label to be placed on the cough syrup**

**MUNENE PHARMACEUTICALS**

**P.O BOX 22,**

**KAMPALA**

**TEL: 0700695643**

**LABEL TO BE PLACED ON A COUGH SYRUP**



**COUGH SYRUP  
OF MUNENE PHARMACEUTICALS  
P.O BOX 22, KAMPALA  
TEL: 0700695643**

For effective relief cough, Tonsillitis, Flue, try a cough syrup of Munene Pharmaceuticals (Best Tropical Herbs)

**MUNENE PHARMACEUTICALS  
P.O BOX 22, KAMPALA.  
TEL; 0700695643.**

Located at Katwe

The syrup is preserved with honey

Shake well before

Adults 2x4 tea spoons daily

Infants  $\frac{1}{4}$  x 4 tea spoons daily ( 1 year +)

Not recommended for children under six months of age

If symptoms persist, seek medical advice

Keep in a cool dry place, keep away from children.

Each 20mg contains Zinc, officiate 2g, E-mango, 1.4ml lemon, 0.1 S. Honey 0.1g to syrup base.

**Batch No: 007NH2 MFD. Date 22<sup>nd</sup>/3/2016, Exp. 22<sup>nd</sup>/3/2017.**

**Design a label to be placed on placed on packaging material**

**BALEKE POULTRY FEEDS  
P.O BOX 33, KAMPALA  
TEL: 0700695643**

**LABEL TO BE PLACED ON A PACKAGING MATERIAL**

**BALEKE POULTRY FEEDS  
P.O BOX 22, KAMPALA  
TEL: 0700695643**

For quality poultry feeds try Baleke poultry feeds

**BALEKE POULTRY FEEDS  
P.O BOX 33, KAMPALA.  
TEL; 0700695643.**

Located at Busiika

The feeds are stored in a cool dry place

Mix well before giving to chicks

For day one chicks quarter a kilogram of any feed

Keep in a cool dry place, keep away from children.

Each contains silver fish

**Batch No: 007NH2 MFD. Date 22<sup>nd</sup>/3/2016, Exp. 22<sup>nd</sup>/3/2018.**

**Qn. Formulate guidelines for recovering overdue debts+ in an enterprise**

Guidelines for recovering overdue debts

**SITYA LOSS APPLE GROWING PROJECT**  
**P.O BOX 122**  
**KAMPALA**  
**TEL; 0700667788**

**GUIDELINES FOR RECOVERING OVERDUE DEBTS**

- ✓ Debtors and collection of all records about them shall be identified
- ✓ Debtors shall be arranged according to credit period and assignment of responsible persons to credit customers
- ✓ Debt reminders shall be prepared and dispatched to debtors or calling the debtors by phone
- ✓ Debtors' records and collection of payment shall be updated.
- ✓ Statement of accountants shall be issued to the customers
- ✓ Last reminders shall be sent to debtors who have defaulted
- ✓ Debt defaulters shall be compiled and published and giving them the final date to clear debts
- ✓ Legal action shall be taken on debt defaulters' e.g auctioning collateral security

**WRITING SKILLS IN COMMUNICATION (CONTINUATION OF COMMUNICATION SUB TOPIC)**

**MUGABE GARMENTS**  
**P.O BOX 30,**  
**KAMPALA**  
**TEL: 0700695643**

**CIRCULAR FOR MUGABE GARMENTS FOR URGENT MEETING**

**MUGABE GARMENTS**  
**P.O BOX 30, KAMPALA**  
**TEL: 0700695643**  
CIRCULAR NO. 007  
To: All departments

**CIRCULAR**

From: General Manager.  
Date: 22<sup>nd</sup>/07/2016

**SUBJECT: URGENT MEETING**

All departmental heads are requested to attend an urgent meeting due to take place on 28<sup>th</sup>/07/2016 at 9:00am in the Board room. Issues to discuss are vital.

**Sign: kalemba**

**KALEMBA DERRICK**  
**GENERAL MANAGER**

**Prepare a circular to be given to head of departments as a general manger to attend a meeting**

**NICE COSMETICS**  
**P.O BOX 22,**

**KAMPALA,  
TEL: 0700695643**

**CIRCULAR TO BE GIVEN TO HEADS OF DEPARTMENTS TO ATTEND A MEETING**

**NICE COSMETICS  
P.O BOX 22, KAMPALA.  
TEL: 0700695643.**

**CIRCULAR**

Circular No: 007  
To All Heads of Departments.  
From the General Manager  
Date: 22<sup>nd</sup>/04/2016.

**SUBJECT: URGENT MEETING**

All Heads of Departments are requested to attend an urgent meeting due to take place on 29<sup>th</sup>/ 4/2016 at 10:00am in the Board Room. Issues to discuss are vital.

**Sign: wakwale  
WAKWALE BEN  
GENERAL MANAGER**

- **Notices.** This written communication where short messages are sent to concerned persons.  
Illustration of a notice

**MUGABE GARMENTS  
P.O BOX 30,  
KAMPALA  
TEL: 0700695643**

**NOTICE FOR A BUSINESS INTENDING TO SHIFT TO NEW LOCATION**

**MUGABE GARMENTS  
P.O BOX 30, KAMPALA  
TEL: 0700695643  
Date: 20<sup>th</sup>/7/2016**

**NOTICE**

Mugabe Garments intends to shift from its current location in Kawadda to Mulago near Mulago hospital opposite Shell in two weeks' time. This has been done to get more space and serve you better. Sorry for any inconveniences caused to our esteemed customers. For more information contact us on; 0700695643.

**CC: Notice Board.  
MANAGEMENT**

**MUGANO JUICE PROCESSORS  
P.O BOX 30, KAMPALA  
TEL: 0700695643  
NOTICE FOR AN URGENT MEETING**

**MUGANO JUICE PROCESSORS**  
**P.O BOX 30, KAMPALA**  
**TEL: 0700695643**  
**Date: 20<sup>th</sup>/7/2016**

**NOTICE**

**SUBJECT: URGNET MEETING**

All the factory employees are here by invite for an urgent meeting to take place on Monday 20<sup>th</sup>/7/2016 at 9:00am venue shall be the Main Hall. Matters to discuss concern declining sales of our products.

**Sign: makubuya**  
**MAKUBUYA BENON**  
**SALES MANAGER**  
**CC: General Manager**

**You are a partner in a rapidly growing restaurant operating in a small, noisy and congested area.**

Using a suitable medium, inform your customers that you intend to shift to a new location in four months. The suitable medium would be posters/notices pinned in and outside the restaurant.

**BIG TWO RESTAURANT**  
**P.O BOX 333**  
**KAMPALA,**  
**TEL: 0700695643.**

**IMPORTANT NOTICE TO CUSTOMERS**

**BIG TWO RESTAURANT P.O BOX 333**  
**KAMPALA, TEL: 0700695643.**

**May 20<sup>th</sup>, 2018**

**NOTICE**  
**TO ALL OUR CUSTOMERS WE INTEND TO MOVE**

On behalf of the management of Big Two Restaurant, we thank you for your continued support and we are glad to inform you that in four months from now, we intend to shift to our newly spacious premises with a large, clean, quite environment and enough parking yard located at sir Apollo Kagwa road plot 23 just after the small gate of Makerere University Kikoni.

We pledge to offer you better services at our new location

We regret for any inconveniences that may be caused.

**Thanks**

**MANAGEMENT.**

- **Memorandums (memos)** are written statements that provide information by one officer to another in the same organization. It is used for short messages.

**Illustration;**

**Preparing memos**

**MUGABE GARMENTS**  
**P.O BOX 30, KAMPALA**  
**TEL: 0700695643**

**MEMO TO THE PRODUCTION MANAGER ABOUT COMPLAINTS OF GOODS**

**MUGABE GARMENTS  
P.O BOX 30, KAMPALA  
TEL: 0700695643**

**MEMO**

To: Production Manager  
From: Managing Director  
Ref 16/2  
Date: 29<sup>th</sup>/7/2018.

**SUBJECT: COMPLAINTS ABOUT OUR PRODUCTS' QUALITY**

This is to let you know that there is need to improve on quality of our products as there are many complaints from our customers.

**Sign: mugewa**

**MUGEWA RICKY  
MANAGING DIRECTOR  
ENC.**

**CC: Purchasing Manager  
Enc. Attached are customers' complaints.**

**KOOKI JUICE PROCESSING PLANT  
P.O BOX 444,**

**TEL: 0700695643**

**MEMO FOR THE PRODUCTION STAFF TO ATTEND AN URGENT MEETING;**

**KJPP**

**KOOKI JUICE PROCESSING PLANT  
P.O.BOX 444  
KAMPALA  
TEL: 0700695643**

**MEMO**

**FROM: MANAGING DIRECTOR  
TO: PRODUCTION STAFF  
DATE: 6<sup>th</sup> APRIL 2018**

**REF: MD/PS/04/2018**

**RE: URGENT MEETING**

I wish to bring it to your attention that we are to have a meeting on 7<sup>th</sup> April 2016 in the board room starting at 9:00am to discuss strategies on quality improvement.  
Thank you.

.....

**BABU STEPHEN  
C.C: Production Manager, C.C: General Manager**

▪ You are operating a leather tanning factory in a congested place would like to shift to a more spacious place.

(a)Write a memo to the production manager inviting him for discussion about customers' concerns about business operations:

**MUGEERE LEATHER TANNING FACTORY  
P.O BOX 22,**



**KAMPALA,  
TEL: 0700695643  
MEMO TO THE PRODUCTION MANAGER**

**MUGEERE TANNING FACTORY  
P.O BOX 22, KAMPALA.**

**TEL: 0700695643.**

FROM: GENERAL MANAGER

TO: PRODUCTION MANAGER

DATE: 12<sup>TH</sup>/4/2016.

**MEMO**

**RE: CUSTOMERS CONCERNS TOWARDS BUSINESS OPERATIONS**

I wish to bring to your attention, the views of our customers in respect to our business operations. They are of the view that the bad smell from our factory fouls air making the place uncomfortable to live. You should therefore investigate this matter and devise means of controlling this so as to improve on our social responsibility.

Thank you

Yours faithfully,

**Sign: wakwale**

**WAKWALE BEN**

**GENERAL MANAGER**

**CC: File**

**CC: Notice Board**

**Enc. Customer complaints letter.**

- **Reports.** These are made when there is an assignment of a specific task to be performed with a given time framework.

**Illustration of a report.**

**MUGABE GARMENTS**

**P.O BOX 30, KAMPALA**

**TEL: 0700695643**

**REPORT ABOUT SOURCES OF QUALITY MATERIALS**

**MUGABE GARMENTS  
P.O BOX 30, KAMPALA**

**TEL: 0700695643**

To: Managing Director

From: Production Manager

Ref 51/7

Date: 29<sup>th</sup>/7/2018.

**REPORT**

**SUBJECT: SOURCES OF QUALITY MATERIALS**

As you assigned me to evaluate sources of quality materials, I would like to report to you the following findings:

1. There are few suppliers of quality materials in our locality.
2. Suppliers need cash to be paid on delivery of materials.

I would suggest the following recommendations:

1. The business must select one best evaluated supplier to ensure a steady supply of materials.

Hope for your positive response.

**Sign: mugewa**

**MUGEWA RICKY**

**PRODUCTION MANAGER**

- **Agenda.** These include a list of items to be discussed in a meeting. It is circulated in advance to enable participants prepare to deliberate on the meeting

▪ **Illustration Of An Agenda**

**MUGABE GARMENTS**

**P.O BOX 30,**

**KAMPALA**

**TEL: 0700695643**

**MUGABE GARMENTS**

**P.O BOX 30, KAMPALA**

**TEL: 0700695643**

**AGENDA**

A meeting of the marketing department is scheduled to take place on Monday 23<sup>rd</sup>/07/2016 at 9:00am in the business Main Hall. The Agenda of the meeting is:

1. Prayer
2. Attendance
3. Communication from the chair
4. Matters arising from the communication
5. Reading the previous minutes
6. Matters arising
7. Review of the marketing strategies
8. Way forward
9. Closure

Prepared by;

**Sign;** mugerwa

**MUGERWA NOAH**

**SECRETARY.**

**Enclosed are minutes of meeting held on 10<sup>th</sup>/7/2018.**

- **Business letters.** These send information from the business organization to an individual or another business organization on specific areas of interest between the business and the addressee. The contents of a business letter include; letter head, reference showing subject matter and recipient, date, inside address, salutation ie. Dear sir/madam, subject heading in capital letters, body/content, complimentary close i.e yours faithfully or sincerely, signature, name title of the sender, enclosed and carbon copy.

**Illustration.**

**MUGABE GARMENTS**

**P.O BOX 30, KAMPALA**

**TEL: 0700695643**

**APPOINTMENT LETTER FOR THE POST OF ASSISTANT ACCOUNTANT**

**MUGABE GARMENTS**

**P.O BOX 30, KAMPALA**

**TEL: 0700695643**

Ref: 20<sup>th</sup>7/2016

**MR. KAMANA WESOGA**

P.o Box 222

Mbale

Dear sir,

**RE: APPOINTMENT FOR THE POST OF ACCOUNTS ASSISTANT**

Following the interviews which you sat, I am glad to inform you that you have been appointed as the accounts assistant of our business effective this Monday of 23<sup>rd</sup>/7/2016. The details of the job description are here with attached and you are to report the Chief accountant.

Your net pay per year shall be shs 4,000,000/= (four million shillings only). Other benefits are car, medical allowance and one month's leave per year.

Please, if you are ready to work under the stated terms and conditions, sign the attached copy of this appointment letter and return to the human resource manager before 24<sup>th</sup> /7/2016

I wish you well in your appointment.

Yours faithfully  
**Sign: Kusolo**  
**KUSOLO KAPAPALA**  
**HUAN RESOURCE MANAGER**  
**Enc. Terms and conditions of service**  
**Cc: Director**

**Qn. Prepare an appointment letter for the post of human resource manager.**

**NAMATALA RICE PROJECT**

**P.O BOX 22**

**MBALE**

**TEL: 0700695643**

**APPOINTMENT LETTER TO THE HUMAN RESOURCE MANAGER**



**NAMATALA RICE PROJECT**

**P.O Box 22,**

**MBALE.**

**Tel: 0700695643.**

**Date: 03<sup>rd</sup> /03/2013**

**TO: MR. GULOBIA RICHARD**

**P.O BOX 444**

**JINJA.**

**Dear Sir,**

**RE: APPOINTMENT LETTER FOR THE POST OF HUMAN RESOURCE MANAGER**

I am glad to inform you that you have been appointed on probation for eight months as the human resource manager in this company.

You are therefore requested to report for duty on 18<sup>th</sup>/03/2013 at the company offices in Mbale along Republic Street where you will be stationed.

You shall be paid Shs 1000,000 (shillings one million) per month and shall be entitled to free accommodation and an annual leave of 30 days annually.

You will directly be responsible/ report to the General Manager.

Yours faithfully,

**Sign: wahabusi**

**WAHABUSI MARTIN**

**MANAGING DIRECTOR**

**Qn. Write an invitation letter to the L.C.1 chairperson inviting him to attend the workshop of your**

**Business letter using blocked style**

**ZAWEDDE SACCO**

**P.O BOX 1234**

**MBALE,**

**TEL: 041221605**

**INVITATION LETTER TO MUGISHA LC 1 CHAIR PERSON OF BUNGOGHO SOUTH**

**ZAWEDDE SACCO**

**P.O BOX 1224**

**MBALE**

**TEL:041221605**

Ref: BSO/03/10

12 March 2010

The chairperson L C 1 Mulatsi

P.O BOX 973

Sironko.

Dear sir/ madam,

**RE: INVITATION TO ZAWEDDE SACCO HEADQUARTERS**

I wish to invite you to our new premises of ZAWEDDE SACCO located in Mulatsi village, Bungokho South County, established on 26<sup>th</sup> February 2009.

The main reason for the invitation is for you to come and advise us on the requirements of the local administration for the business in their locality.

We shall be glad to receive you at our premises.

Yours faithfully,

**Signature:**.....

**MABONGA RICHARD**

**OPERATIONS MANAGER.**

**CC: GENERAL MANAGER**

Enc: Direction to the business premises



- (a) **Prepare an important notice to your customers.**

**KOBEL PETROL STATION**

**P.O BOX 333**

**KAMPALA**

**TEL: 0700695643**



**KOBEL PETROL STATION  
P.O BOX 333 KAMPALA**

**TEL: 0700695643.**

**NOTICE**

**WE INTEND TO MOVE  
Date: 12<sup>th</sup>. May. 2015**

**RE: IMPORTANT NOTICE TO ALL OUR ESTEEMED CUSTOMERS**

On behalf of the management of Kobel petrol station Bombo road, we thank you for your continued support and we are glad to inform you that in 2 months' time from now, we intend to shift to our newly constructed spacious premises with large, clean and enough parking space located on Yusuf Lule road plot 24 just before United Nations Offices Uganda.

We pledge to offer you better services at our new location.  
We regret for any inconveniences that may be caused.

**Thanks**

**MANAGEMENT  
KOBEL PETROL STATION BOMBO ROAD**

**MASABA RICE PROCESSORS**

**P.O BOX122**

**KAMAPALA**

**TEL: 0700695643.**

**NOTICE INVITING PROSPECTIVE PARTNERS FOR A MEETING**



**MASABA RICE PROCESSORS**

**P.O BOX122 KAMAPALA**

**TEL: 0700695643.**

Dealers in rice drying, Processing, milling & packing, located at plot 22 Jinja Road.

**NOTICE**

**URGENT MEETING**

Date: 30<sup>th</sup>/9/2015.

To the partners of Masaba Rice Processors.

The management of Masaba Rice Processors wishes to invite all prospective partners dealing in rice related activities to attend a very urgent meeting scheduled to take place on 10<sup>th</sup>/ 10/2013 at 9:00 am in the company board room.

Those invited are, Rice farmers, Buyers, Transporters, and Rice Agricultural extension workers

**Prepared by:**

**Signature.....**

**NABUDERE BEN**

**GENERAL MANAGER.**

CC: NOTICE BOARD.

CC: CHIEF EXECUTIVE OFFICER.

**You have a goat rearing project and you to introduce exotic breeds:**

(a) Write a letter to the veterinary officer seeking technical advice on your project.

**KAMOKYA GOAT REARING PROJECT**

**P.O BOX 788,**

**KAMPALA.**

**LETTER TO A VETERINARY OFFICER SEEKING ADVICE ABOUT GOAT REARING PROJECT**

**KAMOKYA GOAT REARING PROJECT**

**P.O BOX 788, KAMPALA**

**TEL: 0700695643**



DEALERS IN GOAT REARING AND SELLING GOATS LOCATED AT PLOT 20 KIRA ROAD,  
KKAMOKYA, KAMPALA.

**Ref; KGRP/11/3**

**NOVEMBER 20<sup>TH</sup>.2011.**

**TO THE VETERINARY OFFICER BWAISE**

**P.O BOX 24, KAMPALA.**

Dear sir,

**RE: INVITATION FOR TECHNICAL ADVICE ON THE INTRODUCTION OF EXOTIC GOAT BREEDS AT OUR FARM.**

The above subject matter indicates that Kamokya Goat rearing project has been participating in goat rearing for 3 years producing local goat breeds for customers. AS a result of increase in demand for our products, our farm does require uplifting its capacity so as to measure up to the required capacity.

The purpose of this communication is to invite you to our project premises on the 30<sup>th</sup> of march 2012 at 11:00 am to give us your technical advice in regard to the proposed introduction of exotic breeds at our farm. Enclosed is our site and building plan have been recommended by the city physical planner.

Looking forward for your positive response.

Yours faithfully

**Sign:.....**

**WELIKHE PETER**

**PROJECT COORDINATOR.**

**CC: CITY PHYSICAL PLANNER , KCCA**

**CEO: KAMOKYA GOAT REARING PROJECT.**

**GALAXY BAKERY**

**P.O BOX 34**

**KAMPALA.**

**TEL 0700695643**

**INVITATION LETTER TO THE DISTRICT ENVIRONMENTAL OFFICER TO CARRY OUT  
ENVIRONMENT ENVIRONMENTAL IMPACT ASSESSMENT ON NEW BRANCH ACTIVITIES**

**GALAXYBAKERY**  
**P.O BOX 34, KAMPALA**  
**TEL: 0700695643**

**Date:** 28/4/2016

**Our ref:** GB/L/28/4/2016

Your ref:

**TO: THE DISTRICT ENVIRONMENT OFFICER**

**P.O BOX 123 MUKONO**

Dear sir,

**RE: INVITATION TO CARRY OUT A BUSINESS ENVIRONMENTAL IMPACT ASSESSMENT**

In compliance with registrar of companies, I hereby request you to come and carry out a business environmental impact assessment which is to be carried out on 20<sup>th</sup>. June .2016 at the business premises. The business is located in Mukono Municipality., Kyeume trading centre on plot 42 opposed shell, extra. Galaxy bakery limited is in an area with limited space for expansion. With sparse human settlement. Your assessment and approval will beg milestone to formalization of new branch. Your positive and timely response will be highly appreciated

Yours faithfully,

**Sign.....**

**KAMANA WESOGA**  
**MANAGING DIRECTOR**

CC: Local council one

Enc: Direction to the business premises

**Your assessment and approval will be highly big miles alone**

**Question. You wish to expand your small scale cooking oil processing factory to meet the increasing demand;**

**GALAXY BAKERY**  
**P.O BOX 34**  
**KAMPALA.**

**TEL 0700695643**

**INVITATION LETTER TO THE DISTRICT ENVIRONMENTAL OFFICER TO CARRY OUT ENVIRONMENT ENVIRONMENTAL IMPACT ASSESSMENT ON NEW BRANCH ACTIVITIES**

**GALAXYBAKERY**  
**P.O BOX 34, KAMPALA**  
**TEL: 0700695643**

**Date:** 28/4/2016

**Our ref:** GB/L/28/4/2016

Your ref:

**TO: THE DISTRICT ENVIRONMENT OFFICER**

**P.O BOX 123 MUKONO**

Dear sir,

**RE: INVITATION TO CARRY OUT A BUSINESS ENVIRONMENTAL IMPACT ASSESSMENT**

In compliance with registrar of companies, I hereby request you to come and carry out a business environmental impact assessment which is to be carried out on 20<sup>th</sup>. June .2016 at the business premises. The business is located in mukono municipality. Kyeume trading centre on plot 42 opposed shell, extra. Galaxy bakery is located in an area with limited space for expansion. With sparse human settlement. Your

assessment and approval will be a milestone to formalization of new branch. Your positive and timely response will be highly appreciated

Yours faithfully,

Sign.....

**KAMANA WESOGA  
MANAGING DIRECTOR**

CC: Local council one

Enc: Direction to the business premises

**Your assessment and approval will be highly big miles alone**

(a) Write a letter to the district engineer seeking technical advice on the proposed expansion of a factory

**RAFIKI COOKING OIL FACTORY**

**P.O BOX 111**

**MBALE,**

**TEL: 0700695643.**

**A LETTER TO THE MBALE DISTRICT ENGINEER SEEKING TECHNICAL ADVICE FOR THE PROPOSED EXPANSION**

**RAFAKI COOKING OIL FACTORY**

**P.O BOX 111 MBALE,**

**TEL: 0700695643.**

Dealers in cooking oil processing and packing located at plot 10 Republic street Mbale.

Ref: RFCO/10/9

October 10<sup>th</sup>/2013

**TO: THE DISTRICT ENGINEER, MBALE DISTRICT**

**P.O BOX 222, MBALE.**

Dear sir,

**RE: INVITATION FOR PROVISION TECHNICAL ADVISE ON THE PROPOSED EXPANSION OF OUR COMPANY**

The above subject matter shows that Rafiki cooking oil processors has been in the oil processing for 4 years now, producing quality products for the consumers.

As a result of the increasing demand for our products, our plant does require uplifting its capacity so as to produce up to the capacity.

The purpose of this communication is to invite you to our company premises on the 12<sup>th</sup> of 09/2013 at 11:00am to give us your technical advice in regard to our proposed expansion of the factory. Enclosed is our site and building plan as have been recommended by the town physical planner.

Looking forward for your positive response.

Yours faithfully,

Sign.....

**OKELLO RONALD**

**COMPANY ENGINEER.**

CC: TOWN PHYSICAL PLANNER

CEO: RAFIKI COOKING OIL FACTORY.

BC  
OF

(b) Write a letter inviting all shareholders to an annual general meeting

**WEZA CLAYS TO THE ANNUAL GENERAL MEETING  
(BLOCKED FORMAT).**



**WEZA CLAYS**  
**P.O BOX 22 KABALE,**  
**TEL: 0700695643**  
**LETTER INVITING SHAREHOLDERS**

**WEZA CLAYS**



**P.O BOX 22 KABALE,**  
**TEL: 0700695643**

Date: 22<sup>nd</sup>/3/2016

Our Ref: 01/WC/22/3/2016

Your Ref:

TO ALL SHAREHOLDERS

WEZA CLAYS

Dear Sir/Madam,

**RE: INVITATION TO AN ANNUAL GENERAL MEETING:**

I wish to bring it your attention that we are to have an annual general meeting on 01<sup>st</sup>/10/2016 in our Conference Hall starting at 9:00am to discuss the prevailing conditions in our business share dividends and elect a new Management Committee.

Yours faithfully,

Sign: mwalye

MWALYE MARTIN

GENERAL MANAGER

CC: File

Enc: Agenda.

**TOPIC TWO: ENTREPRENEURIAL ENVIRONMENT**

This topic does not have questions for paper two

**TOPIC THREE SOCIAL ENTREPRENEURSHIP****SUB TOPIC: DEVELOPING A MISSION STATEMENT**

1. A **mission statement** is a brief statement that indicates the overall purpose of the business which is followed to achieve the objectives/ targets of the business

**Business mission:** For example; ‘To provide quality and cost effective poultry products and services through modern farming’

**Social Mission:** To improve on people’s living standards through skills training and job creation

**SUB TOPIC: PROGRAMME FOR BECOMING A SOCIAL ENTREPRENEUR**

2. You intend to start a social enterprise for reducing poverty in your community

**Qn. Design a programme for becoming a social entrepreneur**

**SITYA LOSS POVERTY REDUCTION SOCIAL ENTERPRISE**

**P.O BOX 122**

**KAMPALA**

**TEL; 0700667788**

**PROGRAMME FOR BECOMING A SOCIAL ENTREPRENEUR**

DATE	ACTIVITY	PERSON RESPONSIBLE	REMARKS
23/11/18	Discovering the vision	Social Entrepreneur	
24/11/18	Identifying opportunities in the community	Social Entrepreneur	
25/11/18	Matching the vision with the community opportunity	Social Entrepreneur	
26/11/18	Acting and spreading change	Social Entrepreneur	
27/11/18	Mobilizing resources	Social Entrepreneur	
28/11/18	Constructing needed buildings	Social Entrepreneur	
29/11/18	Recruiting workers	Social Entrepreneur	
30/11/18	Launching the social enterprise	Social Entrepreneur	
31 <sup>st</sup> /11/18	Starting operations of the enterprise	Social Entrepreneur	

Designed by;

**Sign:** wabus

**WAKABULI DERIICK**

**SOCIAL ENTREPRENEUR**

**Note:** Put the above in a frame/ draw a box around your information

Approved by;

Sign;.....

Name;.....

Title;.....

**Question. You intend to reduce poverty in your village, prepare a program for becoming a social entrepreneur**

**GOLDEN POVERTY REDUCTION SOCIAL ENTERPRISE**

**P.O.BOX 100**

**KAMPALA**

**TEL: 0700695643**

**PROGRAMME FOR BECOMING SOCIAL ENTREPRENEUR**

<b>GOLDEN POVERTY REDUCTION SOCIAL ENTERPRISE</b> <b>P.O.BOX 100</b> <b>KAMPALA</b> <b>TEL: 0700695643</b> <b>PROGRAMME FOR BECOMING SOCIAL ENTREPRENEUR</b>			
<b>DATE</b>	<b>ACTIVITY</b>	<b>PERSON IN CHARGE</b>	<b>REMARKS</b>
2/4/2018 ( exam date)	- Developing the idea for becoming social entrepreneur	Mukasa John	
3/4/2018	- Discovering the vision, passion and skills	Mukasa John	
4/4/2018	- Identifying the opportunities in the community	Mukasa John	
5/4/2018	- Matching the vision with opportunities available in the community	Mukasa John	
6/4/2018	- Acting and spreading change	Mukasa John	
7/4/18	Mobilizing the required resources	Mukasa John	
8/4/18	Constructing the needed buildings	Mukasa John	
9/4/18	Recruiting workers	Mukasa John	
10/4/18	Launching the social enterprise	Mukasa John	
11/4/18	Starting operations of the enterprise	Mukasa John	
Prepared by: ..... Sign ----- <b>MUKASA JOHN</b> <b>SOCIAL ENTREPRENEUR</b>		Approved by: Signature:..... Name :..... Title:.....	

**NB:** endeavor to use the future date on the above days beyond the day of exam beginning with exam date

Develop a root cause analysis

**Qn 1. You intend to start a social enterprise in your community**

(a) Carry out a root cause analysis for deforestation.

**SITYA LOSS SOCIAL ENTERPRISE**

**P.O BOX 122**

**KAMPALA**

**TEL; 0700695643**

**ROOT CAUSE ANALYSIS FOR DEFFORESTATION**

**Statement of the need:** Over cutting of trees



**This is due to;** Need for land for cultivation, need for timber, need for fire wood



**This is caused by lack of alternative solutions to the above needs.**



**Action taken:**

- Planting trees where others have been cut

- Putting in place strong restrictions on cutting down trees.

**Qn 2. As a social entrepreneur carry out a root cause analysis for malaria in your village.**

Example of a root cause analysis for malaria in the village.

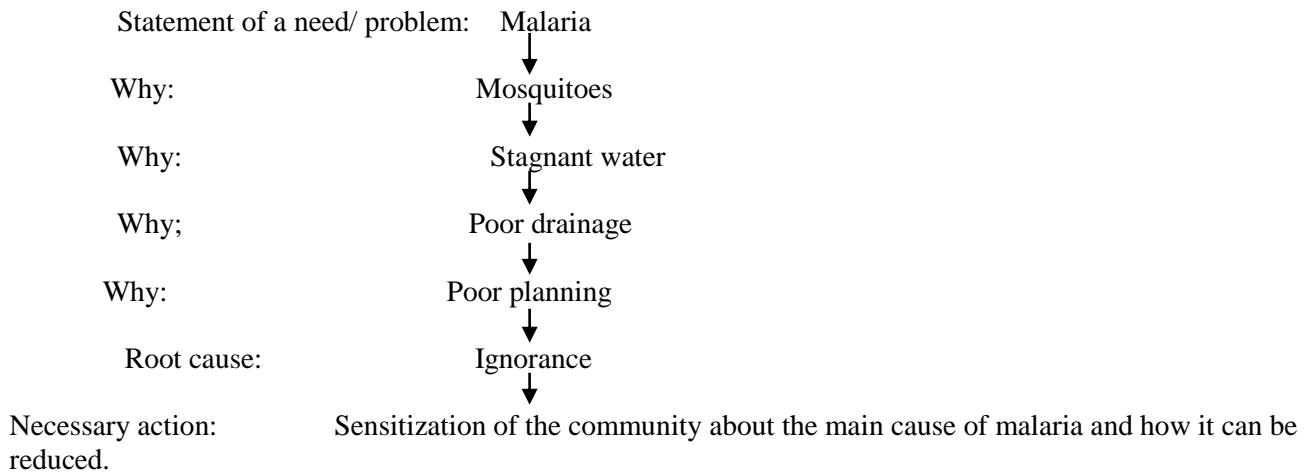
**MAKODNE MALARIA SOCIAL ENTERPRISE**

**P.O BOX 233**

**KAMPALA**

**TEL-; 070056943**

**ROOT CAUSE ANALYSIS FOR MALARIA OUTBREAK IN MAKONDE VILLAGE, BUNAKHE SUBCOUNTY, BUDUDA DISTRICT**



**Question 3. As a social entrepreneur carry out a root cause analysis for declining sales in your business.**

Root cause analysis should include the following;

**EKAS BAKERY**

**P.O.BOX 1000**

**MUKONO**

**TEL: 0772405060**

**ROOT CAUSE ANALYSIS FOR THE DECLINING SALES**

**EKAS BAKERY**

**P.O.BOX 1000**

**MUKONO**

**TEL: 0772405060**

**ROOT CAUSE ANALYSIS FOR THE DECLINING SALES**

STATEMENT OF THE PROBLEM i.e. Decline in sales



WHY? e.g. Inappropriate customer care



WHY? e.g. High Prices for business products



WHY? e.g. Inappropriate Marketing Strategies



ROOT CAUSE: Inappropriate marketing strategies



NECESSARY ACTION

Improving marketing

**3. You have set up an entertainment business to help address the problem of unemployment among youths in your area most of whom are involved in drug abuse, crimes and alcoholism.**

- a) State the mission and objectives of the business
- b) Formulate instructions for ensuring safety and security of your employees at the work place
- c) Develop the root cause analysis for unemployment
- d) Draw one week training programme for your employees.

**Solution**

**PAPA ENTERTAINERS INVESTMENT LTD**

**P.O BOX 60,**

**KAMPALA**

**TEL: 07001122333**

**Mission of the business:** To address the problem of unemployment among the youths using appropriate technology.

**Objectives of the business:**

- ✓ To provide employment opportunities to 500 youths in 6 months
- ✓ To establish 20 training centers in the community in a year

**PAPA ENTERTAINERS INVESTMENT LTD**

**P.O BOX 60,**

**KAMPALA**

**TEL: 07001122333**

**INSTRUCTIONS FOR ENSURING SAFETY AND SECURITY OF EMPLOYEES**

- ✓ All workers shall wear business uniforms and tags at all times while at the work place
- ✓ All property shall be declared at the entrance
- ✓ First aid kits and trained staff shall be provided to cater for workers in case of accidents
- ✓ Security/ monitoring gadgets e.g CCTV cameras, alarms etc shall be installed in the business premises.
- ✓ All workers shall be entitled to free of charge medical services/ care in case of any sickness
- ✓ All workers shall use protective gear such as gloves while at work
- ✓ Armed and well trained security guards shall be employed and given instructions
- ✓ Fire extinguishers shall be installed and workers be trained how to use them.
- ✓ Entrance to business premises shall be restricted to authorized people
- ✓ Smoking, drug abuse and taking alcohol shall be prohibited.
- ✓ Employees shall be frequently be sensitized on security guidelines
- ✓ No visitors or staff shall be allowed in the business premises before 7:00am and beyond 6: 00pm.

## ROOT CAUSE ANALYSIS FOR UNEMPLOYMENT

**PAPA ENTERTAINERS INVESTMENT LTD**

**P.O BOX 60,**

**KAMPALA**

**TEL: 0700112233**

### ROOT CAUSE ANALYSIS FOR UNEMPLOYMENT

STATEMENT OF THE PROBLEM i.e. Unemployment



WHY? e.g. Lack of required skills



WHY? e.g.inappropriate education system which is theoretical



WHY? e.g. lack of well researched curriculum



WHY? E.g corrupt leaders



ROOT CAUSE: Corruption

NECESSARY ACTION

Ensuring proper accountability of donations

Vocalization of education

Making education reforms through research

## SUBTOPIC: GEPIC STRUCTURE

**Qn. 1. Using the visionary GEPIC approach, write a speech addressing the youth on how to overcome a problem of poverty/ develop gepic structure for promoting a social mission.**

### **VISIONARY GEPIC APPROACH OF ADDRESSING POVERTY IN MULATSI VILLAGE BUSIU SUB COUNTY MBALE DISTRICT**

**Greeting:** Thank you everyone for coming to listen to me as a community member, I care deeply about our future but there is a problem of absolute poverty which affects not only you and me but also other community members.

**Engage:** Yesterday I was watching NTV news they reported that police had shot dead 10 youths and arrested 60 youths who were caught gambling for instance; playing cards during day time and betting. 30 of whom belong to our village.

**Problem:** These boys are not attending school and some said that their parents have failed to raise school fees.

**Inform:** Many people talk about the need to reduce poverty but nothing is being done. What we need is more action and use people like me and you to start creating income generating projects to increase our income and reduce on poverty.

**Call for action/challenge:** I am here today to challenge you to become part of the solution to this major problem. I want to stop talking and act by participating in finding solutions to poverty which is affecting us and other community members of Mulatsi Village.

## **SUB TOPIC: NATURAL ENVIRONMENT**

### **1. You intend to start a brick making project**

(a) Explain the possible dangers the project will cause to the natural environment (10mks)

#### **BUSIU BRICK MAKING PROJECT**

**P.O BOX 222,**

**MBALE,**

**TEL: 0700695643**

#### **THE POSSIBLE DANGERS OF THE PROJECT ON THE ENVIRONMENT;**

The project shall pose the following possible dangers on the environment:

- ✓ Deforestation; involving cutting down of trees to get fire wood
- ✓ Pollution (smoke will pollute the air)
- ✓ Holes left behind acting as breeding places for harmful vectors for example mosquitoes
- ✓ Destruction of water catchment areas for example swamps
- ✓ Eco system destruction leading to acute shortages of water
- ✓ Degradation of soil/ land
- ✓ Accidents for human beings and animals due to holes dug.

(b) Suggest measures you will take to reduce the negative effects caused by your project (05mks)

#### **BUSIU BRICK MAKING PROJECT**

**P.O BOX 222,**

**MBALE,**

**TEL: 0700695643**

#### **MEASURES TO BE TAKEN TO REDUCE ON NEGATIVE EFFECTS CAUSED BY THE PROJECT ON THE ENVIRONMENT;**

- ✓ Refilling dug up areas.
- ✓ Planting fast growing trees to replace the ones being cut down.
- ✓ Tapping running water to avoid soil erosion
- ✓ Uniform excavation of soil to avoid creating dangerous holes on the ground
- ✓ Recycling un burnt bricks and making new ones to avoid wastage of resources.
- ✓ Using alternative energy sources to burn bricks other than fire wood e.g briquettes made out of saw dust and maize or wheat bran
- ✓ Taking vector control measures such as spraying stagnant water, proper disposal of waste products like bricks
- ✓ Sensitization of workers on the need to preserve the environment.
- ✓ Using alternative materials that don't require burning of bricks e.g sand bricks, cement and soil mixture bricks.

### **2. You intend to start running a cement factory**

(a) In what ways will your business be harmful to the natural environment?

#### **BAAGI CEMENT FACTORY**

**P. BOX 222**

**MBARARA,**

**TEL: 0700695643**

#### **THE BUSINESS WILL BE HARMFUL TO THE NATURAL ENVIRONMENT IN THE FOLLOWING WAYS:**

- ✓ Noise pollution, due to running machines as well as trucks
- ✓ Destruction of the eco- system especially during the construction of business structures on the ground
- ✓ Emitted gases will pollute air in the surrounding areas and where the business is located

- ✓ Emitted toxic gas will affect communities where the business is located
- ✓ Exhaustion of resources for example limestone which is used in cement manufacturing.
- ✓ People working in the business experiencing poor health conditions due to inhaling of toxic gases and exposure to other hazardous substances
- ✓ The business will be using other products to pack its goods that are harmful to the environment e.g use of polythene bags

(b) **Suggest the possible measures to minimize the dangers of your business to the natural environment.**

**BAAGI CEMENT FACTORY**

**P.O BOX 222**

**MBARARA,**

**TEL: 0700695643**

**MEASURES TO BE TAKEN TO MINIMIZE THE DANGERS OF THE BUSINESS ON THE NATURAL ENVIRONMENT:**

- ✓ Making use of machine silencing devices to minimize vibrations and noise pollution
- ✓ Abiding by environmental standards set by regulatory bodies such as National Environmental Management Authority (NEMA) of not degrading the environment.
- ✓ Practicing proper garbage disposal, i.e depositing waste product in a right place after treatment
- ✓ Carrying out regular environmental impact assessment to determine the impacts of the business on the environment i.e both positive and negative impacts.
- ✓ Providing employees with protective gear such as gloves ,helmets and masks to avoid injuries and inhaling of toxic gases by workers
- ✓ Recycling of used materials say paper wrappers or polythene bags
- ✓ Asking customers whether they would like to use the packaging materials rather than just packing for any customer who wishes to buy products
- ✓ Treatment of waste products before disposal, this reduces on the negative impact of business on the natural environment.

**THE SOCIAL RESPONSIBILITIES OF THE PROJECT ON THE COMMUNITY**

**BANAMBALE SHOES MAKERS**

**P.O BOX 333**

**MBALE**

**TEL: 0700695643.**

**SOCIAL RESPONSIBILITIES OF THE PROJECT**

- ✓ Providing regular supply of good quality readymade shoes
- ✓ Providing employment opportunities to the community
- ✓ Providing market for products sold by the community like skins and hides, food items
- ✓ Providing security to the community
- ✓ Improving the state of infrastructures like roads, buildings etc
- ✓ Providing education to members of the community e.g skills in shoe making
- ✓ Sponsoring community development programmes
- ✓ Paying taxes to contribute to community development
- ✓ Maintaining the natural beauty of the environment like planting trees.

**3. You own an enterprise you are operating in your home town.**

- (a) Develop an innovation matrix for your matrix and innovations of new restaurant.



**BANAMBALE RESTAURANT****P.O BOX 333****MBALE****TEL: 0700695643.****(OLD) INNOVATION MATRIX**

NO	Points to analyze	Organization 1	Advantages and disadvantages of organization 1	
			Advantages /strengths	Disadvantages/ weaknesses
1	Target customers	Students	Assured market	Not available in holidays
2	Strategy	No food from outside into the school	Only supplier	Poor quality goods
3	Products	Samosas, juice, Soda	High profits, low sales	Low sales
4	Impact	Less students access food stuffs	Easy monitoring of the business	Limited expansion

**BANAMBALE NEW RESTAURANT****P.O OBX 333****KAMPALA,****TEL: 0700695643****(NEW) INNOVATIONS FOR ORGANIZATION**

NO	Points to analyze	Organization	New social entrepreneur
1	Target customers	Students, teaching and non-teaching staff	For profit
2	Strategy	Provide variety of foods	Hybrid
3	Product's Price	Variety, low prices	Sales maximization
4	Impact	More people access balanced diet	Improved health

**NB:** Innovation matrix shows the strength and weaknesses of an old business and how the new business is to improve on the weaknesses of the old business.

**4.Develop a social enterprise plan/ structure****SITYA LOSS MALARIA REDUCTION SOCIAL ENTERPRISE****P.O BOX 122****KAMPALA****TEL; 0700667788****SOCIAL ENTERPRISE PLAN FOR MALARIA REDUCTION****Introduction.** Sitya Loss Malaria Reduction Project P.O Box 122

Kampala Tel; 0700667788. The social enterprise is located in Bunamwaya village.

The enterprise was established in May, 14. 2018

**The theory of change****Vision:** “To be the leading social enterprise in Uganda in reducing malaria by 2023”.**Mission Statement:** “To improve on people’s living standards in the community by providing mosquito nets. Each family will receive four mosquito net depending on the size of the family.**The opportunity.** Bunamwaya village has people who are willing to participate in malaria reduction.

**Example: Question.** You plan to start a plastic and waste management project in your community, state the mission, vision and objectives

**BLESSED WASTE MANAGEMENT SOCIAL ENTERPRISE**

**P.O BOX 3333**

**KAMPALA**

**TEL: 0700695643**

**WASTE MANAGEMENT VISION, MISSION AND OBJECTIVES**

**Vision.** “To have a clean environment” or “To be the leading plastic and waste management project in ensuring a healthy and clean environment”

**Mission:** “To have a clean and healthy environment through sensitizing the community members about benefits of clean environment”

**Objectives:**

- To open up more 10 waste collection centres in 10 months
- To establish a second waste management plant by the end of 5 months
- To provide employment opportunities to 1000 people in the community

**Example of innovation and sustainability**

**Question:** You intend to start a social enterprise, prepare a management and innovations and sustainability strategies

**SITYA LOSS SOCIAL ENTERPRISE**

**P.O BOX 122**

**KAMPALA**

**TEL; 0700667788**

**MANAGEMENT AND INNOVATIONS FOR MALARIA REDUCTION**

**Management and Innovations:** The role of the manager is to oversee project activities and organizing meetings to determine the progress of the enterprise. The enterprise hopes to reduce on infant mortality rate in Bunamwaya.

**Sustainability.** The entire community shall be involved in malaria reduction program.

**Question.** You intend to start a social enterprise addressing dangers of deforestation, in your community, give description (07 marks).

**BAGALANA DEFORESTATION REDUCTION SOCIAL ENTERPRISE**

**P.O BOX 444**

**LUWERO**

**TEL: 0700695643**

**GENERAL DESCRIPTION OF THE BUSINESS ADDRESSING DANGERS OF DEFORESTATION**

**Business name and address:** Bagalana Social Enterprise P.o box 444, Luwero, tel: 0700695643.

**Business location:** Bagalana Social Enterprise is located in Gaaza vilage- Kibaga Sub-county, Luwero district.

**Purpose of the business;**

**Vision Statement:** “To be the leading business in reducing deforestation/ cutting down of trees in Luwero district”

**Mission statement:** “To sensitize community members about the dangers and cutting down trees and encourage them to plant more trees and increase soil fertility.

**Objectives of the social enterprise:**

To enable 1000 community members to come up with alternative sources of energy like biogas within 5 months.

To plant more 2 acres of trees in Gaaza village in 6 months.

To create more alternative sources of energy like energy saving stoves and biogas within 10 months.

**Goals in the social enterprise:**

To enable 1,000,000 community members to come up with alternative sources of energy like biogas within 2 years.

To plant more 10 acres of trees in Gaaza village in 2 years.

**Services provided by the social enterprise:** sensitizing of community members about dangers of deforestation and training them to plant more trees come up with better and alternative sources of energy other than fire.

**Target market:** Community of Gaaza village, Kibanga sub - county, Luwero district.

**Uniqueness of the social enterprise:** Involving the whole community in the project.

**TOPIC FOUR: BUSINESS IDEAS**

**Question. Develop/ draft a program for turning a business idea into a product**

**BLESSED JUICE PROCESSORS**

**P.O BOX 22**

**KAMPALA**

**TEL: 07006956**

**PROGRAMME FOR TURNING A BUSINESS IDEA INTO A PRODUCT/ BUSINESS OPPORTUNITY**

<b>BLESSED JUICE PROCESSORS</b> <b>P.O.BOX 100</b> <b>KAMPALA</b> <b>TEL: 0700695643</b> <b>PROGRAMME FOR TURNING A BUSINESS IDEA INTO A PRODUCT</b>			
<b>DATE</b>	<b>ACTIVITY</b>	<b>PERSON IN CHARGE</b>	<b>REMARKS</b>
2/4/2018 ( exam date)	- Documenting the invention.	Wepukulu Ronie	
3/4/2018	- Researching about the idea	Walekhwa peter	
4/4/2018	- Researching about the market	Webale Ricks	
5/4/2018		Webale Ben	
6/4/2018	- Making a prototype.	Were peter	
	- Filling the patent		
7/4/18	Marketing the invention.	Webale Ricks	
Drafted by: ..... Signature:..... <b>MUKASA JOHN</b> <b>ENTREPRENEUR</b>		Approved by: Signature..... Name..... Title:.....	

**TOPIC FIVE: BUSINESS OPPORTUNITIES**

**Qn. Develop/ draft a program for determining profitability of the business**

**BLESSED JUICE PROCESSORS**

**P.O BOX 22**

**KAMPALA**

**TEL: 07006956**

**PROGRAMME FOR DETERMINING PROFITABILITY OF THE BUSINESS OPPORTUNITY**

<b>BLESSED JUICE PROCESSORS</b>			
<b>P.O.BOX 100 KAMPALA TEL: 0700695643</b>			
<b>PROGRAMME FOR DETERMINING PROFITABILITY OF THE BUSINESS</b>			
<b>DATE</b>	<b>ACTIVITY</b>	<b>PERSON IN CHARGE</b>	<b>REMARKS</b>
2/4/2018 ( exam date)	- Deciding on the type of business to establish	Wepukulu Ronie	
3/4/2018	- Choosing location of the business	Walekhwa peter	
4/4/2018	- Forecasting of business sales	Webale Ricks	
		Webale Ben	
5/4/2018	- Estimating of business costs	Were peter	
6/4/2018	- Estimating of business profits		
Drafted by: ..... Signature..... MUKASA JOHN ENTREPRENEUR		Approved by: Signature:..... Name :..... Title:.....	

**Question. Identify other business opportunities which may arise from the existence of your business.**

**BLESSED JUICE PROCESSORS**

**P.O BOX 22**

**KAMPALA**

**TEL: 07006956**

**OTHER BUSINESS OPPORTUNITIES THAT MAY ARISE FROM THE EXISTENCE OF BLESSED JUICE PROCESSORS**

- ✓ Animal and poultry feeds
- ✓ Local brewing business
- ✓ Packaging materials business making of paper bags for packing
- ✓ Service provision business e.g restaurants and, banking, transport and mobile money businesses
- ✓ Rental houses for employees
- ✓ Trading businesses for example market for food stuffs.
- ✓ Commercial agriculture to produce fruits for juice production
- ✓ Animal rearing

**NB: The above apply for existence of all businesses except examples**

## **TOPIC SIX: SMALL AND MEDIUM ENTERPRISES**

### **SUB TOPIC: SMALL AND MEDIUM ENTERPRISES**

**Qn. Develop guidelines for ensuring success of small and medium enterprises;**

**SITYA LOSS APPLE JUICE PROCESSORS**

**P.O BOX 100**

**KAMPALA**

**TEL: 0700695643**

#### **GUIDELINES FOR ENSURING SUCCESS OF SMALL AND MEDIUM ENTERPRISES**

- ✓ Ensuring suitable location in areas where the such business can easily access support services like banking services, insurance services and better road network, markets and source of raw materials.
- ✓ Research and development shall be undertaken to come up with new products that meet the needs of customers and beats off competition.
- ✓ Good business management shall be ensured. For example through creating a work environment that encourages productivity, hiring competitive people, training them and being able to think strategically.
- ✓ A good relationship shall be established with customers and ensuring that they are always satisfied with their products and cannot be taken away by competitors.
- ✓ Market surveys shall be conducted before starting business operations to ensure an entrepreneur goes into business whose outputs will be competitive, have fair sized market and profitable prices.
- ✓ Over expansion shall be avoided to ease decision making.
- ✓ Saving and re-investing business profits shall be encouraged to raise enough capital for business activities.
- ✓ Up to date information and data shall be kept and used concerning suppliers, consumers' tastes and their buying habits to ensure that their businesses are not left behind by the changes taking place.
- ✓ The business shall be active member of the relevant business associations like Uganda Manufacturers' Association, Uganda small scale Industries Association, through which they can access a range of services and assistance.
- ✓ Competitors' activities shall be monitored and learning from their experiences.
- ✓ Products shall be advertised so that they can attract new customers and retain the old customers.
- ✓ Employees shall be regularly trained to ensure that they are skilled enough to manage the business operations.
- ✓ Security shall be adequately maintained to avoid losses out of theft and burglary of business property.

### **SUB TOPIC: INSURANCE POLICY**

**Qn. Develop a programme for taking an insurance policy in your business**

**(e ) Prepare a plan for taking an insurance policy.**

**MERCY BOOKSHOP,**

**P.O BOX 200, KAMPALA**

**TEL: 070056694**

#### **PLAN FOR TAKING AN INSURANCE POLICY**



**MERCY BOOKSHOP  
P.O BOX 200, KAMPALA  
TEL: 0700695643**

**PROGRAMME FOR TAKING INSURANCE POLICY**

<b>DATE</b>	<b>ACTIVITY</b>	<b>PERSON IN CHARGE/RESPONSIBLE</b>	<b>REMARKS/ COMMENTS</b>
28/7/2018	Inquiring about the best insurance company	Kato Derrick	
29/7/2018	Deciding on which insurance company and the type to get along with	Kato Derrick	
30/7/2018	Checking the budget and deciding on amount of money to pay for insurance	Kato Derrick	
31 <sup>st</sup> /7/2018	Filling and signing the insurance proposal form	Kato Derrick	
01/8/2018	Calculating premiums	Kato Derrick	
02/8/2018	Issuing cover note	Kato Derrick	
03/8/2018	Issuing of an insurance policy	Kato Derrick	

Prepared by;  
Signature: mwebe  
**MWEBE JOAN**  
**FINANCIAL CONTROLLER**

Approved by;  
Signature: .....  
**Name:.....**  
**Title:.....**

**SUB TOPIC: LEGAL BUSINESSES**

**You have a bakery for the old students association for your school**

(a) Prepare a partnership deed for your old school students association.

**BUSIA SEC.SCHOOL OLD STUDENTS BAKERY PROJECT,**

**P.O BOX 2073**

**BUSIA,**

**TEL: 0700695643.**

**PARTNERSHIP DEED**

**BUSIA SECONDARY SCHOOL OLD STUDENTS' BAKERY PROJECT**  
**P.O BOX 2073**  
**BUSIA**



**TEL: 0700695643.**

Dealers in making of Bread and cakes, located at plot 20 Mbale – Tororo highway p.o box 2073 BUSIA.

**PARTNERSHIP DEED**

- (i) The name, registered address and location of the business shall be Busia Secondary Scholl Old Students Bakery Project is located at plot 20 Busia.
- (ii) The purpose of the business shall be making of cakes for weddings and bread
- (iii) Duties and responsibilities of partners shall be the overall supervision and financing of the business
- (iv) Capital contribution is shs 5000,000 but shall be equally contributed by all partners and shares divided equally.
- (v) Profits and losses shall be equally shared among partners.
- (vi) There shall be no interest on capital contributed partners
- (vii) Disputes among partners shall be settled by arbitration or courts of law
- (viii) The partnership shall be dissolved when partners disagree
- (ix) The procedure of dissolving the partnership shall by using an advocate
- (x) Loans from partners shall attract interest of 15%
- (xi) The rate of interest on drawings by partners shall be 10 %
- (xii) No partner shall be admitted without the consent of all partners
- (xiii) Good will shall be calculated basing on the length of service of a partner
- (xiv) Meetings shall be called by the secretary and be conducted in a formal way
- (xv) Books of accounts shall be kept in a central place accessible to all partners and audited annually by certified Auditors
- (xvi) The partnership business shall commence on 03<sup>rd</sup> .January.2017
- (xvii) The duration of the partnership shall be 5 years subject to revision

**Declaration by partners:**

Signature:..... witnessed by: Lukwago and Co. Advocates.

Name:..... Date:.....

**Qn. Develop policy guidelines for managing business funds**

**BUSIA SEC.SCHOOL OLD STUDENTS BAKERY PROJECT,**  
**P.O BOX 2073**  
**BUSIA,**  
**TEL: 0700695643.**

**POLICY GUIDELINES TO BE FOLLOWED FOR PROPER MANAGEMENT OF BUSINESS FUNDS INCLUDE:**

- ✓ Partners shall not be allowed to spend money on personal matters but business matters.
- ✓ There shall be proper counting and checking of all cash received to ensure that amounts recorded in books of accounts are correct
- ✓ All cash payments at the bakery and distribution channels shall be documented by assigned officials.



- ✓ There shall be banking of all cash received on daily basis to avoid robbery and unnecessary losses.
- ✓ Getting of Bank statements regularly for instance weekly or monthly and comparing with cash books to prove whether records entered are correct.

**NB: use shall.**

### **SUB TOPIC SHARE CERTIFICATE**


**Qn. Design a share certificate to be issued to shareholders**

**WEZA CLAYS**

**P.O BOX 22 KABALE,**

**TEL: 0700695643**

**SHARE CERTIFICATE FOR SHAREHOLDERS**

 <p style="margin: 0;"><b>WEZA CLAYS</b> <b>P.O BOX 22 KABALE,</b> <b>TEL: 0700695643</b></p>												
<div style="border: 1px solid black; display: inline-block; padding: 5px 20px;"><b>SHARE CERTIFICATE</b></div>												
Certificate No:.....												
This is to satisfy that:.....												
Is a registered shareholder of a number of Ordinary shares												
Ordinary share of shillings three hundred thousand (Shs 300,000) each fully paid in the above company subject to the memorandum and article 5 of:												
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="padding: 2px 5px;">Date</th> <th style="padding: 2px 5px;">Transfer No:</th> <th style="padding: 2px 5px;">No: of shares</th> <th style="padding: 2px 5px;">Each Valued at (Shs)</th> </tr> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td></td> </tr> </table>	Date	Transfer No:	No: of shares	Each Valued at (Shs)								
Date	Transfer No:	No: of shares	Each Valued at (Shs)									
Note: No share shall be transferred without consent of share holders												
..... <b>Chairperson/Director.</b>			<div style="border: 1px solid black; display: inline-block; padding: 5px 20px;">Company Seal</div> ..... <b>Company Secretary.</b>									

**Question. Design a certificate of merit for a hard working partner.**

**BLESSED HUMAN DRUGS FACTORY**

**P.O BOX 333,**

**KAMPALA,**

**TEL: 0700695643**

**CERTIFICATE OF MERIT FOR A HARD WORKING PARTNER**

<b>BLESSED HUMAN DRUGS FACTORY</b> <b>P.O BOX 333, KAMPALA</b> <b>TEL: 0700695643</b> <b>CERTIFICATE OF MERIT</b>	
This is to certify that:.....has been recognized as a hard working partner of the year:..... for his/her excellent performance as:.....in the:.....department	
Awarded by; signature: ..... <b>Name:.....</b> <b>Title:.....</b>	Received by: Signature: ..... <b>Name:.....</b> <b>Title:.....</b>
“Saving lives of innocent people”	

### **SUB TOPIC: BUSINESS CONTRACTS**

#### **19. You considering selling cattle to the butchery in your home town on contract.**

(a) Prepare the terms and conditions that you will include in the contract.

The contract is a legally binding agreement between two or more parties.

#### **MZEE ANIMAL FARM PRODUCTS**

**P.O BOX 444**

**MBARARA,**

**[TEL:0700695643.](tel:0700695643)**

#### **TERMS AND CONDITIONS TO BE INCLUDED IN THE CONTRACT OF SELLING CATTLE TO BADDY BUTCHERY:**

- ✓**Products offered:** the products shall be cattle
- ✓**Price of products:** each kilogram of beef shall be supplied at Shs 800,000
- ✓**Method of payment:** The method of payment shall be by cheque
- ✓**Schedules of supply:** Cattle shall be delivered every start of the new month with effect from February
- ✓**Quantity to be supplied:** The cattle to be supplied shall be 100 heads of cattle per month.
- ✓**Quality of products to be supplied:** The quality of cattle to be supplied shall be Friesians.
- ✓**Place of delivery** shall be business premises arbaitor or butchery.
- ✓**Provision for terminating the contract:** The contract shall be terminated in case any of us fails to perform as per agreed terms.
- ✓**In case of credit facilities** , the credit period to be given to the butchery will be clearly indicated in the contract
- ✓**Settling disputes in case they arise** shall be resolved by intervene of courts of law.
- ✓**In the contract the business** shall also include what will happen in case it fails to supply the cattle or when the butchery man fails to effect payments.

**Signed this 30<sup>th</sup> day of June 2016.**

(b) Explain the implications of the contract prepared in (a) above

#### **MZEE ANIMAL FARM PRODUCTS**

**P.O BOX 444**

**MBARARA,**

**[TEL:0700695643.](tel:0700695643)**

### THE IMPLICATIONS OF THE CONTRACT:

- ✓ The contract serves to indicate that the business operations are legally binding and must be observed according to the requirements of law
- ✓ The contract serves to indicate that there is a legal relationship Mzee Animal farm and the butchery man
- ✓ The contract implies that breach of any clause will lead to undesirable consequences to the violating the contract
- ✓ The contract also indicates that there will be no disagreements since the price has been clearly indicated in the contract.
- ✓ The butchery man will be assured of getting good quality cattle since the quality of cattle has been specified in the contract.
- ✓ The cattle will be delivered on time, since the place of delivery and the lead time is clearly agreed upon in the contract
- ✓ The contract ensures that the right amount of cattle is supplied to the butchery, since the number cattle to be supplied is indicated in the contract
- ✓ The contract solves misunderstandings, since all the terms and conditions are indicated in the contract.

**Question. Prepare a certificate of Incorporation**

### CERTIFICATE OF INCORPORATION FOR GALAXY BAKERY

<p><b>GALAXYBAKERY</b>  <b>P.O BOX 34, KAMPALA</b>  <b>TEL: 0700695643</b></p>	
<table border="1" style="margin: auto; width: 60%;"> <tr> <td style="text-align: center; padding: 5px;"><b>CERTIFICATE OF INCORPORATION</b></td> </tr> </table>	<b>CERTIFICATE OF INCORPORATION</b>
<b>CERTIFICATE OF INCORPORATION</b>	
<p>This is to certify that Galaxy Bakery has been incorporated with limited liability dated: 22/4/2018</p> <p><b>Prepared by:</b>  <b>Sssss</b>  <b>NGULE BRIAN</b>  <b>ASSISTANT REGISTRAR OF COMPANIES</b></p>	

### TRADING LICENSE ACQUIRED FROM MUNICIPAL COUNCIL

**LUWEERO MUNICIPAL COUNCIL  
CENTRAL DIVISION  
P.O BOX 34, LUWEERO  
TEL: 0700695643**

**TRADING LICENSE .CITIZEN**

Issued under trading license Act 1969

Name: Blessed Humn Drugs Factory, Address: Masisndi municipality central division, is hereby licensed to carry on trade in production of human drugs at municipal street for the year ending 2019

Issued this 12 day of February 2019

Fee paid in words: Five hundred thousand shillings. Fee in figures: Shs 500,000/=

Receipt Number: 00022

Xxxxxxx

Central Division for Licensing Authority

Mubiru Ivan

**Licensing Officer**

(c )Under what circumstances the contract may be terminated?

**MZEE ANIMAL FARM PRODUCTS**

**P.O BOX 444**

**MBARARA,**

**TEL:0700695643.**

**CIRCUMSTANCES UNDER WHICH THE CONTRACT MAY BE TERMINATED:**

- ✓ In case of breach of contract rules i.e if any of the two parties (supplier of cattle and the butcher) fails to perform duties as required.
- ✓ In case the contract time elapses i.e after the lapse of reasonable time stipulated in the contract, the contract would be terminated
- ✓ When there is frustration i.e if the sale of cattle has been rendered illegal by the government or any legal authority.
- ✓ If there is performance i.e in case both parties e.g the butcher and the cattle seller have completed their contractual duties.
- ✓ If there is destruction of the subject matter by censure of the subject matter (the supply or slaughtering of cattle).

**Qn. Develop the terms and conditions to be included in the contract.**

**MWANA MAIZE MILLERS**

**P.O BOX 33 KAMPALA,**

**TEL: 0700112233**

**TERMS AND CONDITIONS TO BE INCLUDED IN THE CONTRACT BETWEEN MWANA MAIZE MILLERS P.O BOX 33 KAMPALA, TEL: 0700112233 AND HOPE SEC. SCHL. P.O BOX 34, ENTEBBE, TEL: 0700695643:**

- ✓**Products to be offered:** The products shall be maize flour

- ✓ **Price of products:** each kilogram of maize flour shall be supplied at Shs 2,500
- ✓ **Method of payment:** The method of payment shall be by cheque
- ✓ **Schedules of supply:** Maize flour shall be supplied at every start of the term namely February, May and September for term 1, term 2 and term 3.
- ✓ **Quantity to be supplied:** The maize shall be supplied in 1 tonne per term.
- ✓ **Quality of products to be supplied:** The quality of the maize flour shall be Number  $1\frac{1}{2}$  grade.
- ✓ **Provision of terminating the contract:** The contract shall be terminated in case any of us fails to perform as per agreed terms.
- ✓ **Means of settling disputes:** In case of disputes, they shall be solved by help of the courts of law.

**Signed:** 23<sup>rd</sup> day of April, 2016.

**Parties of The Contract:**

1. Sign:..... 2. Sign:.....

Name:..... Name:.....

**Question. Draft a contract to be used by capital enterprises and Mulindwa Sports Centre.**

**MULINDWA SPORTS CENTRE**

**P.O BOX 22**

**KAMPALA**

**SALE OF GOODS CONTRACT BETWEEN CAPITAL ENTERPRISES P.O BOX 33 KAMPALA AND  
MULINDWA SPORTS CENTRE P.O BOX 22, KAMPALA**

**SALE OF GOODS CONTRACT BETWEEN CAPITAL ENTERPRISES AND MULINDWA  
SPORTS CENTRE**

**SALE OF GOODS CONTRACT**

- Mulindwa sports centre shall offer credit facilities as may be requested by the second party.
- Capital enterprises effect payments in two weeks' time, unless otherwise.
- Mulindwa sports centre shall offer an agreed discount to a customer for paying promptly.
- The two parties shall at all times abide by the set terms and conditions, the aggrieved party shall take legal action.
- The goods shall always be delivered by the supplier if cash is paid by the buyer
- The goods on arrival shall be checked properly to confirm if they are of high quality as ordered.

Signed:..... signed:.....

GENERAL MANAGER

MANAGING DIRECTOR

FOR CAPITAL ENTERPRISES

FOR MULINDWA SPORTS CENTRE

**You own a construction firm and you have won a tender to construct a 10 km road in your district**

**(a) Write acceptance letter for the contract of road construction**

**BUNAMWAYA ROAD CONSTRUCTION COMPANY**

**P.O BOX 344 KAMPALA**

**TEL: 0700695643**

**TO THE DISTRICT ENGINEER ROAD CONSTRUCTION**

**P.O BOX 222, LUWERO**

**TEL: 0412224568**

**Date: 0783905294**

Dear Sir,

**RE: LETTER OF ACCEPTANCE FOR THE TENDER OF BUSIIKA- KALAGALA RD FOR 10 KM  
OFFERED BY KAMPALA DISTRICT ROAD CONSTRUCTION**

I am very happy to inform you that Bunamwaya Road Construction Company has agreed to accept your contract for construction of a road of 10 kilometers of Busiika- Kalagla Road. After contacting the district road construction board's references and doing our research we were extremely impressed at the solid reputation the district enjoys from our company. If the contract terms are satisfactory with you then we would like to start operations immediately.

Enclosed is an executed copy of the contract with my signature on it along with a construction schedule and protocol for utilizing the materials obtained from the district. I will need you to contact me either by telephone at 0700695643 or email at bunamwayardc.ca@gmail.com to work out the final details of your road construction contract.

We look forward to your dedicated and efficient work that will be seen through providing all the required support and we are confident that we made the right choice. We anticipate a long and productive relationship between our company and the district.

Yours Sincerely,

Beng

BEN GERALD

COMPANY ENGINEER

TEL: 0700695643

**NB: put the above in a frame**

**(b) Design a contractor's information board for the project**

**BUNAMWAYA ROAD CONSTRUCTION COMPANY**

**P.O BOX 344 KAMPALA**

**TEL: 0700695643**

**CONTRACTORS INFORMATION BOARD TO THE KAMPALA DISTRICT ENGINEER FOR 10 KM  
ROAD OF BUSIIKA - KALAGLA.**

<b>PROJECT NAME:</b> 10 KM ROAD CONSTRUCTION BUSIIKA-KALAGLA RD
<b>THE CLIENT:</b> LUWERO DISTRICT ROAD CONSTRUCTION DEPARTMENT
<b>CONTRACTOR:</b> BUNAMWAYA ROAD CONSTRUCTION COMPANY
<b>TECHNICAL ADVISOR:</b> EU- SIDA- ROAD CONSTRUCTION PROMOTION PROJECT
<b>FINANCED BY:</b> MINISTRY OF TRANSPORT AND WORKS & LUWERO LOCAL GOVERNMENT
THE EU-ROAD FACILITY GRANT 9 APC RPR 38/67 OF THE EUROPEAN UNION IN CO-OPERATION WITH UKAID & NETTHERLANDS GOV'T

terms and conditions to be included in the contract C. prepare

**BUNAMWAYA ROAD CONSTRUCTION COMPANY**  
**P.O BOX 344 KAMPALA**  
**TEL: 0700695643**

**TERMS AND CONDITIONS TO BE INCLUDED IN THE CONTRACT BETWEEN**  
**MWANA MAIZE MILLERS AND HOPE SEC. SCHL. P.O BOX 34, ENTEBBE, TEL: 0700695643:**

- ✓ **Products/ services to be offered:** The services shall be road construction
- ✓ **Price of products:** Each kilometer of the road shall be constructed at Ushs 100,000,000
- ✓ **Method of payment:** The method of payment shall be by cheque
- ✓ **Schedules of construction:** road construction shall start immediately after receiving all requirements and the work shall be done every day until when the road is ready for use.
- ✓ **Quantity to be offered:** The company will construct 10 Kilometers (distance) of the road
- ✓ **Quality of services to be offered:** The quality of the services shall be of the highest grade.
- ✓ **Provision of terminating the contract:** The contract shall be terminated in case any of us fails to perform as per agreed terms.

- ✓ **Means of settling disputes:** In case of disputes, they shall be solved by help of the courts of law.

**Signed:** 23<sup>rd</sup> day of April, 2016.

**Parties of the Contract:**

2. Sign:..... 2. Sign:.....

Name:.....Name:.....

## **TOPIC SEVEN: GENDER AND ENTREPRENEURSHIP**

### **SUB TOPIC: GENDER PARTNERSHIP**

**Guidelines for enhancing gender partnership in a business**

**SITYA LOSS APPLE JUICE PROCESSORS**

**P.O BOX 100**

**KAMPALA**

**TEL: 0700695643**

#### **GUIDELINES FOR ENHANCING GENDER PARTNERSHIP**

- ✓ Each member shall be justly rewarded for his or her services
- ✓ There shall be no threat of exploitation or victimization
- ✓ Participants shall be aware of their own membership and that of others
- ✓ Each member shall get satisfaction from participating in any activities taking place
- ✓ There shall be two way communication
- ✓ Each member shall strive to communicate his/her feelings and ideas as clearly and accurately as possible.
- ✓ The development of each member be enhanced.



**Question. You are the new human resource manager in a leather turning factory**

**Develop guidelines for promoting gender equality of employees**

**MUGEERE TANNING FACTORY**

**P.O BOX 22,**

**KAMPALA.**

**TEL: 0700695643.**

**GUIDELINES FOR PROMOTING GENDER EQUALITY OF EMPLOYEES IN MUGEERE TANNING FACTORY:**

- ✓ Both male and female employees shall be recruited
- ✓ Equal salaries shall be given to both female and male employees
- ✓ Promotions shall be done on merit
- ✓ Rotation of duties among both male and female workers.
- ✓ Victimization and exploited exploitation shall be avoided.

**MUGEERE TANNING FACTORY**

**P.O BOX 22,**

**KAMPALA.**

**TEL: 0700695643.**

**GUIDELINES FOR PROMOTING GENDER BALANCE IN MUGEERE TANNING FACTORY**

- ✓ Job opportunities shall be publicized in the media to create awareness to both males and females
- ✓ Both female and male candidates shall be sourced from training institutions and be encouraged to apply
- ✓ Abilities and talents of both male and female candidates shall be recognized
- ✓ Attractive terms of payment shall be put in place for example maternity and paternity leaves, child care facilities etc.
- ✓ Uniform salary be given regardless of gender, according to the length of service and academic qualifications.
- ✓ Both female and male employees shall be trained in various tasks and shall participate in them.
- ✓ Good working conditions shall favor both female and male workers for example separate toilets and urinals, time allowed for mothers to breastfeed
- ✓ Both female and male employees shall participate in decision making in the business

## **BOOK 6: SENIOR SIX TOPICS**

### **TOPIC EIGHT: BUSINESS PLANNING**

**Qn. You intend to establish a bakery project and you acquired a loan of Shs 100,000,000 from centenary bank;**

**(a) (i) What elements of the business plan would you consider?**

**The business shall consider;** Executive summary, general description of the business, financial plan, production plan, marketing plan, organization plan and action (as a candidate explain this please)

**Qn. Prepare the business plan for the proposed project.**

#### **A. EXECUTIVE SUMMARY**

**MAKWA HONEY PROCESSING FACTORY**

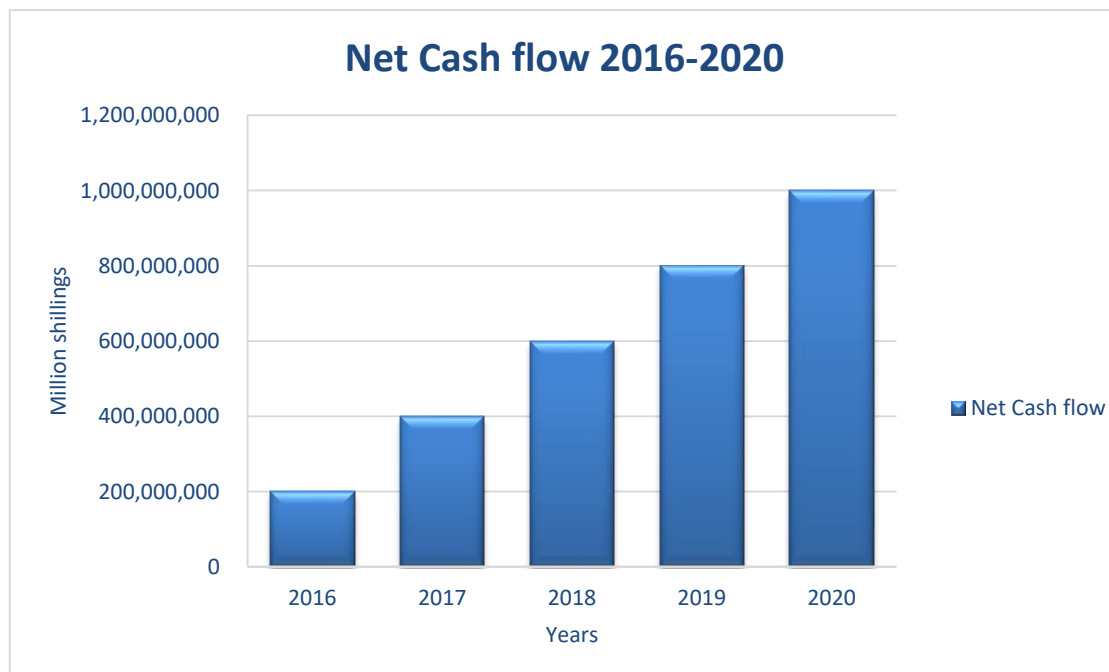
**P.O BOX 44, MBALE**

**TEL: 0700695643**

**EXECUTIVE SUMMARY**

- ✓ **The background of the business.** The business was established in July 2015 as a small carpentry workshop, dealing in manufacture of house hold furniture which later expanded to a large scale carpentry workshop.
- ✓ **The objectives of the business.** Among the objectives is: To increase sales by 10% in 8 months
- ✓ **The products or services the business offers.** Furniture involving home and office tables and chairs, sofa chairs, beds all sizes, wardrobes, side boards, desks doors and windows.
- ✓ **An overview of the products or services.** The furniture is recommended for use in offices and reception for visitors, conference halls etc.
- ✓ **The vision of the business and mission statement.** “To be the leading carpentry workshop in the country”
- ✓ **The Mission is** “To improve people’s standards of living through selling quality furniture at pocket friendly prices”.
- ✓ **The competitive advantage of the business.** The business uses high quality raw materials including timber from pine trees and operates on large scale. Others on small scale with poor quality raw materials.
- ✓ **The project growth.** The factory expects to open up more four branches in Central and Northern Uganda.
- ✓ **The key members of the business.** These are Mr. Mwalye Martin, Manana Derrick and Kamaana Felix as partners.
- ✓ **Funding requirements of the business.** The factory needs a larger ware house, lorry truck and more land for expansion.
- ✓ **Future plans.** The business plans to produce 10,000 litres of honey on daily basis in five years to come.
- ✓ **Brief over view of the market for the products or services.** The major market is Central Uganda in Kampala, but the workshop also expects to export some products to Western Kenya.

### CHART OR TABLE SHOWING HIGHLIGHTS OF FINANCIAL FORECASTS OF THE BUSINESS



### Question: Distinguish between a vision statement and mission statement

- **Vision statement** is the organization's declaration of its mid-term and long term goals. A vision statement serves as a clear guide for choosing current and future courses of action.
- **Mission statement** is a written declaration of an organization's core purpose and focus that normally remains unchanged over time. A mission statement communicates which market will be served and how and a sense of an intended direction of the entire organization.

### B. GENERAL DESCRIPTION OF THE BUSINESS:

- ✓**Business name and address**; the name of the business is Mukisa carpentry workshop p.o box 200 Kampala, Tel: 0700695643.
- ✓**Business location**: the business is located in Wakaliga near spicy hotel 2 kilometres from Kampala city centre.
- ✓**Brief background**: the business was established in July 2015 as a small carpentry workshop, dealing in manufacture of house hold furniture which later expanded to a large scale carpentry workshop.
- ✓**Business vision statement**: To be the leading carpentry workshop in the country. Business mission statement: To improve people's standards of living through selling quality furniture at pocket friendly prices.
- ✓ **Business goals**:
  - To increase sales by 40% in 2 years
  - To increase sales by Shs 600,000 in 2 years
  - To increase profits by 20% in 2years
  - To open up 4 more branches in 2 years
- ✓**Business objectives**:
  - To increase sales by10% in 8 months
  - To increase profits by 12% in six months
  - To lower production costs by 13% in 9 months.
- ✓**Uniqueness of the business**: the business uses high quality raw materials including timber from pine trees and operates on large scale. Others on small scale with poor quality raw materials.
- ✓**Sources of funds**: sources of funding include personal savings and loans from centenary bank.
- ✓**Products offered include**: Furniture involving home and office tables and chairs, sofa chairs, beds all sizes, wardrobes, side boards, desks doors and windows.
- ✓**SWOT analysis**: the strengths of the business include provision of high quality products, strategic location and enough capital for carrying out business activities
- Weaknesses of the business**: the weaknesses are high costs of production relative to competitors, marketing skills being below average, inability to finance market changes. The opportunities include possibility of having big orders from schools which need desks, changing tastes and preferences being in favour of business products. Business threats include costly regulatory requirements like high government taxes, new carpentry workshops being opened up like Ronnie carpentry workshop dealing in manufacture and selling of furniture.
- ✓ **Nature of business ownership**: the business is a sole proprietorship owned by Mr. Kiwanuka Edward.

### (C). MUKISA CARPENTRY WORKSHOP

P.O BOX 200,

KAMPALA,

TEL: 0700695643.

FINANCIAL PLAN, GIVEN A LOAN FROM CENTENARY BANK OF SHS 100,000,000.

NO:	Requirements	Amount (Shs)	Amount (Shs)
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(i)	<b>Fixed Capital Requirements:</b>		
	Acquisition of land	10,000,000	
	Construction of buildings	10,000,000	
	Purchase of machines	10,000,000	
	Purchase of motor van	10,000,000	
	Total fixed capital requirements		40,000,000
(ii)	<b>Startup capital requirements:</b>		
	Installation of electricity	1,000,000	
	Installation of machinery	2,000,000	3,000,000
(iii)	<b>Working capital requirements:</b>		
	Timber	18,000,000	
	Consumables	6,000,000	
	Labor	10,000,000	
	Marketing costs	5,000,000	
	Insurance	4,000,000	
	Administrative expenses	7,000,000	
	Interest on loan	5,000,000	
	Transport expenses	2,000,000	57,000,000
	<b>Total financial requirements</b>		<b>100,000,000</b>
(iv)	<b>Financing of business</b>		
	Source of funds	Amount(Shs)	Cost implication (Shs)
	Loan from centenary bank	100,000,000	5,000,000
	Total	100,000,000	5,000,000

(v)Expected sales: Mukisa carpentry workshop expects sales revenue of Shs 120,000,000 in a period of 1 year.

(vi)Profitability of the business: Mukisa carpentry workshop expects a rate of return on investments of Shs 80,000,000 at the end of the first year.

(vii)Breakeven point:  $= \frac{\text{Fixed expenses}}{\text{Unit contribution}} \times 100$

But unit contribution = expected sales-total working expenses.

$$= \frac{40,000,000}{120,000,000 - 57,000,000} \times 100 = \frac{40,000,000}{63,000,000} \times 100 = 63.5\%$$

$$\text{Rate of return on investment} = \frac{\text{Net profit}}{\text{capital}} \times 100 = \frac{80,000,000}{120,000,000} \times 100 = 67\%$$

**NB:** In case you did not use a loan from the bank and you used personal savings indicate, and there will be no cost implication.

#### **(D) MUKISA CARPENTRY WORKSHOP**

**P.O BOX 200**

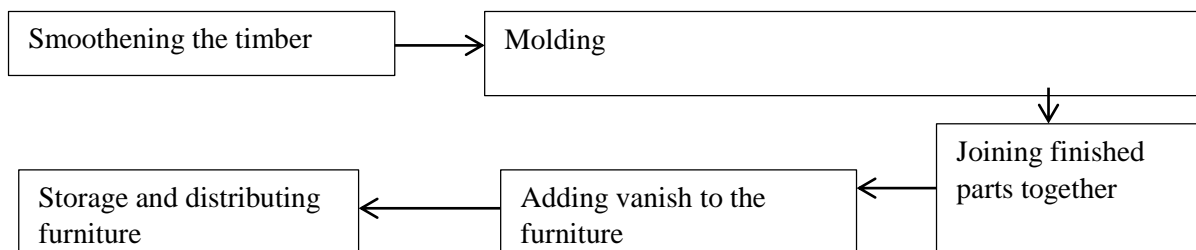
**KAMPALA,**

**TEL: 0700695643.**

**PRODUCTION PLAN**

- (i) **Business premises and location:** the business is located in Wakaliga near spicy hotel 2 Kilometres from Kampala city centre. The site chosen is accessible and it is near the road side. The premises are rented at a cost of 2,000,000 per year with dimensions of 150 metres length by 95metres width.

- (ii) **Manufacturing process and flow:**



- (ii) **Choice of machinery and equipment (s);** the business uses both power driven and hand operated machines. These produce a capacity more than what is required on the market. These are purchased from local suppliers of Mugaga hard ware in Kampala, who sell at lower prices, accept installment payments and credit basis, they have short lead time and offer discounts for bulk purchase.

#### Summary costs for machines and equipment (s)

Quantity	Details/ description of machines	Unit cost (Shs)	Total cost (Shs)
2	Drilling machines	30,000	60,000
6	Hand and power driven saws (made in India)	20,000	120,000
4	Harmers (made in Uk)	10,000	40,000
3	Tape measures	5,000	1,5000
2	Clamps	40,000	80,000
2	Molding machines	250,000	500,000
2	Screw drivers	30,000	60,000
	Total		875,000

- (iii) **Raw materials and consumables;** the main raw materials include timber and consumables include vanish, nails, glue bought from Mugagga hardware on both cash credit basis at a total cash of Shs 4,000,000 per week including transport costs.

#### Summary of raw materials and other inputs costs per week.

Type of raw materials (description)	Quantity	Unit cost (Shs)	Total cost (Shs)
Timber (mivule)	200 pieces	10,000	2,000,000
Vanish tins	50	20,000	100,000
Nails	10 kgs	4,000	40,000
Glasses	50 metres	30,000	1500,000
Wood glue	10 tins	15,000	150,000
Screws	5 kg	5,000	25,000
Total			3,815,000

#### Quantities estimated to be produced per month

Quantity	Product	Unit cost (Shs)	Total cost (Shs)
----------	---------	-----------------	------------------

20 sets	Double beds	900,000	1800,000
40 sets	Sofa chairs	700,000	2800,000
20 sets	Office chairs	30,000	600,000
10 sets	Dining tables	600,000	6,000,000
10 sets	Side boards	500,000	5,000,000
	Total		16,200,000

- (iv) **Labour requirements:** Mukisa carpentry workshop employs 1 General manager with bachelors in Business administration, 1 Financial Manager with diploma in Accounting and Finance, 1 Production Manager with a diploma in carpentry, 1 Receptionist with a diploma in secretarial studies, 4 carpenters with diplomas in carpentry and 2 casual workers with A' level certificates. Skilled workers are given medical allowances, transport allowances and meals on top of their salaries. The casual workers are only given meals on top of their wages.

**Summary of labor requirements costs;**

Position	Number	Salary/wages (Shs)	Total cost (Shs)
General manager	1	500,000	500,000
Financial manager	1	400,000	400,000
Production Manager	1	400,000	400,000
Receptionist	1	200,000	200,000
Casual workers	2	150,000	300,000
Carpenters	4	200,000	800,000
Total			2600,000

- (v) **Packaging:** this business does not need packaging.

**NB: Packaging applies to other businesses as long as there is need**

- (vi) **Power and utilities:** the business uses electricity and petrol, diesel to aid drilling machines. Power and utility costs per month.

Expenses	Total Amount (Shs)
Power	800,000
Petrol and diesel for power saws	700,000
Total power and utilities costs	1,500,000

- (vii) **Transport:** Mukisa carpentry workshop hires a vehicle to move raw materials from sources of supply to the production site and finished products to the market.
- (viii) **Waste disposal:** wood dust is sold to poultry keepers in the society. So, all the waste is neither burnt nor deposited in water bodies nearby.
- (ix) **Other facilities required:** the business bought 3 office chairs, 1 office table, a computer and a printer.

**Summary costs for Office equipment and stationery**

Item	Number	Unit cost(Shs)	Total cost (Shs)
Computer	1	400,000	400,000
Printer	1	250,000	250,000
Office table	1	20,000	20,000
Office chairs	3	15,000	45,000
Source documents			100,000

Other stationery			100,000
<b>Total</b>			<b>915,000</b>

(x) **Purchasing and re-order level plans:**

The business buys materials in bulk to obtain discounts arising from bulk purchases and minimize on transport costs. The re-order level for all items is half of the total quantity required weekly.

**(E) MUKISA CARPENTRY WORKSHOP**

**P.O BOX 222**

**KAMPALA,**

**TEL: 0700695643.**

**MARKETING PLAN**

✓ **Target market:** the target market for Mukisa Carpentry workshop include residents of Wakaliga, Nateete and Busega. The population is high and therefore market is guaranteed, which enables the business to make reasonable profits.

✓ **Products or services offered.** The products offered include double beds, sofa chairs, office chairs, side boards and dining tables.

✓ **Position of competitors;** the nearest direct competitors include Mukama Carpentry Workshop and Byafayo Carpentry Workshop. All these produce on small scale using hand saws and capture the local market only. Mukisa carpentry workshop over takes them by producing in bulk using power driven saws and distributing widely.

✓ **Pricing and sales;** the set of sofa chairs is sold at shs700,000, dining table at Shs 600,000 and office chairs each Shs 30,000. The pricing strategies include cost oriented pricing and competitor oriented pricing. The products are sold at cheaper prices than competitors.

**Comparison between prices of Mukisa Carpentry workshop and those of competitors**

Product	Mukisa carpentry prices (Shs)	Competitors' prices (Shs)	Difference (Shs)
Dining table	600,000	700,000	100,000
Office chairs	30,000	40,000	10,000
Sofa chairs	700,000	750,000	50,000
Side boards	500,000	550,000	50,000
Double beds	900,000	1,000,000	100,000

Prices were reviewed every after 1 year, depending on the changes in the cost of inputs. Competitors strictly sell on cash basis. Mukisa carpentry workshop accepts both cash and credit sales.

✓ **Projected sales (per week).**

Basing on the target market, Mukisa carpentry workshop makes projected sales as below:

Product	Quantity	Unit cost (Shs)	Total (Shs)
Dining table	10	600,000	6,000,000
Office chairs	10	30,000	300,000
Sofa chairs	20	700,000	14,000,000
Side boards	5	500,000	250,000
Double beds	5	900,000	4,500,000
Total projected sales			25,050,000

- ✓ **Promotion advertising:** Mukisa carpentry workshop has the following objectives in promotion and advertising:
  - To increase sales by 20% in 6 months
  - To increase sales by 25% in 8 months
  - To open up 2 more branches in 11 months.
  - To create awareness of the product in the locality.

✓ **Promotional strategies** used include advertising over radio K 93.3 Fm, Bukedde television as well as offering door to door delivery and sale of furniture. The effectiveness of the promotional strategies is measured basing on the increase in sales, new customers are attracted and the rate of return on investment.

✓ **Distribution strategies:** Mukisa Carpentry workshop sells its products directly to customers who come to the workshop premises. It also sends furniture to wholesalers who sell to retailers and finally to customers. A distribution lorry is also used to offer door to door selling and delivery to customers.

✓ **Projected marketing expenses:** Mukisa carpentry workshop incurs costs on radio advertisements, sign posts, television adverts and sales persons' commissions. Projected marketing expenses are as below;

Method of marketing	Costs (Shs)
Radio promotions	1,000,000
Television adverts	1,000,000
Sign post	200,000
Sales persons commissions	30% of total sales

## (F). MUKISA CARPENTRY WORKSHOP

**P.O BOX 22**

**KAMPALA.**

**TEL: 0700695643.**

### ORGANIZATIONAL PLAN

- ✓ **People working in the business:** Mukisa Carpentry work shop employs 10 workers including a Financial Manager, General Manger, Receptionist, Production Manager and 2 casual workers.
- ✓ **Tasks for workers:** The General Manager is in charge of overall administration of the business, the Financial Manager handles business financial matters, the production Manager streamlines and supervises production and casual workers, maintains cleanliness at the production site and the Receptionist receives visits and callers of the business.
- ✓ **Workers' qualifications:** Mukisa carpentry workshop employs 1 General manager with bachelors in Business administration, 1 Financial Manager with diploma in Accounting and Finance, 1 Production Manager with a diploma in carpentry, 1 Receptionist with a diploma in secretarial studies, 4 carpenters with diplomas in carpentry and 2 casual workers with A' level certificates.
- ✓ **Fringe benefits given to workers:** Skilled workers are given medical allowances, transport allowances and meals on top of their salaries. The casual workers are only given meals on top of their wages.
- ✓ **Workers remuneration:**

Position	Number	Salary/wages (Shs)	Total cost (Shs)
General manager	1	500,000	500,000
Financial manager	1	400,000	400,000
Production Manager	1	400,000	400,000
Receptionist	1	200,000	200,000
Casual workers	2	150,000	300,000

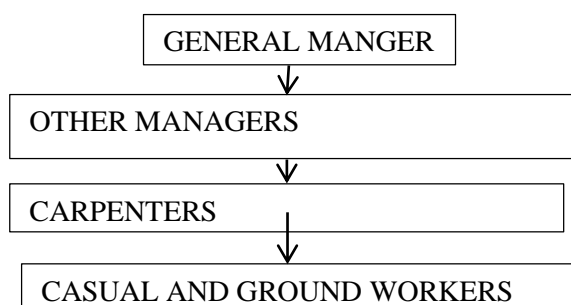


Carpenters	4	200,000	800,000
Total			2600,000

- ✓ **Administrative expenses:** Administrative expenses incurred include office supplies, postage and stamps, telephone charges, stationary and transport.
- ✓ **Summary of Administrative expenses:**

Item	Amount (Shs)
Office supplies	20,000
Postage and telephone charges	15,000
Stationary	12,000
Transport	3,000
Total administrative expenses	50,000

### ORGANIZATIONAL STRUCTURE/ CHART;



### G. CARPENTRY WORKSHOP

**P.O BOX 222**

**KAMPALA**

**TEL: 0700695643.**

### ACTION PLAN

Activity	Time Frame	Resources Required	Person In Charge	Remarks
Selection of the site	28 <sup>th</sup> /09/18	Transport	General manger	
Obtaining the loan	29 <sup>th</sup> /09/2018	Collateral security	Financial Manager	
Purchasing of Land	1 <sup>st</sup> /10/2018	Money/ funds	General Manager	
Construction of buildings	2 <sup>nd</sup> /10-2 <sup>nd</sup> /11/2018	Materials	Project Engineer	
Installing Machines	3-5 <sup>th</sup> /11/2018	Labour	Project Engineer	
Installing utilities	10 <sup>th</sup> /11/2018	Labour and funds		
Recruiting workers	10 <sup>th</sup> - 15 <sup>th</sup> /11/2018	Refreshments	Human Resource Manager	
Purchasing raw Materials	17 <sup>th</sup> -20 <sup>th</sup> /11/2018	Funds	Purchasing Manager and Production Manager	
Starting normal Production	25 <sup>th</sup> /11/2018	Labour	All departments	

**EXAMPLE OF TWO****2. For any business you intend to establish:**

(a) (i) State the mission statement of the business

**BALEKE BAKERY****P.O BOX 53334****KAMPALA,****TEL; 0700695643**

**Mission statement for the Baleke bakery:** “To offer the highest quality bread and cakes at cost effective rates with the goal of ensuring that customers get value for their money”.

(ii) Give the general description of the business

**Business name: BALEKE BAKERY, P.O BOX 5334 KAMPALA, TEL: 0700695643.**

**Business location:** Baleke bakery is located on Sir Apollo Kagwa road plot 22 Kigundu house

**Business goals:** The goal of the bakery is to have two outlets in Kampala and supply bread to six schools and supermarkets in Kampala particularly Nakulabye and Makerere.

**Business objectives:** The objective of the bakery is to increase sales by 10 % in 3 months.

(b) Prepare the production plan:

**(i) Production plan****BALEKE BAKERY****P.O BOX 5334,****KAMPALA,****TEL: 0700695643.****PRODUCTION PLAN**

**Business location:** Baleke bakery is located on Sir Apollo Kagwa Road plot 12 Kanyike House. The business is near the road for easy access by customers to business premises.

**CHOICE OF EQUIPMENTS AND MACHINERY:**

The main equipment to be used shall be; Ovens and locally cooking stands, trolleys for pushing away ready bread, which looks to be cheaper and able to produce the expected capacity to meet the market demand. These are to be purchased from local suppliers of Kakaana hardware in Kampala who sell at lower prices and accept installment payments and credit basis.

**Summary of Equipment and costs**

Quantity	Description of equipment	Unit cost (Shs)	Total cost (Shs)
10	Ovens	200,000	2,000,000
10	Trolleys	80,000	8,00,000

5	Cooking stands	30,000	150,000
	Total		2,950,000

### Raw materials and consumables

The main raw materials include wheat flour, baking powder, fire wood, cooking oil, sugar, eggs, and icing sugar. They are to be purchased from Ngeye supermarket

#### Summary of Raw materials

Quantity	Description of materials	Unit cost (Shs)	Total cost (Shs)
200 packets	Wheat flour	2000	400,000
100 packets	Baking powder	1500	150,000
2 Lorries	Fire wood	20,000	40,000
40 litres	Cooking oil	2200	88,000
50 kgs	Sugar	2500	1,25,000
80 trolleys	Eggs	2000	160,000
80 packets	Icing sugar	20,000	1600,000
	<b>Totals</b>		<b>2,563,000</b>

#### Quantity expected to be produced per week

Quantity	Item	Unit cost (Shs)	Total cost (Shs)
200 loaves	Bread	3500	700,000
100 cakes	Cakes	40,000	4,000,000
	Total		4700,000

- (ii) Prepare the marketing plan of the business

#### BALEKE BAKERY

P.O BOX 333

KAMPALA,

TE: 0700695643.

#### MARKETING PLAN

- ✓ **Target customers:** The target customers are households and supermarkets in Nakulabye.
- ✓ **Products offered:** The products include; packed bread and cakes, soft and with enough sugar.
- ✓ **Competition in the current market:** competitors are hot loaf bakery near old Kampala mosque , to out compete them, the business shall always offer credit facilities to customers, and supply soft and fresh bread with good customer care
- ✓ **Promotion strategy,** the business shall promote products through advertising on radio like Bukedde 100.5 FM, and using a big sign post at the business premises outside the bakery.
- ✓ **Distribution strategy:** The business shall sell products directly to customers from the bakery in short run; the business shall also supply the products to wholesalers of Nakulabye and nearby places.
- ✓ **Pricing strategy,** the business shall set out the price basing on the cost of production and current market price.
- ✓ **Projected marketing expenses:**  
Projected marketing expenses

Items	Amount (Shs)
-------	--------------

Advertising	1200,0000 per cycle
Sign post	400,000
Costs on market Research	400,000
Total	2,000,000

- Projected sales: The business expects to sell not less than 300,000 loaves of bread per month.

(iii) **Prepare the Management and administration plan;**

**BALEKE BAKERY PROJECT**

**P.O BOX 333**

**KAMPALA,**

**TEL: 0700695643.**

**MANAGEMENT AND ADMINISTRATION PLAN/ORGANISATIONAL PLAN**

- ✓ People working in the organization;  
Baleke bakery employs 10 workers, including financial manager, general manager, receptionist, production manager and 4 casual workers.
- ✓ Tasks for workers: the general manager is in charge of overall administration of the business, the financial manger handles financial matters; the production manager supervises production processes, receptionist receives visitors for Baleke bakery
- ✓ Workers' qualifications: the general manager holds a bachelors degree in food science and technology, financial manager has a degree in accounting, receptionist has a diploma in secretarial studies.
- ✓ Fringe benefits given to workers: skilled workers are given medical housing and transport allowances while un skilled workers are only given meals.

**Workers' remuneration (per month)**

Position	Number	Salary (Shs)	Total amount(Shs)
General manager	1	500,000	500,000
Financial manager	1	400,000	400,000
Production manager	1	400,000	400,000
Receptionist	1	200,000	200,000
Casual workers	4	150,000	600,000
Bakery specialists	2	200,000	400,000
<b>Total</b>			<b>2,900,000</b>

**Administrative and management expenses**

Administrative expenses incurred in the day to day running of the business include: office supplies, postage and telephone, stationary, trade charges and worker's wages as illustrated as below:

Expenses ( item)	Amount (Shs)
Office supplies	20,000
Postage and telephone	15,000
Stationary	12,000
Trade charges	3000
Workers salary	40,000,000
<b>Total Administration Expenses</b>	<b>400550,000</b>

**Pre- operating expenses**

Expenses (item )	Amount (Shs)
Installation of machinery	5000
Technical training	80,000
Business name Registration	65,000
Trade license	100,000
<b>Total pre- operating expenses</b>	<b>250,0000</b>

### **EXAMPLE THREE**

**You intend to start a brick making project:**

(a) What are the requirements for your project (05 marks):

#### **BUSIU BRICK MAKING PROJECT**

**P.O BOX 222**

**MBALE,**

**TEL: 0700695643**

**Business location:** the business is located in Busiu sub county 11 miles from Mbale town

**Basic requirements for Busiu Brick Making Project include:**

- Land, Tools and equipment for example hoes and pangas.
- Labour, Fire wood, Water, Grass for the shade, and Clay or good loam soils

(b) Prepare a marketing plan for the project (05mks)

#### **BUSIU BRICK MAKING PROJECT**

**P.O BOX 222**

**MBALE,**

**TEL: 0700695643.**

#### **MARKETING PLAN**

- ✓ **The target customers/ market:** The target customers are households, primary and secondary schools in Mbale town. Later the business shall sell to construction companies in eastern Uganda. The customers shall use bricks to put up strong long lasting buildings for accommodation and storing of property.
- ✓ **Products offered:** products offered are well burnt clay 5 by 9 inch bricks in dimensions each, tiles and half bricks, the prices shall be shs300 per full brick, shs150 per half brick, shs 1,500 per tile.
- ✓ **Competition in the current market;** competitors are Uganda clays and kajjansi clays, the indirect ones are small scale producers of bricks especially in swampy areas such as Kateete swamp.
- ✓ **Promotion strategy:** The main objective of promoting the products is to win and maintain a big market share. The business shall promote these products through advertising on radio like Open gate Fm103.2 FM, Capital 91.3 FM and using a sign post at business premises and display of products at business premises.
- ✓ **Distribution strategy:** the business shall sell products directly to customers from business premises in the short run, and the business shall also use wholesalers to sell to final users.
- ✓ **Pricing strategy.** The business shall set price basing on the cost of production and current market and prices of competitors.
- ✓ **Projected marketing expenses:**

The business plans to spend Shs 2,100,000 in total per turn round. This shall be spent as:

Items	Amount(Shs)
Advertising	1300,000 per cycle
Sign post	400,000
Costs on market research	400,000
<b>Total</b>	<b>2100,000</b>

▪ **Projected sales;**

The business expects to sell not less than 30,000 full bricks, 4000 bricks and 60,000 roofing tiles per month. This is the breakeven point sale that can enable the business to be self-sustaining.

#### **EXAMPLE FOUR**

##### **YEFFE JUICE PROCESSING COMPANY**

**P.O BOX 33**

**MBALE**

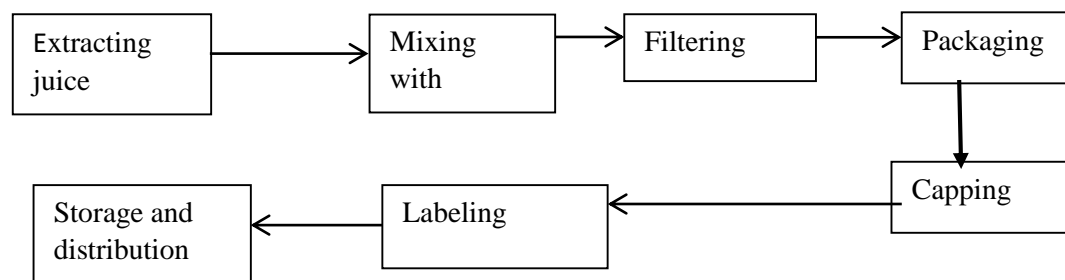
**TEL:070069563**

##### **PRODUCTION PLAN**

(i) **Business premises location:** The Business is located near Mukono Christianity University Mbale Branch, Mbale municipality, Mbale district. The site chosen is accessible and it is near Uganda Christianity University thus there is steady market for Juices, the premises are rented at a cost of UGX 3,000,000 per year with dimensions of 120 metre length by 80 metres width.

(ii) **Manufacturing process and flow: Yeffe Processing factory produces high quality juices. Basing on the projected demand it produces 2,000,000 litres per week**

**The following is the processing flow:**



(iii) **Choice of machinery and equipment:** the business uses both power driven and hand operated machines. These produce a capacity more than what is required on the market. They produce 2,000,000 litres per week. Machines and equipment(s) are bought from local suppliers of Kapapala Hardware in Mbale town who sell at reduced prices, accept installment payments and credit selling, they have short lead time and offer discounts for bulk purchases.

**The business also uses a generator which is large enough to supply power with the capacity of 60, 0000, MVT.**

NO:	Details and specifications	Unit cost (Shs)	Total cost (Shs)
1	Generator	2,000,000	2,000,000
2	Blenders	400,000	800,000
1	Stabilizer	800,000	1600,000
4	Filters	150,000	600,000
2	Capping machines	300,000	600,000
1	Labeling machine	600,000	600,000
1	Packaging machine	1,000,000	1,000,000

(iv) **Raw materials and consumables:** The main raw materials include Fruits, flavors, Sugar, water citric acid, food colour, preservatives (sodium benzoate). These are bought from Mbale Main Market and Bugwere Market since they are always available.

The others are made weekly as half of each inventory is held in inventory. They are bought on both credit and cash basis of Shs 4,000,000 per week including transport costs, Raw materials and other input cost per week.

**Summary of raw materials and costs**

Type of Raw Material	Quantity	Unit cost (Shs)	Total cost (Shs)
Natural identical flavor	50,000 litres	3,000	700,000
Sugar	10 kgs		600,000
Water			500,000
Citric acid			5,0000
Permitted food colour			500,000
Preservatives(sodium benzoate)			400,000
Fruits			1,000,000
<b>Total raw materials cost</b>			<b>4,000,000</b>

- (v) **Labour requirements:** Yeffe Juice processing company; employs 2 technicians **with** Bachelors degree in food science and technology and three technical assistants with diplomas in fruit processing and catering and 4 casual workers with A'level certificates. Skilled workers are given medical allowance, transport and meals on top of their salaries and casual workers are only given meals. Workers shall at all times be very smart and maintain sanitation as a safety standard.

Position	No;	Wage (Shs)	Allowance (Shs)	Total Amount(Shs)
Technicians	2	400,000	150,000	1,100,000
Assistant technicians	3	250,000	100,000	1,050,000
Casual Assistants	4	150,000		600,000
<b>Total labour cost</b>				<b>2750,000</b>

- (vi) **Packaging material cost (per week)**

Type of packaging material	Quantity	Unit cost (Shs)	Total amount (Shs)
Jerry cans (all sizes)	1,000		700,000
Bottles ( all sizes)	2,000		300,000
Boxes	2,000	100	200,000
Polythene bags (100ml)	500	20	100,000
<b>Total packaging material cost</b>			<b>1,300,000</b>

- (vii) **Power and utilities;** the business uses electricity, diesel stand by generator and water as a major input and it is also used for cleaning, washing fruits and cooling machines. The water is safe for the intended purpose; the business purchased a generator at a cost of Shs 2,000,000 to avoid production stoppage in case of power failure.

Expenses	Total amount (Shs)
Power	800,000
Water	2,000,000
Diesel for stand by generator	300,000
<b>Total utilities cost</b>	<b>3,100,000</b>

- (viii) **Waste disposal;** the company has waste products like fruit husks, these are used in production of biogas to supplement the power used and some is sold to piggery farmers to feed their pigs waste are neither burnt nor disposed in water bodies to protect the environment.
- (ix) **Other facilities required;** the business bought 20 office tables, 5 refrigerators, a television set, a computer printer and some stationary.

**Summary costs for office equipment and stationary**

Item	No;	Unit cost(Shs)	Total cost(Shs)
Computer	1	400,000	400,000
Printer	1	250,000	250,000
Office tables	25	20,000	500,000
Office chairs	20	15,000	300,000
Refrigerators	5	800,000	4,000,000
Television set			300,000
Source documents			100,000
Other stationary			100,000
<b>Total</b>			<b>5,950,000</b>

- (x) **Purchasing and re-order plans:** the business buys materials in bulk to obtain discounts arising from bulk purchases and reduce transportation costs. The re-order level for all items is half of the total quantity required weekly.

**EXAMPLE FIVE**

**KOOKI JUICE PROCESSING PLANT**

**P.O. BOX 444, KAMPALA,**

**TEL: 0700695643**

**ORGANISATIONAL PLAN**

✓ **-Number of employees in the business;** there are eight (8) employees working in Blessed Juice Processing Plant including the General Manager, financial manager, sales manager, human resource manager, production manager and three casual workers.

✓ **-Duties and responsibilities of the workers.** The general manager is in charge of general administration of the business, financial manager is in charge of handling business financial matters, sales manager – to ensure that business products are sold, Human resource manager – Recruitment of workers, Production manager; to monitor production of the business products and casual workers are in charge of cleaning the work place and packaging of the products.

✓ **-Knowledge and skills of the workers;** Computer literacy is paramount for all the employees/ workers

✓ **-Qualifications of the workers.** The general manager holds a Bachelors degree in Business administration, Financial Manager holds Bachelors degree in Accounting and Finance, Sales manager – Bachelors degree in Marketing, Production manager – Bachelors degree in production management and casual works – Advanced level certificate.

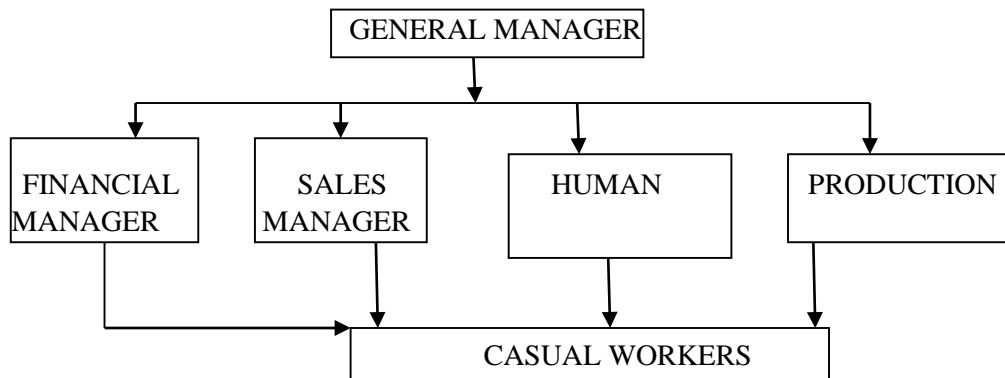
✓ **Remuneration;** The table below shows the salary of workers per month

Position	Quantity	Amount (Shs)
General manager	1	1,000,000
Financial manager	1	500,000
Sales manager	1	500,000
Human resource manager	1	500,000
Production manager	1	500,000
Casual workers	3	@ 100,000 = 300,000
<b>Total</b>		<b>3,300,000</b>



- ✓ Fringe benefits: General Manager, Financial manager, Sales manager, Human Resource manager and Production manager are given housing, transport and medical allowances and casual workers receive only housing allowances.
- ✓ -Monitoring and evaluation of workers' performance.
- ✓ The general manager monitors the performance of the workers and they are evaluated through performance appraisal on a monthly basis.

**ORGANIZATIONAL STRUCTURE/ THE ORGANIZATION CHART INDICATING THE REPORTING LINE**



**B. Identify other business opportunities which may arise from the existence of your business.**

**KOOKI JUICE PROCESSING PLANT**

**P.O. BOX 444,**

**KAMPALA,**

**TEL: 070069564**

**OTHER BUSINESS OPPORTUNITIES THAT MAY ARISE FROM THE EXISTENCE OF THE BUSINESS**

- ✓ Animal and poultry feeds
- ✓ Local brewing business
- ✓ Packaging materials business making of polythene bags for packing
- ✓ Service provision business e.g restaurants and, banking, transport and mobile money businesses
- ✓ Rental houses for employees
- ✓ Trading businesses for example market for food stuffs.

**EXAMPLE SIX**

**Question. You have begun a partnership business dealing in human drugs.**

**(a) Prepare an executive summary.**

**BLESSED HUMAN DRUGS FACTORY**

**P.O BOX 333,**

**KAMPALA**

**, TEL: 0700695643**

**EXECUTIVE SUMMRY**

- ✓ **The background of the business.** Blessed Human Drugs Factory was established on 12<sup>th</sup>/ 3/ 2015 with capital of Shs 66,000,000.
- ✓ **Location of the business:** Blessed Human Drugs Factory is located in Mulatsi Village, Busiu Sub county, Mbale district along Mbale-Tororo Road, 11 miles from Mbale town.
- ✓ **Objectives of the business.** Among the objectives of Blessed Human Drugs Factory is: To improve on peoples' health by reducing on premature deaths by 20%every year.
- ✓ **The products the business offers:** Blessed Human Drugs Factory offers Panadol, Aspirin, Quinine and cough syrups.

✓ **An overview of the products:** the products of Blessed Human Drugs Factory are recommended for curing many diseases among community members.

✓ **The vision and mission statement of the business:**

**Vision statement of Blessed Human Drugs Factory is:** ‘To be the leading Producer of Human drugs in Uganda.

**Mission statement of Blessed Human Drugs Factory is:** ‘To improve on the health of our customers by providing them with high quality human drugs’

✓ **The competitive advantage of the business:** Blessed Human Drugs Factory employs highly skilled and experienced workers with high retention rate.

✓ **The project growth:** Blessed Human Drugs Factory expects to open up more 4 branches in Western, Central and Northern Uganda.

✓ **The key members of the business:** the key members of Blessed Human Drugs Factory are; Mr Magala John, Were Joel, Okun Maurice and Olupot Job.

✓ **Funding requirements of the business:** Blessed Human Drugs Factory needs a larger ware house, business van and more land for expansion.

✓ **Future plans:** Blessed Human Drugs Factory plans to produce 10,000 tonnes of tablets on daily basis in 6 years’ time.

✓ **Brief overview of the market for the products:** The major market of Blessed Human Drugs Factory is the people of Bugisu and surrounding areas.

## **EXAMPLE SEVEN**

### **SITYA LOSS APPLE GROWING PROJECT**

**P.O BOX 122**

**KAMPALA**

**TEL; 0700667788**

#### **ACTION PLAN**

<b>Activity</b>	<b>Time Frame</b>	<b>Person Responsible</b>	<b>Resources Needed</b>	<b>Remarks</b>
Identifying the business idea	20 <sup>th</sup> - 22 <sup>nd</sup> /07/2018	Entrepreneur	Time and money	
Carrying out market survey	23 <sup>rd</sup> -31 <sup>st</sup> /7/2018	Entrepreneur	Time and money	
Preparing the business location	1 <sup>st</sup> -7 <sup>th</sup> /08/2018	Entrepreneur	Time and money	
Construction of buildings	9 <sup>th</sup> -20 <sup>th</sup> /08/2018	Entrepreneur	Time, money, physical resources	
Installation of utilities	21 <sup>st</sup> -25 <sup>th</sup> /8/2018	Entrepreneur	Time, money, physical resources	
Recruitment of employees	26 <sup>th</sup> -30 <sup>th</sup> /08/2018	Entrepreneur	Time and money	
Preparing land	1 <sup>st</sup> – 10 <sup>th</sup> /9/2018	Entrepreneur	Time and money	
Buying and planting seedlings	11 <sup>th</sup> – 20 <sup>th</sup> /9/2018	Entrepreneur	Time and money	
Promoting the business	21 <sup>st</sup> - 31 <sup>st</sup> /9/2018	Sales manager	Time and Money	

**Note:**

- ✓ It should be filled properly, and in the time frame column a candidate should begin with a current date of exam.
- ✓ It must be in a frame and with Business logo where u can use capital place them in left hand corner at the beginning.

### **EXAMPLE EIGHT**

**Question.** Your bakery has taken off and you would like to establish a new branch.

- (a) Prepare an Action plan for implementing the planned business activities

### **Solution.**

#### **NEW BUSINESS ACTIVITIES 2018**

**P.O BOX 122**

**KAMPALA**

**TEL; 0700667788**

#### **ACTION PLAN**

<b>ACTIVITY</b>	<b>TIME FRAME</b>	<b>PERSON RESPOSIBLE</b>	<b>RESOURCES NEEDED</b>	<b>REMARKS</b>
Carrying out market survey	20 <sup>th</sup> -22 <sup>nd</sup> /07/2018	Entrepreneur	Time and money	
Preparing a business plan for the new branch	23 <sup>rd</sup> -31 <sup>st</sup> /7/2018	Entrepreneur	Time and money	
Mobilizing the necessary resources	1 <sup>st</sup> -7 <sup>th</sup> /08/2018	Entrepreneur	Time and money	
Selecting the suitable location	9 <sup>th</sup> -20 <sup>th</sup> /08/2018	Entrepreneur	Time, money, physical resources	
Constructing business buildings	21 <sup>st</sup> -25 <sup>th</sup> /8/2018	Entrepreneur	Time, money, physical resources	
Purchasing and installing equipment/ machinery	26 <sup>th</sup> -30 <sup>th</sup> /08/2018	Entrepreneur	Time and money	
Recruiting workers and purchasing raw materials	1 <sup>st</sup> -06 <sup>th</sup> /9/2018	Entrepreneur	Time and money	
Carrying out trial production	7 <sup>th</sup> -10 <sup>th</sup> /9/2018	Entrepreneur	Time and money	
Undertaking commercial production	11 <sup>th</sup> – 20 <sup>th</sup> /9/2018	Entrepreneur	Time and money	
Launching a business	21 <sup>st</sup> - 31 <sup>st</sup> /9/2018	Sales manager/ production dept	Time and Money	

### **EXAMPLE NINE**

#### **BALEKE POULTRY AND ANIMAL FEEDS**

**P.O BOX 222**

**KAMPALA**

**TEL: 0700695643.**

#### **MARKETING PLAN**

✓ **Target market:** the target market for Baleke poultry and Animal feeds include Kitetika poultry farm and residents of Busiika. The population is high and therefore market is guaranteed, which enables the business to make reasonable profits.

✓ **Products or services offered.** The products offered include cotton seed meal, Lin seed meal, soya bean meals, brewers grain, distillers grain and corn gluten

✓ **Position of competitors;** the nearest direct competitors include Ababa poultry feeds. All these produce on small scale using local materials and capture the local market only. Baleke poultry feeds over takes them by producing in bulk and supplying to distant customers and close ones.

✓ **Pricing and sales;** 1 kg of cotton seed meal is sold at Shs 100,000, 1 kg of soya beans at Shs 100,000 and brewers' grain at Shs 30,000. The pricing strategies include cost oriented pricing and competitor oriented pricing. The products are sold at cheaper prices than competitors.

### Comparison between prices of Baleke poultry feeds and those of competitors

Product	Baleke poultry prices (Shs)	Competitors' prices (Shs)	Difference (Shs)
Grain meals	600,000	700,000	100,000
Soya beans	30,000	40,000	10,000
Cotton seed meal	700,000	750,000	50,000
Corn gluten	500,000	550,000	50,000
Chicken feeds	900,000	1,000,000	100,000

✓ Prices were reviewed every after 1 year, depending on the changes in the cost of inputs. Competitors strictly sell on cash basis. Baleke poultry feeds accepts both cash and credit sales.

### ✓ **Projected sales (per week).**

Basing on the target market, Baleke makes projected sales as below:

Product	Quantity (Kgs)	Unit cost (Shs)	Total (Shs)
Grain meals	10 kgs	600,000	6,000,000
Soya beans	10 kgs	30,000	300,000
Cotton seed meal	20 kgs	700,000	14,000,000
Corn gluten	5 kgs	500,000	250,000
Meat meal	100 kgs	900,000	4,500,000
Total projected sales			25,050,000

✓ **Promotion advertising:** Mukisa carpentry workshop has the following objectives in promotion and advertising:

- To increase sales by 20% in 6 months
- To increase sales by 25% in 8 months
- To open up 2 more branches in 11 months.
- To create awareness of the product in the locality.

**Promotional strategies used include;** advertising over radio K 93.3 Fm, Bukedde television as well as offering door to door delivery and sale of poultry feeds. The effectiveness of the promotional strategies is measured basing on the increase in sales, new customers are attracted and the rate of return on investment.

✓ **Distribution strategies:** Baleke poultry feeds sells its products directly to customers who come to the business premises. It also sends furniture to wholesalers who sell to retailers and finally to customers. A distribution lorry is also used to offer door to door selling and delivery to customers.

✓ **Projected marketing expenses:** Baleke poultry feeds incurs costs on radio advertisements, sign posts, television adverts and sales persons' commissions. Projected marketing expenses are as below;

Method of marketing	Costs (Shs)
Radio promotions	1,000,000
Television adverts	1,000,000
Sign post	200,000
Sales persons commissions	30% of total sales

### **SUB TOPIC: WRITING A BUSINESS PROPOSAL**

**Question.** You are operating a small scale diesel run rice mill in a small town

**(a) Write a proposal seeking for financial aid to start a large scale maize growing project;**

**PROJECT TITLE: NAMATALA RICE GROWING PROJECT**

#### **Background and project description:**

Namatala is located on a plain land with fertile soils in Mbale district. The main economic activity in this area is small scale rice growing. Rice is a staple food in this township and nearby villages yet traders from big towns like Mbale, Tororo and Gulu, come to buy rice from this village. However there is only one small diesel run rice mill in the area

#### **Statement of the problem;**

Regardless of the high demand for rice and availability of fertile soils, poverty, backwardness and subsistence farming are dominant in this village yet no projects are being initiated in this village.

Therefore there is need for a large scale rice growing project to help in the economic development of the village.

#### **Statement of goals, objectives and mission:**

Mission Statement: "To increase household incomes of residents through promotion of commercial large scale rice growing".

#### **Goal:**

To promote commercial rice farming in Namatala township and its surrounding villages.

#### **Objectives of the project;**

- To improve quality and quantity of rice in Namatala within 12 months period.
- To improve and conserve the natural environment in the area.
- To reduce ignorance and increase incomes among the people of Namatala.
- To put to use 60% of the idle arable land in the area
- To unite farmers into one strong group for easy production and marketing of their produce.

#### **Beneficiaries and Benefits:**

##### **Beneficiaries;**

- Residents of Namatala town and surrounding areas
- Traders from big towns like Mbale and Kumi
- Producers of rice and owners of farms.

##### **Benefits:**

- Increased land productivity and income to residents,
- Unity among farmers.
- Growth pole for other projects in the area
- Development of Namatala village with a better road network.
- Increased employment and reduce seasonal unemployment.

- Increased and stable food supply.

#### **Activities and work plan for Namatala rice project:**

To realize the objectives of the project, the following shall be done:

	<b>Activities</b>	<b>Time Frame</b>	<b>Responsible person</b>	<b>Remarks</b>
1	Ploughing of 40 acres of land	2 months	Project coordinator	
2	Ordering of rice grains	2 weeks	Project coordinator	
3	Sowing the maize grains	3 weeks	Project coordinator	
4	Ploughing the plantation	One in two months	Project supervisor	
5	Constructing buildings for store and milling flour	5 months	Project coordinator	
6	Approaching potential buyers and selecting market centers	2 months	Project coordinator	
7	Sensitizing residents about the project benefits	2 months	Projector coordinator	

#### **Budget & sustainability of the project:**

##### **PROPOSED BUDGET FOR THE PROJECT (INPUTS BUDGET)**

<b>Fixed capital requirements</b>	<b>Unit cost (Shs)</b>	<b>Total Amount (Shs)</b>
Clearing and ploughing 40 acres	300,000	12,000,000
Housing shelters 1 farm store and a mill		40,000,000
Buying rice seeds 6 sacks	100,0000	600,000
Total fixed capital requirements		52,600,000
<b>Working capital requirements;</b>		
Weeding 40 acres	50,000	2,000,000
Pest control 40 acres	20,000	800,000
Administrative expenses for 4 months		700,000
<b>Total</b>		<b>56,100,000</b>

#### **Operation and monitoring of the project/follow up plan and project innovation:**

After implementing, the following shall be done:

- Write more proposals on rice processing
- Set up a store room and buy rice from farmers in the area
- Unite and train residents of Namatala village in skills of modern rice farming
- Call upon the team of experts to evaluate the project
- Initiate other projects related to food security

#### **Strategies for implementation and monitoring:**

The project coordinator shall implement it and strategies are:

- Use of affordable resources, which are cost effective, encourage sustainability and facilitate transfer of knowledge and skills
- Mobilization: All residents shall be mobilized to take on this project or its subsidiaries.
- Strong organization, team work and commitment among implementers

#### **Evaluation techniques:**

- Economic analysis: using cost benefit analysis
- Technical analysis: appraisal on the choice of technology and its applicability

- Financial analysis: cost recovery related to economic efficiency, income distribution, revenue generation and insistence on financial viability
- Social analysis: appraisal on the impact of the project on the social problem particularly skills development and demand for health services

**Written by:**

**Sign.....**

**MAGOMU MASHATTE**

**PROJECT CO-ORDINATOR.**

Present an administrative chart for your business.

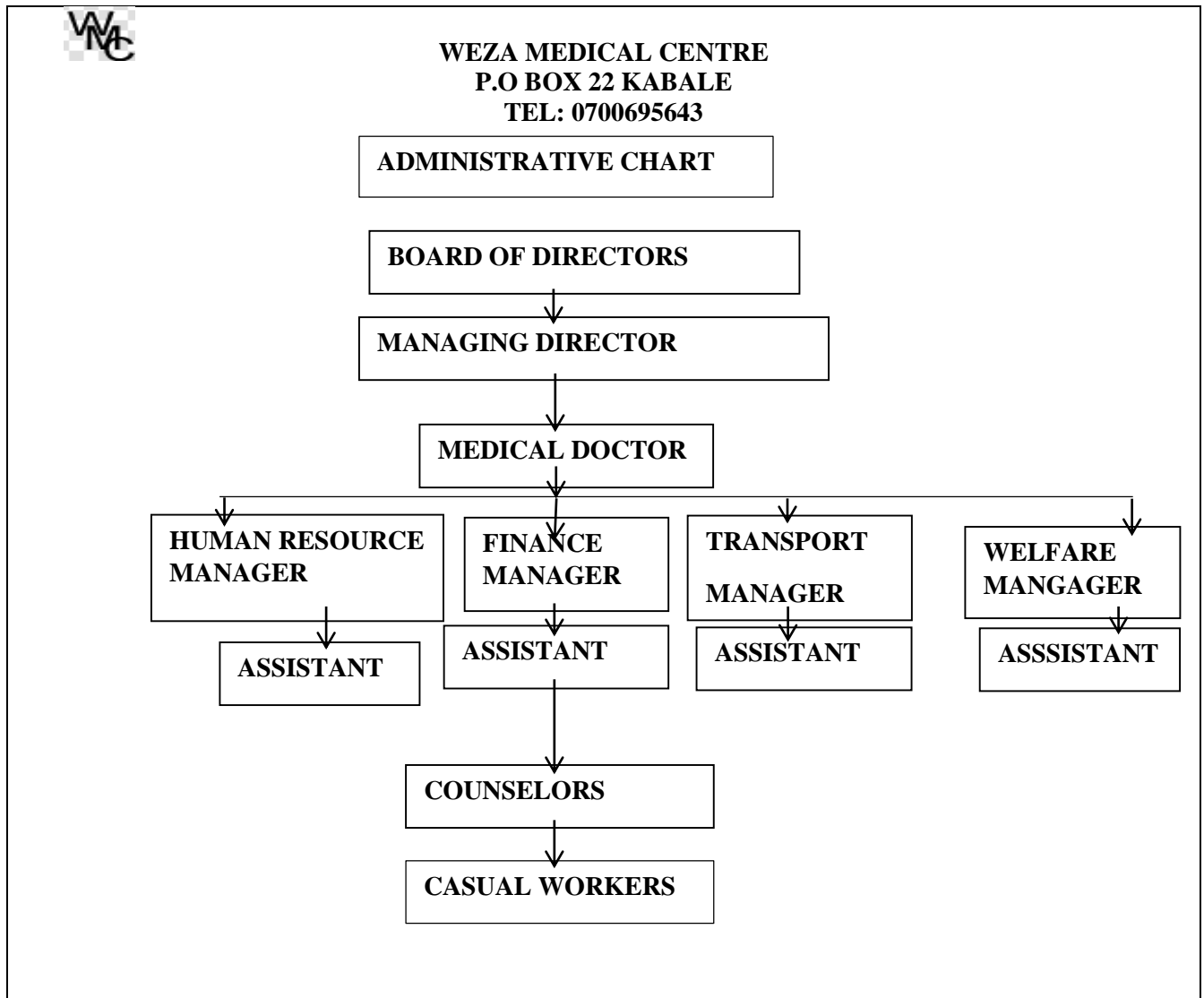
**WEZA MEDICAL CENTRE**

**P.O BOX 22**

**KABALE,**

**TEL: 0700695643**

**ADMINISTRATIVE CHART**



**TOPIC NINE: PRODUCTION MANAGEMENT SKILLS****SUB TOPIC: PROGRAMME FOR PURCHASING BUSINESS REQUIREMENTS****Question 1.** Draft a programme for purchasing business requirements**YEFFE JUICE PROCESSING COMPANY****P.O BOX 22****MBALE,****TEL: 0700695643****PROGRAMME FOR PURCHASING BUSINESS REQUIREMENTS****YEFFE JUICE PROCESSING COMPANY****P.O BOX 22 MBALE,****TEL: 0700695643****PROGRAMME FOR PURCHASING BUSINESS REQUIREMENTS**

<b>DATE</b>	<b>ACTIVITY</b>	<b>PERSON RESPONSIBLE</b>	<b>REMARKS</b>
22/3/2018	Determining the business needs.	Mwalye Martin	
23 <sup>rd</sup> /3/2018	Identifying potential suppliers	Lubwama Molly	
24 <sup>th</sup> /3/2018	Contacting the suppliers	Mwalye Martin	
25 <sup>th</sup> /3/2018	Selecting the best suppliers.	Lubwama Molly	
26 <sup>th</sup> /3/2018	Ordering for goods	Mwalye Martin	
27 <sup>th</sup> /3/2018	Checking the goods as soon as they are received	Lubwama Molly	
28 <sup>th</sup> /3/2018	Checking the invoice for accuracy	Mwalye Martin	
29 <sup>th</sup> /3/2018	Making payments for the goods by cheque	Lubwama Molly	

Prepared/ drafted by;

Sign: mwebe

**MWEBE JOAN****GENERAL MANAGER**

Approved by:

Sign:.....

**Name:.....****Title:.....**



You are supplying goods on credit

a. Design a credit recovery program for debts/ money

Solution

**NICE AGRICULTURAL PRODUCE SUPPLIERS**

**P.O BOX 44**

**KAMPALA**

**TEL: 0700695643**

**PROGRAMME FOR RECOVERING MONEY/CREDIT FROM BUSINESS DEBTORS**

STEP	TIME FRAME	ACTIVITY	PERSONS RESPONSE	REMARKS
1	4 days	Identification of debtors and collection of all records about them	Sales Manager	
2	5 days	Arrange the debtors according to credit period and assignment of responsible persons to credit customers	Accountant	
3	3 days	Preparing and dispatching debt reminders to debtors or calling the debtors by phone	Credit Manager	
4	4 days	Collection of payments from debtors and updating debtors records	Credit Manager	
5	3 days	Issuing of statement of accountants to the customers	Accountant	
6	5 days	Sending of last reminders to debtors who have defaulted	Credit Manager	
7	4 days	Compiling and publishing of debt defaulters and giving them the final date to clear debts	-Credit Manager -Accountant -Debt collector	
8	1 day	Taking legal action on debt defaulters e.g auctioning collateral security	Company lawyer	

**Example 2 of credit Recovery programme**

You own a big garage in your home town providing services on credit.

**(a) Prepare accredit recovery programme for your business.**

**MULEKE MOTOR SPARE PARTS**

**P.O BOX 200**

**KAMPALA,**

**TEL: 0700695643**

**CREDIT RECOVERY PROGRAMME**

STEP	TIME FRAME	ACTIVITY	PERSONS RESPONSE	REMARKS
------	------------	----------	------------------	---------

1	4 days	Identification of debtors and collection of all records about them	Sales Manager	
2	5 days	Arrange the debtors according to credit period and assignment of responsible persons to credit customers	Accountant	
3	3 days	Preparing and dispatching debt reminders to debtors or calling the debtors by phone	Credit Manager	
4	4 days	Collection of payments from debtors and updating debtors records	Credit Manager	
5	3 days	Issuing of statement of accountants to the customers	Accountant	
6	5 days	Sending of last reminders to debtors who have defaulted	Credit Manager	
7	4 days	Compiling and publishing of debt defaulters and giving them the final date to clear debts	-Credit Manager -Accountant -Debt collector	
8	1 day	Taking legal action on debt defaulters e.g auctioning collateral security	Company lawyer	

**Question. Develop a programme for purchasing business inputs**

**BUNO CARPENTRY WORKSHOP**

**P.O BOX 33,**

**KAMPALA,**

**TEL: 0700695643**

**PROGRAMME FOR PURCHASING BUSINESS INPUTS**



**BUNO CARPENTRY WORKSHOP  
P.O BOX 33, KAMPALA  
TEL: 0700695643**

**PURCHASING PROGRAMME**

DATE	ACTIVITY	PERSON IN CHARGE/RESPONSIBLE	REMARKS/ COMMENTS
28/4/2018	Determining the business needs	General manager	
28/4/2018	Identifying potential suppliers	Purchasing manager	
28/4/2018	Contacting suppliers	Purchasing manager	
29/4/2018	Selecting the best suppliers	General manager Purchasing manager	
29/4/2018	Ordering for goods	Purchasing manager	
30/4/2018	Checking the goods as soon as they are received	Purchasing	
01/5/2018	Checking the invoice for accuracy	Purchasing manager	
01/5/2018	Making payments	Financial manager	

**Prepared/ developed by;**

Sign:.....

**MWEBE JOAN**

**PURCHASINGMANAGER**

**Approved by;**

Signature: .....

**Name.....**

**Title:.....**

**SUB TOPIC: SOURCE DOCUMENTS**

**Note Find definitions in the theory paper**

(a ) Prepare a procurement requisition form you are to use in procurement of computers in your Enterprise.

**PROCUREMENT /PURCHASES REQUISITION TO THE MANAGING DIRECTOR**

The above is a written order of goods or materials for supplies by the user department to the purchasing department.

**MABONGA AND SONS ELECTRONICS**

**P.O BOX 300, KAMPALA**

**PROCUREMENT REQUISITION FORM**



# PROCUREMENT REQUISITION FORM

Date: 8<sup>th</sup>/10/2015

TO: MANAGING DIRECTOR

(i) Confirmation of need:  
Signature:.....  
**MABONGA RICHARD**  
**HEAD OF DEPARTMENT.**

(ii) Approved for purchase  
Signature:.....  
**Name:**.....  
**Title:**.....

(b )  
Prepare  
a letter  
of  
inquiry  
you are  
to send  
to one of  
your

**MABONGA AND SONS ELECTRONICS**  
**P.O BOX 300**  
**KAMPALA,**  
**TEL: 0700695643.**  
**LETTER OF INQUIRY TO MWANJE ELECTRONICS**


**MABONGA AND SONS ELECTRONICS**

**P.O BOX 300,  
KAMPALA**

**Tel: 0700695643**

**DEALERS IN ELCTRONICS**

**LETTER OF INQUIRY**

LOP No. 13

Date: 21<sup>st</sup> May. 2015

**TO MWANJE ELECTRONICS LTD**

**P.O BOX 300**

**KAMPALA.**

Dear Sir/ Madam,

**RE: PRICE, TERMS OF PAYMENT AND DELIVERY OF GOODS.**

Please quote for us price, terms of payment and terms of delivery for the following items:

<u>Quantity</u>	<u>Description</u>
<u>15</u>	<u>Ancer computers pentuim 4</u>
<u>10 packets</u>	<u>Extension cables</u>

Please note that these items are urgently required.

Yours faithfully

Sign: owor

**OWOR DANIEL**

**PROCUREMENT OFFICER.**

(c ) Prepare a purchase order for 16 Acer Computers to be supplied to your project

**MABONGA AND SONS ELECTRONICS**

**P.O BOX 300,**

**KAMPALA**

**TEL: 0700695643.**

**PURCHASE ORDER TO MAPEERA ELECTRONICS FOR COMPUTERS**


**MABONGA AND SONS ELECTRONICS**

**P.O BOX 193, KAMPALA**  
**TEL;0700695643**  
**DEALERS IN ELECTRONICS**

**Date: 14<sup>th</sup>/8/2018**
**PURCHASE ORDER**

Purchase order No. 5834.

**TO THE MANAGER**  
**MAPEERA ELECTRONICS**  
**P.O BOX 300,KAMPALA**

Please supply and deliver the following electric appliances

<b>Description</b>	<b>Quantity</b>	<b>Unit price (Shs)</b>	<b>Amount (Shs)</b>
Acer computers Pentium With all accessories	16	1,000,000	16,000,000
Extension cables	10 packets	1200	600,000
<b>Total</b>			<b>16,600,000</b>

 Delivery date; 20<sup>th</sup>/06/2018

Delivery place ; Business premises

Packaging ; Separate

Terms of payment; cheque No: 19461 for Shs 1,310,000 has been enclosed being payment for the goods

**Prepared by;**

Sign; kasule

**KASULE JOHNSON**
**PURCHASING MANAGER/PROCUREMENT OFFICER**
**4. You are dealing in electronics and given a tender to supply phones to Kampala General Traders limited**

(a) Prepare a quotation you are to use in the Shop dealing in phones to your client.

**MABONGA AND SONS ELECTRONICS**
**P.O BOX 300 KAMPALA**
**TEL: 0700695643**
**QUOTATION FOR PRICES AS REQUESTED IN LETTER OF INQUIRY**

**MABONGA AND SONS ELECTRONICS  
P.O BOX 300 KAMPALA**



**TEL;0700695643,  
DEALERS IN ELECTRONICS**

Date:14<sup>th</sup>/6/2018

**QUOTATION**

Quotation No. 5834.

**TO: KAMPALA GENERAL ELECTRONICS DEALERS  
P.O BX 200. KAMPALA**

Quotation, No: 30

Thank you for your letter, inquiry No:300 dated 22<sup>nd</sup>.June 2018, it is our pleasure to indicate for you prices of our goods as seen below;

<b>Description</b>	<b>Quantity</b>	<b>Unit price (Shs)</b>	<b>Amount (Shs)</b>
Bulbs	4 dozen	800	110,000
Television sets	8	1,000	410,000
Extension cable	10 packets	1,200	120,000
Flat irons	9 pieces	1,000	50,000
<b>Total</b>			<b>1,310,000</b>


Terms and conditions: 10% cash discount if payment is done within one week  
Thank you for giving us priority to be your business suppliers

Yours faithfully,  
Sign;.....  
KASULE JOHNSON  
SALES MANAGER

(b) Design a goods delivery note plan to use when selling goods in your company.

**MABONGA AND SONS ELECTRONICS  
P.O BOX 300 KAMPALA  
TEL: 0700695643  
GOODS DELIVERY NOTE**

**MABONGA AND SONS ELECTRONICS P.O BOX**  
**P.O BOX 300 KAMPALA TEL: 0700695643**

 **DEALERS IN ELECTRONICS**

Date:.....

**GOODS DELIVERY NOTE**

DELIVERY NOTE No. 5834.

TO:.....

No.	Description	Quantity	Unit price (Shs)	Amount ((Shs)
	Total			

Delivered by.....signature.....

Verified and received by.....comments.....

Date.....signature.....


(c)

Design an invoice you are to use in transactions with your customers.

**MABONGA AND SONS ELECTRONICS**  
**P.O BOX 300**  
**KAMPALA,**  
**TEL:0700695643.**

**INVOICE FOR USE IN BUSINESS TRANSACTIONS**

**MABONGA AND SONS ELECTRONICS**  
**TEL: 0700695643**

 **DEALERS IN ELECTRONICS**

Date:.....

**INVOICE**

INVOICE No. 5834.  
LPO NO.....

To:.....

No.	Description	Quantity	Unit price (Shs)	Amount (Shs)
E&OE	Total			

Terms of delivery:.....

Terms of payment:.....

Issued by:.....

Signed by:.....

Title:.....

Goods received by:.....


I/We undertake to comply with the invoice terms and conditions and are fully liable for the amounts due as stipulated in this invoice.



Prepared by;  
.....  
**SALES MANAGER**

Question. Design a cash receipt to be used in your business.

**MABONGA AND SONS ELECTRONICS**  
**P.O BOX 330**  
**KAMPALA**  
**TEL: 0700695643 CASH RECE**



**MABONGA AND SONS ELECTRONICS**  
  
P.O BOX 330 KAMPALA  
P TEL: 0700695643  
DEALERS IN ELCTRONICS

CASH RECEIPT

Received with thanks from:.....  
The sum of shillings:.....  
Being payment of :.....  
Cash/ Cheque:..... Balance:.....

Shs

Signature:.....  
For Mabonga and Sons Electronics

Goods once sold are not returnable.


d) Design a cash deposit slip for customers’ use.

**KANTE P.O BOX 444**  
**KAMPALA,**  
**TEL: 0700695643**  
**CASH DEPOSIT SLIP FOR CUSTOMER USE**

<b>KANTE SACCO CASH DEPOSIT SLIP</b> <b>P.O BOX 444 KAMPALA</b> <b>TEL: 0700695643</b>																																			
<b>Branch.....Date:...../...../.....</b>																																			
<div style="border: 1px solid black; display: inline-block; padding: 2px 10px;"> <b>CASH      DEPOSIT SLIP</b> </div> DEPOSIT SLIP No. 5834.																																			
<b>Account Name:</b>	<b>Account No.</b>																																		
Please arrange cash per denominations, unsorted money will be rejected																																			
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Denominations</th> <th style="width: 50%;">Amount (Shs)</th> </tr> </thead> <tbody> <tr> <td><b>Notes (Shs):</b></td> <td></td> </tr> <tr> <td>50,000</td> <td></td> </tr> <tr> <td>20,000</td> <td></td> </tr> <tr> <td>10,000</td> <td></td> </tr> <tr> <td>5,000</td> <td></td> </tr> <tr> <td><b>Coins (Shs)</b></td> <td></td> </tr> <tr> <td>1,000</td> <td></td> </tr> <tr> <td>500</td> <td></td> </tr> <tr> <td>200</td> <td></td> </tr> <tr> <td>100</td> <td></td> </tr> <tr> <td><b>Total</b></td> <td></td> </tr> </tbody> </table>												Denominations	Amount (Shs)	<b>Notes (Shs):</b>		50,000		20,000		10,000		5,000		<b>Coins (Shs)</b>		1,000		500		200		100		<b>Total</b>	
Denominations	Amount (Shs)																																		
<b>Notes (Shs):</b>																																			
50,000																																			
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1,000																																			
500																																			
200																																			
100																																			
<b>Total</b>																																			
Received with thanks from:.....																																			
Paid by:.....				Amount in words:.....				Cashiers' stamp																											
Signature:.....								Signature:.....																											
Name:.....				Contact/Tel.....				Name:.....																											
<b>Verified by</b> .....																																			
<b>Thank you for banking with us</b>																																			
Please call 00223333 toll free																																			

(c)Design a new stock card for your improved products

**MUKULA PLSTIC FACTORY P.O BOX 444 MITYANA, TEL: 0700695643**  
**STOCK CARD**

		<b>MUKULA PLASTIC FACTORY</b> <b>P.O BOX 444 KAMPALA,</b> <b><u>TEL:0700695643</u></b>						
		<b>DEALERS IN QUALITY PLASTIC PRODUCTS, LOCATED ON PLOT 33 KIKONI KASUBI ROAD KAMPALA.</b>						
Date:.....								
<div style="border: 1px solid black; padding: 2px; display: inline-block;"> <b>STOCK CARD</b> </div>					STOCK CARD NO:0234			
DATE	ITEM NO:	ITEM NAME	IN	OUT	BALANCE	ISSUED BY:	ISSUED TO:	RE-ORDER LEVEL

Remarks:.....

Signature:.....

Authorized officer's Name:.....

Title:.....

(b) Prepare a delivery note to be given to your customers after purchasing products from your business.

**SHALOM BEUTY PRODUCTS P.O BOX 233 KAMPALA DELIVERY NOTE**

		<b>SHALOM BEAUTY PRODUCTS</b>	
		<b>P.O BOX 233 KAMPALA</b> <b>TEL: 0700695643</b> <b>DELIVERY NOTE      Date:.....</b>	
Dealers in beauty products to meet all your requirements, such as body creams, perfumes, and braids.			
Delivery Note No: 600 Purchase order No: 300 TO:..... Please receive the following goods:			
Quantity	Description	Unit price (Shs)	Amount (Shs)
19 bottles	Perfumes	2000	38000
20 tins	Body creams	2500	50,000
<b>Total</b>			<b>88,000</b>
The above goods are received in good order and condition. Delivered by: Sign: kiconco Name:..... Signature:..... <b>SALES MANAGER</b>			
Received by: <b>KICONCO REX</b>  Title:.....			

(c) Design a work order form to be used by your customers;

**FAST SERVICE MOTOR VEHICLE WASHING BAY P.O BOX 23 KAMPALA, TEL: 070069564**

**WORKER ORDER FORM**

<b>FAST SERVICE MOTOR VEHICLE WASHING BAY</b>  <b>P.O BOX 23 KAMPALA, TEL:0700695643</b> <b>PLOT 20, NAMIREMBE ROAD</b> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> <b>WORKER ORDER FORM</b> </div>								
Date:..... Worker order form number:.....								
Name& address of the customer	Worker order number	Worker description/nature of service required	Vehicle description (Reg Number & mode	Starting date/time	Ending time/date	Total job cost (Shs)	Remarks	signature

Prepared by:  
 Sign:.....  
 Name:.....  
 Title:.....

Approved by:  
 Sign:.....  
 Name:.....  
 Title:.....

**Qn. You have opened up a new bank and you want clients to deposit or save with you prepare a cheque deposit slip.**

**GREY BANK P.O BOX 333  
KAMPALA  
TEL: 0700695643  
CHEQUE DEPOSIT SLIP/ FORM**

<b>GREY BANK</b> <b>P.O BOX 333 KAMPALA</b> <b>TEL:0700695643</b>														
Branch.....										Date:....../...../.....				
<div style="border: 1px solid black; padding: 5px; display: inline-block;">CHEQUE DEPOSIT SLIP/ FORM</div> <div style="margin-left: 10px;">CHEQUE No. 5834.</div>														
Account Name:	Account No.													
Bank.....														
Cheque No.												Branch		
Drawer's Account No.												Drawer's Name:		
Amount in words:.....														
Amount in figures: UGX/ Ugshs.....														
Name of a person paying in:.....														
Signature of a person paying in:.....														
<b>Bank's machine validation will constitute acknowledgement of receipt of deposit, cheques are subject accepted to verification, collection and final payment.</b>														
<b>Thank you for banking with us</b>														

**You are operating a business dealing in the sale of text books and stationery.**


- a) Design a stock requisition and issue form

**KAKI STATIONERS**

**P.O BOX 122**

**KAMPALA, TEL: 0700695643.**

**STOCK REQUISITION & ISSUE FORM**

						
<b>KAKI STATIONERS</b> <b>P.O BOX 122 KAMPALA,</b> <b>TEL: 0700695643</b>  <b>DEALERS IN ALL STATIONARY PRODUCTS</b>						
<b>STOCK REQUISITION &amp; ISSUE FORM</b>						No. 5834.
Request						
From:.....			To:.....			
Department:.....			Name of supplier:.....			
Function:.....			Request number:.....			
<b>Folio No:</b>	<b>Item</b>	<b>Current bal.</b>	<b>Quantity required</b>	<b>Cost S/n</b>	<b>Quantity issued</b>	<b>Cost S/n</b>
Receipt date :.....						
Issued by:			Authorized by:			
Sign:.....			Sign:.....			
Name:.....			Name:.....			
Stock card update done No: .....						

- b) Design a stores requisition form.

**KAKI STATIONERS**

**P.O BOX 122**

**KAMPALA,**

**TEL: 0700695643.**

**STORES REQUISITION FORM**

**KAKI STATIONERS**
**P.O BOX 122**
**KAMPALA,**
**TEL: 0700695643**
**DEALERS IN ALL STATIONARY PRODUCTS**

**STORES REQUISITION FORM**

No. 5834.

Date:.....

From (Department):.....

To:.....

Quantity	Description of Materials
12 Reams	Rota trim papers
12 reams	Duplicating papers

Prepared by:.....

Authorized by:.....

Received by:.....

c)Design a petty payment voucher

**CASH PAYMENT VOUCHER FOR KAKI STATIONERS**
**P.O BOX 122**
**KAMPALA,**
**TEL: 0700695643.**


**KAKI STATIONERS  
P.O BOX 122 KAMPALA,  
TEL:0700695643**

**DEALERS IN ALL STATIONARY PRODUCTS**

**PETTY PAYMENT VOUCHER**

PCV:No. 5834.

Date:.....

To:.....

A/c:.....

Particulars	Amount (shs)
Total	

Prepared by:.....

Approved by:.....

Received by:.....

Authorized by:.....

d) Prepare a credit note for errors in the invoice sent to the buyer/ Customer who has been over invoiced.

**KAKI STATIONERS**

**P.O BOX 122**

**KAMPALA,**

**TEL: 0700695643.**

**CREDIT NOTE TO A CUSTOMER WHO HAS BEEN OVER INVOICED**



**KAKI STATIONERS**  
**P.O BOX 122 KAMPALA,**  
**TEL: 0700695643.**  
**DEALERS IN ALL STATIONARY PRODUCTS**

**LETTER OF CREDIT/ CREDIT NOTE**

Date: 23<sup>rd</sup>/3/2016

Letter of credit No: 22

TO: TOM STATIONERS

P.O BOX 700 KAMPALA.

We have credited your account as follows:

Description	Amount (Shs)
To correct an arithmetic error in invoice NO: 22 <b>Erroneous total/Original wrong value Shs 5,400,000</b> Correct total: Shs 4,500,000	
	900,000
	<b>900,000</b>

Prepared by:.....

Sign: mwalyem

MWALYE MOSES

**SALES MANAGER**

**FOR KAKI STATIONERS**

Approved by:.....

Sign.....

Name.....

**Question.** You're operating a stationary shop prepare a credit note for a customer who was over charged by Shs 200,000 (UNEB, 2017)

**KIKA STATIONERS**

**P.O BOX 122**

**KAMPALA,**

**TEL: 0700695643.**

**CREDIT NOTE TO A CUSTOMER WHO WAS OVERCHARGED BY SHS 200,000**



**KIKA STATIONERS**  
**P.O BOX 122 KAMPALA,**  
**TEL: 0700695643.**  
**DEALERS IN ALL STATIONARY PRODUCTS**

**LETTER OF CREDIT/ CREDIT NOTE**

Date: 23<sup>rd</sup>/3/2016

Letter of credit No: 22

Quoted Invoice Number: 0022, Quoted delivery note number; 00112

TO: BLESSED STATIONERS

P.O BOX 700 KAMPALA.

We have credited your account as follows:

Description	Amount (Shs)
To correct an arithmetic error in invoice NO: 22 <b>Erroneous total/Original wrong value Shs 600,000</b> Correct total: Shs 400,000	
	1,000,000
	<b>1,000,000</b>

Prepared by:.....

Sign: mwalyem

MWALYE MOSES

**SALES MANAGER**

**FOR KAKI STATIONERS**

Approved by:.....

Sign.....

Name.....

e) Design a cash sale slip for your business :

**KAKI STATIONERS**  
**P.O BOX 122 KAMPALA,**  
**TEL: 0700695643**  
**CASH SALE SLIP**





**KAKI STATIONERS**  
**P.O BOX 122 KAMPALA,**  
**TEL: 0700695643.**

DEALERS IN ALL STATIONARY PRODUCTS.

**CASH SALE SLIP**

No: 5834.

Date:.....

To:.....

QUANTITY	PARTICULARS	RATE (SHS)	AMOUNT(SHS)
<b>E &amp; O E</b>	<b>TOTAL</b>		

Prepared by:

Sign:.....

Name:.....

Title:.....

For Kaki stationers

**Question.** Prepare a hire purchase agreement

**KAKI STATIONERS**

**P.O BOX 122,**

**KAMPALA,**

**TEL: 0700695643.**

**HIRE PURCHASE AGREEMENT**



**KAKI STATIONERS**  
**P.O BOX 122 KAMPALA,**  
**TEL:0700695643.**

Email: kakistationers@gmail.com.

**Date: 12<sup>th</sup>/3/2016.**

DEALERS IN ALL STATIONARY PRODUCTS.

**HIRE PURCHASE AGREEMENT**

We have sold 12 reams of paper A4 to Gold S.S to be paid after four months within 4 installments.

Date: 12<sup>th</sup>/5/2016.

Total value of goods: four million shillings only (Shs 4,000,000)

Amount of periodic payment: Shs 1,000,000.

f) Prepare a package sheet

**KAKI STATIONERS**

**P.O BOX 122**

**KAMPALA,**

**TEL: 0700695643**  
**PACKAGE SHEET**



**KAKI STATIONERS**  
**P.O BOX 122 KAMPALA,**  
**[TEL:0700695643](tel:0700695643)**

Email: kakistationers@mail.com

Dealers in all stationary products

**PACKAGE SHEET**

Quantity	Description
3 Reams	Ruled papers
4 Reams	Duplicating papers
3 Reams	Rota trim

Packed by:.....

Sign: wanda

WANDA BEN

STORE KEEPER/ MANAGER

Checked by:

Sign:.....

MUKENE

Received by:

Sign:.....

Name:.....

g) Design a worker order form.



**KAKI STATIONERS**  
**P.O BOX 122 KAMPALA,**  
**TEL: 0700695643.**

**DEALERS IN ALL STATIONARY PRODUCTS.**

**WORKER ORDER FORM**

Order No. 5834.

Date:.....

Date	Customer Name and address	Work description	Employee to do the work	Time		Order work No:	Job cost
				In	Out		

Prepared by:

Sign:.....

Name:.....

**SUPERVISOR**

**Question. Design a weekly work schedule form.**

**KAKI STATIONERS**  
**P.O BOX 122**  
**KAMPALA,**  
**TEL: 0700695643.**

**WEEKLY WORK SHEDULE FORM**

**KAKI STATIONERS**  
**P.O BOX 122 KAMPALA,**  
**TEL: 0700695643.**  
**DEALERS IN ALL STATIONARY PRODUCTS.**

**WORKER SCHEDULE FORM**

No. 55

Date:.....

Days	Customer Name and address	Work description	Employee to do the work	Time		Order work No:	Job cost
				Start time	End time		
Monday							
Tuesday							
Wednesday							
Thursday							
Friday							

Prepared by:

Sign:.....

Name:.....

Title:.....

Authorized by:

Sign:.....

Name:.....

Title:.....

**(d)Design a delivery note for your products**WEZA CLAYS P.O BOX 22 KABALE, [TEL:0700695643](tel:0700695643). DELIVERY NOTE

**WEZA CLAYS**  
**P.O BOX 22 KABALE**  
**TEL: 0700695643.**

**DELIVERY NOTE**

Delivery Note No: 600

Purchase order No: 300

Date:.....

TO:.....

Please receive the following goods:

Quantity	Description	Unit price (shs)	Amount (shs)
	<b>Total</b>		

The above goods are received in good order and condition.

Delivered by:

Sign:.....

Name:.....

Title:.....

Approved and received by:.....

Sign:.....

Name:.....

Title: .....



**WEZA MEDICAL CENTRE  
P.O BOX 22 KABALE,  
TEL: 0700695643**

**MEDICAL TREATMENT FORM**

Date:.....Form No:.....No of Visits:.....Temperature:.....

Name of patient:.....Pressure:.....Weight:.....

Sex:.....Age:.....Residence:.....

Date	Diagnosis	Treatment/ Prescription

Bring this medical form at every visit

Signed by.....

**DOCTOR.**

**If found please return it to WEZA MEDICAL CENTRE.**

**Question.** Write a statement of account to one of your regular customers

**MAKUMBI FUEL STATION**

**P.O BOX 33 KAMPALA,**

**TEL: 0700695643**

**STATEMENT OF ACCOUNT TO A CUSTOMER**



**MAKUMBI FUEL STATION  
P.O BOX 33 KAMPALA  
TEL: 0700695643**

**STATEMENT OF ACCOUNT**

Statement of Account No: 22

Date: 20<sup>th</sup>/03/2016  
Statement of Account  
For march, 2016

TO: KUKULA FUEL STATION  
P.O BOX 34 ARUA.

Date	Details	Debit (Shs)	redit (Shs)
22/3/2018	Invoice No 20	400,000	2,00,000
23 <sup>rd</sup> /3/2018	Credit note No: 202		100,000
24 <sup>th</sup> /3/2018	Credit note No:	1,000,000	
25 <sup>th</sup> /3/2018	Invoice No 192	200,000	
26 <sup>th</sup> /3/2018	Invoice No 172	400,000	
27 <sup>th</sup> /3/2018	Invoice No 174	2,000,000	
28 <sup>th</sup> /3/2018	Receipt No: 56		2,500,000

Terms of payments: 6% 1 month 2% after 4 months

Prepared by;

Sign.....

**MWEBE JOAN  
SALES MANGER**

- (a) Design/ draft an invoice to be used to credit customers

**MAKUMBI FUEL STATION**  
**P.O BOX 33 KAMPALA,**  
**TEL: 0700695643**  
**INVOICE ISSUED TO CREDIT CUSTOMERS**



**MAKUMBI FUEL STATION**  
**P.O BOX 33 KAMPALA**  
**TEL: 0700695643**

**INVOICE**

**Date:**.....

INVOICE No. 5512.

LPO NO.....

To:.....

No.	Description	Quantity	Unit price (Shs)	Amount (Shs)
E&OE	Total			

Terms of payment:.....

**Prepared by:**.....

**Sign:**.....

**Name :**.....

**Title:**.....

I/We undertake to comply with the invoice terms and conditions and are fully liable for the amounts due as stipulated in this invoice.

**Received by;**

**Sign:**.....

**Name:**.....

**Title:**.....

**You are operating a secretarial bureau in your home town.**

- (a) Prepare a goods returned note for the goods returned

**HAPPY STATIONERS**  
**P.O BOX 33**  
**KAMPALA,**  
**TEL: 0700695643**  
**GOODS RETURNED NOTE FOR GOODS RETURNED**



**HAPPY STATIONERS**  
**P.O BOX 33, KAMPALA**  
**TEL; 0700695643**

**GOODS RETURNED NOTE**

Goods returned Note No; 18

Date: 12<sup>th</sup>/03/2018

TO: GEA BOOK SHOP

P.O BOX 33, BUGOLOOBI

Please accept the following goods as returned

Details	Reason	Quantity
Quality school chalk	Damaged	12 boxes
Manilas	Wrong colour	40 pieces
Markers	Not required	100
Tonner	Wrong type	1 packet

Please issue us with a credit note

Prepared by;

Sign;.....

**GRAVITY OMUSOJJA**

**STORE MANAGER/ KEEPER**

**(b)Formulate a price list for your products**

**HAPPY STATIONERS**

**P.O BOX 33,**

**KAMPALA**

**TEL; 0700695643**

**PRICE LIST FOR THE PRODUCTS**



**HAPPY STATIONERS**

**P.O BOX 33 KAMPALA**

**TEL; 0700695643**

**PRICE LIST**

Item	Amount (Shs)
Black books 2 quire	8,000
Black books 1 $\frac{1}{2}$ quire	6,000
Manuscript book	10,000
Box file	5,000
Pens (per dozen)	4,000
Pencils (per dozen)	1,000
Photocopying papers rotarim	17,000
Ruled paper (ream)	10,000
File folders	300
Super glue	700


Office glue	1,000
Binding (A4)	2,000
Photocopying (per page)	100
Printing (per page)	500
Typing (per page)	500
Erasers	100
Envelopes (A4)	500

Prepared by;  
Sign:.....  
**KATO RICHARD**  
**SALES MANAGER**

*Thanks our dear customers*

**Note:** The above can used a price current just change the name of the document where price is.

(b) Write a debit note to be used to correct an under charge on customer's invoice.

 <p style="text-align: center;"><b>HOPE SOAP WORKS</b> <b>P.O BOX 22, KAMPALA</b> <b>TEL; 0700695643</b></p> <div style="border: 1px solid black; padding: 5px; text-align: center; margin: 10px auto; width: 150px;"><b>DEBIT NOTE</b></div>													
Debit Note No; 15													
Date: 12 <sup>th</sup> /03/2015													
TO: HOPE SUPERMARKET P.O BOX 33, BUGOLOOBI													
We have debited your account as follows, reason: To correct an undercharge													
<table border="1"> <thead> <tr> <th>Description</th> <th>Amount (Shs)</th> </tr> </thead> <tbody> <tr> <td>To correct an arithmetic error in invoice No 155</td> <td></td> </tr> <tr> <td>Errorneous total                      100,000</td> <td></td> </tr> <tr> <td>Correct total                              <u>1,000,000</u></td> <td>900,000</td> </tr> <tr> <td>Shs; Nine Hundred Thousand only</td> <td></td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>900,000</b></td> </tr> </tbody> </table>	Description	Amount (Shs)	To correct an arithmetic error in invoice No 155		Errorneous total                      100,000		Correct total <u>1,000,000</u>	900,000	Shs; Nine Hundred Thousand only		<b>TOTAL</b>	<b>900,000</b>	
Description	Amount (Shs)												
To correct an arithmetic error in invoice No 155													
Errorneous total                      100,000													
Correct total <u>1,000,000</u>	900,000												
Shs; Nine Hundred Thousand only													
<b>TOTAL</b>	<b>900,000</b>												
Please issue us with a credit note													
Prepared by; Sign: gravity <b>GRAVITY OMUSOJJA</b> <b>SALES MANAGER</b>													

**Prepare a credit status inquiry about Mr. Sitya loss who wants goods on credit worth Shs 2,000,000**  
**MANAKHE ELECTRONICS**  
**P.O BOX 33,**  
**MBALE,**  
**TEL: 0700695643**

**CREDIT STATUS INQUIRY ABOUT MR. SITYA LOSS WHO WANTS GOODS ON CREDIT FROM THE BUSINESS**

**MANAKHE ELECTRONICS  
P.O BOX 33, MBALE  
TEL: 0700695643**

Date: 22/4/2016  
Our Ref 02/MCL/22/4/2016

**TO THE MANAGER  
STANBIC BANK  
MBALE BRANCH  
P.O BOX 222, MBALE.**

Dear sir,

**RE: CREDIT STATUS INQUIRY.**

We have been approached by Mr. Sitya loss of Kana cosmetics requesting for many electronic appliances on credit worth Shs 2,000,000.

He has given your bank as referee. We request you at your earliest convenience to feed us information concerning the same. Information given will be kept in a confidential way and will not be revealed to him or any other person. A self-addressed envelope has been enclosed for use. Hoping for your positive consideration.

Yours faithfully,

Sign: mabonga

**MABONGA JOEL  
MANAGING DIRECTOR**

**Write a purchase order for the stock to your business**

**MANAKHE ELECTRONICS  
P.O BOX 33,  
MBALE  
TEL; 0700695643  
PURCHASE OREDR FOR THE STOCK FOR USE IN BUSINESS**





**MANAKHE ELECTRONICS**  
**P.O BOX 33, MBALE**  
**TEL: 0700695643**

**Date:** 14<sup>th</sup>/6/2015

**PURCHASE ORDER**

Purchase order No. 5834.

**TO THE MANAGER**  
**MUKO ELECTRONICS**  
**P.O BX 22. KAMPALA**

Please supply and deliver the following electric appliances to us;

<b>Description</b>	<b>Quantity</b>	<b>Unit price (Shs)</b>	<b>Amount (Shs)</b>
Bulbs	4 dozen	800	110,000
Television sets	8	1,000	410,000
Extension cable	10 pkts	1,200	120,000
Flat irons	9	1,000	50,000
<b>Total</b>			<b>1,310,000</b>

Delivery date; 20<sup>th</sup>/06/2015

Delivery place ; Business premises

Packaging ;separate

Terms of payment; cheque No: 19461 for Shs 1,310,000 has been enclosed being payment for the goods

Prepared by;.....

Sign;.....

**KASULE JOHNSON**

**PURCHASING MANAGER/ PROCUREMENT OFFICER**

**42. You own a bus company.**

**(a)Prepare a bus ticket for use by your customers**

**MASABA BUS SERVICES**

**P.O BOX 22,**

**MBALE,**

**TEL: 0700695643**

**BUS TICKET FOR USE IN BUSINESS**



**MASABA BUS SERVICES**  
**P.O BOX 22, MBALE**  
**TEL:0700695643**

NO: 556

**BUS TICKET**

Date:..... Time:.....

From:.....To:.....

Amount(Shs):.....Seat No:.....

Sign:.....

Name:.....

Title:.....

Please keep this ticket for inspection.

Luggage/ Goods carried at owners risk

(b)Design/draft an asset register for use in your business.

**MASABA BUS SERVICES,**

**P.O BOX 22,**

**MBALE,**

**TEL: 0700695643**

**ASSET REGISTER FOR USE IN BUSINESS**



**MASABA BUS SERVICES**

**P.O BOX 22, MBALE**

**TEL: 0700695643**

**ASSET REGISTER**

Description	Identification No:	Quantity	Location	Remarks

Issued by;  
Signature: mwebe  
**MWEBE JOAN**  
**STORE KEEPER**

Approved by;  
Signature: .....  
Name:.....  
Title:.....

**Question. Design a reception register for your business, Draft a debt payment voucher for use**

**MUNENE PHARMACEUTICALS**

**P.O BOX 22,**

**KAMPALA,**

**TEL: 0700695643**

**RECEPTION REGISTER TO BE USED IN BUSIESS**

**MUNENE PHARMACEUTICALS**

**P.O BOX 22, KAMPALA**

**TEL: 0700695643**

**RECEPTION REGISTER**

Date	Visitor's name	Address	Reasons	Signature	Remarks/ Comments

Signed:  
.....  
**RECEPTIONIST**

**GALAXYBAKERY**  
**P.O BOX 34, KAMPALA**  
**TEL: 0700695643**

**DEBTORS' PAYMENT VOUCHER**

**No: 555**

**Date: 20/5/2017**

**Client's Name:.....**

**Account Number:.....**

**Total amount Borrowed:.....**

Date	Amount paid (Shs)	Balance due (Shs)	Signature	
			Client	Cashier

Prepared by:

Sign.....

Name.....

Title.....

**Design dispatch note to be sent to customer**

**MERCY BOOKSHOP P.O BOX 200, KAMPALA TEL: 0700695643, DISPATCH NOTE**



**MERCY BOOKSHOP**  
**P.O BOX 200, KAMPALA**  
**TEL: 0700695643.**

Dispatch Note No: 600

**DISPATCH NOTE**

**Date: 12/4/2016**

**TO: PURCHASING MANAGER**

**MIREMBE BOOKSHOP**

**P.O BOX 20, KAMOKYA**

The following books as per order No. 160 have been sorted ready for dispatch. Organize the ware house where to keep them.

Item No:	Description	Quantity	Unit price (Shs)	Amount (Shs)
1	Pass O'level entrepreneurship	200 copies	20,000	4,000,000
2	Counter books 3 quire	200 copies	3,000	600,000
	<b>Total</b>			<b>4,600,000</b>

Prepared by:

**Sign: mamba**

**MAMBA RICH**

**SALES MANAGER**

(d) Prepare an invoice to the customer who has taken goods on credit

**TRUST ELECTRONICS**

**P.O BOX 33**

**KAMPALA, [TEL:0700695643](tel:0700695643).**

**INVOICE TO THE CUSTOMER WHO TOOK GOODS ON CREDIT**

**TRUST ELECTRONICS****P.O BOX 33****KAMPALA****TEL: 070069564****DEALERS IN ELECTRONICS****Date: 11/6/2018****INVOICE****INVOICE No. 5834.****To: SHINE ELECTRONICS****P.O BOX 222 KAMPALA.**

<b>Serial No.</b>	<b>Description</b>	<b>Quantity</b>	<b>Unit price (Shs)</b>	<b>Amount (Shs)</b>
001	Flat Iron	10 sets	100,000	1,000,000
002	Extension cables	3 pieces	100,000	1000,000
003	Energy savers	100 pieces	10,000	1000,000
005	Refrigerators	2	3,000,000	6,000,000
006	Wires	20 metres	50,000	1000,000
E&OE	Total			

Terms of payment: By cheque with 10% discount within 5 days payment.

Amounts due : Shs 10,000,00

**Prepared by:****Signature: .....****COOL BOBI****SALES MANAGER**

I/We undertake to comply with the invoice terms and conditions and are fully liable for the amounts due as stipulated in this invoice.

**Received by;**

Sign.....

Name.....

**Title.....****NICE AGRICULTURAL PRODUCE SUPPLIERS****P.O BOX 44****KAMPALA****TEL: 0700695643****DELIVERY NOTE TO MUKONO HIGH SCHOOL P.O BOX 402 MUKONO****NICE AGRICULTURAL PRODUCERS****P.O BOX 44****KAMPALA****TEL: 07006956**

Delivery Note No: 600

Purchase order No: 300

**DELIVERY NOTE****Date: 11/6/2018****TO: MUKONO HIGH SCHOOL**

Please receive the following goods:

<b>Quantity</b>	<b>Description</b>	<b>Unit price (Shs)</b>	<b>Amount (Shs)</b>
1000 Kgs	Beans	1,000	1,000,000
	<b>Total</b>		1,000,000

The above goods are received in good order and condition.

**Delivered by:****Sign.....****NAMAMONDE KIGELE****SALES MANAGER**

Approved and received by:.....

**Name.....****Title: .....**

**Question: Prepare a bank statement**

**RANE BANK MAKERERE**

**P.O BOX 333**

**KAMPALA**

**TEL: 0770066557**

**RANE BANK**

**Primary Account Number: 000009752**

Bank Statement

Account Holder: Mutabazi Ronald

If you have any questions about your statement, **Statement Date: June 5, 2018**

please call us at +256783905294 **Page Number: 1**

**CONNECTIONS CHECKING** Account # 000009752

**Account Summary** Account # 000009752

Beginning Balance on May 3, 2018	<b>Shs 7,126.11</b>
Deposits & Other Credits	+3,615.08
ATM Withdrawals & Debits	-20.00
VISA Check Card Purchases & Debits	-0.00
Withdrawals & Other Debits	-0.00
Checks Paid	-200.00
Ending Balance on June 5, 2018	<b>Shs 10,521.19</b>
<b>Deposits &amp; Other Credits</b> Account # 000009752	

Description	Date Credited	Amount	
Deposit	Ref Number:	130012345	<b>06-18 Shs 3,615.08</b>

**Total Deposits & Other Credits Shs 3,615.08**

**ATM Withdrawals & Debits** Account # 000009752

**Description Tran Date: 12/6/18 Paid Amount: 3,615.08**

ATM Withdrawal

Makerere Branch

**Total ATM Withdrawals & Debits shs 20.00**

**Checks Paid** Account # 000009752

**Date Paid Check Number Amount Reference Number**

05-12 1001 75.00 00012576589

**Question. Design a cash withdraw form for use in your SACCO**

**MEYA CREDIT SACCO**

**P.O BOX 55,**

**KAMPALA,**

**TEL: 0700695643**

**CASH WITHDRAW FORM**

**MEYA CREDIT SACCO**  
**P.O BOX 55, KAMPALA,**  
**TEL: 0700695643**

**CASH WITHDRAW FORM**

Branch..... Account type: Savings/ current/ Fixed Deposit, Date...../...../.....

Account Name	Account Number	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Amount in Words.....							Amount Ushs
Withdrawer/ Customer Signature:		Signature Verified		I acknowledge Receipt of the above Cash:			

Customer's contact/ tel.....

Verified by..... Teller's stamp & sign.....

Supervisor..... Manager.....

Thank you for entrusting us

**NB. Do not forget the company logos on all these documents please.**

**Question. Design cash deposit slip**

**MEYA TEA PROCESSING PLANT**

**P.O BOX 55,**

**KAMPALA,**

**TEL: 0700695643**

**BANK DEPOSIT SLIP**

**MEYA TEA PROCESSING PLANT**  
**P.O BOX 55, KAMPALA,**  
**TEL: 0700695643**

**BANK DEPOSIT SLIP**

Reference number: MTP/20/2017

Tel.....Date.....

Account Number

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------

Account Holder's Name ..... Account Type: Savings, Fixed deposit, current.

FEES	AMOUNT (SHS)	DENOMINATION (SHS)	AMOUNT (SHS)
Utilities		50,000	
School fees		20,000	
		10,000	
		5,000	
		2,000	
Bank charges		2,500	
Totals			

Amount in words..... Amount in figures.....

Paid by.....

Depositor's Sign..... Tel.....

Teller's stamp & sign.....

Thank you for banking with us

**Question. Design a deposit slip for your customer's use**

**ZAWEDDE SACCO**  
**P.O BOX 22**  
**MBALE TEL: 0700695643**  
**CASH DEPOSIT SLIP**

<b>CASH DEPOSIT SLIP</b>		<b>ZAWEDDE SACCO</b>		<b>DATE: _____</b>		
Customers Details:	Type of A/C	Savings		Current		
Name of person paying in: _____	Denominations(Shs)					
Customer's Sign: _____	Ugx 50,000		<b>ACCOUNT NUMBER</b>			
Tel: _____	Ugx 20,000					
	Ugx 10,000		Account Name: _____			
Verified by: Sign: _____ Name: _____	Ugx 5,000		Signature:.....			
	Ugx 2,000		Branch:.....			
	Total	Ugx: _____		Teller's stamp & signature:.....		
<b>Thank you for banking with us</b>						

**Question. Design a debt Acknowledgment form for use in your business**

**BLESSED JUICE PROCESSING PLANT**

**P.O. BOX 40**

**SOROTI**

**TEL: 0712607080**

**DEBT ACKNOWLEDGEMENT FORM (I OWE YOU/ IOU)**

<b>BLESSED JUICE PROCESSING PLANT</b> <b>P.O. BOX 40</b> <b>SOROTI</b> <b>TEL: 0712607080</b>	
6 <sup>th</sup> June 2018	<b>I OWE YOU</b>
I, _____ the undersigned, hereby confirm and acknowledge to the Creditor _____ that I am indebted to said Creditor, in the amount of Shs _____ dollars as of the below mentioned date. The indebted amount includes any and all legally permitted charges such as accrued interest, up to that same below mentioned date. I furthermore acknowledge that I have no argument with said debts which were incurred by myself, and for which I am solely responsible. This also means that I acknowledge that there are no defenses should the said Creditor decide to use this legal form in a court of law as a confession to judgment – where legally permissible. <b>Signed on this _____ day, of the month _____, in the year _____.</b>  _____ <b>Witness</b>  _____ <b>Debtor</b>	

**Getting cash using a cheque.** Accountholders can use a cheque to withdraw cash at their bank. 'Cash' is written in the 'Pay' space and the accountholder must sign the cheque in front of the bank cashier.

Date <u>February 8th 2006</u>		12 - 34 - 56	
To <u>Cash</u>		ABC Bank plc 8 High Street, Any Town, AK4 9GL	
Amount £ <u>40.00</u>		Date <u>February 8th 20.06</u>	
Pay <u>CASH</u>		£ <u>40 — 00</u>	
<u>FORTY POUNDS ONLY</u>		MR. ANTHONY NESBITT	
		<u>Anthony Nesbitt</u>	
Cheque Number	Sort Code	Account Number	
201124	123456	12345678	

**Write a cheque of Shs 2,000,000 in favor of Deg stationers**

**HAPPYSTATIONERS**

**P.O BOX 33,**

**KAMPALA**

**TEL; 0700695643**

**CHEQUE TO A CREDIT SUPPLIER**

**CENTENARY BANK  
KIKUBO BRANCH  
P.O BOX 61, KAMPALA**

**Cheque No: 10612  
TEL; 0783905294**

**Account payable  
only**

**Account No:  
90200091223**

**Date: 12<sup>th</sup> April. 2018**

Pay : Deg stationers..... Or order the \_sum  
Of Uganda shillings: Two million shillings only ..... UGX 2,000,000

**HAPPY STATIONERS**

**Cheque No: 10612**

**Bank code: 18005**

**Account Number: 9020091223**

**EXAMPLE TWO:**

**STEP BY STEP STATIONERS**

**P.O BOX 11,**

**MASAKA**

**TEL; 0700442323**

**CHEQUE TO A CREDIT SUPPLIER**



<b>CENTENARY BANK</b> <b>MASAKA BRANCH</b> <b>P.O BOX 61, MASAKA</b>		<b>Account payable only</b>		
<b>Cheque No:</b> <b>TEL; 0782 77940</b>			<b>Account No:</b> <b>10612                      90200091234</b>	
			<b>Date: 14<sup>th</sup> May. 2015</b>	
Pay :Reliance stationers..... Or order the _sum Of Uganda shillings: <u>Two million shillings only .....</u> UGX 2,000,000 <div style="text-align: right;"><b>STEP BY STEP STATIONERS</b></div>				
<b>Cheque No: 10612                      Bank code: 18005      Account Number: 9020091233</b>				

**Question. Formulate terms and conditions to be used in hire purchase agreement**

**MUTO ELECTRONICS**  
**P.O BOX 222**  
**KAMPALA**  
**TEL: 0700695643**

**TERMS AND CONDITIONS FOR THE HIRE PURCHASE AGREEMENT;**

This agreement is made on the 14<sup>th</sup> day of June 2018

**Between**

Muto electronics p.o box 20, Kampala, Tel; 0782 779140 here in referred to as the seller

**And**

Silver electronics limited here in referred to as the buyer

The agreement is legally binding on the following;

- ✓The buyer shall make a down payment of shs 500,000 on 14<sup>th</sup> June 2018
- ✓The buyer shall pay the remaining balance of shs 700,000 in three installments within three months as below;
  - 1<sup>st</sup> installment shall made on 14<sup>th</sup>/7/2018
  - 2<sup>nd</sup> installment shall be made on 14<sup>th</sup>/08/2018
  - 3<sup>rd</sup> installment shall be made on 14<sup>th</sup>/09/2018
- ✓Ownership shall remain with the seller until completion of repayments.
- ✓The buyer shall have no right to relocate or dispose off the goods, when the agreement is still running
- ✓The seller shall sue for return of goods in cash default
- ✓The hirer shall be expected to maintain the goods in condition during the agreement running period.
- ✓The seller shall not be entitled to benefits realized from possession of goods within the hire purchase period
- ✓Goods shall not be sold to any other buyer before the period elapses

**Prepared by;**

**Signature.....**

**NAME; SITYA LOSS SELLER**

**For MUTO ELECTRONICS**

**Witnessed by;**

**Signature.....**

**NAME; MARAKA CHRISTINA BUYER**

**For SLIVER ELECTRONICS LIMITED**

**Note:** Put the above in a frame

**Question.** You have established a business dealing in farm machinery and equipment, many farmers have approached you to purchase the items on credit

(a) Design a client information form to be filled by farmers who want to purchase items on credit

**BAALI FARM EQUIPMENT**

**P.O BOX 333 KAMPALA**

**TEL: 0700695643**

**CLIENT INFORMATION FORM TO BE FILLED BY FARMERS**

BAALI FARM EQUIPMENT																			
<b>BFE</b>		<b>P.O BOX 333 KAMPALA</b> <b>TEL:0700695643</b>																	
		<b>Date:.....</b> <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; padding: 2px 10px;">CLIENT INFORMATION FORM</div> <div>FORM No. 5834.</div> </div>																	
Client's name..... Postal address..... Nationality ..... Contacts..... Date of birth..... Client's next of kin, relationship and contact..... Amount in words:.....Amount in figures..... Guarantee's information.....																			
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Description</th> <th style="width: 15%;">Quantity</th> <th style="width: 25%;">Unit Price (Shs)</th> <th style="width: 35%;">Total Amount (Shs)</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Total</b></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Description	Quantity	Unit Price (Shs)	Total Amount (Shs)									<b>Total</b>			
Description	Quantity	Unit Price (Shs)	Total Amount (Shs)																
<b>Total</b>																			
Goods to be purchased..... Signature of a person of taking the goods on credit:..... Value of goods to be purchased..... Terms of payment.....Collateral security..... Credit period.....																			

**BAALI FARM EQUIPMENT**

**P.O BOX 333 KAMPALA**

**TEL: 0700695643**

**TERMS AND CONDITIONS TO BE INCLUDED IN THE CREDIT PURCHASE AGREEMENT**

- ✓ The credit value of the product shall be Shs 2,000,0000
- ✓ The credit period shall be 7 months
- ✓ Collateral security shall be worth Shs 3,0000,000
- ✓ Down payment shall be 10% of the total payment
- ✓ The number of installments shall not exceed 3 times
- ✓ The method of payment shall be by cheque
- ✓ Ownership shall remain in the hands of the owner until all installments are paid
- ✓ Delayed payments shall attract a 30% penalty
- ✓ Liability of the parties to the purchase agreement shall be limited to fulfillment of the purchase agreement

**SUB TOPIC: GUIDELINES FOR PROPER INVENTORY MANAGEMENT**

- ✓ Guidelines for proper inventory management

**SITYA LOSS APPLE JUICE PROCESS****P.O BOX 222****KAMPALA****TEL: 0780112244****GUIDELINES FOR PROPER INVENTORY MANAGEMENT**

- ✓ Timely replacement of stock in form of raw materials shall be done to avoid production disruption.
- ✓ All inventories in and issued out shall be properly documented.
- ✓ Stock records shall be regularly documented
- ✓ Materials shall be obtained from suppliers with a shorter lead time.
- ✓ The re-order level shall not be too high to avoid tying up capital in inventory and to reduce on storage costs.
- ✓ Under stocking and over stocking shall not be done.
- ✓ An experienced store keeper shall be employed to ensure proper custody of inventory.
- ✓ Monitoring and supervising of staff working in the store shall be done to minimize on inventory wastages.
- ✓ Continuous physical counting of stock shall be maintained
- ✓ Minimum re-order level shall be determined
- ✓ Regular Stock reconciliation shall be ensured.

**Question. Draft/ prepare a programme for serving of office machines (UNEB 2017)****MWANA MAIZE MILLERS****P.O BOX 34,****KAMPALA****TEL:0700695643:****PROGRAMME FOR SERVICING OF THE OFFICE MACHINES****MWANA MAIZE MILLERS****P.O BOX 34, KAMPALA****TEL: 0700695643****PROGRAMME FOR SERVICING OF OFFICE MACHINES**

<b>Date/ Time of service</b>	<b>Activity</b>	<b>Person in charge/ Technician</b>	<b>Remarks</b>
22/6/2018	Identifying office machines to be serviced	Mr. Kawuta Hamuza	
24/6/2018	Identifying the nature of service to be done	Mr. Kawuta Hamuza	
25 <sup>th</sup> /06/2018	Identifying the technician to do servicing of office machines	Mr. Kawuta Hamuza	
26 <sup>th</sup> /06/2018	Contacting the technician	Mr. Kawuta Hamuza	
27 <sup>th</sup> /06/2018	Receiving a report from the technician about the servicing done	Mr. Kawuta Hamuza	
28 <sup>th</sup> /6/2018	Inspecting or testing of the serviced office machines	Mr. Kawuta Hamuza	
29 <sup>th</sup> /6/2018	Making payments to the technician for the servicing done	Mr. Kawuta Hamuza	
30 <sup>th</sup> /6/2018	Setting date for the next servicing of office machines	Mr. Kawuta Hamuza	

Prepared by;  
Signature:.....

**MWEBE JOHN**  
**CHIEF TECHNICIAN MWANA MAIZE MILLERS**

Approved by;  
Signature: .....  
Name.....  
Title.....

**Method 2 of programme of servicing office machines**

**P.O BOX 34,  
KAMPALA  
[TEL:0700695643](tel:0700695643):**

**PROGRAMME FOR SERVICING OF OFFICE MACHINES**

**MWANA MAIZE MILLERS  
P.O BOX 34, KAMPALA  
TEL: 0700695643**

<b>PROGRAMME FOR SERVICING OF OFFICE MACHINES</b>
---

Date of service	Type of machine	Description of work	Person In Charge	Venue of service	Date of next service	Remarks
22/4/2018	Computers	Installing new windows	Technician	Business premises	4/5/2018	
24/4/2018	Printer	Filling ink	Technician	Business premises	5/5/2018	

Prepared by;

Signature:.....

**MWEBE JOHN****MWANA MAIZE MILLERS CHIEF TECHNICIAN**

Approved by;

Signature: .....

Name.....

Title.....

**Note: On all programs the first date must be the date of examinations****SUB TOPIC: PROPER HANDLING OF MACHINES****Question. Formulate guidelines for proper handling of machines in a business****SITYA LOSS APPLE JUICE PROCESS****P.O BOX 222****KAMPALA****TEL: 0780112244****GUIDELINES FOR PROPER HANDLING MACHINES**

- ✓ Trained and experienced workers shall be employed to avoid machine accidents
- ✓ Machines shall be covered when not in use
- ✓ Machines shall be used for the intended purposes only
- ✓ Workers shall regularly be trained on proper use of machines
- ✓ Workers shall be given clear instruction/operation manuals on how to use machines
- ✓ Machines shall be switched off whenever they are not in use or whenever there is a fault.
- ✓ Machines shall be checked regularly and frequently to minimize accidents occurring out of wear
- ✓ Warning labels shall be properly put in place to act as safety in machine usage and maintenance.
- ✓ Workers shall not operate machines while drunk or hungry to minimize accidents
- ✓ Only workers who are sober shall be allowed to use machines
- ✓ There shall be close monitoring and supervision of workers using business machines

- ✓ Machines shall be regularly oiled, lubricated to minimize wear, tear and rusting
- ✓ Machines shall be cleaned regularly, daily, and weekly.
- ✓ Business machines shall not be moved from one place to another without authorization.
- ✓ Machines shall be properly installed to avoid power short circuits and electric shocks.
- ✓ Loose parts of the machines shall be removed and replaced with new parts.
- ✓ Machines shall be properly stored as they need care when handling them

### **SUB TOPIC: ROUTINE MAINTENANCE SCHEDULE FOR MACHINES**

**Question. Prepare the routine maintenance schedule for machines**

**MWANA MAIZE MILLERS**

**P.O BOX 34,**

**KAMPALA**

**TEL:0700695643:**

**ROUTINE MAINTENANCE SCHEDULE FOR MACHINES**



**MWANA MAIZE MILLERS**

**P.O BOX 34, KAMPALA**

**TEL: 0700695643**

#### **ROUTINE MAINTENANCE SCHEDULE OF MACHINES**

<b>Date of service</b>	<b>Type of machine</b>	<b>Description of work</b>	<b>Person In Charge</b>	<b>Venue of service</b>	<b>Date of next service</b>	<b>Remarks</b>
22/4/2016	3 trucks	Changing of Oil	Technician	Business premises	4/5/2016	
24/4/2016	5 trucks	Over hauling	Technician	Business premises	5/5/2016	

Prepared by;

Signature:.....

**MWEBE JOHN**

**MWANA MAIZE MILLERS TECHNICIAN**

Approved by;

Signature: .....

**Name.....**

**Title.....**

**Question. Prepare the routine maintenance schedule for machines**

**MWANA MAIZE MILLERS**

**P.O BOX 34,**

**KAMPALA**

**TEL:0700695643:**

**SERVICE SCHEDULE FOR BUSINESS VEHICLES**



**MWANA MAIZE MILLERS**  
**P.O BOX 34, KAMPALA**  
**TEL: 0700695643**

**SERVICE SCHEDULE FOR BUSINESS VEHICLES**

Date of service	Type of machine	Description of work	Person In Charge	Venue of service	Date of next service	Remarks
22/4/2016	3 trucks	Changing of Oil	Technician	Business premises	4/5/2016	
24/4/2016	5 trucks	Changing the gear box	Technician	Business premises	5/5/2016	
		Checking steering reservoir				

Prepared by;

Signature:.....

**MWEBE JOHN**

**MWANA MAIZE MILLERS TECHNICIAN**

Approved by;

Signature: .....

**Name.....**

**Title.....**

**Question. How will you ensure safety of your business machines?**

**KANAKULYA METAL FABRICATORS**

**P.O BOX 333**

**KAMPALA**

**TEL: 070069564:**

**HOW TO ENSURE SAFETY OF MACHINES DURING PRODUCTION:**

- ✓ Checking whether all leavers are in proper positions before switching on machines
- ✓ Providing dark glasses to protect the workers eyes from too much light during welding
- ✓ Switching off machines in case of break down and report to the technician immediately
- ✓ Oiling all hand lubricating points of machine daily
- ✓ Cleaning the machines frequently and thoroughly
- ✓ Re-designing facilities which interfere with production, mobility of workers and maintenance of machines.
- ✓ Ensuring close monitoring and supervision of workers using machines by fore-men
- ✓ Installation of warning devices mainly those which alert the workers in case any mechanical danger.
- ✓ Using mechanical devices for machine feeding to avoid contact with hazards e.g pliers and rakes
- ✓ Installing fire extinguishers to deal with minor fire outbreaks at the work station.
- ✓ Attaching proper guards to dangerous parts of machines and power transmission.

**Question. You're running a milling machine, write instructions that your employees will observe for proper maintenance of a milling machine**

**BUGAGA MILLING BUSINESS,**

**P.O BOX 2222**

**KAMPALA,**

**TEL: 0700695643**

**INSTRUCTIONS TO BE OBSERVED BY EMPLOYEES FOR PROPER MAINTENANCE OF MACHINES**

- ✓ Machines shall be serviced every month on the 28<sup>th</sup> day.
- ✓ Skilled personnel shall be employed to operate machines
- ✓ Instructional manuals shall be read and followed properly while operating machines
- ✓ Machines shall be switched off in case of power break down at night
- ✓ Fire extinguishers shall be used in case of fire outbreak
- ✓ Machines shall be cleaned regularly to avoid rusting of any parts.

**Question. You have obtained a loan to start a project of producing animal feeds.**

(a) Explain the factors you will consider when selecting machinery for the project.

**BUGAGA ANIMAL FEEDS,  
P.O BOX 2222  
KAMPALA,  
TEL: 0700695643.**

**FACTORS CONSIDERED WHEN SELECTING MACHINERY FOR THE PROJECT:**

- ✓The cost of machinery. The business shall select the machinery that is relatively cheap but of good quality.
- ✓The guarantee given by the manufacturer of the machine to be assured of its efficiency at least one year guarantees.
- ✓The skills required to operate the machine. The machine which requires simple skills of operation shall be selected.
- ✓The capacity of machinery unit per stipulated production period
- ✓The durability of the machinery ie the machinery that serves for a long period shall be selected
- ✓The quality of machinery. The machinery with high quality shall be selected say from Germany, and Japan which shall also lead to production of quality products.
- ✓The efficiency of the machinery in relation to its productivity .The one which is efficient and cannot easily break down shall be selected.
- ✓Flexibility of the machinery i.e machines that are multipurpose shall be selected so as to reduce on the costs of production.
- ✓The ease to maintain and repair the machine, still to minimize on the production costs, the machine should be easy to repair and maintain.
- ✓ The business shall select the machinery which is energy saving to reduce on over expenditure on electricity.

**SUBTOPIC: ENSURING QUALITY PRODUCTION**

- ✓Guidelines for ensuring quality products/ production

Propose guidelines for ensuring high quality products.

**YEFFE JUICE PROCESSING COMPANY  
P.O BOX 222  
MBALE  
TEL: 0700695643.**

**GUIDELINES FOR ENSURING QUALITY PRODUCTION**

- ✓ Proper hygiene shall be maintained at all times at the work place.
- ✓ Clear instructions shall be given to all workers regarding the production process
- ✓ There shall be maximum supervision of workers to ensure quality production.
- ✓ Appropriate distribution channels shall be used not to compromise the quality of juice.
- ✓ Products shall be properly packaged to maintain quality.

- ✓ Machines shall be regularly serviced to ensure production of quality products.
- ✓ High quality raw materials and inputs shall be used to produce high quality products.
- ✓ There shall be proper welfare of workers as a way of motivating them to produce high quality products
- ✓ Employees shall be given on job training
- ✓ Technical specifications shall be set and followed by workers.
- ✓ Better quality storage facilities shall be used.

**Guidelines for ensuring quality products**  
**MWANA TOMATO SAUCE PROJECT**

**P.O BOX 222**

**MBALE,**

**TEL: 0700695643**

**GUIDELINES FOR ENSURING QUALITY PRODUCTS**

- ✓ Proper hygiene shall be maintained at all times at the work place.
- ✓ Clear instructions shall be given to all workers regarding the production process
- ✓ There shall be maximum supervision of workers to ensure quality production.
- ✓ Appropriate distribution channels shall be used not to compromise the quality of juice.
- ✓ Products shall be properly packaged to maintain quality.
- ✓ Machines shall be regularly serviced to ensure production of quality products.
- ✓ High quality raw materials and inputs shall be used to produce high quality products.
- ✓ There shall be proper welfare of workers as a way of motivating them to produce high quality products
- ✓ Employees shall be given on job training
- ✓ Technical specifications shall be set and followed by workers.
- ✓ Better quality storage facilities shall be used.

**Question. You intend to establish a milk processing and cooling plant, how will you ensure quality?**

- (a) Suggest the measures you will take to ensure quality products in your business.

**FRESHER DIARY PRODUCTS**

**P.O BOX 3333**

**KAMPALA,**

**TEL: 0700695643**

**MEASURES THAT WILL BE USED TO ENSURE QUALITY PRODUCTS:**

- ✓ Workers putting on clean and white uniform, use clean cans to promote supply of clean milk.
- ✓ Ensuring that there is constant supply of power to ensure that the cooling process is continuous by having a stand by generator.
- ✓ Ensuring that business premises are kept clean throughout
- ✓ Employing of skilled and experienced people to ensure provision of quality milk.
- ✓ Carrying out strict monitoring and supervision to ensure that workers don't add water to milk to spoil it
- ✓ Ensuring that, milk supply is sourced from healthy cows
- ✓ Ensuring of proper coverage of milk at all times to avoid any contaminations
- ✓ Ensuring that the packaging materials used for the milk are clean to avoid contamination
- ✓ Sensitizing and training workers on quality product standards
- ✓ The business will educate farmers on how to produce good quality milk
- ✓ Using a hectometer to determine the quality of milk when buying from farmers
- ✓ Conducting market research to find out customer preferences and on product and technique of production.
- ✓ Ensuring that there is regular maintenance of the cooling equipment to avoid sudden break down.



**MUKULA PLASTIC FACTORY**

**P.O BOX 444**

**MITYANA,**

**[TEL:0700695643](tel:0700695643)**

**GUIDELINES TO BE FOLLOWED BY THE PRODUCTION MANAGER WHEN IMPROVING ON QUALITY OF PRODUCTS:**

- ✓ High quality raw materials shall be used
- ✓ Proper storage materials/ facilities shall be used
- ✓ Carrying out research about quality of products shall be carried out
- ✓ There shall be maximum monitoring and supervision of workers to ensure quality production.
- ✓ Specialized skilled personnel shall be employed in the production department
- ✓ Appropriate distribution channels shall be used, not to compromise the quality of plastic products.
- ✓ Appropriate technology shall be used
- ✓ Proper technical specifications shall be used
- ✓ Proper hygiene shall be maintained at all times at the work place
- ✓ Clear instructions shall be given to the workers regarding the production process.
- ✓ Proper welfare of the workers shall be ensured
- ✓ Workers shall be trained continuously concerning new techniques of production
- ✓ Machines shall be serviced regularly, Products shall be properly packed.

**Question. You own a horticulture business, what methods will you use to ensure quality products?**

**MWANA HORTICULTURE PROJECT**

**P.O BOX 333**

**KAMPALA,**

**[TEL:0700695643](tel:0700695643)**

**METHODS THAT WILL BE USED BY MWANA HORTICULTURE PROJECT TO ENSURE QUALITY OUTPUT;**

The following methods will be used by Mwana horticulture project:

- ✓ Selecting better varieties of seedlings
- ✓ Applying better methods of farming
- ✓ Employing workers with relevant skills to maintain standard of quality
- ✓ Using good quality packaging materials
- ✓ Using better storage facilities
- ✓ Monitoring and supervision of all activities in the project
- ✓ Setting quality standards to be followed in production

**Question. You are running a business in your village**

**Formulate guidelines for minimizing/ reducing production costs**

**EXAMPLE ONE**

**MWANA HORTICULTURE PROJECT**

**P.O BOX 333**

**KAMPALA**

**[TEL:0700695643](tel:0700695643)**

**GUIDELINES FOR MINIMIZING PRODUCTION COSTS**

- ✓ Low priced but high quality raw materials shall be used.

- ✓ Facilities like tools, jigs and cranes shall be used e.t.c to make work easier
- ✓ Time standards shall be fixed for all operations to avoid time wastage
- ✓ Timely purchase of raw materials and equipment shall be ensured to avoid delays.
- ✓ Proper lay out of the production process shall be ensured.
- ✓ the duties and responsibilities of workers shall be specified
- ✓ Skilled workers shall be employed to avoid wastage of resources.
- ✓ Workers shall be motivated to make them become more committed to their work.
- ✓ The work force shall be reduced i.e employing few workers
- ✓ Correct inputs shall be used to ensure quality and avoid unnecessary wastage and losses

**Question. Develop policy guidelines for controlling production costs in your business.**

**TRUST BAKERY BUSINESS**

**P.O BOX 33,**

**KAMAPALA,**

**TEL: 0700695643**

**POLICY GUIDELINES FOR CONTROLLING PRODUCTION COSTS**

- ✓ Time standard shall be fixed for all operation specifying the minimum and maximum time
- ✓ The Lead time shall be established to avoid disruption during production supporting facilities like tools, fittings and fixtures shall be provided to ease the process of handling work
- ✓ Duties and responsibilities of all employed persons shall be specified to avoid conflicts, duplication etc.
- ✓ Constant monitoring and supervision of workers/ production process shall be ensured.
- ✓ Operations shall be combined to reduce on the number of workers and labour costs
- ✓ Skilled and experienced workers for experts in food and nutrition shall be employed to avoid wastage of resources.
- ✓ Fringe benefits given to workers shall be reduced
- ✓ Few workers shall be employed.
- ✓ Purchasing of materials like wheat flour from the cheapest source and near

**Question. What measures will you use to lower the production costs in your project?**

**BAANA SOAP FACTORY**

**P.O BOX 444**

**KAMPALA**

**TEL:0700695643.**

**MEASURES TO BE USED TO LOWER PRODUCTION COSTS**

- ✓ Reducing on the number of workers in the business so as to reduce the wage bill, hence lowering the production costs
- ✓ Sourcing of raw materials from the cheapest source possible for example cheap machinery and other inputs.
- ✓ Reducing on salaries and wages paid to workers hence reducing on the cost of production.
- ✓ Producing the output on a large scale so to enjoy economies of large scale production.
- ✓ Making sure that materials that are not going to be used at the mean time are kept safely and are not destroyed in the process of storage.
- ✓ Production of high quality products and less deviation from set standards, hence reducing on the unnecessary costs
- ✓ Ensuring efficiency in management of business so as to eliminate embezzlement of funds and other minor losses arising from poor management

- ✓Employing part time employees who are cheaper compared to full time employees
- ✓Ensuring constant monitoring and supervision of employees to ensure that they don't waste time which would otherwise be used productively.
- ✓Undertaking research in regard to business, to find out better methods of production, marketing etc, in the long run reducing on the production costs.
- ✓Ensuring timely purchase of raw materials and equipment, this shall help business to avoid expensive purchases especially when purchases are urgent
- ✓Providing facilities like computers, cranes e.t.c which shall make work easier and faster hence increasing output and reducing production costs in the long run
- ✓Ensuring proper accountability of inventory to avoid losses
- ✓Ensuring proper lay out of the production process at the work place to avoid repetitive operations, hence lowering the production costs
- ✓Purchasing correct inputs to avoid losses and unnecessary wastage
- ✓Encouraging specialization and division of labour at the worker place, this shall result into efficiency and effectiveness of workers in the production process.
- ✓Providing good working conditions which shall motivate them to give their best to the enterprise, hence increasing output and reducing production costs
- ✓Ensuring that duties and responsibilities of workers are clearly specified for easy coordination, efficient, and effective work, this shall reduce production costs in the long run
- ✓Ensuring storage rooms are numbered for easy reference and this saves time in case materials are needed, hence reducing on production costs.

**Question.** You plan to establish a groundnuts milling project during senior vacation, prepare guidelines which you will use to select a supplier of raw materials

**TRUST GROUND NUTS PROJECT**

**P.O BOX 33,**

**KAMAPALA,**

**TEL: 0700695643**

**RULES FOR MINIMIZING PRODUCTION COSTS**

- ✓Purchasing materials, equipment, machines from cheaper sources
- ✓Employing cheaper but skilled labour
- ✓Locating project near the market and source of groundnuts
- ✓Using family labour
- ✓Growing own ground nuts
- ✓Using cheaper packaging materials
- ✓Employing part time workers
- ✓Carrying close monitoring and supervision of employees
- ✓Motivating employees by giving them allowances and better payment
- ✓By specifying duties and responsibilities of employees to avoid time wastage

**SUB TOPIC: ENSURING SECURITY IN A BUSINESS**

- ✓Guidelines for ensuring security at the work place

**Question.** Develop new security guidelines to be observed at the work place.

**FAST SERVICE MOTOR VEHICLE WASHING BAY**

**P.O BOX 23 KAMPALA,**

**TEL: 0700695643.PLOT 20  
NAMIREMBE ROAD**

### **GUIDELINES FOR ENSURING SECURITY AT FAST SERVICE VEHICLE WASHING BAY**

The new security guidelines to be observed at fast service motor vehicle washing bay include:

- ✓ Un authorized people shall not be allowed in the business premises
- ✓ The fence shall be electrified to scare the thugs.
- ✓ All vehicles and persons entering the washing bay shall be checked at the main entrance.
- ✓ Security lights shall be installed and switched on at night
- ✓ All persons and vehicles plus their property shall be registered on arrival at entrance and sign out when leaving the washing bay.
- ✓ No visitor shall be allowed in the business premises before 7:00am and beyond 6:00am
- ✓ Security/ monitoring gadgets for example cameras, alarms shall be installed at the washing bay.
- ✓ The fence shall be maintained and monitored at all times by a security guard of the washing bay
- ✓ Entrance to the washing bay shall be restricted to customers and staff only.
- ✓ Warning bells shall be displayed at different points of the bay to indicate time for lunch and leaving at the washing bay
- ✓ All workers shall be sentized about security consciousness
- ✓ Armed security personnel shall be employed and given clear instructions.
- ✓ Employees shall be frequently sensitized on security alert guidelines
- ✓ No visitors' or staff vehicles shall be allowed in beyond mid night.
- ✓ Employees shall be allocated specific duties and shall take full responsibility
- ✓ There shall be close supervision of workers while carrying out their duties to minimize theft of customer's property. , .Watch dogs shall be employed
- ✓ All employees shall wear business tags and uniform i.e bearing their names and numbers
- ✓ All visitors and staff shall register at the gate and they will be searched while entering and leaving business premises.
- ✓ All visitors shall be given identification tags

**WEZA CLAYS  
P.O BOX 22  
KABALE  
TEL: 0700695643.**

### **GUIDELINES TO BE FOLLOWED TO ENSURE SAFETY AT THE WORK PLACE:**

- ✓ All workers shall wear overalls and other protective gadgets like gloves while at business premises
- ✓ All workers shall wash their hands with soap before having their meals
- ✓ All workers shall be insured
- ✓ Workers shall wear nasal sponges to avoid inhaling of toxic substances.
- ✓ Chemicals and other dangerous substances shall be covered and put in restricted places.
- ✓ Respect for each other shall be observed at the place of work.
- ✓ Smoking and drug abuse shall not be allowed at place of work or business premises
- ✓ Drunkardness shall not be allowed by workers while at place of work.
- ✓ First aid kits and trained staff shall be provided to cater for workers in case of accidents
- ✓ All workers shall be entitled to medical care or services in case of sickness

**Note:** For guidelines for security and safety like it was in UNEB 2015 mix them up.

### **SUB TOPIC: ENSURING CLEANLINESS OF THE WORK PLACE**

Prepare guidelines to be followed to ensure cleanliness in the medical centre

**WEZA MEDICAL CENTRE**

**P.O 22 KABALE**

**TEL: 0700695643:**

**GUIDELINES TO BE FOLLOWED TO ENSURE CLEANLINESS IN AN ENTERPRISE**

- ✓ Employees shall regularly wash their hands with soap before handling drugs
- ✓ Employees shall put on uniforms, aprons and other protective gear like gloves and gumboots while at work and uniform washed every day.
- ✓ All drugs shall be covered to avoid contamination.
- ✓ All employees who litter rubbish at the business premises shall be penalized
- ✓ Dust bins shall be installed in all corners of the health centre to avoid littering of rubbish.
- ✓ Mopping shall be done thrice a day
- ✓ The Medical centre premises shall be fumigated on daily basis.
- ✓ Clean water and detergents shall be provided for washing of hands.
- ✓ All medical equipment shall be cleaned after use and stored in clean places
- ✓ The medical centre compound shall be slashed and flowers trimmed weekly
- ✓ Sanitary places shall be cleaned twice a day
- ✓ Beddings and clothing used in the medical centre shall be washed daily.

**SUBTOPIC: DESIGNING TIME SCHEDULES**

- ✓ Designing time schedules

**Question. Design/draft a time sheet to be used in your business**

**MANAKHE ELECTRONICS**

**P.O BOX 33, MBALE**

**TEL: 0700695643**

**TIME SHEET TO BE USED IN A BUSINESS**

**MANAKHE ELECTRONICS**  
**P.O BOX 33, MBALE**  
**TEL: 0700695643**



**DAILY TIME SHEET**

**Date:**.....

Worker's No:.....

Worker's Name.....Department:.....

Worker's order No:	Details of work done	Time		Total hours	Rate (UGX)	Amount (Shs)	
		From	To		Ordinary	Overtime	ordinary
	Work man: .....				Fore man .....	Supervisor: .....	

Designed by;

Sign.....

Name.....

**HUMAN RESOURCE MANAGER**

Approved by.....

Sign.....

Name.....

**Title.....**

**Question. Prepare a time chart for visitation day of an important person at your business**

**NB: This comprises of activities to be done on that day considering relevant and irrelevant activities.**

**MANAKHE ELECTRONICS**

**P.O BOX 33,**

**MBALE,**

**TEL: 0700695643**

**TIME CHART TO BE USED IN A BUSINESS**

**MANAKHE ELECTRONICS****P.O BOX 33, MBALE****TEL: 0700695643****MAIN TASK: VISITATION****DATE:.....****TIME CHART**

TIME	ACTIVITY	Goal	PERSON IN CHARGE	OUT COME
8:00AM	General cleanliness	To ensure cleanliness of the compound	Bomboka Ali	Clean compound
9:00AM				
10:00AM				
11:00AM				
12:00PM				
12:00PM-5:00 PM				

Prepared by;

Signature:.....

**MWEBE JOAN****HUMAN RESOURCE MANAGER**

Approved by;

Signature: .....

**MUTYABA SAM****GENERAL MANAGER****SUB TOPIC: GUIDELINES FOR EFFECTIVE TIME MANAGEMENT**

Guidelines for effective time management

**MANAKHE ELECTRONICS****P.O BOX 33,****MBALE,****TEL: 0700695643****GUIDELINES FOR EFFECTIVE TIME MANAGEMENT**

- ✓ Goals shall be identified to understand what is to be achieved in a day.
- ✓ Self-motivation shall be ensured by the entrepreneur and workers to increase productivity.
- ✓ Deadline shall be established to promote hard work among workers.
- ✓ Notes shall be taken for important ideas in the business.
- ✓ The entrepreneur shall always be goal oriented
- ✓ The entrepreneur shall working in blocks of time.
- ✓ The entrepreneur shall asking questions before working for example what, where, who, how and why?
- ✓ The entrepreneur and workers be action-oriented. Outline your specific course of action and do it.
- ✓ Reflective thinking shall be encouraged.
- ✓ The next day's activities at the end of each day shall be planned in advance
- ✓ The business employees and the entrepreneur shall question themselves

**SUB TOPIC: RULES FOR EFFECTIVE TIME MANAGEMENT IN AN ENTERPRISE**

Draft rules that your employees will follow for effective time management in the business

## BAABA APPLE PROCESSING PROJECT

P.O BOX 333

KAMPALA

TEL: 0700695643

### RULES TO FOLLOWED BY EMPLOYEES FOR EFFECTIVE TIME MANAGEMENT

- ✓Periodical goals shall be set
- ✓Deadlines for achieving set targets shall be set
- ✓Employees shall arrive at work place at 7:00am and leave at 5:00pm
- ✓Employees shall be recognized for achieving set targets in time
- ✓Annual work plans and schedules shall be drawn
- ✓No private work shall be done during working hours
- ✓Warning bells shall be used for different programs/ activities in the business
- ✓Employees shall be strictly monitored and supervised during working hours to avoid wastage if time.

### SUB TOPIC: DESIGNING A PLANT LAY OUT AND THE PLANT SITE

You are coordinating a village SACCO in your village:

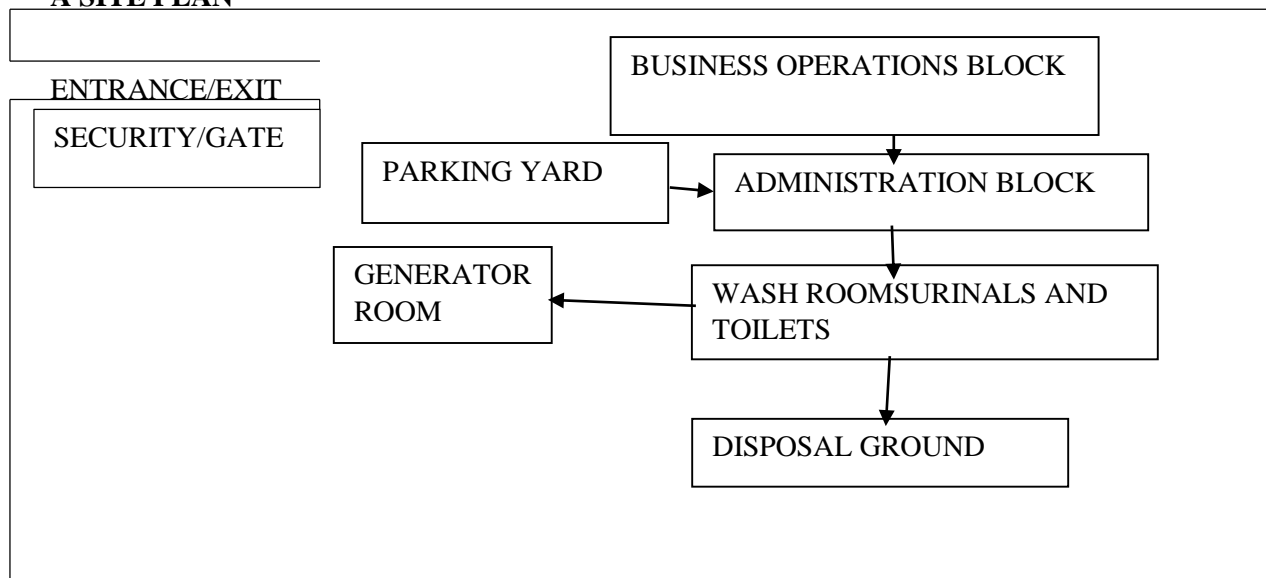
(a ) Design a site plan for your project

ZAWEDDE SACCO

P.O BOX 22

MBALE

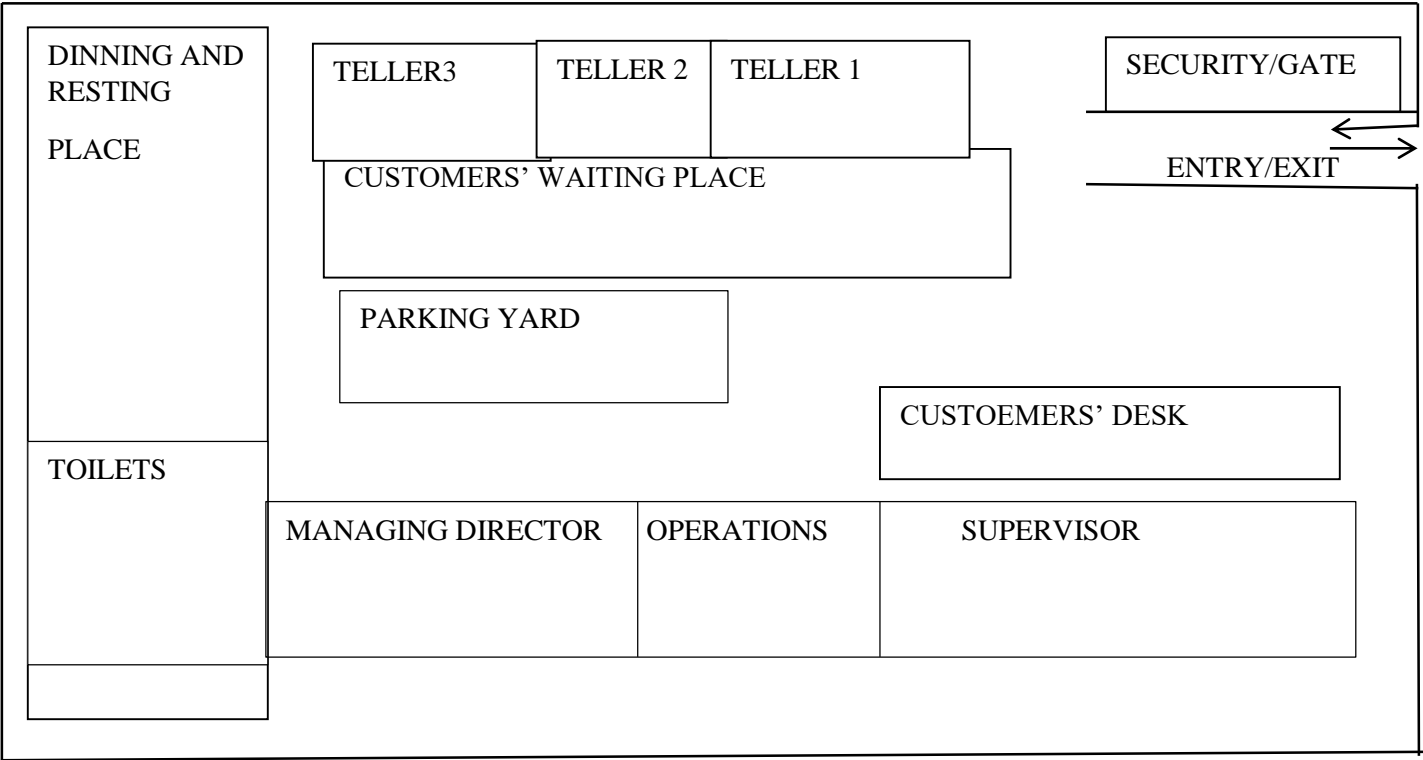
#### A SITE PLAN



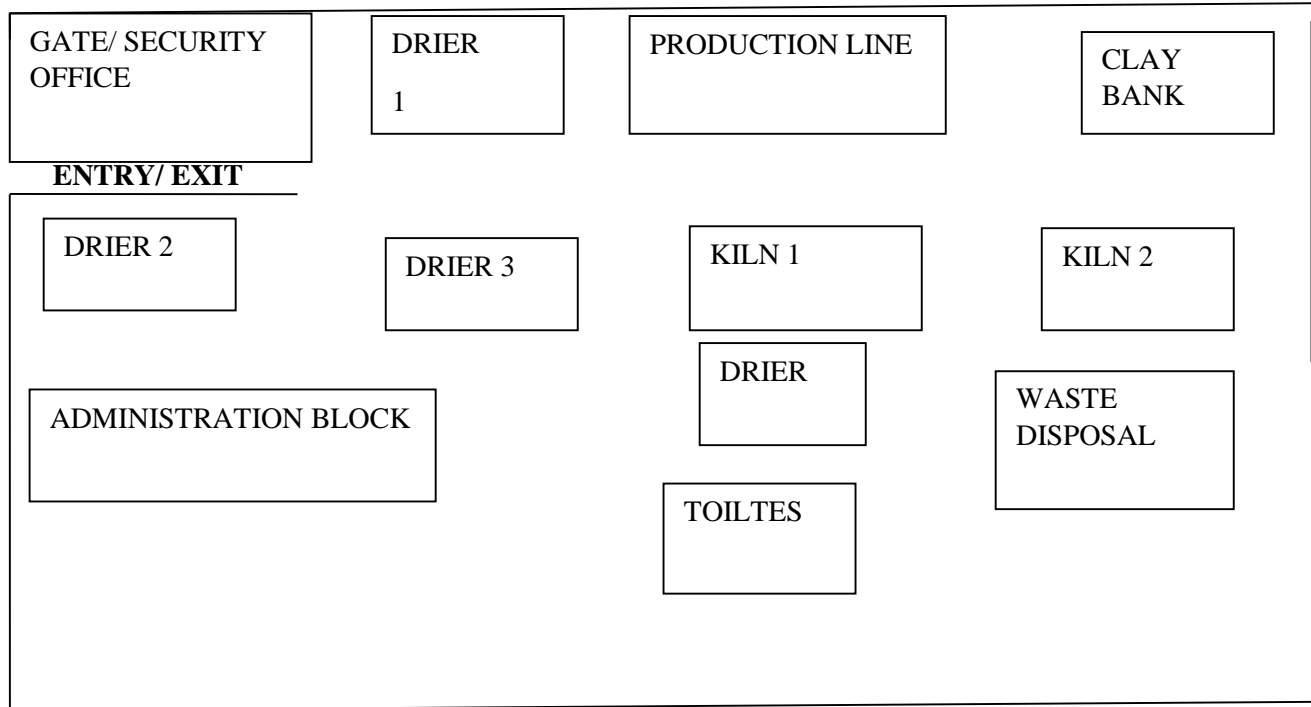


(b ) Prepare a plant lay out for your project

ZAWEDDE SACCO  
P.O BOX 22,  
MBALE  
TEL: 0700695643  
PLANT LAY OUT



**PLANT LAY OUT FOR PAN KAJJANSI**  
**P.O BOX 6264**  
**WAKISO,**  
**TEL: 0414 200761.**



### **SUB TOPIC: PRODUCTION STATEMENTS**

**Question. You a production manager of Buikwe light Engineering Company.**

**(a) Draw a projected production statement.**

**NB:** The projected production statement detailed and relative cost figures for determining the selling price of products or services

**BUIKWE LIGHT ENGINEERING COMPANY**  
**P.O BOX 22**  
**BUIKWE TEL: 0700695643**

**PROJECTED PRODUCTION STATEMENT FOR DETERMINING THE SELLING PRICE**

**BUIKWE LIGHT ENGINEERING COMPANY**  
**P.O 22, BUIKWE**  
**TEL: 0700695643**

**PRODUCTION PROJECTED STATEMENT FOR DETERMING SELLING PRICE**

<b>ITEM</b>	<b>AMOUNT (SHS)</b>
Materials used on job	2,000,000
Factory light	1,000,000
Wages	3,000,000
Hire of crane for job	1,200,000
Power	4,000,000
Rent	3,000,000
Wages (indirect)	3,000,000
Salaries to sales men	2,000,000
Machinery repairs	5,000,000
Wages to store keeper	2,000,000
Travelling expenses	3,000,000
Machinery depreciation	1,000,000
Workers' salaries	6,000,000
Office and expenses	2,000,000
Driver's wages	1,000,000
Auditor's fees	3,000,000
Postage and stationery	800,000

Prepared by;  
signature: mwebe  
**MWEBE JOAN**  
**PRODUCTION MANAGER**

Approved by;  
Signature: .....  
**Name**.....  
**Title**.....

**(b) Draw a production statement showing the sub divisions of total costs**

**BUIKWE LIGHT ENGINEERING COMPANY**

**P.O BOX 22,**

**BUIKWE**

**PRODUCTION STATEMENT OF TOTAL COST FOR THE PERIOD ENDING 31/DEC/ 2014**

**BUIKWE LIGHT ENGINEERING COMPANY**  
**P.O BOX 22, BUIKWE**  
**TEL: 0700695643**

**PRODUCTION PROJECTED STATEMENT SHOWING SUB-DIVISIONS OF TOTAL COSTS**

ITEM	AMOUNT (SHS)	AMOUNT (SHS)
<b>PRIME COSTS</b>		
Direct material costs	2,000,000	
Direct wages	3,000,000	
Direct expenses	2,000,000	
<b>Total prime costs</b>		<b>7,000,000</b>
<b>WORK COSTS</b>		
Indirect wages	3,000,000	
Store keeper's wages	2,000,000	
light	1,000,000	
Workers' salaries	6,000,000	
Hire of crane for job	1,200,000	
Power	4,000,000	
Rent	3,000,000	
Machinery repairs	5,000,000	
Machinery depreciation	1,000,000	
<b>Total work costs</b>		<b>26,200,000</b>
<b>Manufacturing costs</b>		
<b>(Prime costs + Work costs) = Manufacturing costs</b>		<b>33,200,000</b>
<b>Administrative costs</b>		
Postage and stationery	800,000	
Auditor's fees	3,000,000	
Office salaries and expenses	2,000,000	
<b>Total administrative costs</b>		<b>5,800,000</b>
<b>Selling and distribution costs</b>		
Salaries to sales men	2,000,000	
Driver's wages	1,000,000	
Travelling expenses	3,000,000	
<b>Total selling and distribution costs</b>		<b>6,000,000</b>
<b>Total /gross cost</b>		<b>45,000,000</b>

Prepared by;  
signature: mwebe  
**MWEBE JOAN**  
**PRODUCTION MANAGER**

Approved by;  
Signature: .....  
Name.....  
Title.....

**SUB TOPIC: PREPARING COST STATEMENT**

**Kawesa enterprise deals in manufacture of lighting materials. They operate a costing system and expenses for the year are shown as below:**

Item	Amount (shs)
------	--------------

Materials used for the job	82,000,000
Wages	60,000,000
Hire of pulley	12,000,000
Power	8,000,000
Light to the factory	1,400,000
Wages to staff	11,500,000
Salaries to sales person	6,700,000
Transport costs	3,200,000
Machinery repairs	61,00,000
Depreciation of machinery	9,600,000
Auditors fees	6,00,000
Office expenses	10,000,000
Drivers wages	5,000,000

**You are required to prepare a cost statement for the year ending 31/12/2015**

**KAWESA APPLE ENTERPRISES**

**P.O BOX 333,**

**KAMPALA**

**TEL: 0700695643**

**COST SHEET/STATEMENT FOR THE YEAR ENDING 31/12/2015**

**KAWESA APPLE ENTERPRISES**

**P.O BOX 333, KAMPALA**

**TEL: 0700695643**

**COST SHEET/STATEMENT FOR THE YEAR ENDING 31/12/2015**

ITEM	AMOUNT (SHS)	AMOUNT (SHS)
<b><u>PRIME COSTS</u></b>		
Direct material costs	82,000,000	
Direct wages	60,000,000	
Direct expenses	12,000,000	
<b>Total prime costs</b>		<b>154,000,000</b>
<b><u>WORK COSTS</u></b>		
Indirect wages	11,500,000	
Power	8,000,000	
Light for factory	1,400,000	
Machinery repairs	6,100,000	
Depreciation of machinery	9,600,000	
Transport costs	3,200,000	
<b>Total work costs</b>		<b>39,800,000</b>
<b>Manufacturing costs</b>		
<b>(Prime costs+work costs) =Manufacturing costs</b>		<b>193,800,000</b>
<b><u>Administrative costs</u></b>		
Auditor's fees	600,000	
Office expenses	10,000,000	
<b>Total administrative costs/ administrative overhead</b>		<b>1,600,000</b>

<b>Selling and distribution costs</b>		
Salaries to sales person	6,700,000	
Driver's wages	5,000,000	
<b>Total selling and distribution costs</b>		<b>11,700,000</b>
<b>Total /gross cost</b>		<b>221,500,000</b>

Prepared by;  
signature: mwebe  
**MWEBE JOAN**  
**PRODUCTION MANAGER**

Approved by;  
Signature: .....  
**Name.....**  
**Title.....**

### **SUB TOPIC: PROJECTED PRODUCTION COST STATMENT**

**KAWESA GROUND NUTS ENTERPRISES**

**P.O BOX 333,**

**KAMPALA**

**TEL: 0700695643**

**PRODUCTION COST STATEMENT FOR THE YEAR ENDING 31/12/2018**

**KAWESA GROUNDNUTS ENTERPRISES**

**P.O BOX 333,**

**KAMPALA**

**TEL: 0700695643**

**PRODUCTION COST STATEMENT FOR THE YEAR ENDING 31/12/2018**

<b>DETAILS</b>	<b>AMOUNT (SHS)</b>
Raw materials	200,000
Rent	200,000
Electricity	100,000
Store keeper's wage	100,000
Wages /salaries (Direct labor costs)	<b>800,000</b>
Transport	<b>100,000</b>
Machinery repairs	<b>200,000</b>
Machinery depreciation	<b>100,000</b>
Auditors fees	100,000
Postage and stationery	50,000
Direct expenses	50,000
Selling and distribution.	
<b>TOTAL</b>	<b>2000,000</b>

Prepared by;  
signature: mwabu  
**MWAMBU DERRICK**  
**PRODUCTION MANAGER**

Approved by;  
Signature: .....  
**Name.....**  
**Title.....**

### **15. You intend to start a bakery project;**

a) Explain the factors you will consider when choosing suppliers of materials for your project (10 mks)

The business will consider the following factors when choosing suppliers of materials for my project:

**MUKASA BAKERY**

**P.O BOX 333**

**KAMPALA,**

**[TEL:0700695643](tel:0700695643)**

**GUIDELINES FOLLOWED/FACTORS CONSIDERED BY THE BUSINESS WHEN CHOOSING/SELECTING SUPPLIERS**

- ✓ The business shall consider the quality of materials of the different suppliers. Here the business shall choose the one with best quality materials
- ✓ The prices at which raw materials are being sold. To reduce on the cost of production , the business will choose the suppliers with low priced materials
- ✓ Suppliers with friendly and flexible terms of payment. Suppliers who can offer materials on credit shall be chosen.
- ✓ The distance between the business premises and the supplier. Suppliers who are close shall be chosen to minimize on the transport costs.
- ✓ The ease of communication with the suppliers. The suppliers that the business can easily communicate with shall be chosen.
- ✓ The supplier's ability and capacity to supply the required amount of materials. Those with the abilities and capacities to supply materials shall be chosen.
- ✓ The business shall look at taxes and regulatory procedures in the purchase of materials. The business would choose suppliers whose regulatory procedures are flexible with low taxes.
- ✓ Consistence and reliability of suppliers. Those who ensure that materials are delivered on time shall be chosen.
- ✓ Methods of delivering. The business shall consider suppliers with best methods of delivering whenever materials are ordered for.
- ✓ The reputation of suppliers when making choice. Suppliers of materials with good public image and reputation shall be chosen.
- ✓ The lead time of materials supplied and actual time when delivered. The suppliers with shortest lead time shall be chosen
- ✓ The kind of after sales services given choosing suppliers. The business shall chose the ones with better after sales services.
- ✓ Quantity of materials needed shall be considered by the business
- ✓ Trust worthiness of the supplier shall be considered by the business.

**(c ) What tools will you use to monitor your business:**

**MUKASA BAKERY**

**P.O BOX 333**

**KAMPALA,**

**[TEL:0700695643](tel:0700695643)**

**TOOLS FOR MONITROING THE BUSINESS:**

- ✓ Departmental reports shall made by heads of departments.
- ✓ Work schedules shall be made for daily distribution of work to employees and work order forms for recording work done by different workers basing on the work order allocation.
- ✓ Balance sheet shall be used, which is a financial statement in a tabular form showing all business assets and liabilities and the cash flow statement is a monitoring tool which shows where the business shall derive its cash and how it shall be used over a period of time.

- ✓ Source documents like invoices, purchase orders etc and sales and purchases day books shall be used since they are very good for record purposes and act as points of reference in a business.
- ✓ An operational budget shall be used to show summary of income and expenditure projections of a business, production targets showing estimated output, sales targets showing sales estimates and profit targets showing profits expected to be got on top of what has been invested in a business.

**(d)Outline the benefits of your project to the society (05mks)**

**MUKASA BAKERY**

**P.O BOX 333**

**KAMPALA,**

**[TEL:0700695643](tel:0700695643)**

**BENEFITS OF THE PROJECT TO THE SOCIETY:**

- ✓ Provision of employment opportunities to people in the society as accountants, food processing specialists, secretaries etc.
- ✓ Increased incomes and standards of living of people
- ✓ Source of food for example cakes and bread
- ✓ Source of government revenue through taxes which is used in provision of social services to the public by the government e.g road construction, financing schools e.t.c.
- ✓ Help in cleaning the environment as the social activity for example collecting rubbish and burning it and digging of sewage channels.
- ✓ Rewards to society e.g donating funds for health centre improvement.
- ✓ Used as study centre for students in the area and visiting students from other parts of the country.
- ✓ Acquisition of skills by both those who work in the bakery and observers

**Question.** How will you control hazardous substances in your project?

**BAANA SOAP FACTORY**

**P.O BOX 444**

**KAMPALA,**

**[TEL:0700695643](tel:0700695643)**

**HOW HAZARDOUS SUBSTANCES WILL BE CONTROLLED AT BAANA SOAP FACTORY:**

- ✓ Treating wastes before depositing them shall be done to reduce on their impact on the environment.
- ✓ Ensuring frequent cleaning of the work place to remove hazardous substances
- ✓ ensuring proper waste disposal in the right place after treatment to avoid harmful effects of the hazardous substances
- ✓ Keeping hazardous substances well covered in containers
- ✓ Training workers on how to use and maintain protective gear
- ✓ Putting warning labels on hazardous substances/ areas so that the workers are careful when handling hazardous substances.
- ✓ Putting in place First aid facilities to handle the emergencies that arise from contamination with hazardous substances
- ✓ Substituting hazardous substances with less hazardous ones
- ✓ Providing protective gears to my employees that should be put on during the production process e.g helmets , gloves and masks

**What measures will you take to promote welfare of your workers employees?**



**BAANA SOAP FACTORY**

**P.O BOX 444**

**KAMPALA,**

**TEL:0700695643.**

**MEASURES TAKEN WHEN PROMOTING WELFARE OF WORKERS:**

- ✓ Ensuring enough and timely payments of workers
- ✓ Providing fringe benefits to workers such as free food ratios
- ✓ Providing free education and training to workers in different skills to enhance their efficiency in production process.
- ✓ Allowing workers to have enough resting time
- ✓ Provision of first aid in case of any accident i.e fire burning one of the workers
- ✓ Providing comfortable place for meals
- ✓ Provision of safe and clean drinking water
- ✓ Provision of recreational facilities for workers for example a swimming pool.
- ✓ Providing regularly clean sanitary facilities, separate for female and male workers
- ✓ Setting up health standards and enforcing them such as prohibiting smoking from the work place
- ✓ Encouraging workers to enjoy their health rights such as sick leave, maternity leave and medical checkup visits.

**17. You intend to start a carpentry workshop in your home town.**

- (a) Explain the aspects you will consider when designing the work place to increase productivity in your workshop

**MUKESA CARPENTRY WORKSHOP**

**P. O. BOX 222**

**KAMPALA,**

**TEL: 0700695643**

**ASPECTS CONSIDERED WHEN DESIGNING THE CARPENTRY WORKSHOP:**

- ✓ Providing clear passages and put warning signs to prohibited areas
  - ✓ Avoiding irregular wiring connections
  - ✓ Providing stable work surface within easy reach workers
  - ✓ Providing enough fire extinguishers and train workers on how to use them
  - ✓ Providing a clean working environment.
  - ✓ Increasing on natural ventilation from several openings i.e windows and doors
  - ✓ Improving on heat protection for buildings by covering metal walls ceilings with insulating materials.
  - ✓ Providing a sign post for the business for easy location.
  - ✓ Providing enough entrance and exit at the workshop for easy mobility during work
  - ✓ Providing regularly clean sanitary facilities separate for female and male workers
- (b) How will you handle and store materials in your workshop

**MUKESA CARPENTRY WORKSHOP**

**P. O. BOX 222**

**KAMPALA,**

**TEL: 0700695643**

**HOW MATERIALS WILL BE HANDLED AND STORED IN THE BUSINESS:**

The business will handle and store materials in my business as follows:

- ✓ Ensuring the materials are not left in a place that is likely to cause obstruction of workers

- ✓ Removing the things that are not regularly used and storing them away, to create more space for workers to operate.
- ✓ Storing materials that are frequently used in easily accessible places to workers particularly in case they are heavy or bulky.
- ✓ Ensuring proper disposal of waste materials
- ✓ Ensuring the cleanliness of the workshop to avoid materials from getting spoilt easily
- ✓ Using cranes, pulleys and movable trucks to move heavy workloads in the workshops
- ✓ Providing convenient storage rooms for materials

(c) **Suggest the measures that you will take to minimize health risks of your workers**

**MUKESA CARPENTRY WORKSHOP**

**P. O. BOX 222**

**KAMPALA,**

**TEL: 0700695643**

**MEASURES TO BE TAKEN TO MINIMIZE ON HEALTH RISKS OF WORKERS:**

The business will take the following measures to minimize the health risks of my workers:

- ✓ Providing a health insurance scheme to workers
- ✓ Providing resting times and places for workers
- ✓ Putting in place friendly facilities for the disabled e.g wheel chairs
- ✓ Provision of first aid equipment and training first aid providers.
- ✓ Providing regularly clean sanitary facilities , separate for both female and male workers with soap for washing hands
- ✓ Provision of adequate protective gear such as gumboots , hand gloves, ear pads ,helmets e.t.c to all workers to protect them from unnecessary injuries
- ✓ Providing appropriately trained labour to avoid accidents
- ✓ Providing enough safe and cold drinking water for workers
- ✓ Using safety devices that prevent machines from running while workers' body parts are in danger
- ✓ Installing fire extinguishers to deal with small fire out breaks at the work place
- ✓ Attaching specific guards to dangerous parts of machines and power transmission areas
- ✓ Ensuring that dangerous substances such as acid and gas are kept tightly in containers or places that are out of reach.
- ✓ Providing enough light at the workplace for clear vision especially when machines are running to avoid accidents and sight problems.
- ✓ Putting in place and enforcing health and safety rules and regulations for workers to follow e.g prohibiting smoking and drinking of alcohol from the work place

**18. You intend to start a manufacturing business.**

(a) **Describe the elements of a work place you will consider of y to increase productivity of your business.**

**BAAGI CEMENT FACTORY**

**P. BOX 222**

**MBARARA,**

**TEL: 0700695643**

**ELEMENTS CONSIDERED AT THE WORK PLACE WHEN INCREASING PRODUCTIVITY:**

Starting of a cement manufacturing industry and the following elements will be at the work place to increase productivity at the work place:

- ✓ Machine handling and safety. This shall cover the procedures for use of machines e.g attaching proper guards to dangerous parts of machines.
- ✓ Control of hazardous substances. This is done to avoid losses, enhance quality and reduce health complaints of workers e.g substituting hazardous substances with less hazardous ones.
- ✓ Work areas / stations, the place where actual production is to take place and should be designed to allow efficient and quality production e.g putting machine switches within accessible areas for workers.
- ✓ Welfare facilities for workers. This should be increased to raise their morale and productivity.
- ✓ Premises, this has to be properly laid out for easy flow of the production process and increased productivity.
- ✓ Work organization, work shall be organized for optimum production and job satisfaction of workers e.g substituting some tasks with machines
- ✓ Lighting system e.g improvement on light can be done by adding skylights, cleaning windows and other inlets for natural light to avoid accidents especially at night.

(b) In what ways will your business be harmful to the natural environment?

**BAAGI CEMENT FACTORY**

**P. BOX 222**

**MBARARA,**

**TEL: 0700695643**

**THE BUSINESS WILL BE HARMFUL TO THE NATURAL ENVIRONMENT IN THE FOLLOWING WAYS:**

- ✓ Noise pollution, due to running machines as well as trucks
- ✓ Destruction of the eco- system especially during the construction of business structures on the ground
- ✓ Emitted gases shall pollute air in the surrounding areas and where the business is located
- ✓ Emitted toxic gas shall affect communities where the business is located
- ✓ Exhaustion of resources for example limestone which is used in cement manufacturing.
- ✓ People working in the business experiencing poor health conditions due to inhaling of toxic gases and exposure to other hazardous substances
- ✓ The business shall be using other products to pack its goods that are harmful to the environment e.g use of polythene bags

(c) Suggest the possible measures to minimize the dangers of your business to the natural environment.

**BAAGI CEMENT FACTORY**

**P.O BOX 222**

**MBARARA,**

**TEL: 0700695643**

**MEASURES TO BE TAKEN TO MINIMIZE THE DANGERS OF THE BUSINESS ON THE NATURAL ENVIRONMENT:**

- ✓ Making use of machine silencing devices to minimize vibrations and noise pollution
- ✓ Abiding by environmental standards set by regulatory bodies such as National Environmental Management Authority (NEMA) of not degrading the environment.
- ✓ Practicing proper garbage disposal, i.e depositing waste product in a right place after treatment
- ✓ Carrying out regular environmental impact assessment to determine the impacts of the business on the environment i.e both positive and negative impacts.
- ✓ Providing employees with protective gear such as gloves ,helmets and masks to avoid injuries and inhaling of toxic gases by workers
- ✓ Recycling of used materials say paper wrappers or polythene bags

- ✓ Asking customers whether they would like to use the packaging materials rather than just packing for any customer who wishes to buy products
- ✓ Treatment of waste products before disposal, this reduces on the negative impact of business on the natural environment.

**You have obtained a loan of Uganda shillings 100 million to start a metal fabrication project.**

(b) (i) Describe the measures you will put in place to improve:

(ii) The work station.

**KANAKULYA METAL FABRICATORS**

**P.O BOX 333**

**KAMPALA,**

**TEL: 0700695643**

**MEASURES PUT IN PLACE TO IMPROVE ON WORK STATION:**

- ✓ Providing furniture like chairs, tables, benches of a convenient height to the workers depending on the nature of the work place.
- ✓ Providing emergency exit door, this helps in case of a fire out break
- ✓ Ensuring that cleanliness at the work area is maintained by employing workers to clean business premises regularly.
- ✓ Ensuring that there is adequate light, by painting the walls of the workshop with bright colors e.g white, by putting enough windows that can be opened during work.
- ✓ Using of lifts, pulleys and levers to reduce on the effort required by workers when doing work.
- ✓ Using adjustable equipment (s) to ease mobility and flexibility of workers and so reduce on time wastage.
- ✓ Putting away the equipment (s) which are not in use to create more space at the work station.
- ✓ Providing a stable or firm work surface to avoid inconveniences while workers are welding.
- ✓ Using specifically designed devices like clamps and other fixtures to hold items when work is being done.
- ✓ Putting in place storage facilities and other necessities of production within easy reach by the workers e.g cupboards and switches.
- ✓ Welfare facilities for example constructing a better kitchen and place for workers break and lunch

**Question. You have been appointed as production manager, how you will improve on welfare facilities of workers?**

**KANAKULYA METAL FABRICATORS**

**P.O BOX 333**

**KAMPALA,**

**TEL: 0700695643**

**MEASURES PUT IN PLACE TO IMPROVE WELFARE FACILITIES:**

- ✓ Providing overalls to all workers
- ✓ Providing private changing rooms for workers separately for male and female workers.
- ✓ Provision of regularly safe ,cold and clean water to workers
- ✓ Providing places of convenience i.e urinals, toilets for male and female separately
- ✓ providing incentives or any thing that keeps the mind of workers awake e.g cool music
- ✓ Provision of hygienic and comfortable place for meals
- ✓ Providing of resting time breaks places

- ✓ Providing first aid equipment to workers who get injuries and also training first aid providers

**Question. You have obtained a loan to start a project of producing animal feeds.**

- (b) Explain the factors you will consider when selecting machinery for the project.

**BUGAGA ANIMAL FEEDS,  
P.O BOX 2222  
KAMPALA,  
TEL: 0700695643.**

**FACTORS CONSIDERED WHEN SELECTING MACHINERY FOR THE PROJECT:**

- ✓ The cost of machinery. The business shall select the machinery that is relatively cheap but of good quality.
- ✓ The guarantee given by the manufacturer of the machine to be assured of its efficiency at least one year guarantees.
- ✓ The skills required to operate the machine. The machine which requires simple skills of operation will be selected.
- ✓ The capacity of machinery unit per stipulated production period
- ✓ The durability of the machinery ie the machinery that serves for a long period shall be selected
- ✓ The quality of machinery. The machinery with high quality shall be selected say from Germany, and Japan which shall also lead to production of quality products.
- ✓ The efficiency of the machinery in relation to its productivity .The one which is efficient and cannot easily break down will be selected.
- ✓ Flexibility of the machinery i.e machines that are multipurpose shall be selected so as to reduce on the costs of production.
- ✓ The ease to maintain and repair the machine, still to minimize on the production costs, the machine should be easy to repair and maintain.
- ✓ The business shall select the machinery which is energy saving to reduce on over expenditure on electricity.

**You intend to establish a milk cooling plant in your locality**

- (a) Identify the requirements for starting your business.

**The requirements for starting a milk cooling plant are as follows:**

**FRESHER DIARY PRODUCTS**

**P.O BOX 3333  
KAMPALA,  
TEL: 0700695643**

**REQUIREMENTS FOR STARTING MILK COOLING PLANT**

**Fixed capital requirements:**

- ✓ Business premises/ land
- ✓ Machinery, tools and equipment (s) such as a cooler ,milk filter, boiler, milk cans and containers
- ✓ Furniture ( chairs and tables), Motor vehicle/delivery van , Trading license/ business

**Working capital requirements:**

- ✓ Power/ stand by generator, Packaging materials
- ✓ Water, Milk, labor, Fuel (charcoal or biomass)

**SUB TOPIC: PREPARING BUDGETS**

**You intend to establish a horticulture project using Shs 2,000,000/=**

(a) Prepare a budget for your project (05mks)

**MWANA HORTICULTURE PROJECT**

**P.O BOX 333**

**KAMPALA,**

**TEL: 0700695643.**

**BUDGET FOR HORTICULTURE PROJECT****BUDGET FOR MWANA HORTICULTURE PROJECT**

**P.O BOX 333 KAMPALA,**

**TEL: 0700695643.**

Details / Particulars	Amount (Shs)	Amount (Shs)
<b>(i) FIXED CAPITAL REQUIREMENTS;</b>		
Land	500,000	
Tools and equipment	300,000	
Motor vans	200,000	
Furniture	200,000	
Fencing	200,000	
Shed and shelter (construction costs)	200,000	
<b>Total fixed capital requirements</b>		<b>1,600,000</b>
<b>(ii) WORKING CAPITAL REQUIREMENTS</b>		
Labour (salaries and wages)	200,000	
Packaging material	100,000	
Insurance	200,000	
Advertising	200,000	
Seedlings	200,000	
Utilities	200,000	
Pesticides	200,000	
Stationery	200,000	
Security	100,000	
<b>Total working capital requirements</b>		<b>1,600,000</b>
<b>TOTAL ESTIMATED COSTS</b>		<b>3,200,000</b>

Prepared by:

Sign: mabonga

**MABONGA RICHARD**

**CHIEF ACCOUNTANT.**

Approved by:

Signature:.....

**Name:.....**

**Title:.....**

**NB: Do not fill the approval side of the budget, a budget without a frame zero.**

**Question: You have obtained money worth Shs 500,000,000 to establish a fruit growing project, Prepare a budget for your project**

**SITYA LOSS APPLE GROWING PROJECT**

**P.O BOX 122**

**KAMPALA,**

**TEL; 0700667788.**

**BUDGET FOR APPLE GROWING**

REQUIREMENTS	UNIT COST (SHS)	TOTAL AMOUNT (SHS)
<b><u>Fixed capital requirements</u></b>		
Purchase of land (2 acres)	10,000,000	20,000,000
Construction of buildings	200,000,000	200,000,000
Purchase of tools and equipment	20,000,000	20,000,000
Purchase of business vehicles	100,000,000	100,000,000
Installation of utilities	10,000,000	10,000,000
Purchase of office furniture	10,000,000	10,000,000
<b>Total fixed capital requirements</b>		<b>360,000,000</b>
<b><u>Startup expenses:</u></b>		
Registering the business	5,000,000	5,000,000
Recruiting employees	5,000,000	5,000,000
Market survey	5,000,000	5,000,000
Promotion	5,000,000	5,000,000
<b>Total startup expenses</b>		<b>20,000,000</b>
<b><u>Working capital requirements</u></b>		
Purchase of seedlings	20,000,000	20,000,000
Payment for labor	20,000,000	80,000,000
Advertising	5,000,000	5,000,000
Transport	5,000,000	5,000,000
Packaging materials	10,000,000	10,000,000
<b>Total working capital requirements</b>		<b>120,000,000</b>
<b>Total financial requirements</b>		<b>500,000,000</b>

Prepared by;  
 Sign: Kato  
 KATO SAM  
 ENTREPRENEUR

Approved by:  
 Sign;.....  
 Name:.....  
 Title:.....

### **BIG NOTE**

- The above must be in a frame, budget without frame zero
- Fixed capital requirements consume more than others
- Do not fill the approval side.

**Question.** You have obtained funds worth Shs 50,000,000 to establish a social enterprise dealing in garbage collection. The business also aims at promoting gender partnership. Develop a budget for pre- operating expenses of your social enterprises

### **UNIQUE SOCIAL ENTERPRISE**

**P.O.BOX 100**

**MUKONO**

**TEL: 0772 405060**

### **A BUDGET FOR PRE – OPERATING EXPENSES**

**UNIQUE SOCIAL ENTERPRISE**  
**P.O.BOX 100**  
**MUKONO**  
**TEL: 0772 405060**  
**BUDGET FOR PRE- OPERATING EXPENSES**

DETAILS	AMOUNT (SHS)
Registration fees	2,000,000
Trading license	3,000,000
Acquisition of land	10,000,000
Construction costs	15,000,000
Installation of utilities	5,000,000
Recruitment costs	3,000,000
Advertising expenses	2,000,000
Market research expenses	3,000,000
Purchases of office furniture	7,000,000
<b>TOTAL</b>	<b>50,000,000</b>

Prepared by:.....

ONYAIT JAMES

GENERAL MANAGER

Approved by: Signature:.....

Name:.....

Title:.....

**Question. Prepare the following budgets for your business.**

(i) Fixed Capital budget, (ii) working capital budget, (iii) pre-operating expenses budget.

**MWANA HORTCULTURE PROJECT**

**P.O BOX 333**

**KAMPALA,**

**TEL: 0700695643.**

**FIXED CAPITAL BUDGET**

**FIXED CAPITAL BUDGET FOR MWANA HORTCULTURE PROJECT**

**P.O BOX 333 KAMPALA,**

**TEL: 0700695643.**

Details / Particulars	Amount (Shs)
<b>(ii) FIXED CAPITAL REQUIREMENTS;</b>	
Land	500,000
Tools and equipment	300,000
Motor vans	200,000
Furniture	200,000
Fencing	200,000
Shed and shelter (construction costs)	200,000
<b>Total fixed capital requirements</b>	<b>1,600,000</b>

Prepared by:

Sign: mabonga

**MABONGA RICHARD****CHIEF ACCOUNTANT.**

Approved by:

Signature:.....

Name:.....

Title:.....

**iii. MWANA HORTCULTURE**

**PROJECT**

**P.O BOX 333**



**KAMPALA,  
TEL: 0700695643.**

**WORKING CAPITAL BUDGET**

**WORKING CAPITAL BUDGET FOR MWANA HORTCULTURE PROJECT**

**P.O BOX 333 KAMPALA,  
TEL: 0700695643.**

<b>Details / Particulars</b>	<b>Amount (Shs)</b>
<b>WORKING CAPITAL REQUIREMENTS</b>	
Labour (salaries and wages)	200,000
Packaging material	100,000
Insurance	200,000
Advertising	200,000
Seedlings	200,000
Utilities	200,000
Pesticides	200,000
Stationery	200,000
Security	100,000
<b>Total working capital requirements</b>	<b>1,600,000</b>

Prepared by:

Sign: mabonga

**MABONGA RICHARD  
CHIEF ACCOUNTANT.**

Approved by:

Signature:.....

**Name:.....**

**Title:.....**

**MWANA HORTCULTURE PROJECT P.O BOX 333 KAMPALA, TEL: 0700695643.  
PRE-OPERATING EXPENSES BUDGET**

**MWANA HORTCULTURE PROJECT**  
**P.O BOX 333 KAMPALA,**  
**TEL: 0700695643.**  
**PRE-OPERATING EXPENSES BUDGET**

Details / Particulars	Amount (Shs)	Amount (Shs)
✓ <b>FIXED CAPITAL REQUIREMENTS;</b>		
Land	500,000	
Tools and equipment	300,000	
Motor vans	200,000	
Furniture	200,000	
Fencing	200,000	
Shed and shelter (construction costs)	200,000	
<b>Total fixed capital requirements</b>		<b>1,600,000</b>
✓ <b>START UP EXPENSES/CAPITAL</b>		
Registration fee	200,000	
Trading license fee	200,000	
<b>Total startup expenses</b>		<b>400,000</b>
✓ <b>WORKING CAPITAL REQUIREMENTS</b>		
Labour (salaries and wages)	200,000	
Packaging material	100,000	
Insurance	200,000	
Advertising	200,000	
Seedlings	200,000	
Utilities	200,000	
Pesticides	200,000	
Stationery	200,000	
Security	100,000	
<b>Total working capital requirements</b>		<b>1,600,000</b>
<b>Total pre- operating expenses</b>		<b>3,600,000</b>

Prepared by:

Sign: mabonga

**MABONGA RICHARD**  
**CHIEF ACCOUNTANT.**

Approved by:

Signature:.....

**Name:.....**

**Title:.....**

**Question. You intend to start a maize milling project**

**Prepare a budget for your project**

**MBOGO MAIZE MILLERS LIMITED**

**P.O BOX 33,**

**KAMPALA**

**TEL: 0700695643**

**BUDGET WORTH SHS 10,000,000**

No:	Details	Quantity	Unit price (Shs)	Amount (Shs)
1	Miller machine	2	1,000,000	2,000,000
2	Buildings	1	2,000,000	2,000,000
3	Maize	10 bags	300,000	3,000,000

4	Utilities		1,000,000	1,000,000
5	Labour	5	200,000	1,000,000
6	Others		1,000,000	1,000,000
	<b>Total</b>			<b>10,000,000</b>

Put the above in a frame, without frame zero according to examination rules.

### **BUWEDDE POULTRY BUSINESS**

**P.O BOX 333**

**KAMPALA,**

**TEL:0700695643.**

### **MARKETING BUDGET FOR POULTRY PRODUCTS FOR ONE MONTH (DECEMBER 2018)**

<b>TIME FRAME</b>	<b>PARTICULARS</b>	<b>QUANTITY</b>	<b>UNIT COST (SHS)</b>	<b>AMOUNT (SHS)</b>
1 <sup>st</sup> - 5 <sup>th</sup> 12/2018	Processing chicken	240	5,000	1,200,000
6 <sup>th</sup> -10 <sup>th</sup> /12/18	Packing materials			500,000
11 <sup>th</sup> - 15 <sup>th</sup> /12/18	Communication correspondence			60,000
16 <sup>th</sup> -20 <sup>th</sup> /12/18	Marketers/sales persons	2	100,000	200,000
21 <sup>st</sup> -24 <sup>th</sup> /12/18	Transport			200,000
25 <sup>th</sup> – 28/12/18	Utilities			170,000
29 <sup>th</sup> -30 <sup>th</sup> /12/18	Refrigeration			400,000
	<b>Total cost</b>			<b>2,730,000</b>

**Note: Remove time timeframe if not told to prepare for a given period**

**Question. Prepare an operation budget for Construction Company.**

### **SITYA LOSS CONSTRUCTION COMPANY**

**P.O BOX 122**

**KAMPALA**

### **OPERATIONAL BUDGET**

<b>PARTICULARS</b>	<b>SUB TOTAL (SHS)</b>	<b>TOTAL AMOUNT (SHS)</b>
Projected sales revenue		4,000,000
<b>Cost of goods sold;</b>		
10,000 units of iron sheets each @ shs 300	3,000,000	
500 units of iron bars each @shs 20	10,000	
10 drums @shs 10	100	
Costs of sales		3,010,100
Projected gross profit		989,900
<b>Selling, general and administrative expenses;</b>		
Renting	6,000	
Insurance	5,000	
Interest	10,000	
Electricity	3,000	
Salaries	2,000	
Advertising	150,000	
Miscellaneous expenses	30,000	

		206,000
Fixed Assets		
Buildings	10,000	
Land	15,000	
Machinery	5,000	30,000
Net profit		753,900

Prepared by;  
 Sign;.....  
 Kato Sam  
 Entrepreneur

Approved by:  
 Sign;.....  
 Name:.....  
 Title:.....

**Prepare an operational budget and marketing expenses budget for the business.**

**(i) BUNO CARPENTRY WORKSHOP**

**P.O BOX 33,**

**KAMPALA,**

**TEL: 0700695643**

**OPERATIONAL BUDGET**

**BUNO CARPENTRY WORKSHOP****P.O BOX 33, KAMPALA.****TEL: 0700695643.****OPERATIONAL BUDGET**

<b>DETAILS</b>	<b>UNIT COST (SHS)</b>	<b>TOTAL AMOUNT (SHS)</b>
Sales		20,000,000
Less cost of sales:		
Timber	6,000,000	
Nails	1,000,000	
Glue	500,000	
Glass	2,000,000	
Locks	500,000	
Vanish	200,000	10,200,000
Gross profit		9,800,000
Less: selling general and Admin.Exp.		
Labour	1,800,000	
Transport	500,000	
Marketing costs	300,000	
Depreciation on machines	100,000	
Administrative expenses	300,000	3,000,000
Net profit before tax		6,800,000
Less tax 10% of shs 6,800,000		680,000
<b>Net profit after tax</b>		<b>6,120,000</b>

Prepared by:

Sign: mabonga

**MABONGA RICHARD****CHIEF ACCOUNTANT.**

Approved by:

Signature:.....

**Name.....****Title.....**

**BUNO CARPENTRY WORKSHOP**  
**P.O BOX 33, KAMPALA.**  
**TEL: 0700695643.**  
**MARKEITNG EXPENSES BUDGET**

DETAILS	TOTAL AMOUNT (SHS)
Marketing research costs	100,000
Transporting and distribution costs	100,000
Selling expenses i.e sales and wages to workers	100,000
Packaging materials	100,000
Product storage costs	100,000
Advertising costs	100,000
Product improvement costs	100,000
Customer follow up costs	100,000
<b>Total Projected Marketing expenses/costs</b>	<b>800,000</b>

Prepared by:

Sign: mabonga

**MABONGA RICHARD**  
**CHIEF ACCOUNTANT.**

Approved by:

Signature:.....

**Name**.....

**Title**.....

**Question. You obtained Shs 1600,000 and you want to start a business, prepare/draft a budget for startup expenses**

**AMATU HORTCULTURE PROJECT**

**P.O BOX 333**

**KAMPALA,**

**TEL: 0700695643.**

**ESTIMATE OF START UP EXPENSES**

**AMATU HORTICULTURE PROJECT**

**P.O BOX 333 KAMPALA,**

**TEL: 0700695643.**

**ESTIMATE OF START UP EXPENSES WORHT SHS 1,600,000**

Details / Particulars	Amount (Shs)
<b>Market research</b>	
Recruitment costs	200,000
Installation costs for utilities	100,000
Registration fees	200,000
Trading license	300,000
Production trial costs	400,000
Advertising costs	400,000
<b>Total startup expenses</b>	<b>1,600,000</b>

Prepared by:

Sign: mabonga

**MABONGA RICHARD**  
**CHIEF ACCOUNTANT.**

Approved by:

Signature:.....

**Name**.....

**Title**.....

**Question. You plan to establish a decoration business worth Shs 7,850,000 using your personal savings**

**a. Prepare a pre- operational budget for your business**

**MWANA DECORATION PROJECT**

**P.O BOX 333 KAMPALA,**

**TEL: 0700695643**

**PRE-OPERATIONAL BUDGET**

**PRE-OPERATIONAL BUDGET FOR MWANA DECORATION PROJECT**

**P.O BOX 333 KAMPALA,**

**TEL: 0700695643.**

<b>Details / Particulars</b>	<b>Amount (Shs)</b>	<b>Amount (Shs)</b>
<b>ESTIMATED FIXED CAPITAL REQUIREMENTS</b>		
Purchase or acquisition of land	1,000,000	
Construction of buildings/ purchase of premises	2,000,000	
Purchase and installation of machinery	500,000	
Purchase of furniture, tools and equipment	500,000	
Purchase of fixtures and fittings	500,000	
Purchase of vehicles	2,000,000	
<b>Total estimated fixed capital</b>		<b>6,500,000</b>
<b>ESTIMATED START UP EXPENSES</b>		
Market research	200,000	
Trading license	100,000	
Business registration fees	100,000	
Employee recruitment costs	100,000	
Top administrative expenses/costs	100,000	
Advertising costs	100,000	
Pre-testing/ service provision trial costs	100,000	
<b>Total estimated start up expenses</b>		<b>800,000</b>
<b>WORKING CAPITAL REQUIRMENTS</b>		
Direct labor costs	200,000	
Decorations materials and consumables	100,000	
Utilities i.e power and water	100,000	
Transport costs	150,000	
<b>Total estimated working capital requirements</b>		<b>550,000</b>
<b>Total estimated pre-operating expenses</b>		<b>7,850,000</b>

**Prepared by:**

Sign: mabonga

**MABONGA RICHARD**

**CHIEF ACCOUNTANT.**

**Approved by:**

Signature:.....

**Name:.....**

**Title:.....**

**Question. You plan to establish a groundnuts milling project during your senior six vacation**

**(a)Identify pre-operating expenses**

**AGRO GROUND NUTS PROCESSING PROJECT**

**P.O BOX 44,**

**KAMPALA**

**PRE-OPERATING EXPENSES**

✓Registration/ license fees to obtain license from Uganda Registration Services Bureau

- ✓ Renting of premises for enable smooth running of the business
- ✓ Installation of utilities like water and electricity expenses
- ✓ Recruitment costs such as job adverts and selection process
- ✓ Administrative costs for example top management salaries
- ✓ Consultancy fees about the project
- ✓ Promotional costs like advertising business products
- ✓ Market research costs by reaching out to potential customers to determine what product they would like the business to make for them.
- ✓ Production trial costs like purchasing equipment, tools and transport

## **TOPIC TEN: MARKETING MANAGEMENT**

### **SUBTOPIC: DESIGNING A MARKET SURVEY GUIDE**

**BLESSED JUICE PROCESSING COMPANY**

**P.O BOX 222,**

**MITYANA**

**TEL: 070112233**

**MARKET SURVEY GUIDE FOR USE IN BUSINESS RESEARCH**



**BLESSED JUICE PROCESSING COMPANY**  
**P.O BOX 22,MITYANA**  
**TEL:070112233**

**MARKET SURVEY GUIDE**

Greetings from Blessed Juice Processing Company, an enterprise dealing in juice processing. It is in the process of collecting data about its products, the needs of customers, the activities of competitors and the market gaps to be filled. Avail information to this market survey guide, information will be handled confidentiality.

- i. Name of the customer;.....
  - ii. Sex;....., Marital Status:.....
  - iii. Age:.....Income bracket:.....
  - iv. Residence;.....
  - v. Income segment: Poor:  Middle:  Rich :
  - vi. What products are most preferred and why?
  - Vii. Who are my competitors?
  - viii. What strengths and Weaknesses do we have?
  - ix. Comment on the price; High  Middle:  Rich
  - Not sure;
  - x. How did you get know about business? Through; Newspaper
  - Agent
  - Friend  others specify
  - xi. Where do you regularly juice from?
  - xii. How do you rank our products rank products to other products of competitors
  - Poor  Good  Better
  - Best  Not sure;
  - xiii. Write any remarks on areas of improvement.
- 
- Thank you for giving us part of your time

**Note: Remember to put a business logo using capital letters at the top left hand corner**

**Question. You own a business dealing in stationery, prepare a company profile**

**STEP BY STEP STATINERS**

**P.O BOX 11,**  
**MASAKA,**  
**TEL: 0700442323**

**COMPANY PROFILE**

- ✓ **Name and address of the business** :step by step stationers p.o box 11 ,Masaka, Tel: 0700442323
- ✓ **Line of Business**: The business deals in sale of scholastic materials.
- ✓ **Background of the business**; The business has been in existence for 5 years, it start as small business selling petty scholastic items including envelopes and books and later expanded, it now offers all stationary and bookshop services.

- ✓ **Marketing strategies:** the business advertises its products over Radio CBS as well as displaying banners during school opening seasons.
- ✓ **Mode of ownership:** The business is a partnership owned by three partners including; Mukasa Ronald, Sitya loss and Mutebi Alex.

**Question. You have been appointed as a marketing manager and you been sent to the field to do research/ market survey, write a report to the person who sent you.**

**REPORT ON THE MARKET SURVEY CARRIED OUT ABOUT BLESSED JUICE PROCESSING  
P.O BOX 22, MITYANA  
TEL: 0700112233.**

**TO: THE MANAGING DIRECTOR  
BLESSED JUICE PROCESSING COMPANY  
P.O BOX 22, MITYANA.  
Dear Sir,**

**RE: REPORT ON THE MARKET RESEARCH CARRIED OUT ABOUT BLESSED JUICE  
PROCESSING COMPANY**

**Introduction:** on 26<sup>th</sup> May 2015, the Managing Director of Blessed Juice Processing Company instructed the Sales Manager to carry out market research to investigate the causes declining sales in Blessed Juice Processing Company.

**Procedure/ methods;** the sales manager distributed questionnaires to customers in order to obtain information concerning declining sales of Blessed Juice Processing Company. The Sales Manager also moved to the field and observed the way the sales persons and agents deal with selling process.

He also had oral interviews with the middle men in the distribution channel and customers.

**Findings;** it was discovered that the distribution van used to stop only in town neglecting the semi urban and rural areas, two of the sales persons had skin rashes which even covered part of their eyes and one had the face which was burnt by acid and the teeth were peeping and unattractive to look at by customers. The juice was highly priced by some sales persons and some sales persons were not friendly to customers.

**Conclusion:** The cause of declining sales in Blessed Juice processing Company is as a result of inadequate product distribution, unattractive sales persons, poor relationship between sales persons and customers and high prices attached by sales persons.

**Recommendations:** there is need for distributing products in all areas including rural areas, recruitment of more sales persons with good facial appearances and good health, regulating prices of various products and improving customer care by sales persons.

Prepared by;

Sign:.....

**KUTEESA LINDA  
MARKETING MANAGER.**

**Date: 14<sup>th</sup>/06/2015**

**Note:** Put the above in the frame

**Question. Prepare a report to the general manger after assigning to evaluate quality materials.**

**KIKUMIKUMI JUICE PROCESSORS  
P.O BOX 33,  
KAMPALA,  
TEL: 0700695643**

**REPORT TO THE GENERAL MANAGER FROM THE PRODUCTION MANAGER ABOUT  
EVALUATING QUALITY MATERIALS**

**KIKUMIKUMI JUICE PROCESSORS  
P.O BOX 33, KAMPALA.  
TEL: 0700695643.  
REPORT**

To the General Manager  
From the Production Manager  
Ref: 5/16  
Date: 22<sup>nd</sup>/04/2016.

**SUBJECT: SOURCES OF QUALITY MATERIALS.**

As you assigned me to evaluate quality materials, I would like to report to you the following:

**Findings:**

- There are few supplies of quality materials in our locality
- The suppliers need cash to be paid on delivery of materials

I would suggest the following recommendations:

- The business must select the best evaluated supplier to ensure steady supply of materials
- Cash should be sent with an order for materials.
- Hope for your positive response.

Sign: wakwale  
**WAKWALE BEN**  
**PRODUCTION MANAGER**

**SUB TOPIC: DESIGNING A QUESTIONNAIRE**

**BLESSED MILK PROCESSORS  
P.O BOX 123 LUWERO,  
TEL: 0700695643.**

**QUESTIONNAIRE TO BE ISSUED TO CUSTOMERS PROVIDE FEED BACK ON SATISFACTION**



**BLESSED MILK PROCESSORS**  
**P.O BOX 123, LUWERO**  
**TEL: 0700695643.**

**QUESTIONNAIRE**

Greetings from blessed milk processors, a business project dealing in supplying of milk. You are requested to fill for us this questionnaire to help us in our market research programme.

Name of the customer;.....

I. Sex;..... ☐ Male ☐ Female

II. Location and address:.....

III. How regular do you buy milk from blessed milk processors?.....

IV. In what quantities do you normally buy?.....

V. How did you come to know about blessed milk processors?.....

VI. What aspects of the products and operational methods deserve improvement?.....

VII. How should we improve?.....

VIII. What attracts you to buy our milk?.....

IX. Are the products available where you expect them to be?.....

X. Is the quality good? Yes ☐ No ☐

XI. How do you compare our milk with those of competitors?.....

XII. Suggest the means and ways which may be applied to increase our sales:.....

**Please, thank you for giving us part of your time to answer our questions**

**Question. You own a manufacturing business and you plan to launch a new product on market, prepare a programme for launching it.**

**BLESSED JUICE PROCESSORS**  
**P.O BOX 22,**  
**KAMPALA**  
**TEL: 0700695643**

**PROGRAMME FOR OFFICIAL LAUNCH OF BLESSED JUICE PROCESSORS PRODUCTS DUE TO TAKE PLACE ON 22/4/2016**

**BLESSED JUICE PROCESSORS****P.O BOX 22, KAMPALA****TEL: 0700695643****PROGRAMME FOR OFFICIAL LAUNCH OF BLESSED JUICE PROCESSORS PRODUCTS  
DUE TO TAKE PLACE ON 22/4/2016.**

<b>TIME</b>	<b>ACTIVITY</b>	<b>PERSON IN CHARGE</b>	<b>REMARKS/ COMMENTS</b>
8:00am	Preparation of the venue	Decorators	
9:00am	Arrival and registration of invited guests	Receptionist	
9:30am	Arrival of Chief guest [Minister of trade and cooperatives (Mrs. Amelia Kyambadde)]	General manger	
10:00am	Touring the project/ plant	Production manager	
10:30am	Prayer	Reverend	
10:35am	National anthem	Master of ceremony	
10:40am	Opening remarks	Master of ceremony	
11:00am	Communications/ speeches	General manager	
12:00pm	Official launch of products	Chief guest	
1:00pm	Entertainments	Community members	
1:30pm	Refreshments and lunch	Welfare committee	
3:00pm	Closure and departure	Master of ceremony	

Prepared by;  
Signature: mwebe  
**MWEBE JOAN**  
**PRODUCTION MANAGER**

Approved by;  
Signature: .....  
Name.....  
Title.....

**SUB TOPIC: GUIDELINES FOR EFFECTIVE MARKETING STRATEGY****STEP BY STEP STATINERS****P.O BOX 11,****MASAKA,****TEL: 0700442323****GUIDELINES FOR EFFECTIVE MARKETING STRATEGY**

- ✓ Networking shall be ensured to get information from different areas or regions. Referrals. This is where old customers refer other/ new customers to the business or business to customers.
- ✓ Cold calling shall be used by creating a conversation about the product and the business to capture another person's attention
- ✓ Newsletters shall be used by providing valuable information to customers to act as advertising information/ smart marketing.
- ✓ Free information shall be given to interested prospects /buyers.
- ✓ Guarantee/ warrantee shall be offered to customers for assurance about value of the products/service
- ✓ Intensive advertisements shall be done regularly to remind customers about business products]
- ✓ Negotiation shall be well handled when dealing with customers' objections
- ✓ Attractive displays shall be used to attract more customers to the business

**Note:** Use the above if asked to develop marketing strategies

**SUB TOPIC: GUIDELINES FOR EFFECTIVE MARKET SEGMENTATION****STEP BY STEP STATINERS****P.O BOX 11,**

**MASAKA,**

**TEL: 0700442323**

**GUIDELINES FOR EFFECTIVE MARKET SEGMENTATION**

- ✓ The generation of the market segment shall be considered
- ✓ The demographic characteristics/ features of customers such as age and sex or house hold composition shall be considered.
- ✓ The Socio-economic features/ characteristics of customers shall be established.
- ✓ Product usage of the market segment shall be assessed.
- ✓ Geography of people living in the same area have similar characteristics shall be considered.
- ✓ Geo- demographic features of a market segment shall be considered i.e village customers and to
- ✓ Benefits sought by customers of a given market segment shall be considered.
- ✓ Personality, altitude, opinion and life style of customers used to segment the market.

**You intend to start a plastic project in your home town.**

(a)What factors will you consider when assessing the target market population for your products?

**MUKULA PLASTIC MANUFACTURING PROJECT**

**P.O BOX 333**

**KAMPALA,**

**TEL: 0700695643.**

**FACTORS THAT WILL BE CONSIDERED BY MUKULA MANUFACTURING PROJECT WHEN ASSESSING THE TARGET MARKET POPULATION:**

The following factors will be considered by Mukula plastic manufacturing business when assessing the target market population:

- ✓ Income levels of the population. That is to say earnings of different categories of people
- ✓ Market share of the business. That is to say determine whether there are enough customers to keep the entrepreneur in a competitive business.
- ✓ Nature and strength of competition in the market.
- ✓ Age and sex composition of a particular group of people. Different age groups may require variety of different specified products
- ✓ Business competitors. This refers to businesses dealing with and selling similar products and services
- ✓ Consumption habits of the population. This looks at the behavior of consumers when consuming different products.
- ✓ Culture and ethnicity of the target market population.
- ✓ Demographic characteristics of the population that is to say sex ,age
- ✓ Trends in the market in terms of changes in customers' tastes and preferences, Population shifts etc.
- ✓ Changes in economic situation for example rate of inflation in the country.

**TOPIC ELEVEN: SALES PROMOTION**

**SUB TOPIC: DESIGNING DIFFERENT FORMS OF ADVERTS**

**You own a large size business providing milling services.**

(a) Choose a suitable medium and design an advert for your products

**STANDARD MAIZE**

**P.O BOX 333**

**MBALE**

**TEL: 0700695643**

**ADVERT FOR BUSINESS PRODUCTS**

**STANDARD MAIZE MILLERS LTD P.O BOX  
333, KAMPALA.  
FOR**

High quality maize milling, maize flour, maize brand, Animal & poultry feeds

**(Best Quality and Discounts For Bulk Purchases)**

Located at plot 12, Industrial area, Mbale, Tel: 0700694643

(Delivery for bulk purchases)      **2km Off Mbale- Kampal Highway**  
→

**Make a radio advert to publicize company products to the public.**

**MERCY BOOKSHOP**

**P.O BOX 200,**

**KAMPALA,**

**TEL: 0700695643**

**RADIO ADVERT TO PUBLICISE PRODUCTS**

**MERCY BOOKSHOP**  
**P.O BOX 200, KAMPALA**  
**[TEL:0700695643](tel:0700695643)**

DEALERS IN SALE OF TEXT BOOKS, COUNTER BOOKS, MUNISCRIP BOOKS AND  
OTHER SCHOLASTIC MATERIALS OF ALL SIZES IN ALL QUALITIES.

LOCATED ON PLOT6, NAKASREO MARKET STREET.

TRY US FOR THE BEST SERVICES AND QUALITY PRODUCTS

Prepared by:  
Sign: mwanika  
**MWANIKKA BEN**  
**SALES MANAGER**

**Question. Develop a business card to issue customers**

**MERCY BOOKSHOP**

**P.O BOX 200,**

**KAMPALA,**

**TEL: 0700695643**

**BUSINESS CARD TO ISSUE TO CUSTOMERS**

**MERCY BOOKSHOP**  
**P.O BOX 200, KAMPALA**  
**[TEL:0700695643](tel:0700695643)**

Dealers in sale of text books, counter books, Manuscript books and other scholastic materials of all  
sizes in all qualities.

**MABALE BEN**  
**SALES MANAGER**  
**TEL: 07000234455**

LOCATED ON PLOT6, NAKASERO MARKET STREET.

P.O BOX 200, KAMPALA

**[TEL:0700695643](tel:0700695643)**

Email: mbookshop@gmail.com

**Try us for the best services and quality products**

**Question. You are operating a large scale retail business in beauty products with agents in major towns of Uganda.**

(a) Prepare a business card to be issued to your potential customers, A business card to be issued to potential customers.



**SHALLOM BEUFTY PRODUCTS P.O BOX 233 KAMPALA BUSINESS CARD**



**SHALOM BEAUTY PRODUCTS  
P.O BOX 233, KAMPALA,**

**[TEL:0700695643](tel:0700695643)**

Located at plot 20 William Street P.O BOX 233, Kampala.  
Dealers in beauty products to meet all your requirements  
Such as Body creams, Perfumes, Braids etc.

Quality products at cheapest prices

**MABONGA DANIEL**

**Managing Director**

**TEL: 0700695643**

**Try us for the best services and quality products.**

**Email: [sbproducts@gmail.com](mailto:sbproducts@gmail.com)**

**Shalom Beauty products William Street**

**Fax: 312112233**

**Question. Prepare a newspaper advert to publicize business products/ Advert for promoting business products**

**MEYA TEA PROCESSING FACTORY**

**P.O BOX 55,**

**KAMPALA,**

**TEL: 0700695643**

**NEWSPAPER ADVERT TO PUBLICISE BUSINESS PRODUCTS**

**MEYA TEA POCESSING FACTORY**

**P.O BOX 55,**

**KAMPALA**

**[TEL:0700695643](tel:0700695643)**

DEALERS IN SALE OF TEA PRODUCTS IN ALL QUANTITIES AND IN ALL QUALITIES.

LOCATED ON PLOT6, JINJA ROAD.

TRY US FOR THE BEST SERVICES AND QUALITY PRODUCTS

Prepared by:

Sign: mwanika

**MWANIKKA BEN**

**SALES MANAGER**


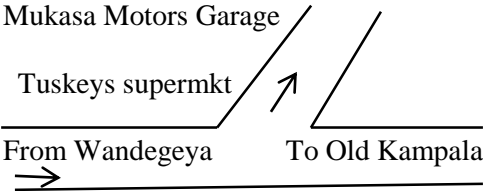
**MUKASA GENERAL MOTORS GARAGE**

**P.O BOX 330**

**KAMPALA.**

**TEL: 0700695643.**

**BUSINESS BROCHURE TO ADVERTISE SERVICES**

<p><b>MUKASA GENERAL MOTORS GARAGE</b>  <b>P.O BOX 330 KAMPALA</b>  <b>TEL: 0700695643</b>  <b>Background Information:</b></p> <p>Mukasa motors garage was formed in 1989, with the aim of offering maintenance and repair services to public cars in Kampala and creating employment opportunities and training youths to gain skills for survival.</p> <p>Mission:” Mukasa general motors garage seeks to offer high mechanical services in Kampala “</p> <p>A satisfied customer is our pride.</p> <p>Vision: To be the first choice motor garage offering best quality mechanical services in Kampala.</p> <p><b><u>LOGO</u></b></p> 	<p>What makes our services stand out:</p> <ul style="list-style-type: none"> <li>- Timely delivery</li> <li>- Quality services offered</li> <li>- Services offered satisfy customer wants and needs.</li> </ul> <p><b><u>Services offered</u></b></p> <ul style="list-style-type: none"> <li>- Car washing all types plus free perfume for every one visiting our garage.</li> </ul>	<p>Location: It is located in Makerere near Tuskeys supermarket.</p> <p>Mukasa Motors Garage</p>  <p>Tuskeys supermkt</p> <p>From Wandegeya To Old Kampala</p> <p>Makerere University</p> <p>Offers: Prices are reduced on Easter, Idi, and Christmas days.</p> <p>Try us for quality garage services.</p> <p>For more information</p> <p>Call: 0700695643. Or email: mmg@gmail.com.</p> <p>Or visit us at our business premises</p> <p>For prompt and quality services try Mukasa Motors Garage.</p>
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**Question. Propose the credit terms and conditions for selling business products/ offering services on credit.**

**MUKASA GENERAL MOTORS GARAGE**

**P.O BOX 45**

**KAMPALA PLOT 12,**

**NAKASERO ROAD,**

**TEL:041317000**

**CREDIT TERMS AND CONDITIONS TO BE FOLLOWED WHEN SELLING GOODS/ OFFERING SERVICES ON CREDIT:**

- ✓ Credit period shall not exceed two months
- ✓ Payments within two weeks shall attract a cash discount of 12 %
- ✓ The maximum amount of credit shall be shs 2,500,000.
- ✓ Credit facilities exceeding shs 1,500,000 shall be offered to customers who offer collateral security
- ✓ Credit facilities shall be given to customers who are known and trust worthy
- ✓ Services rendered on credit shall attract higher prices than services offered on cash basis
- ✓ Customers shall be allowed to pay in installments for services offered.
- ✓ Payments for credit facilities shall be made by customers at any collection centre
- ✓ Penalty of 20 % shall be charged in case of delayed payments

- ✓ Customers, who fail to pay within the granted credit period, shall be charged a penalty of 15%.
- ✓ An agreement shall be signed between the business and the customer before giving him/her goods/ offering services on credit.

**Question. You are operating a large scale bookshop in the centre of your town. You offer credit and cash sales.**

**(a) Formulate guidelines for selling on credit:**

**MERCY BOOKSHOP**

**P.O BOX 200,  
KAMPALA**

**GUIDELINES FOR SELLING GOODS ON CREDIT FROM 10<sup>TH</sup> APRIL 2016 TO 10<sup>TH</sup> MAY 2016:**

- ✓ Credit sales shall be granted to well-known and credit worthy customers
- ✓ The maximum credit period to be allowed shall be 1 month.
- ✓ A cash discount of 10% shall be allowed to customers who pay promptly.
- ✓ The maximum credit value to be allowed shall be shs 250,000
- ✓ Credit sales shall attract a higher price than cash sales.
- ✓ Credit sales exceeding shillings 300,000 shall be granted to customers who offer collateral security.
- ✓ The customer shall make a down payment of 50% of the total cost of books taken on credit and the balance in two equal installments.
- ✓ Credit sales shall be authorized by the sales manager
- ✓ A penalty of Shs 200,000 shall be charged in case of delayed payments
- ✓ All credit sales shall be properly documented
- ✓ An agreement shall be signed between the business and the customer before giving him/her books on credit.

**SUB TOPIC: PREPARING PROMOTIONAL PROGRAMME**

**(a) Prepare a one week promotional programme for your services/ products.**

**KOBEL PETROL STATION**

**P.O BOX 333**

**KAMPALA,**

**TEL: 0700695643.**

**ONE WEEK PROMOTIONAL PROGRAMME**

**KOBEL PETROL STATION****P.O BOX 333,****KAMPALA****TEL: 0700695643**

DATE/ DAY	ACTIVITY	PERSON IN CHARGE	REMARKS
Monday 24/4/2016	Determining the target customers	Sales manager	
Tuesday 25/4/2016	Establishing unique features of the product(s) /service(s)	Research and Development manager	
Wednesday 26/4/2016	Constructing business positioning strategy	Sales manager	
Thursday 27/4/2016	Determining the best message to communicate about the products/services to the target workers	Sales/marketing manager	
Friday 28/4/2016	Preparation of the products	Sales /marketing manager	
Saturday 29/4/2016	Determining advertising options and their costs	Sales manager	

Prepared by:

Sign:.....

**MUGERWA NOAH****SALES MANAGER.****SUBTOPIC: BID NOTICES AND TENDER NOTICES****(b) MEYA TEA PROCESSING PLANT****P.O BOX 55,****KAMPALA,****TEL: 0700695643****BID NOTICE FOR SUPPLY OF 3 VEHICLES****MEYA TEA PROCESSING PLANT P.O BOX 55, KAMPALA,****TEL: 0700695643****PUBLIC NOTICE****BID NOTICE**

Reference number: FSW/20/2017

Meya tea processors are located Jinja- Lugazi Highway road and they offer high quality tea

Factory invites sealed bids from eligible bidders for the supply of 3 vehicles

A complete set of bidding documents in English may be purchased by interested bidders on the submission of a written application to the above address and upon payment of a non-refundable fee of UGX 40,000. The method of payment will be by bank with Bank slips obtained from the cashier's office and deposited in Barclays Bank Hannington road Branch.

Bids must be delivered to the office above at or before 2:00pm, 12th/06/2017. All bids must be accompanied by a bid security of 1500.000 shillings late bids shall be rejected.

Bidding will be conducted in accordance with open domestic bidding procedures contained in the government of Uganda's public procurement and disposal of public assets act, 2003 and is open to all bidders from eligible source countries.

The planned procurement schedule is as follows:

Activity	Date
Publish a bid notice	11 <sup>th</sup> /06/2017
Bid closing date	15 <sup>th</sup> /06/2017
Bid opening date	20 <sup>th</sup> /07/2017
Evaluation process	25 <sup>th</sup> /07/2017
Display and communication of best bidder	27 <sup>th</sup> -30 <sup>th</sup> /6/2017
Tender/ contract awarding signing	02 <sup>nd</sup> /7/2017

Bids will be opened in the presence of the bidders or their representatives who may choose to attend at the company address as seen above at 9:00am on Monday 12<sup>th</sup>/06/2017.

Prepared by :

Sign: mukene

**MUKENE RONALD**

**PROCUREMENT OFFICER**

**FAST SERVICE MOTOR VEHICLE WASHING BAY.**

#### Another example of a bid notice

**(b) BUNAMWAYA POULTRY FARM**

**P.O BOX 55,**

**KAMPALA,**

**TEL: 0700695643**

#### **BID NOTICE FOR SUPPLY OF METALLIC SEALS UNDER A FRAMEWORK CONTRACT**

**BUNAMWAYA POULTRY FARM P.O BOX 55, KAMPALA,**

**TEL: 0700695643**

#### **PUBLIC NOTICE**

#### **BID NOTICE**

1. Bunamwaya Poultry Farm invites sealed bids from eligible bidders for the supply of metallic seals under a framework contract.

Procurement reference number	Subject matter of the procurement	Bid security	Date of bid closing
BUNAM/GDS/CSD/16-17/02748	Supply of metallic Seals under Framework contract	UGX 3,200,000/=	15 <sup>th</sup> June 2018 at 10:00am

The planned procurement schedule is as follows:

Activity	Date
Publish a bid notice	11 <sup>th</sup> /06/2018
Bid closing date	15 <sup>th</sup> /06/2018
Bid opening date	20 <sup>th</sup> /07/2018
Evaluation process	25 <sup>th</sup> /07/2018
Display and communication of best bidder	27 <sup>th</sup> -30 <sup>th</sup> /6/2018
Tender/ contract awarding signing	02 <sup>nd</sup> /7/2018

2. The Bidding document (s) shall be inspected at;  
**Procurement and Disposal Unit (PDU)**  
**Bunamwaya Poultry Farm.**  
**Nana Building Bunamwaya, room 23,**  
**P.o box 55, Kampala,**  
**Tel: 0700695643.**

3. Bidding documents in English may be collected by interested bidders upon submission of a written application to the Manager, PDU at the above address above.

4. Bidders are advised to collect Bank payment Registration Slips at the address in (2) above and make payment of non-refundable fee of Shs 100,000/= for the bidding document to any of 21 banks authorized by bank of Uganda.

5. A pre-bid meeting shall be held at 10:00am on Friday may, 2017.

6. The detailed bid notice is available at the entity's website [www.bun.go.ug](http://www.bun.go.ug) and at company premises.

Prepared by :  
Sign: mukene  
**MUKENE RONALD**  
**PROCUREMENT OFFICER**  
**FAST SERVICE MOTOR VEHICLE WASHING BAY.**  
For more information call: 0700695643.

**Question. You own a carpentry workshop located in a populated trading centre.**

a) Prepare a tender notice for supply of timber to the business.

**KOOKI JUICE PROCESSING PLANT**

**P.O BOX 444**

**KAMPALA,**

**TEL: 0700695643**

**TENDER NOTICE FOR SUPPLY OF TIMBE**

**KOOKI JUICE PROCESSING PLANT**

**P.O. BOX 444,  
KAMPALA  
TEL: 0700695643**

6<sup>th</sup> November 2018

**TENDER NOTICE FOR SUPPLY OF TIMBER****TENDER REFERENCE NUMBER; KJPP/T/2016**

Kooki juice processing plant has allocated some funds for buying timber for business use.

Details of the product needed;

Product	Quantity	Quality	Supply frequency
Timber	10,000 pieces	1 <sup>st</sup> class	Monthly

**Terms and conditions of the tender;** Non- refundable tender application fees of Shs 50,000

- Contract duration of one year and renewable
- The product shall be paid by bank draft

**Application procedure;**

- Closed tender applications should be submitted to the offices of Blessed juice processing plant, Kampala.

**Bidding Procedure;** National Competitive bidding

**Deadline for submission:** The deadline for receiving tender applications will be 1<sup>st</sup> December 2018 at 3:00pm

.....

**WERE JOHN  
PROCUREMENT MANAGER**

**NOTE:** For design and draft on source documents you show us how it looks like and prepare you fill. However on other things budget, contract etc draft may mean prepare and vice versa

**SUB TOPIC: MARKETING FLOW CHART**

**Design a market flow chart for your business.**

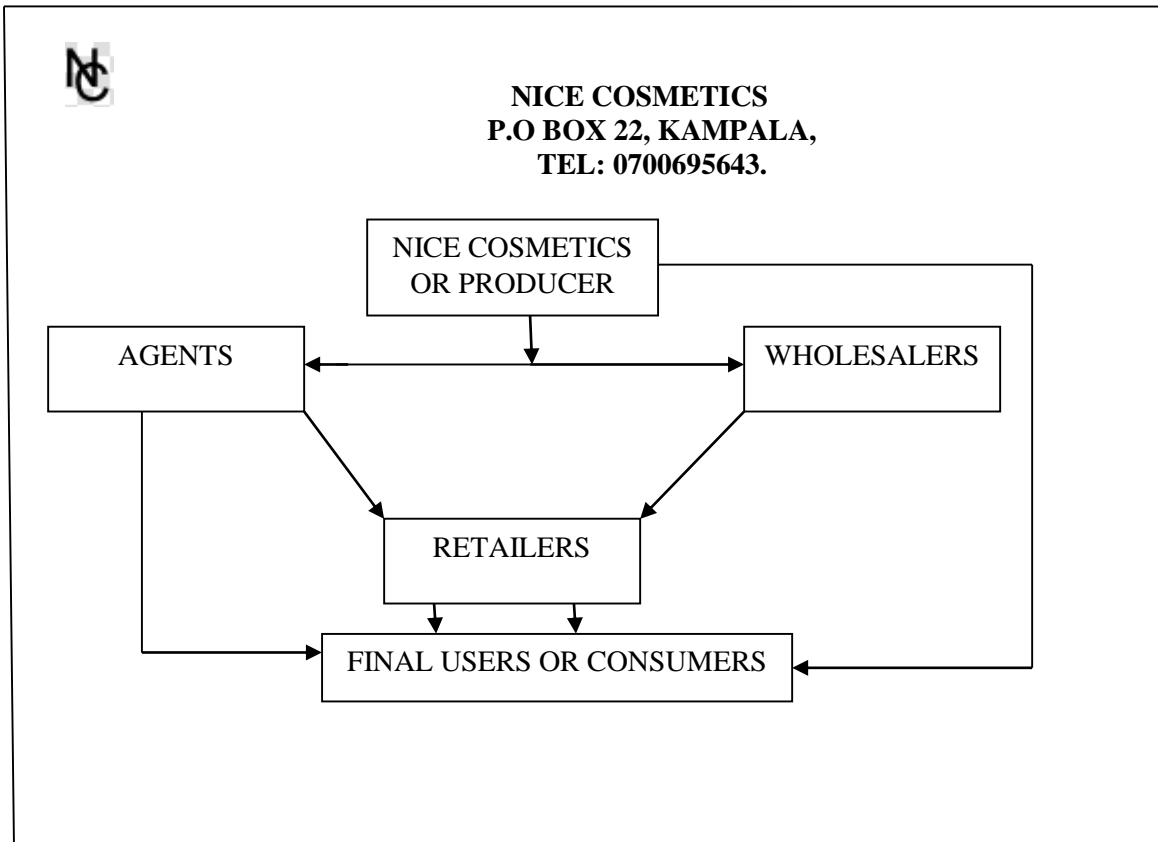
**NICE COSMETICS**

**P.O BOX 22**

**KAMPALA,**

**TEL: 0700695643**

**MARKET FLOW CHART FOR PRODUCTS**



**SUB TOPIC: POLICY GUIDELINES FOR PRESENTING PRODUCTS**

**NICE AGRICULTURAL PRODUCE SUPPLIERS**

**P.O BOX 44**

**KAMPALA,**

**TEL: 0700695643**

**POLICY GUIDELINES FOR PRESENTING PRODUCTS.**

- ✓Sales persons shall be smartly dressed
- ✓Customer's privacy, convenience and ability to use the product shall be considered
- ✓Target customers' needs shall be identified
- ✓Outstanding features of the product shall be given
- ✓Samples of the product shall be given to customers
- ✓Workers shall have adequate knowledge about products being sold
- ✓The business shall extend credit facilities to trust worthy customers



- ✓ Relevant presentation aids shall be used
- ✓ Sales persons shall tell the truth about the products
- ✓ Sales persons shall show adequate knowledge about the products
- ✓ Customers shall be given chance to express their views about the products
- ✓ Any doubt in the mind of the customer shall be handled tactfully
- ✓ Customers shall be thanked on closing the presentation

• **SUB TOPIC: GUIDELINES FOR GOOD CUSTOMER CARE**

**MEYA TEA PROCESSING FACTORY**

**P.O BOX 55,**

**KAMPALA,**

**TEL: 0700695643**

**GUIDELINES FOR PROMOTING GOOD CUSTOMER CARE**

- (i) Customers' complaints shall be carefully attended to so as to improve customer relations.
- (ii) Workers shall tell the customers the truth about business products including prices to bring about honesty.
- (iii) Workers shall perform the job with pleasantness to give a good image to customers.
- (iv) Proper care and attention shall be given to customers to instill confidence.
- (v) Customers shall be served promptly and immediately to avoid unnecessary delays.
- (vi) Good business language and impressing speaking style shall be used to encourage customers to continue buying from the business.
- (vii) Workers shall possess sound knowledge on the products being sold in order to properly inform customers.
- (viii) Workers shall be tactful when handling difficult situations to avoid disappointing customers.
- (ix) Workers shall ensure availability to the business premises in order to assist customers timely.

• **SUB TOPIC: DESIGNING A CUSTOMER SATISFACTION SURVEY FORM.**

**Develop a customer satisfaction survey guide/ tool to be used by the business.**

**NICE COSMETICS**

**P.O BOX 22**

**KAMPALA,**

**TEL: 0700695643.**

**CONSUMER SATISFACTION SURVEY GUIDE TO BE USED IN BUSINESS**

**NICE COSMETICS**  
**P.O BOX 22, KAMPALA,**  
**TEL: 0700695643.**



**CONSUMER SATISFACTION SURVEY GUIDE**

Greetings from Nice cosmetics, an enterprise dealing in supplying of cosmetics. We are on a campaign of establishing customers' level of satisfaction with our products. You are requested to fill this form to help us obtain this information.

- I. Name of the customer;.....
- II. Sex;..... ☐ Male ☐ Female
- III. Location and address:.....
- IV. How regular do you buy cosmetics from Nice Cosmetics?.....
- V. Did the sales persons attend to you the way wanted?.....
- VI. Were you over charged?.....
- VII. Are the products of good quality?.....
- VIII. Do the sales persons direct you on to use the cosmetics?.....
- IX. Are you given some considerations when you buy in bulk?.....
- X. Are the products available where you expect them to be?.....
- XI. Advise us on how to improve on our product delivery:.....
- XII. How do you compare our cosmetics with those of competitors?.....
- XIII. Is packaging good? Yes ☐ No ☐

**Please, thank you for giving us part of your time to answer our questions**

**SUB TOPIC: PROGRAMME FOR CARRYING OUT CREATIVE / PERSONAL SELLING**

**Question.** Prepare a programme for carrying out creative / personal selling

**NICE COSMETICS PRODUCTS**  
**P.O BOX 22,**  
**KAMPALA,**  
**TEL: 0700695643**

**PROGRAMME FOR CARRYING OUT PERSONAL SELLING**

**NICE COSMETICS**  
**P.O BOX 22, KAMPALA**  
**TEL: 0700695643**

<b>PROGRAMME FOR CARRYING OUT PERSONAL SELLING</b>
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DATE	ACTIVITY	PERSON IN CHARGE/RESPONSIBLE	REMARKS/ COMMENTS
28/11/2018	Pre-customer contact	Kato Derrick	
28/11/2018	Prospecting	Mwabi James	
28/11/2018	Initial contact	Mukane Ronald	
29/11/2018	Presentation of merchandise	Omutujju Walya busa	
29/11/2018	Handling objections	Omere Stephen	
30/11/2018	Closing sales	OkunLawrence	
01/12/2018	Suggestion selling	Muso Muse	
01/12/2018	Sales follow up	Nabunya Bella	

Prepared by;  
**Signature:** mwebe

.....  
**MWEBE JOAN**  
**SALES MANAGER**

Approved by;  
 Signature:

**MUTYABA SAM**  
**GENERAL MANAGER**

**SUB TOPIC: DAILY DISTRIBUTION SCHEDULES**

**Question. Prepare a daily distribution schedule for your business products.**

**NICE AGRICULTURAL PRODUCE SUPPLIERS**

**P.O BOX 44**

**KAMPALA,**

**TEL: 0700695643**

**DAILY DISTRIBUTION SCHEDULE FOR BUSINESS PRODUCTS**

**NICE AGRICULTURAL PRODUCE SUPPLIERS**  
**P.O BOX 44 KAMPALA**  
**TEL: 0700695643**

**DISTRIBUTION SCHEDULE**

Days/Date	Place/agent/customer/market	Product	Quantity (Kgs)	Person in charge	Delivery means	Remarks
Monday	Mukono	Maize	600	Business driver	Business van	
Tuesday	Kayuga	Beans	3,000	Business Driver	Business van	
Wednesday	Kireka	Millet	2,000	Business Driver	Business van	
Thursday	Entebbe	Soya beans	1,000	Business Driver	Business van	
Friday	Nasana	Rice	2,000	Business Driver	Business van	
Saturday	Jinja	Ground nuts	3,000	Business Driver	Business Van	

Prepared by;  
 Sign: mwebe  
**MWEBE JOAN**  
**SALES MANAGER**

Approved by:  
 Sign .....  
 Name:.....  
 Title:.....

**Question. You own a restaurant in your trading centre, prepare a logo menu to be used in your business.**

**LOGO MENU FOR HAMMY RESTAURNAT**  
**P.O BOX 333 KAMULI**  
**TEL: 0700695643.**

ITEM	COST OF EACH (SHS)
Matooke	3000
Fried fish	4000
Rice and chicken	5000
Soda i liter	3000
Mineral water 500ml	4000
Tea	300
American dish	6000

**Question. You intend to start a milk processing plant/ factory**

(b) Explain the factors you will consider when choosing the distribution channel for your products:

**FRESHER DIARY PRODUCTS**

**P.O BOX 3333  
KAMPALA,  
TEL: 0700695643**

**FACTORS CONSIDERED WHEN CHOOSING THE DISTRIBUTION CHANNEL:**

- ✓ The cost of the distribution channel. The business shall consider the cheapest distribution channel and the one which is efficient.
- ✓ The nature of the product to be distributed. Since milk is perishable, the business shall choose the shortest distribution to avoid a lot of handling which may make milk go bad or Supply directly to consumers.
- ✓ The reliability of the channel and its usage in the business.
- ✓ Speed and urgency of the channel of distribution since milk is highly perishable
- ✓ Nature of the middle men around ,if they are clean and smart a medium distribution channel would be chosen
- ✓ Quantity to be bought by my customers. Where large quantities of milk are to be bought say by hotels and restaurants, the short distribution channel will be chosen.
- ✓ Degree of competition with other cooling enterprises in the market, if it is high then the shortest distribution channel will be used.
- ✓ The will consider the location of the customers if near then short distribution channel will be used
- ✓ The nature of customers, if dominated with low income earners, then it is better to sell directly to them.
- ✓ The government policy on the distribution of milk e.g in Uganda the government has banned the transportation of un packed milk.

**(c) In what ways will you promote your products?**

**FRESHER DIARY PRODUCTS**

**P.O BOX 3333  
KAMPALA,  
TEL: 0700695643**

**HOW PRODUCTS WILL BE PROMOTED:**

- ✓ Providing high quality milk to customers.
- ✓ Participating in trade fair and exhibitions like the one organized at lugogo trade show ground.
- ✓ Giving out free samples and gifts in form of milk, and sweets to customers to attract them.
- ✓ Using a sign post to show the type of products the business is dealing in
- ✓ Offering prompt services i.e ensuring that there is delivery milk on time to customers
- ✓ Being honest to customers through fulfilling the promises.
- ✓ Offering trade discounts to customers who buy in large quantities say 40 liters per day
- ✓ Providing credit services to trust worthy customers
- ✓ Extending technical advice to customers on how to handle and preserve milk.
- ✓ Advertising through the media say in newspapers like Bukedde paper, New vision, and radio like CBS, Capital radio and television.
- ✓ Ensuring proper packaging of milk.
- ✓ Charging special prices during festive seasons like Christmas, Easter, Idi- -al- fitr
- ✓ Sponsoring different social activities like general cleaning at certain hospitals done workers of the company

**TOPIC 12: HUMAN RESOURCE MANAGEMENT/PERSONNEL MANAGEMENT**

- SUB TOPIC: DESIGNING A JOB APPLICATION FORM**

You're the manager of the business, design a job application form for employees

**TRUST ELECTRONICS**

**P.O BOX 33,**

**KAMPALA,**

**TEL: 0700695643.**

**JOB APPLICATION FORM FOR USAGE IN THE HUMAN RESOURCE DEPARTMENT**

**TRUST ELECTRONICS**

**P.O BOX 33, KAMPALA**

**TEL: 0700695643**

**JOB APPLICATION FORM FOR APPOINTMENT IN TRUST ELECTRONICS LIMITED**

**Please read the particulars on this form carefully before completing it.**

Fill in this form in triplicate and send it to the human resource manager of Trust Bakery Limited P.o Box 33, Kampala.

**1.(i)Post/Appointment applied for:**.....

**(ii)Ref NO:**

**2.Personal information/ data:**

**(i) Surname name(s):**.....**Other names:**.....

**(ii) Date of birth:**.....**Gender:**.....

**(iii)Home District:**.....**Permanent address:**.....

**(iv)Number of Children:**.....**Marital Status:**.....

**3. Father's/Guardian's name:**.....**Nationality:**.....

**4. School/College/ University attended to**

School/institution/University	Year		Qualification obtained	Grade
	From	To		

**5. When would be available for appointment if selected:**.....

**6.Have you ever been convicted of a criminal offense**, if so give tails including sentence

imposed.....

**7.Subject at highest qualification given above:**..... Extra-curricular

activities:.....

**8. Employment record;**

Post held	Year		Organization
	From	To	

**9. I hereby declare to the knowledge and belief that the particulars given in this application are true and complete in all aspects.**

**Date:**.....**Sign:**.....

**Names:**.....

**Referees:**

**1:**.....**Address:** .....**Tel:**.....

**2:**.....**Address:**.....**TeL:**.....

**8. Assessment of the candidates suitability for appointment to the post applied for by the former employer/head of institution/ university**

**Sign:**.....

Name:.....Official stamp:.....  
 Title:.....

### **SUB TOPIC: PROGRAMME FOR RECRUITING EMPLOYEES IN AN ENTERPRISE**

**Question. You are in need of new workers prepare a recruitment programme for new staff.**

**WEZA CLAYS,  
 P.O BOX 22, KABALE  
 TEL: 0700695643**

#### **RECRUITMENT PROGRAMME FOR NEW STAFF**



**WEZA CLAYS  
 P.O BOX 22 KABALE,  
 TEL: 0700695643**

#### **RECRUITMENT PROGRAMME FOR NEW STAFF**

#### **RECRUITMENT PROGRAMME STARTING 20<sup>TH</sup>/4/2018**

Date	ACTIVITY	PERSON IN CHARGE	REMARKS
10/4/2018	Identify vacant posts in the business	Human resource manager	
11/4/2018	Establishing the required skill	Human resource manager	
12/4/2018	Establishing payment and fringe benefits	Managing Director	
13/4/18	Advertising for the vacant posts	Human resource manager	
14/4/18	Receiving application forms	Receptionist/ HRM	
15/4/18	Cross checks jobs against job description	Interview Panel members	
16/4/18	Holding interviews with short listed applicants	Interview Panel members	
17/4/18	Analyzing interview results and short listing successful applicants	Interview board	
17/4/18	Contacting successful candidates	Secretary/ HRM	
18/4/18	Issuing appointment letters	Managing Director	
19/4/18	Receiving acceptance letters	Human Resource Manager	
20/4/18	Introducing newly recruited employees	Human Resource Manager	

Prepared by;

.....

**MWEBE JOAN**

**HUMAN RESOURCE MANAGER**

Approved by:

.....

Name.....

Title.....

**Question. Your fish farming business has expanded and you plan to recruit more employees,  
 Identify the sources of recruitment for your employees**

**ONZITA FISH FARM  
 P.O BOX 333,**

**LUWERO**

**TEL: 0700223344**

**SOURCES OF RECRUITMENT FOR EMPLOYEES**

- ✓ Unsolicited applicants/ walks in
- ✓ Talent spotting/ head counting
- ✓ Friends and relatives of present employees
- ✓ Higher institutions of learning for example vocational schools, colleges and universities
- ✓ Employment agencies
- ✓ Employee referrals
- ✓ Internet/social media
- ✓ Advertising available vacancies through job adverts in the media
- ✓ Present employee promotions

**b. Design a policy for remuneration structure of your employees**

**ONZITA FISH FARM**

**P.O BOX 333,**

**LUWERO**

**TEL: 0700223344**

**POLICY FOR REMUNERATION STRUCTURE OF EMPLOYEES**

- ✓ Highly educated employees shall be paid highly compared to less educated like graduates shall get higher salaries and wages than diploma and certificate holders
- ✓ Salary payment shall be made according to number of days and hours worked
- ✓ Highly skilled workers shall be paid highly than less skilled workers
- ✓ More experienced employees shall be paid highly than less experienced
- ✓ Worker's salaries shall be increased by 10% every year
- ✓ All workers shall be entitled to fringe benefits like a accommodation, medical allowance and lunch
- ✓ Risky/complex tasks shall attract more pay to workers than less risky tasks
- ✓ Workers employed on contract basis shall attract more pay than permanent ones

**Question. Draft strategies for retention of the employees**

**ONZITA FISH FARM**

**P.O BOX 333,**

**LUWERO**

**TEL: 0700223344**

**STRATEGIES FOR RETENTION OF EMPLOYEES**

- ✓ Offering employees prompt and reasonable salaries
- ✓ Appreciating workers for the work done
- ✓ Offering fringe benefits to workers e.g housing allowance, medical allowance
- ✓ Training of employees
- ✓ Having a clear promotion criteria for employees
- ✓ Proper management of employees discipline
- ✓ Involving workers in decision making process
- ✓ Ensuring good working conditions for employees
- ✓ Handling workers' grievances well
- ✓ Showing concern for workers' problems
- ✓ Ensuring bonus payment for employees extra work done
- ✓ Involving workers in profit sharing schemes



- ✓ Providing clear job description i.e duties and responsibilities

### **SUB TOPIC: PROGRAMME FOR CONDUCTING INTERVIEWS**

#### **KOOKI JUICE PROCESSING PLANT**

**P.O BOX 444**

**KAMPALA,**

**TEL: 0700695643.**

#### **PROGRAMME FOR CONDUCTING INTERVIEWS FOR NEW EMPLOYEES**

<b>KOOKI JUICE PROCESSING PLANT P.O. BOX 444 KAMPALA TEL: 0700695643 PROGRAMME FOR CONDUCTING INTERVIEWS</b>			
<b>Time frame</b>	<b>Activity</b>	<b>Person in charge</b>	<b>Remarks</b>
3/4/2018	- Holding a planning meeting to discuss and plan for candidates' job interviews	Human Resource Management	
4/4/2018	- Screening each candidate's application for interviews	General manager and HRM.	
5/4/2018	- Selecting the interviewing style and designing questions for interviews	Human resource manger	
6/4/18	- Selecting an interview team and forming panels to conduct interviews	Human resource manager	
7/4/18	- Selecting venues and dates for interviews and allocating them to panelists	Human resource manager and interview panel	
8/4/18	- Inviting the short listed candidates for interviews.	Interview panel	
9/4/18	- conducting interviews and selecting the best candidates.	Interview panel and human resource manager	
10/4/18	- contacting referees	HRM	
11/4/18	- Communicating to successful candidates to pick their appointment letters		
Prepared by: ..... Signature: ..... <b>MUWAGUZI RONALD</b> <b>HUMAN RESOURCE MANAGER</b>		Approved by: Signature..... Name: ..... Title:.....	

**Note:** on Programmes and action plan use the Future date and normally begin with the date of exam

### **SUB TOPIC: PREPARING APPOINTMENT LETTERS**

**Question.** You have a new appointed doctor in your enterprise, Write an appointment letter to the new doctor.

#### **WEZA MEDICAL CENTRE**

**P.O BOX 22**

**KABALE,**

**TEL: 0700695643**

**APPOINTMENT LETTER TO THE NEW DOCTOR**

**WEZA MEDICAL CENTRE**

**P.O BOX 22 KABALE**

**TEL:0700695643**

**Date:** 30<sup>th</sup>/8/2018

Our Ref: o1/WMC/30/10/2018

Your ref:

**TO MAGARA JUNIX**

**P.O BOX 123 KABALE**

Dear Sir,

**RE: APPOINTMENT AS A DOCTOR**

Subsequent to your successful interviews you had with us on 26<sup>th</sup> August, 2018, I am glad to inform you that you were successful and hereby appoint you as a new doctor of Weza Medical Centre effective 1<sup>st</sup>/9/2018. You are supposed to report directly to the Managing Director.

Your gross pay shall be shs 10,000,000 p.a (ten million shillings only per annum). You will also be given housing allowance, medical allowance, transport allowance and free training.

**Your duties shall be:**

- Offering medical services to patients
- Advising the nurses where necessary.
- Performing any other duty assigned to you

Please inform us in writing using an acceptance letter if you are satisfied with the terms and conditions of this job offer and willingness to start work on 01<sup>st</sup> September, 2018.

Yours faithfully,

Sign.....

**MUKENE RONALD**

**MANAGING DIRECTOR.**

**Question. Prepare an appointment letter for the post of human resource manager.**

**NAMATALA RICE PROJECT**

**P.O BOX 22**

**MBALE**

**TEL: 0700695643**

**APPOINTMENT LETTER TO THE HUMAN RESOURCE MANAGER**



**NAMATALA RICE PROJECT**

**P.O Box 22,**

**MBALE.**

**Tel: 0700695643.**

Date: 03<sup>rd</sup> /03/2013

TO: MR. GULOBIA RICHARD

P.O BOX 444

JINJA.

Dear Sir,

**RE: APPOINTMENT LETTER FOR THE POST OF HUMAN RESOURCE MANAGER**

I am glad to inform you that you have been appointed on probation for eight months as the human resource manager in this company.

You are therefore requested to report for duty on 18<sup>th</sup>/03/2013 at the company offices in Mbale along Republic Street where you will be stationed.

You shall be paid Shs 1000,000 (shillings one million) per month and shall be entitled to free accommodation and an annual leave of 30 days annually.

You will directly be responsible/ report to the General Manager.

Yours faithfully,

Sign: wahabusi

**WAHABUSI MARTIN**

**MANAGING DIRECTOR**

• **SUB TOPIC: PROGRAMME FOR TRAINING EMPLOYEES**

- **Your motor vehicle washing bay has registered complaints about delayed services and theft of their properties and motor vehicle parts.**

(a) Prepare a program for one day training and sensitization workshop intended to improve service delivery in your business.

**FAST SERVICE MOTOR VEHICLE WASHING**

**BAY P.O BOX 23**

**KAMPALA**

**TEL: 0700695643, NAMIREMBE ROAD**

**ONE DAY TRAINING AND SENSITIZATION WORKSHOP INTENDED TO IMPROVE SERVICE DELIVERY IN THE BUSINESS TO BE HELD ON 12<sup>TH</sup>/5/2016 AT HOTEL AFRICANA FROM 7:00AM- 3:30PM:**

**FAST SERVICE MOTOR VEHICLE WASHING BAY  
P.O BOX 23 KAMPALA**



**TEL: 0700695643, NAMIREMBE ROAD**

**OFFERING HIGH QUALITY CAR WASHING SERVICES**

Date:.....

**ONE DAY WORKSHOP FOR TRAINING**

TIME	ACTIVITY	PERSON IN CHARGE	REMARKS
7:00am	Preparation of the Venue	Management equatorial hotel	
8:00am	Arrival and registration of participants	Secretary	
8:30am	Assembling of participants	Secretary	
9:00am	Prayer and anthems	Spiritual leader	
9:15am	Introduction of participants	Human resource manager	
9:30am	Opening/ welcoming remarks	Company manager	
9:45am	Presentation by facilitators, discussions/ reactions/ comments	Administrators	
10:45am	Tea / break	Management equatorial hotel	
11:15am	Field trip application of skills by trainees	Administrator.	
1:30pm	Lunch	Management hotel equatorial	
2:00pm	Awarding of certificates to participants	Chief Executive Officer.	
2:45pm	Closure- closing remarks, prayer.	Chief Executive Officer and spiritual leader	

Prepared by:  
Sign: wodada

**WODADA RICK**  
HUMAN RESOURCE MANAGER.

Approved by:

Sign:.....  
Name:.....  
Title:.....

**You are the human resource manager of trust bakery limited. You have identified a need to sensitize workers to increase output**

(a) Prepare a four days training programme for the workers.

**TRUST BAKERY LIMITED**

**P.O BOX 33,**

**KAMPALA,**

**TEL: 0700695643**

**FOUR DAYS TRAINING PROGRAMME FOR WORKERS**



**TRUST QUALITY BAKERY LIMITED**

**P.O BOX 33, KAMPALA**

**TEL: 0700695643**

**FOUR DAYS TRAINING PROGRAMME FOR WORKERS**

DATE	ACTIVITY	PERSON IN CHARGE/RESPONSIBLE	REMARKS/ COMMENTS
28/4/2018	Identifying organizational objectives	Human resource manager	
28/4/2018	Identifying training needs	Human resource manager	
28/4/2018	Selecting trainees	Human resource manager	
29/4/2018	Identifying training goals	Human resource manager	
29/4/2018	Determining training goals	Human resource manager	
30/4/2018	Selecting competent trainers/instructors	Human resource manager	
01/5/2018	Conducting the training	Trainers	
01.5.2018	Evaluating the training	Managing director	

Prepared by;

signature:.....

**MWEBE JOAN**

**HUMAN RESOURCE MANAGER**

Approved by;

Signature: .....

**MUTYABA SAM**

**GENERAL MANAGER**

• **SUB TOPIC: INDUCTION PROGRAM FOR NEW EMPLOYEES**

**You are operating a small clays works project and you have just obtained a loan of shs 30, 000,000 for expansion of the business.**

(a) Prepare a one week induction programme for the mechanical engineer just recruited.

**WEZA CLAYS P.O 22 KABALE, TEL: 0700695643.**

**ONE WEEK INDUCTION PROGRAMME FOR THE MECHANICAL ENGINEER RECRUITED**



**WEZA CLAYS**  
**P.O BOX 22 KABALE,**  
**TEL: 0700695643**

**ONE WEEK INDUCTION PROGRAMME**

Date	ACTIVITY	PERSON IN CHARGE	REMARKS
22/3/2018	Receiving and welcoming the new mechanical engineer and obtaining his personal data	Human Resource Manager	
23 <sup>rd</sup> /3/2018	Introducing the new worker giving a brief history and general information about Weza clays	Head of Departments	
24 <sup>th</sup> /3/2018	Explaining to the mechanical engineer the mission, vision, goals and development opportunities of the business.	Managing director Head of Department	
24 <sup>th</sup> /3/2018	Issuing written terms and conditions of employment to the new mechanical engineer and signing it	Managing director Head of Department	
25 <sup>th</sup> /3/2018	Giving the mechanical engineer information of employee- employer relations and communication procedure with other workers	Managing Director	
26 <sup>th</sup> /3/2018	Explaining to the mechanical engineer information on business policies including general behavior, dressing code, smoking, health hazards, safety measures and welfare.	Head of Department	
27 <sup>th</sup> /3/2018	Explaining to the mechanical engineer the Job description i.e immediate supervisor, duties and minimum working standards	Head of Department	

Prepared by;  
 Sign: mwebe  
**MWEBE JOAN**  
 HUMAN RESOURCE MANAGER

Approved by:  
 Sign:.....  
 Name:.....  
 Title:.....

**NOTE: USE NAMES WHERE THERE IS PERSON IN CHARGE TO AVOID WRONG TITLES**

**Question. Prepare an induction program for new employees**

**WEZA CLAYS**

**P.O 22**

**KABALE,**

**TEL: 0700695643.**

**ONE DAY INDUCTION PROGRAMME FOR NEW EMPLOYEES**



**WEZA CLAYS**  
**P.O BOX 22 KABALE,**  
**TEL: 0700695643**

**ONE DAY INDUCTION PROGRAMME FOR NEW EMPLOYEES**

Date/ Time	ACTIVITY	PERSON IN CHARGE	REMARKS
6:00am	Arrival and registration of new employees	Mwalye Ronnie	
7:00am	Welcoming of new employees and introduction	Kamonde Jaon	
8:00am	Giving background information about the business e.g purpose of the business; mission. Vision, objectives and goals of the business	Kawuta David	
9:00am	Describing the organizational structure of the business	Mayindo Fred	
10:00am	Touring of the business premises	Kasolo Derick	
11:00am	Explaining capacity/ career development opportunities e.g training, performance appraisal and promotional avenues	Waligo Julius	
12:00pm	Giving and issuing written terms and conditions to employees	Weetessa ken	
1:00pm	Taking workers through organizational policy, general behaviours of employees such as reporting time, working hours, salary structure, Dos and Donts	Mwalye Ronnie	
2:00pm	Explaining about health and safety e.g health hazards, safety rules, and first aid box	Kamonde Jaon	
3:00pm	Employing employee welfare e.g benefits like housing, medical etc	Kawuta David	
4:00pm	Explaining about the job itself i.e job description and minimum job standards	Mayindo Fred	
5:00pm	Giving new workers tools and equipment	Kasolo Derick	
6:00pm	Placement of new workers to their respective jobs	Waligo Julius	

Prepared by;  
 Sign: mwebe  
**MWEBE JOAN**  
 HUMAN RESOURCE MANAGER

Approved by:  
 Sign:.....  
 Name:.....  
 Title:.....

• **SUB TOPIC: JOB ADVERTS**

**Question. Prepare a job advertisement for the post of an accountant for the business.**

**MAKUMBI FUEL STATION**  
**P.O BOX 33**  
**KAMPALA**  
**TEL: 0700695643**

**JOB ADVERTISEMENT FOR THE POST OF AN ACCOUNTANT**



## MAKUMBI FUEL STATION

**P.O BOX 33 KAMPALA**  
**TEL: 0700695643**

### **JOB ADVERT**

Makumbi Fuel Station is a medium sized business dealing in manufacture of human drugs including tablets and syrups. It has been in operation for 5 years. It is in the process of recruiting an accountant to improve its financial management.

**Job title:** Accountant

**Job duties and responsibilities:**

- Controlling cash inflows and cash outflows
- Preparing workers payroll.
- Supervising daily expenditures
- Filling source documents

**Qualifications:** University Degree in Accounting and Finance

**Age limit:** The applicant should be between 22-35 years old.

**Type of employment:** Permanent basis

**Experience:** At least three (3) years in the field of accounting.

**Remuneration:** negotiable but attractive.

**Other competencies:** preferably female, Should be married,

**Special skills:** Should have knowledge on different languages and team player

**Duty station:** Business premises Bugolobi Kampala

**Procedure of applications:** Qualified and interested Ugandans should submit in their hand written applications in duplicate with certified copies of academic documents, curriculum vitae to the human resource manager of the above address and head quarters

**Deadline for submission:** For submission of application is not later than 5:00pm on 22. August.2018.

- **SUB TOPIC: JOB DESCRIPTION**



Prepare a job description for a loans officer.

**KANTE SACCO**

**P.O BOX 444**

**KAMPALA,**

**TEL: 0700695643**

**JOB DESCRIPTION FOR A LOANS OFFICER:**

**KANTE SAVINGS AND CREDIT COOPERATIVE SOCIETY**

**P.O BOX 3434 KAMPALA**

**TEL: 0700695643**



Email: kantesacco@gmail.com

Located in Kikoni Plot 10 Sir Apollo Kagwa Road

**Job description for loan officer**

**Job title:** Loan officer

**Job summary:** The overall purpose is reporting to the credit manager following the day today loan disbursements.

**Job duties and responsibilities:**

- Mobilize and train potential clients
- Recommend potential clients for training and accessing loans
- Assemble data and information concerning Sacco's clients
- Disburse and collect loan installment payments.
- Ensuring proper recruitment of potential clients
- Report customers' complaints in regard to loans.
- Nature of supervision: Reports to General Manager
- Equipment (s) to be used: Computers, office phones, stapling machine
- Working conditions: Workers are to be given breakfast, evening tea, transport and medical allowance
- Relationship with other jobs: to ensure all departments perform to the required standards and obtain their funding

Prepared by:

Sign: mabonga

MABONGA JOT

HUMAN RESOURCE MANAGER

**SUB TOPIC: JOB SPECIFICATION**

**Question. Prepare job specification for an engineer**

**KANTE SACCO**

**P.O BOX 444**

**KAMPALA,**

**TEL: 0700695643.**

**JOB SPECIFICATION FOR AN ENGINEER KANTE**

**KANTE SAVINGS AND CREDIT COOPERATIVE SAVINGS  
P.O BOX 444 KAMPALA**



**TEL: 0700695643**

**JOB SPECIFICATION FOR AN ENGINEER**

**Physical requirements:** Good health

**Qualifications:** Bachelors Degree in Civil Engineering from a recognized University

**Working experience:** 4 years of field experience

**Remuneration:** Negotiable but attractive

**Other competencies:**

- Preferably male
- Between 20- 30 years
- Residing in Kampala
- Should computer literate, good in English language both spoken and written.

Prepared by:

Sign: were

WERE JOHN

HUMAN RESOURCE MANAGER

- **SUB TOPIC: PERFORMANCE APPRAISAL**

Design an appraisal form for usage in the human resource department



**HOPE SOAP WORKS**  
**P.O BOX 22 KAMPALA**  
**TEL: 0700695643**

**STAFF PERFORMANCE APPRAISAL FORM**

Period of assessment; From:.....To:.....

**Section A: Personal information (To be filled in by the appraisee)**

Name of the appraisee:.....Salary Scale:.....

Job title /rank:.....

Department:.....Division:.....

**Section B: Assessment of the level of achievement**

Agreed key outputs, indicators and targets		Agreed assessment of the appraisee by the appraiser		
Key output		Performance		Comments on performance

**Section C: Assessment of core competencies**

Competence	Assessment performance level attained please tick					Comments
Knowledge and skills, planning	5	4	3	1	N/A	
Leadership						
Team works						
Time management						

**Section D plan to improve performance**

Performance gap	Agreed action	Time frame

**Section e; Comments, recommendation (if any) and signatures.**

Comments of the appraisee:.....

Signature:.....

Comments of the appraiser:.....

Signature:.....Date:.....

Comments of responsible officer:.....

Name:.....

Job title:.....

Signature:.....Date:.....

- **SUB TOPIC: PAY ROLL FOR WORKERS IN AN ENTERPRISE**

Prepare a pay roll for your workers for the month just ended

**MUNENE PHARMACEUTICALS**

**P.O BOX 22,**

**KAMPALA,**

**TEL: 0700695643**

**PAYROLL FOR WORKERS FOR THE MONTH OF MARCH 2018.**

**MUNENE PHARMACEUTICALS**

**P.O BOX 22, KAMPALA**

**TEL: 0700695643**

**WORKERS' PAYROLL**

**FOR MARCH 2016**

Employee Name	Employee No	Basic Pay (Shs)	Allowance		Gross Pay(Shs)			Tin No:	Net Pay (Shs)
			Housing (Shs)	Transport (Shs)		Taxes/ Payee(Shs)	Advance (Shs)		
Mahuyu Ben	01	400,000	40,000	30,000	470,000	60,000	-	T001	410,000
Mukau Rek	02	500,000	60,000	40,000	600,000	30,000	40,000	T002	480,000
Matovu Alex	03	360,000	30,000	20,000	410,000	40,000	-	T003	370,000
Mukisa Dick	04	280,000	20,000	10,000	310,000	30,000	60,000	T004	220,000
Weswa Sam	05	170,000	-	-	170,000	-	70,000	T005	100,000
Total		1,710,000	150,000	100,000	1,960,000	210,000	170,000		1,580,000

Prepared by:

**Sing.....**

**WERE ALONE**

**HUMAN RESOURCE MANAGER**

Approved by:

**Sign .....**

**Name:.....**

**Title:.....**

• **SUB TOPIC: EMPLOYMENT CODE OF CONDUCT RULES AND REGULATIONS**

**You are a general manager of a business dealing in manufacture of liquid soap.**

**(a) Propose rules and regulations for ensuring proper code of conduct of employees.**

**MWEBE SOAP WORKS**

**P.O BOX 22,**

**KAMPALA.**

**TEL: 0700695643**

**GUIDELINES FOR ENSURING PROPER CODE OF CONDUCT FOR EMPLOYEES:**

- ✓ Drunkardness shall not be tolerated at the business premises.
- ✓ The dressing descent for males and females, no miniskirts will not be allowed.
- ✓ There shall be no trade union activities in the business

- ✓ Resignation from service shall be communicated three months in advance.
- ✓ Unbecoming behaviors i.e poor interpersonal behaviors like fighting, use of abusive language etc shall not be tolerated.
- ✓ There shall be no missing of work without permission from authority.
- ✓ Repeated offense shall lead to dismissal.
- ✓ The arrival time shall be 7:30 am and departure time shall be 5:30pm.

• **SUB TOPIC: JOB ANALYSIS**

**MWEBE SOAP WORKS**  
**P.O BOX 22,**  
**KAMPALA.**  
**TEL: 0700695643**

**JOB ANALYSIS FORM**

**MWEBE SOAP WORKS**  
**P.O BOX 22,**  
**KAMPALA.**  
**TEL: 0700695643**

**JOB ANALYSIS FORM**

**Participant** \_\_\_\_\_ **Job Trainer** \_\_\_\_\_  
**Company** \_\_\_\_\_

**Company Phone** \_\_\_\_\_ **Address** \_\_\_\_\_

**Contact** \_\_\_\_\_ **Date Job Begins** \_\_\_\_\_

**Site** \_\_\_\_\_ **Job Title** .....

**Immediate Supervisor** \_\_\_\_\_ **Project Year** \_\_\_\_\_

**Course Work Tasks**  
**(Identified By Employer)**

**Course Work Tasks**  
**(Identified By Employer)**

**Job Related Tasks**  
**Important Cultural Aspects**

**Job Related Tasks**  
**Important Cultural Aspects**

**Job Details:** \_\_\_\_\_

**Rate Of Pay:** \_\_\_\_\_ **Hours Per Week:** \_\_\_\_\_ **Work Days:** \_\_\_\_\_

**Benefits:** \_\_\_\_\_

**Holidays/Leave Time:** \_\_\_\_\_ **Breaks/Lunch:** \_\_\_\_\_

**Work Hours Each Day:** \_\_\_\_\_ **Overtime/Weekend:** \_\_\_\_\_

**Attach Job Summary On Separate Sheet**

**Prepared by;**

**Sign.....**

**WERE JOHN**

**GENERAL MANAGER**

**SUB TOPIC PAY SLIP**  
**KAKI STATIONERS**  
**P.O BOX 122**  
**KAMPALA,**  
**TEL: 0700695643.**



**KAKI STATIONERS**  
**P.O BOX 122 KAMPALA,**  
**TEL: 0700695643.**

**DEALERS IN ALL STATIONARY PRODUCTS.**

**SALARY PAY SLIP**

Slip NO: 0011  
**Employee Name:** Bwaraki Simon  
**ID Number:** KS0023  
**Designation:** Sales manager **.Month and year:** 28/6/2018

Earning details	Amount (Shs)	Deduction details	Amount (Shs)
Basic salary	400,000	Taxation	200,000
Bonus pay	200,000		
		Others	
Gross salary	600,000	Total deductions	200,000
		Net pay	400,000

**Amount in words:** Six hundred thousand shillings only

**Cheque Number:**00000333, **Date:**28/6/2018

**Signature of the employee**.....

**Name of the Bank:** Centenary Bank

Director .....

**Qn. Prepare a termination letter to an incompetent security officer**

**GALAXY BAKERY**  
**P.O BOX 34,**  
**KAMPALA,**  
**TEL 0700695643**

**TERMINATION LETTER FOR AN INCOMPETENTS SECURITY OFFICER FOR NEGLECTING HIS DUTIES**

**GALAXYBAKERY  
P.O BOX 34, KAMPALA  
TEL: 0700695643  
Date: 28/4/2016**

Our ref: GB/L/28/4/2016  
Mr. Walyawula Bernard  
Dear sir,

**RE: TERMINATION OF YOUR SERVICE AS A SECURITY OFFICER**

Thank you for the services you have rendered as a security officer in this business since November 2002. However, due to your neglect of duties, your services are longer required effective 11/6/2017. Your termination package is ready with our cashier of Shs 2,000,000/= (Two million shillings only) Hope to engage you again if need arise

Yours faithfully,

.....  
**WAMAGA WESOGA  
HUMAN RESOURCE MANAGER**

**Qn. prepare a questionnaire for collecting data from employees about causes of labour turnover in an enterprise.**

**WAKALIGA MINERAL WATER  
P.O BOX 44,  
KAMPALA  
TEL: 0700695643**

**QUESTIONNAIRE FOR COLLECTING DATA FROM EMPLOYEES ABOUT CASUSES OF LABOUR  
TURNOVER QUESTIONNAIRE FOR COLLECTING DATA FROM EMPLOYEES ABOUT CASUSES  
OF LABOUR TURNOVER**

**WAKALIGA MINERAL WATER**  
**P.O BOX 44, KAMPALA**  
**TEL: 0700695643**

**QUESTIONNAIRE ABOUT CAUSES OF LABOUR TURNOVER**

Our dear employee we thank you for the services you are rendering to this organization. You realize that the business has been recruiting but also losing employees every year. Therefore you are requested to fill this questionnaire with genuine information to help management plan better. Your information shall be treated with maximum confidentiality and only used for the purpose intended.

1. Name..... Gender- male ( ) female ( )  
 Age between 18- 30 ( ) 31-45 ( ) 45+ ( )
2. Salary per annum Shs..... Qualification- Diploma ( ) Degree ( ) Others ( )
3. How many years have you worked in this organization 1-5 years ( ) 5+ years ( )
4. How many hours do you work in this organization per day 2-3 hours ( ) 5+ hours
5. What fringe benefits do you enjoy in this organization- transport ( ) housing ( ) others specify.....
6. Do you get any leave in a year? Yes ( ) No ( )
7. Is there a suggestion box in this organization? Yes ( ) No ( )
8. How is the relationship between workers and management? poor ( ) fair ( ) good ( ) very good ( )
9. How is the working environment? poor ( ) fair ( ) good ( ) very good ( )
10. How are the machines and equipment that you use? poor ( ) fair ( ) good ( ) very good ( )
11. When are salaries paid? On 1<sup>st</sup> of new month ( ) 15<sup>th</sup> ( ) 30<sup>th</sup> ( ) after one month ( ) others specify.....
12. How often do you visit employees of other companies? Once a year ( ) Twice a year ( ) Not at all ( )
13. How are indisciplined employees handled? Warned ( ) terminated without warning ( )
14. How many more years are you willing to work in this organization? 1-5 years ( ) 5+ years ( )
15. How do you compare the salary of your organization and that of neighboring organizations? Higher ( ) lower ( ) slightly ( )
16. In case you are given another job can you sacrifice this job? Yes ( ) No ( )
17. Generally what do you think should be improved in this organization?

.....  
 .....  
 .....

We appreciate you for the time given and responses

**MANAGEMENT**

**Qn. Design/draft a merit certificate for a hard working employee**

**GALAXYBAKERY**  
**P.O BOX 34, KAMPALA**  
**TEL: 0700695643**

**CERTIFICATE OF MERIT TO A HARDWORKING EMPLOYEE**



<b>GALAXYBAKERY</b> <b>P.O BOX 34, KAMPALA</b> <b>TEL: 0700695643</b>	
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <b>CERTIFICATE OF MERIT</b> </div>	
<p>This is to certify that Mr/miss.....has been recognized as the employee of the year.....for his /her excellent performance as..... In the .....department</p>	
Sign..... Name..... Title ..... Date .....	Sign..... Name..... Title..... Date.....
<b>“We are one bakery in Uganda”</b>	

**(c) TRUST ELECTRONICS**  
**P.O BOX 33**  
**KAMPALA,**  
**TEL: 0700695643.**

**GUIDELINES FOR MANAGING THE DISCIPLINE OF WORKERS**

- (i) Documenting the details of indiscipline of workers
- (ii) Having a verbal discussion and counseling by the immediate supervisor
- (iii) Giving a written warning by the immediate supervisor in case of improvement
- (iv) Meeting the disciplinary committee in case of failure to reform to enable the employee defend him/herself.
- (v) Suspension for prescribed period for two weeks
- (vi) Demotion with reduction in salary and benefits in case of failure to reform
- (vii) Termination/ dismissal of the employee.

**Question. (a)** You have been hired as a human resource manager of DAKAS enterprise which is experiencing a high labor turnover, Advise management on strategies that should be adopted to improve the welfare of the employees

**DAKAS ENTERPRISES**  
**P.O BOX 33**  
**KAMPALA,**  
**TEL: 0700695643.**

**ADVICE ON STRATEGIES FOR IMPROVING STAFF WELFARE**

- ✓ Management should provide safe and clean drinking water
  - ✓ Sanitary facilities should be provided and cleaned regularly i.e twice a day
  - ✓ Resting time and places should be provided to employees
  - ✓ Recreational facilities to workers should be provided
  - ✓ Workers should be provided with first aid in case of injuries
  - ✓ Adequate storage for workers belongings should be provided
  - ✓ User friendly facilities for disabled should be put in place
  - ✓ Protective gadgets should be provided to workers in risky places
  - ✓ Fringe benefits such as leaves and accommodation, transport allowances should be provided to workers
- c. Design a procedure that should be followed by management when handling indisciplined employees of the enterprise**

**DAKAS ENTERPRISES**

**P.O BOX 33**

**KAMPALA,**

**TEL: 0700695643.**

**PROCEDURE FOR HANDLING INDISCIPLINED STAFF**

- ✓ Documenting the details of the undisciplined/ indisciplined staff member
- ✓ Verbal discussions and counselling by immediate supervisor
- ✓ Failure to reform, meets the disciplinary committee to enable the employee defend him/herself
- ✓ Suspension for prescribed period for example one month
- ✓ Failure to reform, faces demotion and reduction in salary and fringe benefits
- ✓ Termination of the employee

**SUB TOPIC: GUIDELINES FOR MOTIVATING EMPLOYEES**

**KAKI STATIONERS**

**P.O BOX 122**

**KAMPALA,**

**TEL: 0700695643.**

**GUIDELINES FOR MOTIVATING EMPLOYEES**

- ✓ All workers shall be given timely and fair pay
- ✓ Workers shall be assured of job security by providing them with appointment letter
- ✓ Workers shall be given rewards for specific good work done
- ✓ Good working conditions shall be ensured by providing workers with gloves, aprons etc
- ✓ Effective communication shall be used to promote employee- employer relations
- ✓ Using open/effective communication. This involves conveying information from one level of
- ✓ The contribution of employees shall be appraised and recognized by giving them certificates.
- ✓ Promotion prospects/ promoting workers shall be done objectively and on merit.
- ✓ All workers shall be encouraged to take part in decision making process
- ✓ Workers problems shall be attended to by visiting them during sickness or provide any assistance. Sharing and showing concern to workers problems e.g by providing them with emergency financial assistance, visiting them in time of sickness make them feel liked and they normally work for business success.
- ✓ staff get together parties shall be organized at the end of a successful period i.e weekly, monthly or at

**Question. You are running a petrol station, Prepare safety guidelines to be followed by your employees.**

**KOBEL PETROL STATION**

**P.O BOX 333,**

**KAMPALA**

**TEL:0700695643.**

**SAFETY GUIDELINES TO BE FOLLOWED BY EMPLOYEES OF KOBIL PETROL STATION  
INCLUDE:**

- ✓ Employees shall not be allowed to smoke because it may cause a fire out break at the petrol station
- ✓ Employees shall report anything dangerous to proper guards of the dangerous parts of the power transmission.
- ✓ Employees shall wear protective gears/ gadgets such as gum boots, hand gloves and ear pads whenever on duty.
- ✓ Workers shall use installed fire extinguishers in case of fire outbreak at the petrol station
- ✓ Workers shall wash their hands in the wash room of the petrol station in case they feel like eating anything,
- ✓ Workers shall be trained on how to follow signs of dangerous spots

- ✓ Employees shall be frequently sensitized about security guide lines
- ✓ Tress passes shall be penalized accordingly to non-staff members /intruders

(a) What factors will you consider when recruiting employees in your project?

**KAAYA RESTAURANT**

**P.O BOX 333**

**KAMPALA,**

**TEL: 0783905294**

**FACTORS CONSIDERED WHEN RECRUITING EMPLOYEES:**

The following factors would be considered by Kaaya restaurant when recruiting employees:

- ✓ The nature of the job to be done.
- ✓ The health condition of the employee. The business will consider only healthy employees with clean medical history.
- ✓ The gender/sex that is to say the business will recruit young beautiful ladies to work as waitresses and a few men in the kitchen
- ✓ The business will consider the age of the individual applicants. The business will recruit employees of ages ranging from 18 to 26 years, since they tend to be energetic and hard working.
- ✓ The Cost of the employee/remuneration needed by the employees i.e the business will recruit low cost but efficient employees
- ✓ The working experience of the worker. The business will recruit employees who possess at least 3 years' working experience in a busy restaurant.
- ✓ The skills and qualifications of the employee. The business will recruit employees with a minimum qualification of a certificate in catering and hotel management
- ✓ The Languages the employee is able to speak ie one speaking at least not less than three languages for example English, Kiswahili, Luganda, French and German.
- ✓ The marital status of the employee. The business will recruit those who are single since such employees devote all their efforts the business activities.
- ✓ The size of the restaurant i.e the business will employ only 8 people to run the restaurant

(b ) **What methods will be used in your business when appraising performance of employees.**

**KAAYA RESTAURANT**

**P.O BOX 333 KAMPALA,**

**TEL: 0700695643.**

**METHODS USED WHEN APPRAISING PERFORMANCE OF EMPLOYEES:**

**Kaaya restaurant will consider the following methods when appraising performance of employees:**

- ✓ Using the rating scale; in this the scores of performance of activities involved in the employee's job are indicated.
- ✓ Using the ranking method, this involves arranging employees in order of performance
- ✓ Using the grading method, this involves organizing employees in pre –determined grades according to their performance.
- ✓ Using the behavioral expectation scale method, this would involve the behavior of the employee in aspects related to his or her job.
- ✓ Using of open ended method, this involves the evaluation of the performance of employees and give appropriate comments on each.

What measures will you take to promote welfare of your workers employees

**BAANA SOAP FACTORY**

**P.O BOX**

**444 KAMPALA,**

**TEL:0700695643.**

**MEASURES TAKEN WHEN PROMOTING WELFARE OF WORKERS:**

- ✓ Ensuring enough and timely payments of workers
- ✓ Providing fringe benefits to workers such as free food ratios
- ✓ Providing free education and training to workers in different skills to enhance their efficiency in production process.
- ✓ Allowing workers to have enough resting time
- ✓ Provision of first aid in case of any accident i.e fire burning one of the workers
- ✓ Providing comfortable place for meals
- ✓ Provision of safe and clean drinking water
- ✓ Provision of recreational facilities for workers for example a swimming pool.
- ✓ Providing regularly clean sanitary facilities, separate for female and male workers
- ✓ Setting up health standards and enforcing them such as prohibiting smoking from the work place
- ✓ Encouraging workers to enjoy their health rights such as sick leave, maternity leave and medical checkup visits.

**Question. Suggest the measures that you will take to minimize health risks of your workers**

**MUKESA CARPENTRY WORKSHOP**

**P. O. BOX 222**

**KAMPALA,**

**TEL: 0700695643**

**MEASURES TO BE TAKEN TO MINIMIZE ON HEALTH RISKS OF WORKERS:**

The business will take the following measures to minimize the health risks of my workers:

- ✓ Providing a health insurance scheme to workers
- ✓ Providing resting times and places for workers
- ✓ Putting in place friendly facilities for the disabled e.g wheel chairs
- ✓ Provision of first aid equipment and training first aid providers.
- ✓ Providing regularly clean sanitary facilities , separate for both female and male workers with soap for washing hands
- ✓ Provision of adequate protective gear such as gumboots , hand gloves, ear pads ,helmets e.t.c to all workers to protect them from unnecessary injuries
- ✓ Providing appropriately trained labour to avoid accidents
- ✓ Providing enough safe and cold drinking water for workers
- ✓ Using safety devices that prevent machines from running while workers' body parts are in danger
- ✓ Installing fire extinguishers to deal with small fire out breaks at the work place
- ✓ Attaching specific guards to dangerous parts of machines and power transmission areas
- ✓ Ensuring that dangerous substances such as acid and gas are kept tightly in containers or places that are out of reach.
- ✓ Providing enough light at the workplace for clear vision especially when machines are running to avoid accidents and sight problems.
- ✓ Putting in place and enforcing health and safety rules and regulations for workers to follow e.g prohibiting smoking and drinking of alcohol from the work place

**Question. You're appointed as a personnel manager of a large company,**

(a) Explain what you will do in carrying out job analysis.

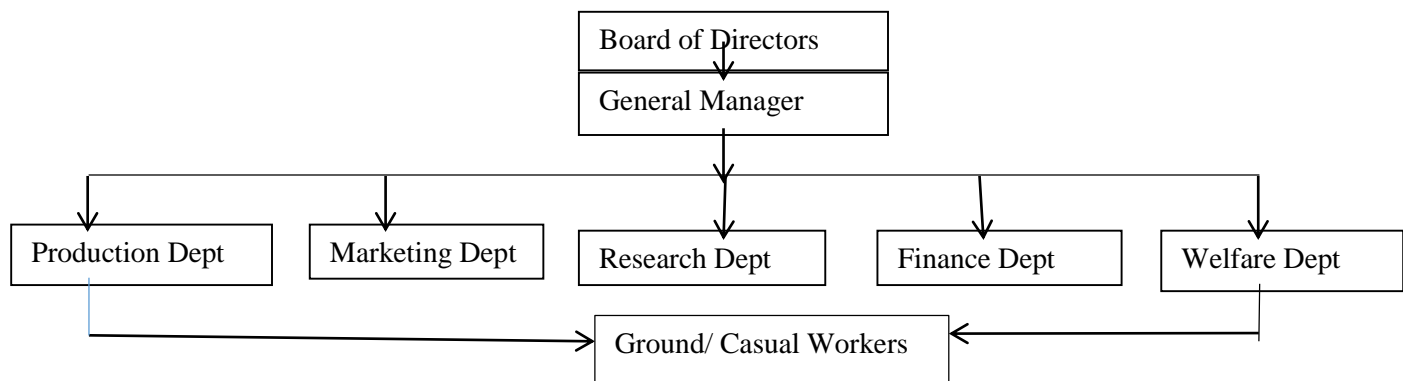
**BUYINZA POULTRY FARM,  
P.O BOX 3333  
KAMPALA,  
TEL: 0700695643**

**WHAT WILL BE DONE WHEN CARRYING OUT JOB ANALYSIS?**

- ✓ Identifying the purpose of the job. This mainly considers the reasons why the vacancy needs to be filled e.g a company needs to recruit a sales manager.
- ✓ Establishing the major duties to be carried by the job holder. This will include marketing all company products and services, conducting market research, preparation of sales reports, account management and customer retention.
- ✓ Looking for the knowledge required to perform the job. This will be in terms of academic qualifications e.g a Bachelors Degree in computer science Microsoft windows of 2010.
- ✓ Establishing the abilities or personal attributes required at the job. This include willingness to work with minimum supervision, a self-starter and driven person, ready to confront challenges willing to and go extra mile.
- ✓ Looking for the skills and experience required. This include aspects such as two years' experience, work experience in the organization dealing, good and hand written communication skills.

(b) Draw the organizational chart of the company.

**BUYINZA POULTRY FARM,  
P.O BOX 3333  
KAMPALA,  
TEL: 0700695643  
THE ORGANIZATIONAL CHART**



(c ) Explain the methods you would use to recruit workers in your organization

**BUYINZA POULTRY FARM,  
P.O BOX 3333  
KAMPALA,  
TEL: 0700695643**

**METHODS USED TO RECRUIT WORKERS:**

- ✓ Advertising in the media. Involving putting job adverts in newspapers such as New Vision, Daily Monitor, on radio such as Beat Fm, and K.Fm, TV stations like Bukedde Television and NTV. And website establishment.

- ✓ Using employment agencies such as dama consultants and PILA consultants, department of labour and district labour offices.
- ✓ Visiting higher institutions of learning such as Makerere University, Kyambogo University to identify the finalists who perform.
- ✓ Using labour unions in recruiting workers for the organization for example the Uganda law society.
- ✓ Using transfers and promotions of the company employees.
- ✓ Using the unsolicited applications available applications for people who have applied some time back but were not considered.

**Question. How will you motivate your workers/employees?**

**BUGAGA ANIMAL FEEDS,  
P.O BOX 2222  
KAMPALA,  
TEL”0700695643**

**HOW EMPLOYEES WILL BE MOTIVATED:**

- ✓ Organizing staff get together functions or parties e.g end of year staff party
- ✓ Involving workers in decision making i.e when discussing on money issues like workers allowances.
- ✓ Providing relevant training opportunities to workers by use of on job training method. This helps them to improve on their careers and become more efficient in the production process.
- ✓ Using open communication to all workers. This helps in avoiding development of cliques in the business.
- ✓ Offering fringe benefits to workers such as free transport allowance, medical care and accommodation to the employees from distant places
- ✓ Giving employees’ fairly adequate and prompt remuneration .This encourages them to work harder because they are assured of their timely and prompt pay.
- ✓ Involving workers in profit sharing schemes so as to make them feel respected and contented with what they are paid.
- ✓ Ensuring pleasant working environment through regular cleaning of the work place to avoid cases of sickness.
- ✓ Giving rewards to specific well done results by different workers e.g prizes and certificates of performance.
- ✓ Putting in place transparent managerial system e.g promoting workers objectively
- ✓ Respecting social differences of worker such as gender balance and religious affiliations in decision making.
- ✓ Providing reasonably fair retirement packages e.g pension to retired workers
- ✓ Showing empathy to workers and listening to their problems
- ✓ Guaranteeing job security to workers i.e through giving out appointment letters to all workers.
- ✓ Promotion of workers objectively without discrimination i.e not basing on relationship, sex, religion and tribe.
- ✓ Carrying out performance appraisal regularly to determine productivity of workers.
- ✓ Encouraging team work among workers and management
- ✓ Ensuring timely and satisfying remuneration for example paying them in time
- ✓ Involving workers in decision making where possible for them to feel that they are part of the organization.

**NB: more explanations needed to the above points please!!!**

**You have a motor garage with a cashier who has caused financial loss for a given time. Prepare a dismissal letter for him/her.**

**QUICK MOTOR GARAGE**

**P.O BOX 12**

**KAMPALA,**

**TEL: 0700695643. (INDENTED FORMAT)**

**DISMISSAL LETTER FOR A CASHIER FOR CAUSE OF FINANCIAL LOSS**

**QUICK MOTOR GARAGE**

**P.O BOX 12 KAMPALA**

**TEL: 0700695643**

Date: 23/4/2016

TO MR KAHWA RICH

CASHIER

Dear sir,

**RE : DISMISSAL FROM THE POST OF CASHIER**

I would like to appreciate your good services rendered to our garage, ever since we employed you as a cashier.

I hereby inform you the beginning from the meeting which sat on 09th march 2014 under min 012/03, you were dismissed from the job due to the following:

Loss of Uganda shs 2 million of which you did not give clear evidence

Your frequent absence on job

Your termination package has already been arranged of UGX 4500,000

Collect it from the general manager's office.

Yours faithfully,

.....

**WABUYI RONALD**

**HUMAN RESOURCE MANGER**

CC: General manger

CC: Board of directors

CC: Personal file

**a) Design a worker order form.**

**KAKI STATIONERS**

**P.O BOX 122 KAMPALA,**

**TEL: 0700695643**

**WORKER ORDER FORM**



**KAKI STATIONERS**  
**P.O BOX 122 KAMPALA,**  
**TEL: 0700695643.**

**DEALERS IN ALL STATIONARY PRODUCTS.**

**WORKER ORDER FORM**

Order No. 5834.

Date:.....

Date	Customer Name and address	Work description	Employee to do the work	Time		Order work No:	Job cost
				In	Out		

Prepared by:

Sign:.....

Name:.....

**SUPERVISOR**

**b) Design a weekly work schedule form.**

**KAKI STATIONERS**

**P.O BOX 122**

**KAMPALA,**

**TEL: 0700695643.**

**WEEKLY WORK SHEDULE FORM**



**KAKI STATIONERS**  
**P.O BOX 122 KAMPALA,**  
**TEL: 07006956943**  
**DEALERS IN ALL STATIONARY PRODUCTS.**

**WORKER SCHEDULE FORM**

Worker order no. 55

Date:.....

Days	Customer Name and address	Work description	Employee to do the work	Time		Order work No:	Job cost
				Start time	End time		
Monday							
Tuesday							
Wednesday							
Thursday							
Friday							

Prepared by:

Sign:.....

Name:.....

Title:.....

Authorized by:

Sign:.....

Name:.....

Title:.....



**WEZA CLAYS**  
**P.O BOX 22**  
**KABALE**  
**TEL: 0700695643.**

**GUIDELINES TO BE FOLLOWED TO ENSURE SAFETY AT THE WORK PLACE:**

- ✓ Workers shall wear overalls and other protective gadgets while at business premises
- ✓ Workers shall wash their hands with soap before having their meals
- ✓ Workers shall wear nasal sponges to avoid inhaling of toxic substances.
- ✓ Chemicals and other dangerous substances shall be covered and put in restricted places.
- ✓ Respect for each other shall be observed at the place of work.
- ✓ Drunkardness shall not be allowed by workers while at place of work.

**WEZA CLAYS**  
**P.O BOX 22**  
**KABALE**  
**TEL: 0700695643.**

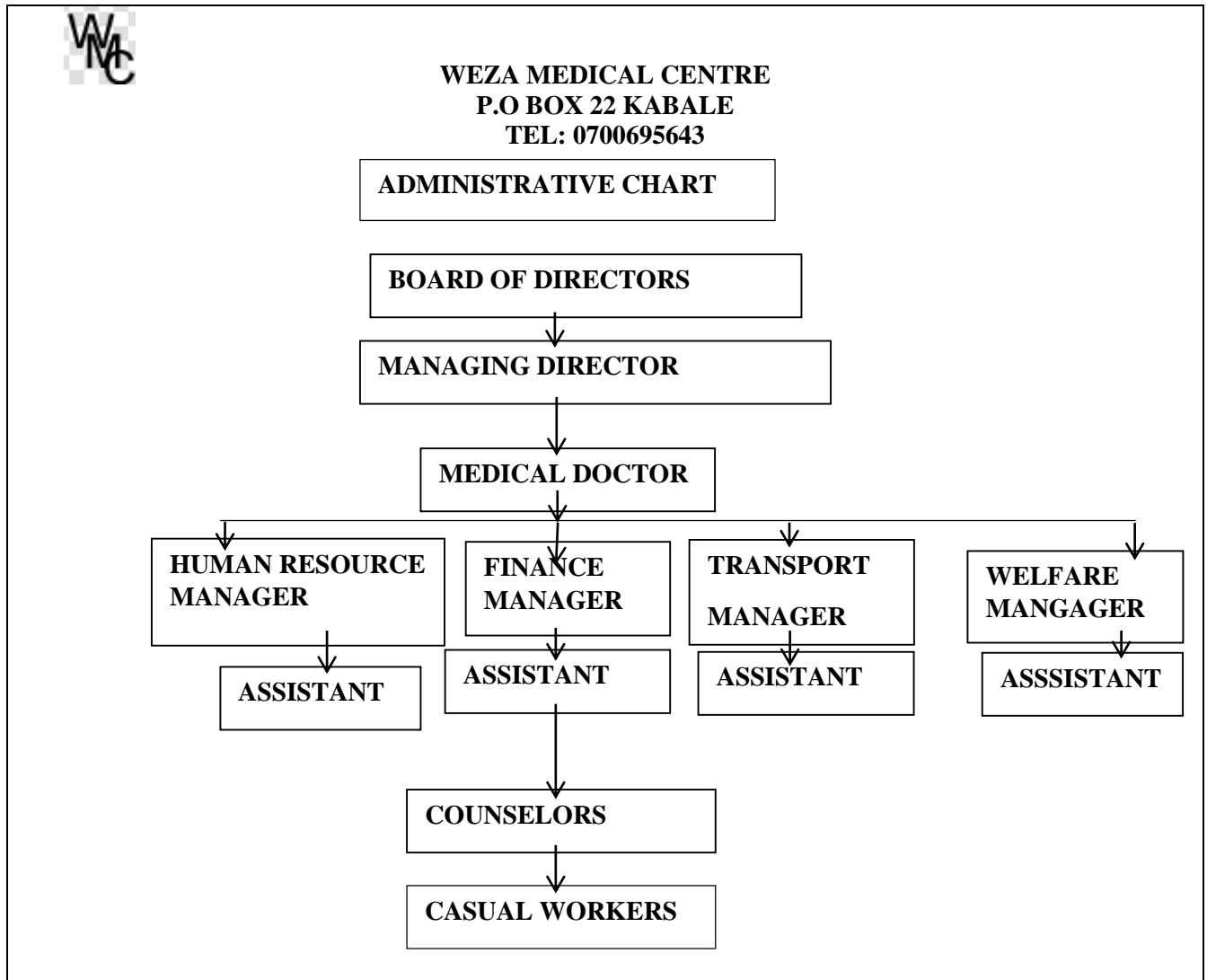
**GUIDELINES TO BE FOLLOWED TO ENSURE SAFETY AT THE WORK PLACE:**

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  - ✓ Workers shall wash their hands with soap before having their meals
  - ✓ Workers shall wear nasal sponges to avoid inhaling of toxic substances.
  - ✓ Chemicals and other dangerous substances shall be covered and put in restricted places.
  - ✓ Respect for each other shall be observed at the place of work.
  - ✓ Drunkardness shall not be allowed by workers while at place of work.
- (c) Give a job description for the post of medical doctor.

Present an administrative chart for your business.

**WEZA MEDICAL CENTRE P.O BOX 22 KABALE, TEL: 0700695643**

**ADMINISTRATIVE CHART**



**You are a general manager of a business dealing in manufacture of liquid soap.**

**(a) Propose rules and regulations for ensuring proper code of conduct of employees.**

**MWEBE SOAP WORKS**

**P.O BOX 22,**

**KAMPALA.**

**TEL: 0700695643**

**GUIDELINES FOR ENSURING PROPER CODE OF CONDUCT FOR EMPLOYEES:**

- ✓ Drunkardness shall not be tolerated at the business premises.
- ✓ The dressing descent for males and females, no miniskirts will not be allowed.
- ✓ There shall be no trade union activities in the business
- ✓ Resignation from service shall be communicated three months in advace.
- ✓ Unbecoming behaviors i.e poor interpersonal behaviors like fighting, use of abusive language etc shall not be tolerated.
- ✓ There shall be no missing of work without permission from authority.
- ✓ Repeated offense shall lead to dismissal.
- ✓ The arrival time shall be 7:30 am and departure time shall be 5:30pm.

c) Write a termination letter for an incompetent employee.

**HOPE SOAP WORKS**

**P.O BOX 22**

**KAMPALA,**

**TEL: 0700695643**

**TERMINATION LETTER TO AN INCOMPETENT EMPLOYEE**

**HOPE SOAP WORKS**

**P.O BOX 22,**

**KAMPALA**

**TEL: 0700695643.**

**Date: 22/9/2015**

Our Ref: AD/HCL/22/9/2015

Your ref:....

To: Mr. Mutyampa

Dear Sir,

**RE: TERMINATION LETTER**

I would like to commend your good services you have been rendering to our firm as a cashier since we employed you however we are not able to continue with your incompetence and I would like to bring it to your notice that effective 1<sup>st</sup> September, 2016 you are no longer a cashier your service has been terminated.

Your termination package of Shs 600,000 has been arranged collect it from the general manager's office.

Yours faithfully,

.....

**MWALYE MARTIN**

**MANAGING DIRECTOR**

CC: Personal file

CC: Head of department

CC: Shareholders and directors.

**39. You are the human resource manager of trust bakery limited. You have identified a need to sensitize workers to increase output**

**(a)Prepare a four days training programme for the workers.**

**TRUST BAKERY LIMITED**

**P.O BOX 33,**

**KAMPALA,**

**TEL: 0700695643**

**FOUR DAYS TRAINING PROGRAMME FOR WORKERS**



**TRUST QUALITY BAKERY LIMITED**  
**P.O BOX 33, KAMPALA**  
**TEL: 0700695643**

**FOUR DAYS TRAINING PROGRAMME FOR WORKERS**

DATE	ACTIVITY	PERSON IN CHARGE/RESPONSIBLE	REMARKS/ COMMENTS
28/4/2018	Identifying organizational objectives	Human resource manager	
28/4/2018	Identifying training needs	Human resource manager	
28/4/2018	Selecting trainees	Human resource manager	
29/4/2018	Identifying training goals	Human resource manager	
29/4/2018	Determining training goals	Human resource manager	
30/4/2018	Selecting competent trainers/instructors	Human resource manager	
01/5/2018	Conducting the training	Trainers	
01.5.2018	Evaluating the training	Managing director	

Prepared by;  
signature:.....

**MWEBE JOAN**  
**HUMAN RESOURCE MANAGER**

Approved by;  
Signature: .....

**MUTYABA SAM**  
**GENERAL MANAGER**

**(f)Write a warning letter to your driver for bad driving**

**MWANA MAIZE MILLERS**

**P.O BOX 33**

**KAMPALA**

**TEL: 0700112233**

**WARNING LETTER TO A DRIVER FOR BAD DRIVING:**

**MWANA MAIZE MILLERS**  
**P.O BOX 34, KAMPALA**  
**TEL: 0700695643**

Date: 28/4/2016

**Our ref: ADM/MMC/28/4/2016**

**Your ref:**

**TO: MAWANDA RONIE**

Dear sir,

**RE: WARNING LETTER FOR BAD DRIVING**

I write to inform you that management is not satisfied with the way you drive our vehicles. You are therefore warned to improve on your performance and create change in your attitude towards work otherwise we shall be forced to do away with you.

Yours faithfully,

Sign.....

**KAMANA WESOGA**  
**MANAGING DIRECTOR**

**CC: personal file.**

**CC: Heads of department.**

**(b) Prepare a week's work schedule for your employees**

**MASABA QUALITY METAL WORKS,**

**P.O BOX 22,**

**KAMPALA, TEL: 0700695643**

**WEEKLY WORK SCHEDULE FOR EMPLOYEES**

**MASABA QUALITY METAL WORKS**  
**P.O BOX 22, KAMPALA**  
**TEL: 0700695643**



**WEEKLY WORK SCHEDULE FOR EMPLOYEES**

<b>Day</b>	<b>Employee Name</b>	<b>Supervisor</b>	<b>Employee No</b>	<b>Description of work</b>	<b>Start time</b>	<b>End time</b>	<b>Remarks</b>
<b>Monday</b>	Natumbwe Mary	Makawa	1	Preparing meals	8:00am	9:00am	
	Mpago sam	Makawa	2	Cutting metallic board	9:00am	10:00am	
	Kato Ben	Makawa	3	Welding doors and windows	10:00am	1:00pm	
	Kerere Julius	Makawa	4	Painting doors and windows	1:00pm	3:00pm	
	Queen Patricia	Makawa	5	Receptionist	8:00am	4:40pm	

	Ssemyalo Rich	Makawa	6	Cleaning work place	4:40pm	5:30pm	
<b>Tuesday</b>	Natumbwe Mary	Makawa	1	Preparing meals	8:00am	9:00am	
	Mpago sam	Makawa	2	Cutting metallic board	9:00am	10:00am	
	Kato Ben	Makawa	3	Welding doors and windows	10:00am	1:00pm	
	Kerere Julius	Makawa	4	Painting doors and windows	1:00pm	3:00pm	
	Queen Patricia	Makawa	5	Receptionist	8:00am	4:40pm	
	Ssemyalo Rich	Makawa	6	Cleaning work place	4:40pm	5:30pm	
<b>Wednesday</b>	Natumbwe Mary	Makawa	1	Preparing meals	8:00am	9:00am	
	Mpago sam	Makawa	2	Cutting metallic board	9:00am	10:00am	
	Kato Ben	Makawa	3	Welding doors and windows	10:00am	1:00pm	
	Kerere Julius	Makawa	4	Painting doors and windows	1:00pm	3:00pm	
	Queen Patricia	Makawa	5	Receptionist	8:00am	4:40pm	
	Ssemyalo Rich	Makawa	6	Cleaning work place	4:40pm	5:30pm	
<b>Thursday</b>	Natumbwe Mary	Makawa	1	Preparing meals	8:00am	9:00am	
	Mpago sam	Makawa	2	Cutting metallic board	9:00am	10:00am	
	Kato Ben	Makawa	3	Welding doors and windows	10:00am	1:00pm	
	Kerere Julius	Makawa	4	Painting doors and windows	1:00pm	3:00pm	
	Queen Patricia	Makawa	5	Receptionist	8:00am	4:40pm	
	Ssemyalo Rich	Makawa	6	Cleaning work place	4:40pm	5:30pm	
	Natumbwe Mary	Makawa	1	Preparing meals	8:00am	9:00am	
<b>Friday</b>	Natumbwe Mary	Makawa	1	Preparing meals	8:00am	9:00am	
	Mpago sam	Makawa	2	Cutting metallic board	9:00am	10:00am	
	Kato Ben	Makawa	3	Welding doors and windows	10:00am	1:00pm	
	Kerere Julius	Makawa	4	Painting doors and windows	1:00pm	3:00pm	

	Queen Patricia	Makawa	5	Receptionist	8:00am	4:40pm	
	Ssemyalo Rich	Makawa	6	Cleaning work place	4:40pm	5:30pm	
<b>Saturday</b>	Natumbwe Mary	Makawa	1	Preparing meals	8:00am	9:00am	
	Mpago sam	Makawa	2	Cutting metallic board	9:00am	10:00am	
	Kato Ben	Makawa	3	Welding doors and windows	10:00am	1:00pm	
	Kerere Julius	Makawa	4	Painting doors and windows	1:00pm	3:00pm	
	Queen Patricia	Makawa	5	Receptionist	8:00am	4:40pm	
	Ssemyalo Rich	Makawa	6	Cleaning work place	4:40pm	5:30pm	
	Mukasa David	Makawa	7	Transporting materials	5:30am	6:30am	

**Prepared by:**

Signature:.....

**MWEBE JOAN****HUMAN RESOURCE MANAGER****Approved by:**

Signature: .....

**MUTYABA SAM****GENERAL MANAGER**

(b) Design visitors' books at the entrance, inside office, arrival and departure book for employees to be used in your business.


(i) **MUNENE PHARMACEUTICALS**

**P.O BOX 22,**

**KAMPALA,**

**TEL: 0700695643**

**VISITORS' BOOK FOR USE AT THE ENTRANCE**

 <p style="text-align: center;"><b>MUNENE PHARMACEUTICALS</b>  <b>P.O BOX 22, KAMPALA</b>  <b>TEL: 0700695643</b></p> <p style="text-align: center;"><b>VISITORS BOOK AT ENTRANCE</b></p>								
Date	Visitor's Name	Address	Occupation	Reason	Vehicle No:	Time in	Time out	Sign

**Signed:**  
.....  
**SECURITY OFFICER.**

(ii) **MUNENE PHARMACEUTICALS**

**P.O BOX 22,**

**KAMPALA,**  
**TEL: 0700695643**  
**VISITORS' BOOK FOR USE IN THE OFFICE**



**MUNENE PHARMACEUTICALS**  
**P.O BOX 22, KAMPALA**  
**TEL: 0700695643**

**VISITORS BOOK IN THE OFFICE**

Date	Visitor's Name	Address	Occupation	Reason	Time in	Time out	Sign

**Signed:**

.....

**SECRETARY**

(iii) **MUNENE PHARMACEUTICALS**

**P.O BOX 22,**  
**KAMPALA,**  
**TEL: 0700695643**

**VISITORS' ARRIVAL AND DEPARTURE BOOK FOR USE**



**MUNENE PHARMACEUTICALS**  
**P.O BOX 22, KAMPALA**  
**TEL: 0700695643**

**EMPLOYEES' ARRIVAL AND DEPARTURE BOOK**

No:	Employee's Name	Arrival time	Purpose	Departure time	Reason	Sign

**Signed:**

.....

**SECRETARY.**

**Qn. Prepare a termination letter to an incompetent security officer**

**GALAXY BAKERY**  
**P.O BOX 34,**  
**KAMPALA,**  
**TEL 0700695643**

**TERMINATION LETTER FOR AN INCOMPETENTS SECURITY OFFICER FOR NEGLECTING HIS DUTIES**



**GALAXYBAKERY  
P.O BOX 34, KAMPALA  
TEL: 0700695643  
Date: 28/4/2016**

Our ref: GB/L/28/4/2016  
Mr. Walyawula Bernard  
Dear sir,

**RE: TERMINATION OF YOUR SERVICE AS A SECURITY OFFICER**

Thank you for the services you have rendered as a security officer in this business since November 2002. However, due to your neglect of duties, your services are longer required effective 11/6/2017. Your termination package is ready with our cashier of Shs 2,000,000/= (Two million shillings only) Hope to engage you again if need arise

Yours faithfully,

.....

**WAMAGA WESOGA**

**HUMAN RESOURCE MANAGER**

**Qn. prepare a questionnaire for collecting data from employees about causes of labour turnover in an enterprise.**

**WAKALIGA MINERAL WATER  
P.O BOX 44,  
KAMPALA**

**QESTIONNAIRE FOR COLLECTING DATA FROM EMPLOYEES ABOUT CASUSES OF LABOUR  
TURNOVER QESTIONNAIRE FOR COLLECTING DATA FROM EMPLOYEES ABOUT CASUSES  
OF LABOUR TURNOVER**

**WAKALIGA MINERAL WATER  
P.O BOX 44, KAMPALA  
TEL: 0700695643**

**QUESTIONNAIRE ABOUT CAUSES OF LABOUR TURNOVER**

Our dear employee we thank you for the services you are rendering to this organization. You realize that the factory has been recruiting but also losing employees every year. Therefore you are requested to fill this questionnaire with genuine information to help management plan better. Your information shall be treated with maximum confidentiality and only used for the purpose intended.

1. Name..... Gender- male ( ) female ( )  
Age between 18- 30 ( ) 31-45 ( ) 45+ ( )
2. Salary per annum shs..... Qualification- Diploma ( ) Degree( ) Others ( )
3. How many years have you worked in this organization 1-5 years ( ) 5+ years ( )
4. How many hours do you work in this organization per day 2-3 hours ( ) 5+ hours
5. What fringe benefits do you enjoy in this organization- transport ( ) housing ( ) others specify.....
6. Do you get any leave in a year? Yes ( ) No ( )
7. Is there a suggestion box in this organization? Yes ( ) No ( )
8. How is the relationship between workers and management? poor ( ) fair ( ) good ( ) very good ( )
9. How is the working environment? poor ( ) fair ( ) good ( ) very good ( )
10. How are the machines and equipment that you use? poor ( ) fair ( ) good ( ) very good ( )
11. When are salaries paid? On 1<sup>st</sup> of new month ( ) 15<sup>th</sup> ( ) 30<sup>th</sup> ( ) after one month ( ) others specify.....
12. How often do you visit employees of other companies? Once a year ( ) Twice a year ( ) Not at all ( )
13. How are indisciplined employees handled? Warned ( ) terminated without warning ( )
14. How many more years are you willing to work in this organization? 1-5 years ( ) 5+ years ( )
15. How do you compare the salary of your organization and that of neighboring organizations? Higher ( ) lower ( ) slightly ( )
16. In case you are given another job can you sacrifice this job? Yes ( ) No ( )
17. Generally what do you think should be improved in this organization?

.....  
.....  
.....

**We appreciate you for the time given and responses  
MANAGEMENT**

**Question. prepare a merit certificate for a hard working employee**

**GALAXYBAKERY  
P.O BOX 34, KAMPALA  
TEL: 0700695643**

**CERTIFICATE OF MERIT**

This is to certify that Mr/miss.....has been recognized as the employee of the year.....for his /her excellent performance as..... In the .....department

Sign.....

Sign.....

Name.....

Name.....

Title .....

Title.....

Date .....

Date.....

**“We are one bakery in Uganda”**

**(c ) TRUST ELECTRONICS**

**P.O BOX 33**

**KAMPALA,**

**TEL: 0700695643.**

**GUIDELINES FOR MANAGING THE DISCIPLINE OF WORKERS**

- (viii) Documenting the details of indiscipline of workers
- (ix) Having a verbal discussion and counseling by the immediate supervisor
- (x) Giving a written warning by the immediate supervisor in case of improvement
- (xi) Meeting the disciplinary committee in case of failure to reform to enable the employee defend him/herself.
- (xii) Suspension for prescribed period for two weeks
- (xiii) Demotion with reduction in salary and benefits in case of failure to reform
- (xiv) Termination/ dismissal of the employee.

## **TOPIC 13: PART I: FINANCIAL MANAGEMENT SKILLS SUPER NOTES**

### **SUB TOPIC: PROPER MANAGEMENT OF BUSINESS FUNDS**

**Question. You own a business as old students, present policy guidelines for managing business funds**  
**POLICY GUIDELINES TO BE FOLLOWED FOR PROPER MANAGEMENT OF BUSINESS FUNDS**  
**INCLUDE:**

- ✓ Partners shall not be allowed to spend money on personal matters but business matters.
- ✓ There shall be proper counting and checking of all cash received to ensure that amounts recorded in books of accounts are correct
- ✓ All cash payments at the bakery and distribution channels shall be documented by assigned officials.
- ✓ There shall be banking of all cash received on daily basis to avoid robbery and unnecessary losses.
- ✓ Getting of Bank statements regularly for instance weekly or monthly and comparing with cash books to prove whether records entered are correct.

**NB: use shall.**

### **SUB TOPIC: CREDIT POLICY**

**Question. You have obtained funds to start a savings and credit society/ you have started a money lending SACCO in your community (UNEB 2017)**

**(a) Prepare a mission statement for the project.**

**KANTE SACCO**

**P.O BOX 444**

**KAMPALA, TEL: 0700695643**

**MISSION STATEMENT:** “To provide cheap finance with the lowest lending rates, and enterprise development services among marginalized economically active low earners”

**(b) Develop a credit policy for the project.**

**KANTE SACCO**

**P.O BOX 444**

**KAMPALA,**

**TEL: 0700695643**

**CREDIT POLICY FOR KANTE SACCO:**

- ✓The person getting credit shall be running the business
- ✓The person also shall be a share holder
- ✓The person also shall be a registered member of the Sacco.
- ✓The one intending to borrow money of the SACCO should be willing to borrow money in a group with at least a minimum of 3 members
- ✓He/she should be willing and able to attend weekly Sacco meetings
- ✓The ones who qualify for credit/ loan should have some savings on their accounts
- ✓The members in a group getting a loan must be willing to pay weekly or monthly credit installments without fail.
- ✓The one who signs for credit must be willing to pay for and make a follow up on any group members who fail to pay the due installment.

**SUB TOPIC: DUTIES AND RESPONSIBILITIES OF SACCO / MICRO-FINANCE/ FINANCIAL INSTITUTION MEMBERS**

**Question. Draft rights and duties of SACCO members**

**KANTE SACCO**

**P.O BOX 444**

**KAMPALA,**

**TEL: 0700695643**

**RIGHTS AND DUTIES OF SACCO MEMBERS**

**RIGHTS;**

- ✓ The right to vote and be voted
- ✓ The right to participate in decision making
- ✓ Right to borrow money from the SACCO at an agreed rate 5%
- ✓ Right to inspect books of accounts of the SACCO
- ✓ Right to share dividends/ profits/ interest made by the SACCO
- ✓ Right to take part in day to day running of the business
- ✓ Right to withdraw membership from the SACCO
- ✓ Right to sue the SACCO to court in case of unfair treatment
- ✓ Right to submit innovative ideas to the SACCO for its development

**DUTIES/OBLIGATIONS;**

- ✓ To observe rules and regulations of the SACCO
- ✓ To protect the image or reputation of the SACCO
- ✓ To promote / market the SACCO with its services by encouraging non-members to borrow
- ✓ To share liability of the SACCO in agreed proportion
- ✓ To save regularly with the SACCO to raise enough funds for running various SACCO activities
- ✓ To observe government policies governing the SACCO business
- ✓ To protect the properties of the SACCO
- ✓ To repay loans obtained from the SACCO as per loan agreement

**SUB TOPIC: LENDING TERMS AND CONDITIONS**

**Question 1. Develop lending terms and conditions of the SACCO**

**KANTE SACCO**

**P.O BOX 444**

**KAMPALA,**

**TEL: 0700695643**

**LENDING TERMS AND CONDITIONS**

- ✓ The maximum amount of the loan size to be lent out shall be Shs 4,000,000
- ✓ The maximum credit period shall be 3 months
- ✓ The interest to be charged on the loan shall be 5% of the loan payable in 5 months
- ✓ The loan applicant shall present collateral security before accessing the loan, and shall be of higher value than the loan being applied for.
- ✓ Loan application and processing fee shall be Shs 100,000 on the loan size
- ✓ The associated charges on the loan are loan commitment fee of Shs 50,000
- ✓ Loan application fees of Shs 20,000, insurance of Shs 10,000
- ✓ Loan applicant should produce valid identification like driving permit, national ID, etc.
- ✓ The maximum of installments include; three times
- ✓ Loan applicant shall guarantee at least three referees

- ✓ Loans to members, shall be advanced to members have active accounts in the SACCO.
- ✓ The purpose of the loan shall be spelt out clearly at the time of loan application
- ✓ Loans shall be given to members who live within the geographical area of operation by a SACCO.
- ✓ Loan repayment shall be given priority to only the agricultural and education sectors.
- ✓ A borrower who forgets and defaults , a to pay within the specified amount as agreed shall face a penalty of 5%

**Question 2. You own a micro finance organization and you give loans out you are dealing in money lending.**

**(a) Develop lending terms to be followed:**

**RWEZURU MICRO FINANCE**

**P.O BO X 333,**

**KAMPALA**

**TEL:0700695643.**

### **LENDING TERMS TO BE FOLLOWED**

- ✓ The maximum amount to be lent out to loan borrowers shall be Shs 3,000,000.
- ✓ The potential loan borrower shall be required to have an account from our firm.
- ✓ Maximum credit period shall be one year.
- ✓ The interest rate to be charged shall be at 30%
- ✓ Loan officers shall be in charge of all activities of loan management.
- ✓ Potential loan borrowers shall pay a loan application fee of Shs 30,000
- ✓ Potential loan borrowers shall present the collateral security worth the amount to be borrowed.
- ✓ There shall payment of loan installment of Shs, 60,000 every month.

### **SUB TOPIC: LOAN APPLICATION FORM**

**You're a loan officer in a SAACO that lends out money clients, design a loan application form for use in SAACO**

**RANKALA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY**

**P.O BOX 122**

**MBARARA,**

**TEL: 0700695643.**

### **LOAN APPLICATION FORM**

**RANKALA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY**

**P.O BOX 122 MBARARA**

**TEL; 0700695643**

### **LOAN APPLICATION FORM**

Date:.....

Surname:.....other names..... Tel;....., Address:.....

Amount to be borrowed in figures (Shs);.....Amount in words:.....

Purpose:.....

Period; 2years ,months/years,; from march/2013 to march 2015

Payment: monthly installments ( interest ) 6%, ... Total Shs per month:...

I ..... Of ;.....

Bank branch:.....

NB attach a photo copy the of the receipt

Guaranters:

(a ) I :..... of :..... Here by accept to guarantee, name of applicant, of (company of applicant) Shs:.....

Applied for and I agree to pay all the outstanding in case of his/her default, A/c no:..... Bank branch.....signature ..... date:.....

(b ) I ;.....of:.....here by accept to guarantee, name of applicant, of ( company of applicant) Shs, .... Applied for and I agree to pay all outstanding in case of his/her default, A/c no:....., Bank branch..... Signature;.....Date:.....

For official use only :

Treasurer's recommendation:.....Sign and stamp:.....

Chair person's approval:.....Sign and stamp:.....

Accountant's approval :.....Sign and stamp:.....

Received by:.....Signature: .....Date:.....

### **SUB TOPIC LOAN REPAYMENT SCHEDULES**

#### **A. REDUCING BLANCE METHOD**

**Question 1.** Otim approached the manager of Stanbic bank, Lira branch for loan assistance. He was granted a loan of shs 5,000,000 at an annual interest of 12% payable in five years equal installments at a reducing balance.

**OTIM HILLARY SAUNA**

**P.O BOX 22, KAMPALA**

**TEL: 0700695643**

#### **LOAN REPAYMENT SCHEDULE, REDUCING BALANCE METHOD**

**OTIM HILLARY SAUNA BUSINESS**

**P.O BOX 222, LIRA**

**TEL: 0700695643**

**Name of the client/borrower:** Otim Hillary

**Loan account number:** 00012455678

**Loan size /Amount:** Shs 5,000,000 **From (Lender):** Stanbic Bank Lira Branch.

**Loan repayment period/ schedule/ loan period:** Five years

**Interest on loan:** 12% per year

**Method of calculating loan interest:** Reducing balance method

#### **LOAN REPAYMENT SCHEDULE**

<b>Repayment period (Years)</b>	<b>Installments</b>	<b>Principal repayment (Shs)</b>	<b>Interest payable (Shs)</b>	<b>Total payments/installments (Shs)</b>	<b>Principle outstanding balance/ loan balance due (Shs) (Shs)</b>
Year 1	1	1,000,000	600,000	1,600,000	4,000,000
Year 2	2	1,000,000	480,000	1,480,000	3,000,000
Year 3	3	1,000,000	360,000	1,360,000	2,000,000
Year 4	4	1,000,000	240,000	1,240,000	1,000,000
Year 5	5	1,000,000	120,000	1,120,000	0
	<b>Total</b>	<b>5,000,000</b>	<b>1,800,000</b>	<b>6,800,000</b>	

**Prepared by;**

**Signature:** mwebe

**MWEBE JOAN**

**FINANCIAL MANAGER**

**Approved by:**

**Signature:**.....

**Name:**.....

**Title:**.....

**NB: do not include this but it is just a guide on how to calculate for;** principal payment =  $\frac{5,000,000}{5 \text{ years}}$   
= Shs 1,000,000

Interest payable for 1<sup>st</sup> year =  $\frac{12}{100} \times 5,000,000 = \text{Shs } 600,000$

2<sup>nd</sup> year =  $\frac{12}{100} \times 1,000,000 = \text{Shs } 120,000$  = 600,000 – 120,000 = Shs 480,000

3<sup>rd</sup> year 480,000- 120,000 = Shs 360,000

4<sup>th</sup> year 360,000-120,000 = Shs 240,000

5<sup>th</sup> year 240,000-120,000 = Shs 120,000

**Question 2.** You obtained a loan of Shs 60,000,000 from Stanbic Crested Towers Branch to expand your carpentry workshop at the monthly interest rate of 2% per month at reducing balance method, prepare a loan repayment schedule.

**MASABA QUALITY METAL WORKS**

**P.O BOX 22, KAMPALA**

**TEL: 0700695643**

**LOAN REPAYMENT SCHEDULE, REDUCING BALANCE METHOD**

**MASABA QUALITY METAL WORKS**

**P.O BOX 22, KAMPALA**

**TEL: 0700695643**

**Name of the client/borrower:** Ali Mpalanyi

**Loan account number:** 00012455678

**Loan size /Amount:** Shs 60,000,000 **From (Lender):** Stanbic Bank Lira Branch.

**Loan repayment period/ schedule/ loan period:** Six months

**Interest on loan:** 2% per month

**Method of calculating loan interest:** Reducing Balance method

**LOAN REPAYMENT SCHEDULE**

Repayment period (months)	Principal repayment (Shs)	Interest payable (Shs)	Total payments/installments (Shs)	Principle outstanding balance(Shs)
1 <sup>st</sup> month	10,000,000	1,200,000	11,200,000	50,000,000
2 <sup>nd</sup> month	10,000,000	1,000,000	11,000,000	40,000,000
3 <sup>rd</sup> month	10,000,000	800,000	10,800,000	30,000,000
4 <sup>th</sup> month	10,000,000	600,000	10,600,000	20,000,000
5 <sup>th</sup> month	10,000,000	400,000	10,400,000	10,000,000
6 <sup>th</sup> month	10,000,000	200,000	10,200,000	0
<b>Total</b>	<b>60,000,000</b>	<b>4,200,000</b>	<b>64,200,000</b>	

**Prepared by:**

**Signature:** mwebe

**MWEBE JOAN**

**FINANCIAL MANAGER**

**Approve by:**

**Signature.....**

**Name.....**

**Title.....**

**Note:** To get above under interest payable 2% x 60,000,000 = 1,200,000 put in 1<sup>st</sup> month and then 2% x 1,000,000 = Shs 200,000 use it for reducing downwards.

For fixed rate it would be 2% x 6000,000 = Shs 1,200,000 put throughout under interest payable.

**Question 3.** Prepare a loan repayment schedule for customer who has borrowed Shs 4,000,000 for five years to be paid in equal instalments at interest rate of 5% per month. (UNEB 2017)



**MANDEVU SACCO**  
**P.O BOX 22, KAMPALA**  
**TEL: 0700695643**

**LOAN REPAYMENT SCHEDULE, REDUCING BALANCE METHOD**

**MANDEVU SACCO**

**P.O BOX 22, KAMPALA**

**TEL: 0700695643**

**Name of the client/borrower:** Mansa Musa

**Loan account number:** 00012455678

**Loan size /Amount:** Shs 4,000,000 **From (Lender):** Mandevu SACCO

**Loan repayment period/ schedule/ loan period:** Five years

**Interest on loan:** 5% per year

**Method of calculating loan interest:** Reducing balance installment method

**LOAN REPAYMENT SCHEDULE**

<b>Repayment period (months)</b>	<b>Principal repayment (Shs)</b>	<b>Interest payable (Shs)</b>	<b>Total payments/installments (Shs)</b>	<b>Principle outstanding balance /loan balance due (Shs)</b>
1 <sup>st</sup> Year	800,000	2,400,000	3, 200,000	3, 200,000
2 <sup>nd</sup> Year	800,000	1,920,000	2,720,000	2, 400,000
3 <sup>rd</sup> Year	800,000	1,440,000	2,240,000	1, 600,000
4 <sup>th</sup> Year	800,000	960,000	1,760,000	800,000
5 <sup>th</sup> Year	800,000	480,000	1, 280,000	0
<b>Total</b>	<b>4,000,000</b>	<b>7,200,000</b>	<b>11,200,000</b>	

**Prepared by:**

**Signature:** mwebe

**MWEBE JOAN**

**FINANCIAL MANAGER**

**Approved by:**

**Signature.....**

**Name.....**

**Title.....**

**FIXED RATE METHOD**

**Revision. Question 4.** Prepare a loan repayment schedule for customer who has borrowed Shs 4,000,000 for five years to be paid in equal instalments at interest rate of 5% per month. (UNEB 2017)

**MANDEVU SACCO**  
**P.O BOX 22, KAMPALA**  
**TEL: 0700695643**

**LOAN REPAYMENT SCHEDULE, FIXED RATE METHOD**

**MANDEVU SACCO**  
**P.O BOX 22, KAMPALA**  
**TEL: 0700695643**

**Name of the client/borrower:** Mansa Musa  
**Loan account number:** 00012455678  
**Loan size /Amount:** Shs 4,000,000 From (Lender): Mandevu SACCO.  
**Loan repayment period/ schedule/ loan period:** Five years  
**Interest on loan:** 5% per year  
**Method of calculating loan interest:** Fixed rate installment method  
**LOAN REPAYMENT SCHEDULE, FIXED RATE METHOD**

<b>Repayment period (years)</b>	<b>Principal repayment (Shs)</b>	<b>Interest payable (Shs)</b>	<b>Total payments/installments (Shs)</b>	<b>Principle outstanding balance /loan balance due (Shs)</b>
1 <sup>st</sup> Year	800,000	2, 400,000	3, 200,000	3, 200,000
2 <sup>nd</sup> Year	800,000	2, 400,000	3, 200,000	2, 400,000
3 <sup>rd</sup> Year	800,000	2, 400,000	3, 200,000	1, 600,000
4 <sup>th</sup> Year	800,000	2, 400,000	3, 200,000	800,000
5 <sup>th</sup> Year	800,000	2, 400,000	3, 200,000	0
<b>Total</b>	<b>4,000,000</b>	<b>12,000,000</b>	<b>16,000,000</b>	

**Prepared by:**  
**Signature:** mwebe  
**MWEBE JOAN**  
**FINANCIAL MANAGER**

**Approved by:**  
**Signature**.....  
**Name**.....  
**Title**.....

### **SUB TOPIC: CREDIT POLICY**

**Question. You own a money lending institution, develop a credit policy**

**KAWA SAVINGS AND CREDIT COOPERATIVE SOCIETY**

**P.O BOX 333**

**KAMPALA,**

**TEL: 0700695643**

### **CREDIT POLICY**

- ✓ The maximum interest rate charged on loans shall not exceed 15% per month
- ✓ The maximum amount the SACCO shall lend to staff shall not exceed Shs 2,000,000 and shall apply to loans committee.
- ✓ The maximum amount the SACCO shall lend to an individual not staff shall not exceed shs4, 000,000 and not exceeding interest rate of 15%.
- ✓ Individuals who fail to pay in within the specified tie shall pay a fine of 5% of the principle amount.
- ✓ No individual shall be granted a loan facility without collateral security.
- ✓ Interest shall be calculated on basis of the actual number of days elapsed since the loan was granted.
- ✓ The loans officer and committee shall be responsible for appraising loan applications.
- ✓ The loan applicant shall present proper identification like valid ID an introductory letter from the local council one of the area of residence.
- ✓ The loan applicant shall have to open up an account before the loan is granted.
- ✓ The SACCO shall only advance loans for school fees, business and agriculture.
- ✓ Associated loan charges shall include loan application fees, insurance fees and loan commitment fees.
- ✓ All borrowers shall be granted on month's grace period before starting to pay a loan back.

**SUB TOPIC: GUIDELINES FOR PROPER LOAN MANAGEMENT**

**Question. Formulate guidelines for proper loan management.**

**MASABA QUALITY METAL WORKS,**

**P.O BOX 22,**

**KAMPALA,**

**TEL: 0700695643**


**GUIDELINES FOR ENSURING PROPER LOAN MANAGEMENT**

- ✓ The loan shall be properly documented including the principal, interest and loan installments.
- ✓ The loan shall be used for the intended purpose.
- ✓ Friendly relationship with the lender shall be made and changes in business shall be communicated to the lender timely.
- ✓ The business shall be properly managed to ensure profitability
- ✓ A manageable loan size shall be obtained for easy repayment
- ✓ All payments shall be made on agreed dates
- ✓ Accurate information shall be provided when applying for a loan
- ✓ Advice shall be obtained regularly from the lender regarding loan usage
- ✓ Workshops regarding financial management shall be attended and organized.

# **TOPIC 14: CAPITAL MARKETS**

Design a share certificate to be issued to shareholders

**WEZA CLAYS**  
**P.O BOX 22 KABALE,**  
**TEL: 0700695643**  
**SHARE CERTIFICATE FOR USE IN BUSINESS**



**WEZA CLAYS**  
**P.O BOX 22 KABALE,**  
**TEL: 0700695643**

**SHARE CERTIFICATE**

Certificate No:.....

This is to satisfy that:.....

Is a registered shareholder of a number of Ordinary shares

Ordinary share of shillings three hundred thousand (shs 300,000) each fully paid in the above company subject to the memorandum and article 5 of:

Date		Transfer No:	No: of shares	Each Valued at (shs)

Note: No share shall be transferred without consent of share holders

.....

**Chairperson/Director.**

Company Seal

.....

**Company Secretary.**

**Design a certificate of merit for a hard working partner.**  
**BLESSED HUMAN DRUGS FACTORY**  
**P.O BOX 333,**  
**KAMPALA,**  
**TEL: 0700695643**  
**CERTIFICATE OF MERIT FOR A HARD WORKING PARTNER**

**BLESSED HUMAN DRUGS FACTORY  
P.O BOX 333, KAMPALA  
TEL: 0700695643  
CERTIFICATE OF MERIT**

This is to certify that:.....has been recognized as a hard working partner  
of the year:..... for his/her excellent performance  
as:.....in the:.....department

Awarded by;  
signature: .....  
**Name:**.....  
**Title:**.....

Received by:  
Signature: .....  
**Name:**.....  
**Title:**.....

“Saving lives of innocent people”

**UGAND CAPITAL MARKETS AUTHORITY**

**P.O BOX 33,**

**KAMPALA,**

**TEL: 0700695643**

**PROGRAMME FOR LISTING STOCK EXCHANGE**



**BUNO CARPENTRY WORKSHOP  
P.O BOX 33, KAMPALA  
TEL: 0700695643**

**PURCHASING LISTING STOCK EXCHANGE**

<b>DATE</b>	<b>ACTIVITY</b>	<b>PERSON IN CHARGE/RESPONSIBLE</b>	<b>REMARKS/ COMMENTS</b>
28/4/2016	Fill a listing application form	Capital Markets Commissioner	
28/4/2016	Publishing its prospects approved by CMA	Capital Markets Commissioner	
28/4/2016	Submitting list of names of shareholders	Manager of the public limited company by CMA	
29/4/2016	Providing audited accounts	Company manager	
29/4/2016	Provide company fore cast	Company manager	

**Prepared/ developed by;**

Sign:.....

**MWEBE JOAN**

**PURCHASINGMANAGER**

**Approved by;**

Signature: .....

**Name.....**

**Title:.....**

**BLESSED HUMAN DRUGS FACTORY  
P.O BOX 333,  
KAMPALA,  
TEL: 0700695643  
CLIENTS INDIVIDUAL FORM**

**BLESSED HUMAN DRUGS FACTORY  
P.O BOX 333, KAMPALA  
TEL: 0700695643  
CLIENTS INDIVIDUAL FORM**

Form Number.....  
Surname.....other names.....  
Business name.....Reg Number.....  
Nationality .....ID number.....passport number.....  
Marital status:.....Occupation.....  
Date of birth.....Tin Number.....  
Physical address.....  
Contact person.....address.....sign.....  
For official use only  
.....  
Name:.....  
Officer in Charge

**BLESSED HUMAN DRUGS FACTORY  
P.O BOX 333,  
KAMPALA,  
TEL: 0700695643  
PURCHASE CONTRACT NOTE**

**BLESSED HUMAN DRUGS FACTORY  
P.O BOX 333, KAMPALA  
TEL: 0700695643  
PURCHASE CONTRACT NOTE**

USE trading slip number.....  
Trading date.....Settlement date.....  
Instructing party..... Purchasing Contract number.....  
Nationality .....order reference number.....your number.....  
Customer reference number:.....

**TOPIC 15: BUSINESS COMPETITION**

**BLESSED JUICE PROCESSORS  
P.O BOX 333  
LUWERO  
TEL: 0700695643**

**MEASURES TO BE PUT IN PLACE TO MAINTAIN A COMPETITIVE EDGE OF THE BUSINESS  
OVER OTHER SIMILAR BUSINESSES**

- ✓ Attractive packaging shall be ensured
- ✓ Maintaining high level of hygienic conditions

- ✓ Ensuring good customer care
- ✓ Charging fair and competitive prices
- ✓ Identifying cheaper suppliers of raw materials
- ✓ Legally registering the business
- ✓ Ensuring good working conditions for employees like enough ventilation, plant layout, hearing aids etc.
- ✓ Intensively advertising business products
- ✓ Employing competent sales persons
- ✓ Providing trade discounts for customers who buy in large quantities
- ✓ Ensuring provision of quality products to customers
- ✓ Ensuring timely delivery of products
- ✓ Regular maintenance of machines to avoid machinery breakdown

**Question.** You plan to establish a decoration business worth Shs 7,850,000 using your personal savings  
**Draft guidelines for maintaining a competitive advantage of your business (UNEB 2017)**

### **SUPER DECORATION SERVICES**

**P.O BOX 33,**

**KAMPALA**

**TEL: 0700695643**

### **GUIDELINES FOR MAINTAINING A COMPETITIVE ADVANTAGE IN THE BUSINESS**

- ✓ Quality services shall be provided to all customers
- ✓ Good customer care shall be provided to all customers than that provided by competitors
- ✓ Intensive advertising and business services shall be carried out regularly
- ✓ Appropriate and better aftersales services shall be provided to customers
- ✓ Fair and competitive prices shall be charged on services provided to customers
- ✓ Customer convenience shall be extended to customers for example operating for long hours
- ✓ Workers shall be regularly trained to ensure better services to customers
- ✓ Trained and experienced workers shall be employed
- ✓ Cash discounts shall be provided to customers paying for services promptly
- ✓ Good business image shall be maintained at all times
- ✓ Credit facilities shall be proved to loyal and trust worthy customers
- ✓ Variety of services shall be provided to customers to allow them make choice
- ✓ Research and development shall be regularly carried out to enable the business stay competitive
- ✓ Adequate security shall be maintained to protect business and customer properties
- ✓ Timely service delivery shall be ensured at all times

**NOTE:** For design and draft on source documents you show us how it looks like and prepare you fill. However on other things budget, contract etc draft may mean prepare and vice versa.

### **TOPIC 16: TAXATION**

**Taxation** is set in paper one and two, so always read it before going for any paper

#### **SIMPLE CALCULATION FOR TAXATION (FOR MORE CHECK IN PAPER 1 NOTES THANKS)**

**Question.** You own and operate a juice processing industry that employs Kasoma , Kaluma and Kanaabi, who earn a gross salary of Shs.450,000,Shs550,000 and thrice as much as Kasoma respectively per month. Using the monthly tax rates in Uganda below;

Monthly income/ Chargeable income	Tax rate



1. Not Exceeding Shs235000	Nil (Zero)
2. Exceeding Shs 235000 but not exceeding Shs. 335000	10% of the amount by which chargeable income exceeds Shs 235,000
3. Exceeding Shs 335000 but not exceeding Shs. 410000	Shs.10,000 plus 20% of the amount by which chargeable income exceeds Shs 335,000
4. Exceeding 410000	(a) Shs.25,000 plus 30% of the amount by which chargeable income exceeds Shs 410000

(a) Calculate;

(i) The income tax payable by each(PAYE) (6 marks)

(ii) The disposable income of each employee (6 marks)

(b) In addition you own some rental houses where income of Shs.50, 000,000 is generated. Assuming threshold of Shs.2,500,000,calculate the rental tax payable to tax authority (4 marks)

(c) You also earn income from different sources by the end of a given year as indicated below;

Business income Shs.12, 000,000

Employment Shs.28, 800,000

Property income Shs.6, 000, 000

In addition, you incurred losses and expenses amounting to 32% of the gross income to earn the income. Shs1, 800,000 of income is exempted for tax. Determine gross income and chargeable income (5 marks)

(d) Given the many taxes paid to the tax authority, you are planning to evade some taxes, outline the costs you are likely to encounter due to your act. (4 marks)

#### Answer guide.

1. (a)**Kasoma** Shs.450000

Kaluma Shs.550000

Kanaabi Shs.450000x3 Shs1350000

(i) **Kasoma** **falls under the 4<sup>th</sup> category**

Shs.25000+30% of chargeable income

Shs.25000+0.3x (450000-410000)

Shs.25000+0.3x40000

Shs.25000+12000

**Shs.37000**

**Kaluma** **falls under the 4<sup>th</sup> category**

Shs.25000+30% of chargeable income

Shs.25000+0.3x (550000-410000)

Shs.25000+0.3x140000

Shs.25000+42000

**Shs.67000**

**Kanaabi** **falls under the 4<sup>th</sup> category**

Shs.25000+30% of chargeable income

Shs.25000+0.3x (1350000-410000)

Shs.25000+0.3x940000

Shs.25000+182000

**Shs.307000**

**Kasoma**

<b>Disposable income</b>	=	<b>Gross-income – Income tax</b>
	=	450000-37000
	=	<b><u>Shs.413000</u></b>
<b>Kaluma</b>		
<b>Disposable income</b>	=	<b>Gross-income – Income tax</b>
	=	550000-67000
	=	<b><u>Shs.483000</u></b>
<b>Kanaabi</b>		
<b>Disposable income</b>	=	<b>Gross-income – Income tax</b>
	=	1350000-307000
	=	<b><u>Shs.1043000</u></b>
(b) <b>Gross rental income</b>	=	<b>Rental income – Losses &amp; Expenses</b>
Rental tax		Shs.50000000 – (20% Losses & Expenses)
		Shs.50000000 – (0.2x50000000)
		Shs50000000 – 10000000
<b>Gross-rental income</b>	=	<b>Shs.40, 000,000</b>
<b>Chargeable rental income</b>	=	<b>Gross rental income – Threshold</b>
	=	40,000,000 – 2,820,000
	=	<b>Shs.37, 180,000</b>
Thus Rental tax =	20% of chargeable rental income	
	=	0.2 x37, 180,000
	=	<b><u>Shs.7, 436,000</u></b>
(c) <b>Gross income</b>	=	<b>sum of income from all sources – Tax Exempt</b>
	=	Business + Employment+ property income
	=	12000000+28800000+6000000
	=	Shs.46800000
Thus Gross income	=	46800000 – 1800000
	=	Shs.45000000
<b>Chargeable income</b>	=	<b>Gross-income - Expenses &amp; Loss</b>
	=	45000000 – (32% of Gross-income)
	=	45000000 – 0.32x45000000)
	=	45000000 – 14400000
	=	<b><u>Shs.30600000</u></b>

**UNEB 2016 Question.** UNGA enterprises had the following VAT exclusive transactions with VAT registered enterprise for one month:

Shs

Purchases	236,000,000
Sales	259,600,000

(a) Required

(i) Calculate the amount of VAT paid by UNGA Enterprises to Uganda Revenue Authority for that period. (Use 18% as VAT for tax rate) (03mks)

(ii) Determine UNGA Enterprises totals sales value inclusive (02mks)

(b) James Omara is an employee of UNGA Enterprises where he earns a total gross salary of Shs 8,400,000 per year. This means that James' earnings fall under the fourth income tax bracket indicated below:

4 <sup>th</sup> Income tax bracket	Tax rate per month
Shs 410,000 per month and above	Shs 25,000 + 30% of amount exceeding Shs410,000

**Required:**

Calculate the amount of Pay As You Earn (PAYE) expected to be paid by James for a year.

(c) Employees of UNGA Enterprises are resisting PAYE deductions from their salaries and management is hesitant to pay business taxes to Uganda Revenue Authority.

As one of the concerned employees, write to the management of UNGA Enterprises

(i) Highlighting the causes of non-tax compliance among the employees (10mks)

(ii) Advising them on measures they should take to enforce tax compliance

**Solution**

(a) (i) VAT = Output tax - input tax

$$= \left(\frac{18}{100} \times 259,600,000\right) - \left(\frac{18}{100} \times 236,000,000\right)$$

$$= \text{Shs } 46,728,000 - 42,480,000$$

$$= \text{Shs } \underline{\underline{4,248,000}}$$

OR

$$\text{VAT} = \text{VAT rate} \times \text{Value added} = \frac{18}{100} (259,600,000 - 236,000,000)$$

$$= \text{Shs } \underline{\underline{4,248,000}}$$

(a) (ii) Total sales Value VAT Inclusive

$$= \text{Sales value} + \text{VAT on sales} = \text{Shs } 259,600,000 + \left(\frac{18}{100} \times 259,600,000\right)$$

$$= \text{Shs } 259,600,000 + 46,728,000 = \text{Shs } \underline{\underline{306,328,000}}$$

(b) Annual gross salary = Shs 8,400,000

$$\text{Monthly gross salary} = \frac{\text{Annual gross salary}}{\text{Number of months in a year}} = \frac{8,400,000}{12} = \text{Shs } 700,000$$

Monthly PAYE by Omara = Tax rate x monthly gross salary

$$\text{Shs } 25,000 + \frac{30}{100} (700,000 - 410,000)$$

$$= \text{Shs } 25,000 + \frac{30}{100} (290,000)$$

$$= \text{Shs } 25,000 + 87,000 = \text{Shs } \underline{\underline{112,000}}$$

**Therefore amount of PAYE per year for Omara** = monthly PAYE x number of months in a year

$$= \text{Shs } 112,000 \times 12 = \text{Shs } \underline{\underline{1,344,000}}$$

**C (i) Causes of non-tax Compliance of workers of UNGA would be;**

- ✓ High tax rates
- ✓ Inequitable tax system
- ✓ Complicated tax laws and regulatory framework

- ✓ Limited information about the importance of taxation
- ✓ Poor infrastructure. This makes tax collection difficult.
- ✓ Un proportional distribution of the tax burden among the tax payers
- ✓ Un popularity of government and poor governance
- ✓ Poor business management through poor record keeping
- ✓ Poor tax administration and assessment
- ✓ Long procedures of paying taxes
- ✓ High rate of inflation
- ✓ Political instabilities in the country
- ✓ Inconsistent tax laws and unfair implementation
- ✓ Low levels of income among tax payers

**(iii) Measures UNGA should take to enforce tax compliance would include;**

- ✓ Sensitizing the employees on the need to pay taxes
- ✓ Timely submission of tax returns to URA
- ✓ Being honest in tax related matters for example computing and making payments for PAYE when workers know.
- ✓ Regularly issuing PAYE slips to workers with PAYE deductions
- ✓ Demonstrating how PAYE is calculated for each employee
- ✓ Publicizing the income tax act or making it accessible for every employee to read.
- ✓ Lobbying or negotiating with government to reduce on tax rates of PAYE.
- ✓ Cross checking with accounts office to ensure that tax deductions are made/submitted
- ✓ Availing tax returns receipts to workers as evidence that taxes have been paid to URA
- ✓ Informing workers on the penalties of non-tax compliance.

**Question.** You have been invited to address entrepreneurs in your community about the procedure for tax compliance (UNEB 2017)

Prepare a presentation for the entrepreneurs under the following sub-themes:

- |                                      |           |
|--------------------------------------|-----------|
| (a) Causes of non-tax compliance     | (05marks) |
| (b) Procedures for tax compliance    | (15marks) |
| (c) Penalties for non-tax compliance | (05marks) |

**Solution**

(a)

**BUYANGA JUICE PROCESSORS**

**P.O BOX 22**

**KAMPALA**

**TEL: 0700695643**

**PRESENTATION OF NON-TAX COMPLIANCE**

Iam Maale Ronald a sole proprietor of Buyanga Juice processors

Tax compliance is the degree to which the tax paying community meets the tax obligation as set out in the appropriate regulatory provisions.

The cause of non-tax compliance include;

- ✓ Desire by tax payers to retain their earnings
- ✓ Ignorance about tax compliance procedures
- ✓ High tax rates charged
- ✓ Low profitability of the businesses
- ✓ Low levels of incomes of entrepreneurs

- ✓ Loopholes in the tax system
- ✓ Inequitable tax system
- ✓ Complicated tax laws and regulatory framework
- ✓ Limited information about the importance of taxation
- ✓ Poor infrastructure. This makes tax collection difficult.
- ✓ Un proportional distribution of the tax burden among the tax payers
- ✓ Un popularity of government and poor governance
- ✓ Poor business management through poor record keeping
- ✓ Poor tax administration and assessment
- ✓ Long procedures of paying taxes
- ✓ High rate of inflation
- ✓ Political instabilities in the country
- ✓ Inconsistent tax laws and unfair implementation
- ✓ Low levels of income among tax payers

**Thank for listening**

(b) Presentation on procedures of tax compliance

**BUYANGA JUICE PROCESSORS**

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**KAMPALA**

**TEL: 0700695643**

**PRESENTATION ON PROCEDURES OF TAX COMPLIANCE**

Iam Maale Ronald a sole proprietor of Buyanga Juice processors

Procedures of tax compliance involve the steps an entrepreneur follows to ensure timely payment of taxes, and these include;

- ✓ Registration of the tax payer with Uganda revenue authority
- ✓ Obtaining the tax identification number (TIN)
- ✓ Preparation of tax records i.e income statement and tax returns
- ✓ Getting assessed for taxes by tax authorities
- ✓ Submitting timely tax returns
- ✓ Payment of taxes
- ✓ Receiving feedback from tax authorities by SMS, tax Certificates etc

**Thank for listening**

**INCOME TAX COMPLIANCE**

**Prepare the income tax clearance certificate**

**INCOME TAX COMPLIANCE CERTIFICATE FOR THE BLESSED HUMAN DRUGS FACTORY**

**UGANDA REVENUE AUTHORITY  
DOMESTIC TAXES DEPARTMENT  
P.O BOX 233  
MAKIDYE, UGANDA  
INCOME TAX CLEARANCE**

**TO: BLESSED HUMAN DRUGS FACTORY  
P.O BOX 333, KAMPALA  
TEL: 0700695643**

**PART A: APPLICATION PARTICULARS**

1. Applicants Name: Blessed Human Drugs Factory
2. Tin Number: 4555666
3. Business Name: Blessed Human Drugs Factory
4. Postal Address: 99 Kampala
5. Principle Location: Nakawa business Park
6. Nature of Business: General trade and suppliers
7. Facility applied for: Photocopying and printing services

**PART B: TAX PAYMENT**

1. Total amount paid and date: Date 13/2/2018. Amount paid: Shs 2,000,000/=
  2. Final tax/ withholding tax: Shs 3,000,000
- This is to certify that the above applicant has discharged the tax liabilities for the year of income:2019

**Prepared by;**

Fxxxxxx

**MUGATI HENRY  
ISSUING OFFICER**

Date: 13/2/2018

**Approved by:**

xxxxxxxxxx

**MUBALE ROSS  
COMMISSIONER DOMESTIC TAXES**

**BUYANGA JUICE PROCESSORS**

**P.O BOX 22**

**KAMPALA**

**TEL: 0700695643**

**PRESENTATION ON PENALTIES OF NON-TAX COMPLIANCE**

Iam Maale Ronald a sole proprietor of Buyanga Juice processors

Non tax compliance has the following penalties:

- ✓ Forced payment of all tax arrears and fines
- ✓ Temporary or permanent closure of the business by tax authorities
- ✓ Confiscation of goods being smuggled to evade taxes
- ✓ Publishing tax evaders once identified in the media
- ✓ Denial of government support in terms of security
- ✓ Denial of government contracts, tenders ,once the tax payer is black listed
- ✓ Imprisonment of tax defaulters after court ruling
- ✓ Taking over tax defaulters businesses.

**Thank for listening**

**NB: This topic is set by UNEB in both Entrepreneurship paper one, two and three.**

## **TOPIC 16: FINANCIAL STATEMENTS, FINANCIAL RATIOS AND INTERPRETATION (FINANCIAL MANAGEMENT COMPUTATIONS)**

### **PART II: FINANCIAL MANAGEMENT SKILLS**

#### **1. a) What is financial management?**

Financial management refers to the management of finances/ funds in order to achieve financial objectives i.e generating more cash and wealth for the business.

#### **b) Explain the three basic elements of financial management.**

There are basically three elements of financial management, namely: financial control, financial decision making and financial planning.

- I. Financial control: This involves regulating expenditures in order to attain a given objective.
- II. Financial planning: This involves laying strategies to ensure that enough funds are available at the right time to meet the needs of the business both short term needs and long term needs.
- III. Financial decision making: This involves making decisions regarding investments and sources of funds to be used in implementing the decisions made.

#### **2. a) What is book keeping?**

Book keeping refers to the process of recording business transactions accurately and systematically in an enterprise. It always consists of recording, classifying and summarizing of business events that result into transfer of money from one person to another.

### Types of book keeping:

18. **Single entry system.** This is a system concerned with recording money coming in and going out of the business in form of cash or cheques i.e receipts and payments only.
- (i) Double entry system. This involves the recording in the ledger of 2 aspects for every transaction that takes place e.g two things happen at a time i.e receiving and giving away some value.

**NB:** A ledger is a principle book where all details of the business transactions are recorded with the debit side and credit side.

### Illustration of the ledger account

**Dr.**

**Cr.**

Date	Details	Folio	Amount (shs)		Date	Details	Folio	Amount (shs)

### Explanation of the ledger account

- (i) Date column records the date of the transaction.
- (ii) Details column records details of transactions
- (iii) Folio column records the reference page
- (iv) Debit side records receiver of value and credit side records a given out value.

### Advantages of a double entry system.

- (i) It makes it easy to check arithmetical accuracy of entries by extracting a trial balance
- (ii) The double entry system facilitates reference to the details of any account in case information is required on any transactions.
- (ii) It prevents fraud making any alteration in accounts more difficult.
- (iii) It provides the most reliable information from day today transactions as to the accounts owing to and by the trader.
- (iv) It helps to find out the financial position of the business by making it easy to prepare balance sheet.
- (v) It makes it easy for preparation of trading profit and loss accounts. This enables the trader to easily forecast his expected profits.

### Example of a double entry system.

If Bwanika buys a phone for shs 50,000 on 4<sup>th</sup>/11.2015. Record this transaction, it must be recorded twice in capital account and phone account.

**Dr.**

### CAPITAL ACCOUNT

**Cr.**

Date	Details	Folio	Amount (shs)		Date	Details	Folio	Amount (shs)
31 <sup>st</sup> /11/2016	Balance	c/d	50,000		4 <sup>th</sup> /11/2015	Phone		50,000
			50,000					50,000
					1 <sup>st</sup> /12/2015	Balance	b/d	50,000

**Dr.**

### PHONE ACCOUNT

**Cr.**

Date	Details	Folio	Amount (shs)		Date	Details	Folio	Amount (shs)
4 <sup>th</sup> /11/2015	cash		50,000		31 <sup>st</sup> /11/2016	Balance	c/d	50,000
			50,000					50,000



1 <sup>st</sup> /12/2015	Balance	b/d	50,000				
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**b) Explain the importance of book keeping in a business.**

1. Book keeping acts as a tool for control i.e with proper keeping of the books of accounts, the owner of the business is saved from losses caused as a result of lack of proper records for example theft of business assets.
2. Book keeping helps in facilitating credit transactions. Majority of the businesses now days carry out their business transactions on credit in order to attract customers. Sometimes it becomes difficult to recall all the sales made on credit without proper record keeping.
3. Book keeping helps in calculations of profits and losses. Complete and accurate record keeping of all business transactions is very important in business since it enables the entrepreneur to determine whether he has made profits or losses in a given trading period.
4. It acts as a tool for planning. An entrepreneur is in position to formulate a business plan basing on data relating to sales, purchases profits and losses of the present and past trading period.
5. Book keeping acts as a base for tax assessment by the government. Taxes such as income tax and customs duty, Pay as you earn (P.A.Y.E), NSSF contributions are determined by the government depending on the records of the business. For accurate assessment of taxes, accounting records must be maintained and kept properly to avoid over or under taxation.
6. Book keeping helps an entrepreneur when applying for loans. Banks and other money lending institutions usually require looking at financial records of the business to determine to extend credit or not.
7. The records of accounts also act as a center for references. This is always relevant whenever business information is required.
8. Book keeping helps in provision of information for research purposes. From the books of various entrepreneurs that the economy of the country is classified as first world, second world or third world country in relation to development.
9. Records in book keeping act as an evidence for whatever transaction that took place and therefore help in solving disputes among the business members e.g in partnerships, cooperatives and companies.
10. Book keeping is also very important; in that it helps the business to keep track and make follow up on business debtors.
11. Book keeping acts as a proof for financial position of the business. This happens when expenditures and incomes are recorded; one will be able to know the financial position of the business. This in turn helps the business to manage its financial issues well such as financing loans.
12. Book keeping helps the business to keep track of the business creditors.
13. Book keeping records are important to employees, since they enable them to get information in relation to profit sharing, better pay and job security i.e knowing whether the business is still strong to continue existing.
14. Book keeping provides employment opportunities to people in a given economy such as cashiers' accountants, auditors thus helping to reduce on the level of un employment in the country.

**USERS OF ACCOUNTING INFORMATION:**

- (a) Internal users:
  19. Owner and management of the business. They need accounting records to find out whether the business is making profit or losses and it acts as a basis for future planning.
- (vi) The employees. They need accounting information to determine whether to demand for salary increment or not and to assess their job security.
- (b) External users:
  - (i) Shareholders/ investors. They are interested in knowing how their business is performing whether it is well managed, expanding and whether they are to receive dividends or not.

- (ii) Creditors. These are parties that extend credit to the business. They use the accounting records to assess the credit worthiness of the business
- (iii) Donors/funding agencies. They use accounting records to determine whether money is being used to attain the stated objectives.
- (iv) Government. The governments through tax authorities like Uganda revenue authority need accounting information to determine the tax to be imposed on a business.
- (v) Competitors. They need accounting information for market intelligence purposes so as to beat off their competitors and to judge whether they are doing badly or fairly compared to competitors.
- (vi) General public. These need accounting information to ensure that the businesses do not overcharge them on poor quality goods.
- (vii) Auditors. Auditors are people who inspect books of accounts of a business to ascertain whether the financial statements prepared portray a true and fair view of the financial position of the business. They need accounting information to investigate whether the records were prepared on acceptable accounting standards.
- (viii) Researchers and students. These use accounting records to write proposals and reports concerning such businesses.
- (ix) An intending partner/ co investor. A person wishing to become a joint owner of the business will need to look at the accounting information of the business before deciding to buy.
- (x) An intending buyer. A person who wants to buy a given business will need to look at the accounting records before making a decision to buy or not.

**NB:** A transaction is any dealing between two or more parties involving exchange of goods /services from one party to another for a consideration usually in money terms expressed in form of price.

### 3. a) What are source documents?

These are documents which are prepared when transactions take place in the business to provide documentary evidence indicating that transactions were effected.

#### b) Discuss the advantages of source documents in a business.

- (i) Source documents act as evidence for transactions that have taken place in the business for example the cash receipt.
- (ii) Source documents enforce discipline to the staff and the owner of the business, because they will always collect and do accurate keeping of business records.
- (iii) They protect customers from being over charged for example the use of a credit note
- (iv) They make it easy for investigations of missing goods/ items i.e by the use of the stock card.

#### c) Describe the various source documents used in business transactions.

1. A cash receipt is a document prepared and issued by the seller to the buyer, in case of payment of goods that have been bought on credit or payment for services. OR It is a document which is issued by the seller to the buyer when he pays for goods that have been delivered to him or services rendered to him.
2. Statement of account. This is a document prepared and sent by the seller to the buyer giving a summary of the transactions that have taken place during a particular period of time.
3. Letter of inquiry. This is a document prepared and sent by the buyer to the seller finding out the available goods, the terms and conditions of payment by a given supplier, including prices of goods he /she wishes to buy.
4. Quotation. This is a document prepared and sent by the seller to the buyer showing details of goods available for sale, their prices and terms of payment.
5. Purchase order. This is a document sent by the buyer requesting the seller to supply specified goods.

6. Price list. This is a list of available for sale and their respective prices. The price list contains business name and address, business logo and document name, items for sale, prices, signature, name of the seller and title including the frame.
7. Delivery note. This is a document prepared and sent by the seller to the buyer with goods supplied. It includes quantity, name, and size, colour of goods and mode of transport being used.
8. An invoice. This is the document prepared and sent by the seller to the buyer informing him of the amount due for the goods supplied on credit to him.
9. Cash sale slip/ receipt. This is a document prepared and issued by the seller to the buyer who has paid for goods on cash basis/ spot.
10. Debit note. This is a document prepared and sent by the seller to the buyer in order to correct an under charge in the invoice and informs the buyer additional amount has been added on top of what was indicated in the invoice.
11. Cash payment voucher. This is a document prepared for internal use in the business. It is prepared by the top management to authorize payment of cash for goods or services to the business. It shows to whom payments were made, data, purpose, amount and the person who has authorized payment
12. Procurement or purchases requisition. This is a written order for goods or materials for suppliers by the user department, sent to the purchasing department within the organization.
13. Dispatch note. This is a document normally sent by the seller to the buyer at the time when goods are being dispatched. It is expected to be sent separately and is supposed to reach the buyer before arrival of goods.
14. A cheque. This is a written order from the depositor telling the bank to pay cash to named person or business.
15. Cheque counter foils. This is where the details of the information on the cheque issued is recorded and detached when the cheque is made. It provides good accountability for the money spent by the business.
16. Bank statement. This is a document issued by the bank to its client for a given period i.e weekly, monthly or annually.
17. I.O.U. This is a document raised for acknowledgement of a debt for cash received for a temporary purpose.
18. Bank deposit slip. This is a document issued by the bank to its clients confirming that cash or cheques have been deposited onto their bank accounts.
19. A petty cash payment voucher. This a document prepared to record petty expenses within an enterprise i.e staff tea, newspapers, transport allowances etc.

**NB: The illustrations of these source documents are found in the project work above.**

**4. a) Describe the various financial needs of a potential business.**

The financial needs of a potential business include;

- I. Fixed capital requirements. These include requirements like land, business van, machinery and equipment, furniture etc.  
NB: Capital refers to money or property that is used to start a business venture with the aim of making a profit.
- II. Working capital requirements. They include consist of requirements like stationery, insurance, wages and salaries of workers, utilities (water and power bills), advertising etc.
- III. Startup expenses. These comprise of registration fee and trading license fee

NB: The above are indicated in a budget of a business. A budget refers to a statement of income and expenditure projections for a given time.

**b) Explain the importance of budgeting to a business man.**

- ✓ Budgeting enables the owner price his/ her goods appropriately to make desired profits

- ✓ Enables the owner to calculate the cost of goods sold
- ✓ Enables the owner on how to prioritize his/her expenditure and income
- ✓ Encourages hard work and innovativeness
- ✓ Promotes planning for the future in line with the objectives of the organization
- ✓ Forms a yard stick with which to compare actual performance with targeted one
- ✓ Ensures discipline in managing business funded finances
- ✓ Enables the owner to evaluate the performance of the business
- ✓ Co-ordinates activities into a common plan
- ✓ Controls the activities and manage all business programmes
- ✓ Motivates employees by making them part of the team that sets objectives in the budget.
- ✓ Optimizes the use of firm's resources i.e financial resources and human resources.

**NB: Evidence not required here, only explanation but answers must be presented with 's' or 'es'.**

**Examples of the different types of budgets are in the projects work above in topic one.**

## 5. Write brief notes about the following;

- (i) **Sales.** These are goods sold by the business in a given period of time for example a month or year.
- (ii) **Returns in wards/sales returns.** This is the monetary value of goods that had previously been sold by the business but they are brought back by customers.
- (iii) **Net sales** = Sales- Sales returns.
- (iv) **Purchases.** This is the monetary value of goods bought by the entrepreneur or business for resale.
- (v) **Purchases returns or return outwards.** This is the monetary value of goods previously bought by the business but have been sent back to suppliers.
- (vi) **Net purchases** = Purchases- Purchases returns.
- (vii) **Opening stock** refers to goods in the business at the beginning of the new trading period
- (viii) **Closing stock.** This refers to goods lying un sold by the business at the end of a given trading period.
- (ix) **Gross profit.** This is the total profit obtained by an entrepreneur before paying off operating expenses of the business.  $\text{Gross profit} = \text{Net sales} - \text{Cost of sales}$ .
- (x) **Net profit.** This is the actual or real profit of the business after subtracting all expenses from gross profit or gross income. This is the profit obtained by the entrepreneur after paying off all operating expenses of the business.  $\text{Net profit} = \text{Gross income} - \text{total operating expenses}$  or  $\text{Gross profit} - \text{total operating expenses}$ .  $\text{Gross income} = \text{Gross profit} + \text{Other incomes}$
- (xi) **Carriage outwards.** This refers to the seller's cost of delivering goods to the buyer. (Transportation out). They are recorded on income statement under operating expenses.
- (xii) **Carriage inwards.** These are expenses incurred by the supplier when buying goods from the company or manufacturer and the goods are transported by the company to the supplier's warehouse. The carriage inwards are part of cost of goods sold (cost of sales). Carriages are cost of transporting goods. They are added to the total value of expense
- (xiii) **Drawings.** Drawings are goods or cash taken out of the business by its owner for private use. The main types of drawings include; cash drawings i.e recorded in income statement and balance sheet. However drawings in kind i.e recorded in balance sheet (physical goods taken out). Physical goods taken out are normally specified as drawings. If specified as drawings record such drawings only in the balance sheet.
- (xiv) **Transaction.** This is the transfer of goods and services from one person to another for consideration which is normally in terms of money.
- (xv) **Net capital employed** = **Working capital**+ **Total fixed assets**. But  $\text{working capital} = \text{Current Assets} - \text{Current liabilities}$ .
- (xvi) **Owner's equity** = **Capital** + **Net profit**-**Drawings**+ **loan (long term liabilities)**. But without loan then it will be = **Capital** + **Net profit**-**Drawings**.

- (xvii) **Goods Available for sale (cost of purchases)** = opening stock + Net purchases  
(xviii) **Cost of sales/ cost of goods sold** = Goods available for sale – closing stock

$$(xix) \quad \text{Shares Holder's Ratio} = \frac{\text{GROSS DIVIDENDS(ORDINARY SHARES)}}{\text{MARKET PRICE OF SHARES}}$$

$$(xx) \quad \text{Equity/ property ratio: } \frac{\text{SHARE HOLDER'S FUNDS}}{\text{TOTAL ASSETS}}$$

$$(xxi) \quad \text{FIXED ASSET TO PROPRIETORS RATIO} = \frac{\text{FIXED ASSETS AFTER DEPRECIATION}}{\text{SHARE HOLDER'S FUNDS/CAPITAL}} \times 100$$

## FINAL ACCOUNTS

### I. THE TRIAL BALANCE

#### 1. (a) What is the trial balance?

It is a list of debit and credit balances taken out of the ledgers as at a certain date.

**OR**

This refers to a list of balances both on the debit and credit sides including the cash/ bank balances extracted from the ledger designed to check up on the arithmetic accuracy of the entries made in the double entry form.

#### b) Explain the importance of a trial balance in an enterprise.

- (i) A trial balance helps in testing the arithmetic accuracy of the ledger entries
- (ii) A trial balance makes it easy for an entrepreneur to prepare final accounts for the given trading period in an enterprise for example the trading profit and loss account.
- (iii) A trial balance helps an entrepreneur to know the assets and liabilities of an enterprise in a given trading period using the balance sheet.

#### c) Discuss the various mistakes that can be disclosed by the trial balance

- (i) Mistakes in balancing of ledger accounts
- (ii) Mistakes in calculation of figures in the trial balance
- (iii) Transposition of figures for example writing shs 2,500 as shs 5,200
- (iv) Entering a balance on the wrong column of the trial balance
- (v) Omission of a balance from the trial balance
- (vi) Balance figures confused due to bad hand writing
- (vii) Posting a wrong amount in the trial balance.

#### d) Discuss the errors which cannot be disclosed by the trial balance.

- (i) Errors of principle. This when an item is entered on the wrong account it may appear on the correct side but in principle it is wrong then the double entry is observed e.g purchase of motor van is posted to the expenses account or purchases account instead of motor van account.
- (ii) Errors of original entry. This is a type where the original figure entered in an account is not correct yet the double entry is made using an incorrect figure for example cash sales of shs 3,500 is entered in both cash book and sales account as shs 5,300.
- (iii) Compensating errors. These are errors where a mistake made in one account on the debit side is equal in amount with another mistake on the credit side of another account just by coincidence. The figures cancel each other and the trial balance totals agree.

- (iv) Errors of omission. This is where a transaction is completely omitted or left out of the books. This can be due to loss or misplacement of the source document e.g an invoice may be misplaced there will be no record for debit and credit entries of the transaction and as such it will not affect the agreement of the trial balance.
- (v) Errors of commission. This is when a transaction is entered in the double entry system but in the wrong personal account e.g sale of goods to Mwalye is entered to Maleya's account but all are our customers.
- (vi) Complete reversal of entries. Under this, correct accounts are used but each item is shown on the wrong side of the account e.g receipt of cash from Henry shs 3,400 is entered on the debit side of Henry's account and credited in the cash book.

**Qn. 1 Maliya Enterprises commenced a business on 1<sup>st</sup> July 2015 with cash amounting to shs 100,000**

- July 4<sup>th</sup> bought goods on cash shs 10,000
- July 8<sup>th</sup> paid cash for stationery shs 10,200
- July 10<sup>th</sup> sold goods for cash shs 30,000
- July 13<sup>th</sup> paid fuel by cash shs 6,000
- July 14<sup>th</sup> paid cash for wages shs 4,000
- July 23<sup>rd</sup> bought machinery by cash shs 40,000
- July 27<sup>th</sup> sold goods for cash shs 20,000
- July 28<sup>th</sup> bought furniture for cash shs 35,000

**Required:**

Enter the above in the ledger accounts respectively carry out the double entries and take out the trial balance.

**LEDGER ACCOUNTS FOR MALIYA'S TRANSACTIONS**

**CASH ACCOUNT**

Dr.

Cr.

Date	Details	F	Amount (shs)	Date	Details	F	Amount (shs)
July 1 <sup>st</sup> 2015	Capital		100,000	July 4 <sup>th</sup> 2015	Purchases		10,000
July 10 <sup>th</sup>	Sales		30,000	July 8 <sup>th</sup>	Stationery		10,200
July 27 <sup>th</sup>	Sales		20,000	July 13 <sup>th</sup>	Fuel		6,000
				July 14 <sup>th</sup>	Wages		4,000
				July 23 <sup>rd</sup>	Machinery		40,000
				July 28 <sup>th</sup>	Furniture		35,000
				July 31 <sup>st</sup>	Balance	c/d	44,800
			150,000				150,000
Aug 1 <sup>st</sup> 2015	Balance	b/d	44,800				

**CAPITAL ACCOUNT**

Dr.

Cr.

Date	Details	F	Amount (shs)	Date	Details	F	Amount (shs)
July 31 <sup>st</sup> 2015	Balance	c/d	100,000	July 1 <sup>st</sup> 2015	Cash		100,000
			<b>100,000</b>				<b>100,000</b>
				Aug 1 <sup>st</sup> 2105	Balance	b/d	100,000

**PURCHASES ACCOUNT**

Dr.

Cr.

Date	Details	F	Amount (shs)	Date	Details	F	Amount (shs)
July 4 <sup>th</sup> 2015	Cash		10,000	July 31 <sup>st</sup> 2015	Balance	c/d	10,000
			<b>10,000</b>				<b>10,000</b>
Aug 1 <sup>st</sup> 2015	Balance	b/d	10,000				

### STATIONERY ACCOUNT

Dr. Cr.

Date	Details	F	Amount (shs)	Date	Details	F	Amount (shs)
July 8 <sup>th</sup> 2015	Cash		10,200	July 31 <sup>st</sup> 2015	Balance	c/d	10,200
			<b>10,200</b>				<b>10,200</b>
Aug 1 <sup>st</sup> 2015	Balance	b/d	10,200				

### SALES ACCOUNT

Dr. Cr.

Date	Details	F	Amount (shs)	Date	Details	F	Amount (shs)
July 31 <sup>st</sup> 2015	Balance	c/d	50,000	July 10 <sup>th</sup> 2015	Cash		30,000
				July 27 <sup>th</sup> 2015	Cash		20,000
			<b>50,000</b>				<b>50,000</b>
				Aug 1 <sup>st</sup> 2015	Balance	b/d	50,000

### FUEL ACCOUNT

Dr. Cr.

Date	Details	F	Amount (shs)	Date	Details	F	Amount (shs)
July 13 <sup>th</sup> 2015	Cash		6,000	July 31 <sup>st</sup> 2015	Balance	c/d	6,000
			<b>6,000</b>				<b>6,000</b>
Aug 1 <sup>st</sup> 2015	Balance	b/d	6,000				

### WAGE ACCOUNT

Dr. Cr.

Date	Details	F	Amount (shs)	Date	Details	F	Amount (shs)
July 14 <sup>th</sup> 2015	Cash		4,000	July 31 <sup>st</sup> 2015	Balance	c/d	4,000
			<b>4,000</b>				<b>4,000</b>
Aug 1 <sup>st</sup> 2015	Balance	b/d	4,000				

### MACHINERY ACCOUNT

Dr. Cr.

Date	Details	F	Amount (shs)	Date	Details	F	Amount (shs)
July 23 <sup>rd</sup> 2015	Cash		40,000	July 31 <sup>st</sup> 2015	Balance	c/d	40,000
			<b>40,000</b>				<b>40,000</b>
Aug 1 <sup>st</sup> 2015	Balance	b/d	40,000				

### FURNITURE ACCOUNT

Dr. Cr.

Date	Details	F	Amount (shs)	Date	Details	F	Amount (shs)
July 28 <sup>th</sup> 2015	Cash		35,000	July 31 <sup>st</sup> 2015	Balance	c/d	35,000
			<b>35,000</b>				<b>35,000</b>
Aug 1 <sup>st</sup> 2015	Balance	b/d	35,000				

**MALIYA ENTERPRISES  
TRIAL BALANCE  
AS AT 31<sup>ST</sup> JULY 2015**

Details	Debit (shs)	Credit (shs)
Cash	44,800	
Capital		100,000
Purchases	10,000	
Stationery	10,200	
Sales		50,000
Fuel	6,000	
Wages	4,000	
Machinery	40,000	
Furniture	35,000	
<b>Total</b>	<b>150,000</b>	<b>150,000</b>

2. The following information was extracted from Munene enterprises books of accounts as at 31/12/2013.

Item	shs
Purchases	144,000,000
Bad debts w/o	350,000
Sales	245,000,000
Carriage on sales	6,000,000
Discount allowed	1,000,000
Interest received	520,000
Return in wards/ return out wards	1600, 000/ 3,000,000
Cash at bank	4,000,000
Rent and rates	9,000,000
Debtors	3,600,000
Cash in hand	260,000
Motor van	4,200,000
Creditors	7,000,000
Salaries	3,000,000
Fixtures and fittings	18,000,000
Drawings	2,300,000
Premises	24,400,000
Wages	8,000,000



Stock 1/1/2013	24,000,000
Bank loan	9,000,000
Capital	1, 8570,000
Stock 31 <sup>st</sup> /12/2013	2,000,000

**Required:**

Prepare Munene Enterprises' trial balance from the above information.

**MUNENE ENTERPRISES  
TRIAL BALANCE  
AS AT 31/12/2015**

<b>PARTICULARS</b>	<b>DEBIT (SHS)</b>	<b>CREDIT (SHS)</b>
Purchases	144,000,000	
Bad debts written of (w/o)	350,000	
Sales		245,000,000
Carriage on sales	6,000,000	
Discount allowed	1,000,000	
Interest received		<b>520,000</b>
Return inwards/ sales returns	1600,000	
Return outwards / purchases returns		3,000,000
Cash at bank	4,000,000	
Rent and rates	9,000,000	
Debtors	3,600,000	
Cash at hand	260,000	
Motor van	4,200,000	
Creditors		7,000,000
Salaries	3,000,000	
Fixtures and fittings	18,000,000	
Drawings	2,300,000	
Premises	24,400,000	
Wages	8,000,000	
Stock 1/1/2013	24,000,000	
Bank loan		9,000,000
Capital		18,570,000
<b>Total</b>	<b>282,570,000</b>	<b>282,570,000</b>

## II. FINANCIAL RATIOS (ANALYSIS AND INTERPRETATION OF FINAL ACCOUNTS/ FINANCIAL STATEMENTS)

The interpretation of final accounts is done by using accounting ratios.

### 1. a) Differentiate between accounting ratios and a ratio.

Accounting ratios refer to the means of showing the relationship between different items on the financial statement in form of ratios or percentages.

While,

A ratio is a mathematical relationship between two variables.

**b) Discuss the importance of financial ratios in a business**

- (i) Financial ratios help an entrepreneur by providing a basis for making future business policies
- (ii) Financial ratios enable an entrepreneur to determine the progress of the business. He/shs is able to know the profits realized in a given trading period.
- (iii) Financial ratios help an entrepreneur when comparing the past years with changes taking place in the business and the situations in which it is operating.
- (iv) Financial ratios help an entrepreneur in evaluating the business and shares by investors, why the business is selling its shares to the public through stock exchange, which may affect its ability to access credits.

**c) Why is there need to interpret financial ratios or statements in a business**

- (i) To determine whether a business has enough cash to meet its financial obligations like paying off short term loan in a specified period.
- (ii) To compare performance of the same businesses over different periods of time, the ratios of so many years help to indicate the trend of the business i.e whether it is developing or declining.
- (iii) To provide a basis for an entrepreneur for management of a business for making future plans, preparing different budgets etc. considering the improvement of the business.

**NOTE:** outstanding/ accrued/unpaid/due / accounts payable or debtors on current liabilities on balance sheet and on income statement they are less i.e rent- unpaid rent. However prepaid/ paid in advance are part of current assets, if given outstanding rent without rent as an expenses it does not work in an income statement

**d) Discuss the different types of accounting ratios.**

**i. PROFITABILITY RATIOS.**

These are ratios which determine whether the business has been able to make enough profits i.e from the investment made.

**Examples include:**

- **Gross profit ratio/ gross profit to sales/turn over or gross profit percentage of net sales/ Gross profit margin/ Margin**

$$\text{GROSS PROFIT RATIO} = \frac{\text{GROSS PROFIT}}{\text{TURN OVER}} \times 100. \text{ OR } \frac{\text{GROSS PROFIT}}{\text{SALES}} \times 100$$

This shows the percentage of gross profit on each item sold.

- **Mark up/ Gross profit mark up. This is the gross profit expressed as percentage of cost of sales**

$$\text{MARK UP} = \frac{\text{GROSS PROFIT}}{\text{COST OF SALES}} \times 100$$

- **Net profit ratio/ Net profit to sales ratio/Net profit to turnover/net sales. This shows the net profit as a percentage of sales (turn over)**

$$\text{NET PROFIT RATIO} = \frac{\text{NET PROFIT}}{\text{NET SALES}} \times 100$$

- **NET PROFIT TO OWNER'S EQUITY =  $\frac{\text{NET PROFIT}}{\text{OWNER'S EQUITY}} \times 100$**
- **Rate of return on capital employed/Net profit as percentage of capital employed. This shows the net profit as percentage of the total capital employed in the business.**

$$\text{RATE OF RETURN ON CAPITAL EMPLOYED} = \frac{\text{NET PROFIT}}{\text{CAPITAL EMPLOYED or CAPITAL OWNED}} \times 100$$

- **OPERATING PROFIT RATIO** =  $\frac{\text{OPERATING PROFIT}}{\text{NET SALES}} \times 100$
- **OPERATING PROFIT** = GROSS PROFIT - OPERATING EXPENSES
- **ADMINISTRATION RATION** =  $\frac{\text{ADMINISTRATION EXPENSES}}{\text{NET SALES}} \times 100$
- **COST OF GOODS SOLD RATIO** ==  $\frac{\text{COST OF GOODS SOLD}}{\text{NET SALES}} \times 100$

## ii. LIQUIDITY RATIOS.

These are ratios that show the cash position of the business and its ability to pay off its liabilities when they are due.

**Examples include:**

- **Current ratio/working capital ratio.** This refers to the ratio at current assets to current liabilities.

$$\text{CURRENT RATION/RATIO/ WORKING CAPITAL RATIO} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}}$$

- **Cash ratio** =  $\frac{\text{ABSOLUTE LIQUID ASSETS}}{\text{CURRENT LIABILITIES}}$  Where absolute liquid Assets = cash +bank
- **Acid test / Quick asset ratio/ liquid capital ratio.** This ratio shows the ability of the business to pay off its immediate debts with currents assets that are easily converted into cash.

$$\text{QUICK ASSET RATIO/ LIQUID RATIO/ ACID TEST RATIO} = \frac{\text{CURRENT ASSETS}-\text{STOCK}}{\text{CURRENT LIABILITIES}}$$

- **Rate of return on capital invested.** This refers to net profit for the period expressed as percentage of the capital at the beginning of the given trading period.
- **RATE OF RETURN OF CAPITAL INVESTED** =  $\frac{\text{NET PROFIT}}{\text{INITIAL CAPITAL}} \times 100$
- **Rate of return on capital employed** =  $\frac{\text{NET PROFIT}}{\text{CAPITAL EMPLOYED}} \times 100$

## iii. EFFICIENCY RATIOS.

These are ratios which measure the efficiency of business activities. They consider the way how the business uses its assets to generate more income

**Examples include:**

- **Average stock.** This is the average of opening stock and closing stock of the business.

$$\text{AVERAGE STOCK} = \frac{\text{OPENING STOCK} + \text{CLOSING STOCK}}{2}$$

- **Rate of stock turn over / stock or inventory turnover ratio/ stock turn.** This shows the number of turns the business replaces its stock in a given trading period.

$$\text{RATE OF STOCK TURN} = \frac{\text{COST OF SALES}}{\text{AVERAGE STOCK/INVENTORY}} \quad \text{OR} = \frac{\text{SALES COST}}{\text{AVERAGE STOCK/INVENTORY}} \quad \text{O}$$

**R**

$$= \frac{\text{COST OF GOODS SOLD}}{\text{AVERAGE STOCK/INVENTORY}}$$

- **Interest cover** =  $\frac{\text{PROFIT BEFORE INTEREST AND TAX}}{\text{INTEREST PAYABLE}}$  But PBIT = Net profit –Interest on loan  
( Unit times)

- **Stock turn over period.** This measures the average number of days stock is held before selling it during a particular period.

**STOCK TURN OVER PERIOD/ INVENTORY TURN OVER PERIOD =**

$$\frac{\text{AVERAGE STOCK(AVERAGE INVENTORY)}}{\text{COST OF SALES(COST OF GOODS SOLD)}} \times 365 \text{ days in a year}$$

$$\text{OR} = \frac{\text{AVERAGE STOCK}}{\text{COST OF SALES}} \times 52 \text{ weeks in a year} \quad \text{OR} = \frac{\text{AVERAGE STOCK}}{\text{COST OF SALES}} \times 12 \text{ months in a year}$$

- **Rate of debtors turn over.** This shows the number of times cash collections are made in a given trading period.

$$\text{RATE OF DEBTORS PERIOD} = \frac{\text{NET SALES}}{\text{TOTAL DEBTORS}}$$

- **Debtors' turn over period.** This shows how long it takes a firm to collect its cash from debtors. Also referred to as average collection period.

**DEBTORS' TURN OVER PERIOD/ AVERAGE DEBTORS COLLECTION PERIOD =**

$$= \frac{\text{TOTAL DEBTORS}}{\text{NET SALES}} \times 365 \text{ days in a year} \quad \text{OR} = \frac{\text{TOTAL DEBTORS}}{\text{NET SALES}} \times 52 \text{ weeks in a year} \quad \text{OR}$$

$$= \frac{\text{TOTAL DEBTORS}}{\text{NET SALES}} \times 12 \text{ months in a year}$$

- **Rate of creditors' turn over.** This measures the number of times a firm/ business can pay off its suppliers in a given period usually a year.

$$\text{RATE OF CREDITORS' TURN OVER} = \frac{\text{NET PURCHASES}}{\text{TOTAL CREDITORS}}$$

- **Creditors' turn over period.** This measures the period it takes a firm /business to pay off its suppliers. Also referred to as average payment period /average creditors period.

$$\text{CREDITORS' TURN OVER} = \frac{\text{TOTAL CREDITORS}}{\text{NET PURCHASES}} \times 365 \text{ days in a year} \quad \text{OR} = \frac{\text{TOTAL CREDITORS}}{\text{NET PURCHASES}}$$

$$\times 52 \text{ weeks in a year} \quad \text{OR} = \frac{\text{TOTAL CREDITORS}}{\text{NET PURCHASES}} \times 12 \text{ months in a year}$$

- **Assets turn over.** This is concerned with how the firm's capacity is used to generate returns. It is expressed in two forms i.e

**Fixed asset turn over.** This shows how fixed assets capacity is used to generate revenue.

$$\text{FIXED ASSET TURN OVER} = \frac{\text{NET SALES/TURNOVER}}{\text{TOTAL FIXED ASSETS}}$$

- **Total asset turnover.** This shows both fixed and current assets capacity used in generate revenue/ returns.

$$\text{TOTAL ASSET TURN OVER} = \frac{\text{NETSALES/TURNOVER}}{\text{TOTAL ASSETS}}$$

- **Percentage of expenses to turnover.** This shows percentage of expenses of net sales.

$$\text{PERCENTAGE OF EXPENSES TURN OVER} = \frac{\text{TOTAL EXPENSES}}{\text{NET SALES}} \times 100$$

- **TOTAL TO WORKING CAPITAL/ NET WORKING CAPITAL TURN OVER= Equity/**  
**property ratio:**  $\frac{\text{SHARE HOLDER'S FUNDS}}{\text{TOTAL ASSETS}}$

- **FIXED ASSET TO PROPRIETORS RATIO** =  $\frac{\text{NET SALES}}{\text{WORKING CAPITAL}}$

- **Ratio of debtors to sales/debtors/sales ratio. This determines the percentage or fraction of credit sales out of the total sales made.**

**RATIO OF DEBTORS TO SALES/DEBTORS/SALES RATIO** =  $\frac{\text{DEBTORS}}{\text{SALES}}$  X 365 days in year **or** =  $\frac{\text{DEBTORS}}{\text{SALES}}$  X 12 months in a year **or** =  $\frac{\text{DEBTORS}}{\text{SALES}}$  X 52 weeks in a year **Or**  $\frac{\text{DEBTORS}}{\text{SALES}}$  X 100 ( for every shs 100 made from sales shs are credit sales)

- **Ratio of creditors to purchase creditors/purchase ratio. This shows the percentage or fraction of credit purchases out of the total purchases made.**

**RATIO OF CREDITORS TO PURCHASE CREDITORS/PURCHASE RATIO**=  $\frac{\text{CREDITORS}}{\text{PURCHASES}}$   
X 365 days in year **or** =  $\frac{\text{CREDITORS}}{\text{PURCHASES}}$  X 12 months in a year **or** =  $\frac{\text{CREDITORS}}{\text{PURCHASES}}$  X 52 weeks in a year. **Or** =  $\frac{\text{CREDITORS}}{\text{PURCHASES}}$  X 100

#### iv. **SOLVENCY RATIOS.**

**Examples include:**

**Debt to equity ratio/Debt to owner's equity. This measures the extent to which borrowed funds can be covered by owners funds**

**DEBT TO EQUITY RATIO** =  $\frac{\text{LONG TERM DEBTS}}{\text{TOTAL OWNER'S EQUITY}}$

OR It can be expressed as a percentage

=  $\frac{\text{LONG TERM DEBTS}}{\text{TOTAL OWNER'S EQUITY}} \times 100$ .

**Debt to total asset ratio. This measures the extent to which the firm's assets have been financed using borrowed funds.**

**DEBT TO TOTAL ASSET RATIO** =  $\frac{\text{LONG TERM DEBTS}}{\text{TOTAL ASSETS}}$  OR Expressed in percentage as  
=  $\frac{\text{LONG TERM DEBTS}}{\text{TOTAL ASSETS}} \times 100$

**Debt to owner's equity/ Gearing ratio** =  $\frac{\text{TOTAL LIABILITIES}}{\text{OWNER'S EQUITY}}$

**DEBT RATIO/ SOLVENCY RATIO** =  $\frac{\text{LONG TERM LIABILITIES} + \text{SHORT TERM LIABILITIES}}{\text{CAPITAL} / \text{TOTAL ASSETS}}$

**NB:** Short term liabilities are the same as current assets and a loan in months less than a year.

**BAD DEBTS RATIO** =  $\frac{\text{BAD DEBTS}}{\text{SALES}}$ , **DEBT TO EQUITY** =  $\frac{\text{TOTAL DEBTS}}{\text{TOTAL EQUITY}}$ .

**Note:** short term loans are part of current liabilities since they are less than a year.

**Qn. 1 The following balances were extracted from books of KIBUKA on 31/12/2015.**

<b>PARTICULARS</b>	<b>SHS (000)</b>
Capital	2,700,000
Stock	250,000
Plant and Machinery	2,500,000
Motor vehicle at cost	800,000
Purchases	3,600,000
Sales	6,160,000
Sales returns	400,000
Purchases returns	200,000
Wages and salaries	600,000
Discount allowed	50,000
Discount received	40,000
Carriage inwards	25,000
Transport	105,000
Water and electricity	86,000
Bad debts written off (w/o)	15,000
Provision for bad debts	10,000
General expenses	85,000
Rent and rates	150,000
Debtors	550,000
Creditors	66,000
Cash	60,000
Bank	300,000
Loan	400,000

**Additional information;**

- (i) Closing stock was valued at shs 225,000,000
- (ii) Depreciation was charged at 10% and 20% on plant and machinery and motor vehicle respectively.
- (iii) Rent and rates prepaid amounted to shs 50,000,000
- (iv) Provision for bad debts to be increased by shs 3,000,000.

**a). You are required to compute the following:**

**(i) Cost of goods available for sale.**

Cost of goods available for sale = Opening stock+ Net purchases

But Net purchases =Purchases +Carriage inwards- Purchases returns

= 3,600,000,000 +25,000,000-200,000,000 =shs 3,425,000,000

Cost of goods available for sale = 250,000,000 +3,425,000,000 = **Shs 3,675,000,000**

**(ii) Cost of sales**

Cost of sales = Goods available for sale- Closing stock

= 3,675,000,000 – 225,000,000 = **Shs 3,450,000,000**

**(iii) Gross profit.**

Gross profit = Net sales – Cost of sales

But Net sales = Sales – Sales returns = 6,160,000,000 - 400,000,000 = shs 5,760,000,000

Gross profit = 5,760,000,000 - 3,450,000,000 = **Shs 2,310,000,000**

**(iv) Net profit.**

**Net profit = Gross profit/ Gross income- Expenses**

But total expenses = wages and salaries+ Discount allowed+ Transport+ Water and electricity + Bad debts written off +General expenses + (Rent and rates-prepaid) +increase in provision for bad debts+ Depreciation on plant and machinery +Depreciation on motor vehicle.

= 600,000,000 + 50,000,000 + 105,000,000 + 86,000,000 + 15,000,000 + 85,000,000 + (150,000,000 - 50,000,000) + 3,000,000 + 250,000,000 + 160,000,000

= **Shs 1,454,000,000**

Gross income = Gross profit + Other incomes and gains (Discount Received)

= 2,310,000,000 + 40,000,000 = shs 2,350,000,000

**Net profit = 2,350,000,000 - 1,454,000,000 = Shs 896,000,000**

**(v) Floating capital.**

Floating capital = Total current assets

= (Debtors – Provision for bad debts) + Cash + Bank + Prepaid rent and rates + Stock (closing stock)

= (550,000,000 - 13,000,000) + 60,000,000 + 300,000,000 + 50,000,000 + 225,000,000

= **Shs 1,172,000,000**

**(vi) Working capital.**

Working capital = Current assets – Current liabilities,

Current liabilities = Creditors (shs 66,000,000), Current assets = shs 1,172,000,000

**Working capital = 1,172,000,000 - 66,000,000 = Shs 1,106,000,000**

**(vii) Capital employed.**

Capital employed = Fixed Assets + Working capital

But fixed capital = (Plant and Machinery - Depreciation) + (Motor vehicle at cost – Depreciation)

(2,500,000,000 - 250,000,000) + (800,000,000 - 160,000,000) = shs 2,890,000,000

Fixed assets = shs 2,890,000,000

**Capital employed = 2,890,000,000 + 1,106,000,000 = Shs 3,996,000,000**

**(viii) Capital owned.**

Capital owned = Capital at start + Net profit – Drawings / Total assets – Total liabilities

= 2,700,000,000 + 896,000,000 - 0 = 3,596,000,000

**Capital owned = Shs 3,596,000,000**

**(ix) Borrowed capital.**

Borrowed capital = Total long term liabilities (loan)

**Borrowed capital = Shs 400,000,000**

**(x) Liquid capital.**

Liquid capital = Current Assets – Stock  
 = 1,172,000,000 - 225,000,000 = shs 947,000,000

**Liquid capital = Shs 947,000,000**

**(xi) Liquid funds.**

Liquid funds = cash + bank = 300,000,000 + 60,000,000 = Shs 360,000,000

**Liquid funds = Shs 360,000,000**

**(xii) Average stock.**

$$\text{Average stock} = \frac{\text{OPENING STOCK} + \text{CLOSING STOCK}}{2} = \frac{250,000,000 + 255,000,000}{2} \\ = \text{Shs } 237,500,000$$

**b). Compute and interpret the following:**

**(i) Gross profit mark up.**

$$\text{Gross profit markup} = \frac{\text{GROSS PROFIT}}{\text{COST OF SALES}} \times 100 = \frac{2,310,000,000}{3,450,000,000} \times 100 = 66.9\% \text{ OR } \underline{67\%}$$

**Interpretation:** The business adds 67% on the cost price of a product to determine the selling price.

**(ii) Margin.**

$$\text{Margin} = \frac{\text{GROSS PROFIT}}{\text{NET SALES}} \times 100 = \frac{2,310,000,000}{5,760,000,000} \times 100 = \underline{40\%}$$

**Interpretation:** For every shs 100 of the revenue earned from sales, shs 40 was a gross profit.

**(iii) Rate of stock turn.**

$$\text{Rate of stock turn} = \frac{\text{COST OF SALES}}{\text{AVERAGE STOCK}} = \frac{3,450,000,000}{237,500,000} = 14.5 \text{ Times} = \underline{15 \text{ Times}}$$

**Interpretation:** The business replaced its stock 15 times in the trading period indicating a profitable business.

**(iv) Average number of days stock was held before selling**

$$\text{Average number of days stock was held before selling} = \frac{\text{AVERAGE STOCK}}{\text{COST OF SALES}} \times \text{Number of days in a year} \\ = \frac{237,500,000}{3,450,000,000} \times 365 \text{ days} = \underline{25 \text{ days}}$$

**Interpretation:** Stock was held after an average of 25 days before selling. Indicating high rate of sales.

**(v) General expenses ratio.**



$$\text{General expenses ratio} = \frac{\text{GENERAL EXPENSES}}{\text{NET SALES}} \times 100 = \frac{1,454,000,000}{5,760,000,000} \times 100 = \underline{\underline{25\%}}$$

**Interpretation:** On every shs 100 of revenue earned from sales shs 25 was spent on general expenses.

(vi) **Net profit ratio.**

$$\text{Net profit ratio} = \frac{\text{NET PROFIT}}{\text{NET SALES}} \times 100 = \frac{896,000,000}{5,760,000,000} \times 100 = 15.56 = \underline{\underline{15.56\%}}$$

**Interpretation:** For every shs 100 of the revenue earned from sales shs 15.56 was a net profit.

(vii) **Current ratio.**

$$\text{Current ratio} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}} = \frac{1,172,000,000}{66,000,000} = \underline{\underline{17.8:1}}$$

**Interpretation:** The business is capable of paying off its current liabilities using its current assets 17.8 times. This implies that business is solvent.

(viii) **Quick Assets Ratio.**

$$\text{Quick Assets Ratio} = \frac{\text{CURRENT ASSETS} - \text{STOCK}}{\text{CURRENT LIABILITIES}} = \frac{1,172,000,000 - 225,000,000}{66,000,000} = \underline{\underline{14.3:1}}$$

**Interpretation:** The business is capable of paying off its current liabilities using its liquid assets 14.3 times. This indicates that the business is having enough liquidity to meet its short term obligations.

(ix) **Average collection period for debts.**

$$\text{Average collection period for debts} = \frac{\text{DEBTORS}}{\text{NET SALES}} \times 365 \text{ days} = \frac{537,000,000}{5,760,000,000} \times 365 \text{ days} = \underline{\underline{34 \text{ days}}}$$

**Interpretation:** The business collects debts from debtors after an average of 34 days. This indicates that a business has a strict credit policy.

(x) **Creditors payment period.**

$$\text{Creditors payment period} = \frac{\text{CREDITORS}}{\text{NET PURCHASES}} \times 365 \text{ days} = \frac{66,000,000}{3,425,000,000} \times 365 \text{ days} = \underline{\underline{7 \text{ days}}}$$

**Interpretation:** The business pays its creditors after 7 days. This implies that the business is strict in paying credit suppliers.

(xi) **Rate of return on capital employed.**

$$\text{Rate of return on capital employed} = \frac{\text{NET PROFIT}}{\text{CAPITAL EMPLOYED}} \times 100 = \frac{896,000,000}{3,996,000,000} \times 100 = \underline{\underline{22.4\%}}$$

**Interpretation:** On every shs 100 of the capital employed in the business, shs 22.4 was a net profit

**Qn. 2** You are provided with the following information from books of Munaku traders for the year ended 31.12.2015.

Details	Shs
Current Assets	6,000,000
Current ratio	2:1
Stock 1/1/2015	1,000,000
Stock 31/12/2015	1,200,000

Determine:

**(i) Working capital**

Working capital = Current Assets – Current liabilities. But from current ratio

$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{2}{1} \times \frac{6,000,000}{\text{Current Liabilities}} \quad \text{Current liabilities} = \frac{6,000,000}{2} =$$

**Shs 3,000,000**

**Working capital = 6,000,000 – 3,000,000 = Shs 3,000,000**

**(ii) Compute and interpret Acid test ratio.**

$$\text{Acid test ratio} = \frac{\text{Current Assets} - \text{stock}}{\text{Current Liabilities}} = \frac{6,000,000 - 1,200,000}{3,000,000} = \mathbf{1.6:1}$$

**Interpretation:** The business is capable of paying off its current liabilities using liquid assets 1.6 times. This indicates that the business has enough liquidity.

**Qn.3.** The books of Kamana Furniture Enterprises revealed the following information as at 30<sup>th</sup>. June. 2015.

Details	
Turn over	Shs 1,000,000
Margin	25%
Expenses	Shs 1, 00,000
Average stock	Shs 200,000

**(i) Determine the sales at cost**

$$\text{Sales at cost} = \text{Turn over} - \text{Gross profit. But Gross profit} = \frac{25}{100} \times 1,000,000 \\ = \mathbf{\text{Shs } 250,000.}$$

**Therefore sales at cost = 1,000,000 – 250,000 = Shs 750,000**

**(ii) Compute and interpret number of days stock was held before selling.**

$$\text{Number of days stock was held before selling} = \frac{\text{AVERAGE STOCK}}{\text{COST OF SALES}} \times \text{Number of days in a year.} \\ = \frac{200,000}{750,000} \times 365 \text{ days} = 97 \text{ days}$$

**Interpretation:** Stock was held for an average of 97 days before selling. This indicates a low rate of stock turn over.

**Qn. 4** You are provided with the following information from books of Manakhe traders for the year ended 31.12.2015.

Details	Shs
---------	-----

Stock 31/12/2014	1,600,000
Average stock for 2015	900,000
Rate of stock turn	4 times
Mark up	25%

**Determine:**

**(i) Cost of goods available for sale**

Cost of goods available for sale = Cost of sales + closing stock

$$\text{From average stock} = \frac{\text{Opening stock} + \text{closing stock}}{2} = \frac{9,00,000}{1} = \frac{1,600,000 + \text{closing stock}}{2}$$

$$= 1,800,000 = 1,600,000 + \text{closing stock}$$

$$= 1,800,000 - 1,600,000 = \text{closing stock. Therefore closing} = \text{Shs } 200,000$$

$$\text{Also from Rate of stock turn} = \frac{\text{Cost of sales}}{\text{Average stock}} = \frac{4}{1} \times = \frac{\text{Cost of sales}}{900,000}$$

**Cost of sales = Shs 3,600,000.**

**Therefore goods available for sale = 3,600,000 + 200,000 = Shs 3,800,000**

**(ii) Turnover.**

$$\text{Turnover} = \frac{\text{Cost of sales} + \text{Gross profit}}{\text{Cost of sales}} \times 100$$

$$\frac{25}{1} = \frac{\text{Gross profit}}{3,600,000} \times 100$$

**Gross Profit = shs 900,000**

**Therefore turn over = 3,600,000 + 900,000 = Shs 4,500,000**

**NB: Without a unit penalty 50% off**

**Qn. 5 The following income statement was extracted from the books of Mayeku at the end of his trading period account on 31/12/2015.**

Details	Shs (000)	Shs (000)
Net sales		4,790,000
<u>Less cost of sales:</u>		
Opening stock	570,000	
Add net purchases	<u>1,945,000</u>	
Goods available for sale	<b>2,515,000</b>	
Less closing stock	<u>100,000</u>	
Cost of sales		<u>2,415,000</u>
Gross profit		<b>2,375,000</b>
Add supplementary incomes		<u>1,110,000</u>
Gross income		<b>3,485,000</b>
Less total operating expenses		<u>2,540,000</u>
Net profit		<b>945,000</b>

The following balances were also available:

Total fixed Assets	Shs 12,215,000,000
--------------------	--------------------

Debtors'	Shs 920,000,000
Cash	Shs 460,000,000
Bank	Shs 2,000,000,000
Interest receivable due	Shs 40,000,000
Total current liabilities	Shs 1,110,000
Capital	Shs 12,000,000
Bank loan	Shs 2,000,000
Drawings	Shs 32,000

**Required****Calculate and interpret:**

- (i)
- Rate of turn over.**
- 04 marks

$$\text{Rate of turn over} = \frac{\text{COST OF SALES}}{\text{AVERAGE STOCK}} = \frac{2,415,000,000}{335,000,000} = 7.2 = \underline{\underline{7 \text{ times}}}$$

**Interpretation:** The business sells and replaces the average of stock 7 times.

- (ii)
- Gross profit ratio.**
- 03 marks

$$\begin{aligned} \text{Gross profit ratio} &= \frac{\text{GROSS PROFIT}}{\text{NET SALES}} \times 100 = \frac{2,375,000,000}{4,790,000,000} \times 100 = 49.58\% \\ &= \underline{\underline{50\%}} \end{aligned}$$

**Interpretation:** For every Shs 100 of net sales made, the business gets a Gross Profit of approximately Shs 50.

- (iii)
- Working capital ratio:**
- 04marks

$$\text{Working capital ratio} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}} = \frac{3,420,000,000}{1,110,000} = \underline{\underline{3081.1}}$$

**Interpretation:** The business clears its current liabilities 3081 times using its Current Assets.

- (iv)
- Cash ratio.**
- 03marks

$$\begin{aligned} \text{Cash ratio} &= \frac{\text{ABSOLUTE LIQUID ASSETS}}{\text{CURRENT LIABILITIES}} \quad \text{Where absolute liquid Assets} = \text{cash} + \text{bank} \\ &= \frac{2,460,000,000}{1,110,000} = \underline{\underline{2216.2}} \end{aligned}$$

**Interpretation:** The business clears its current liabilities 2216 times using only using absolute liquid Assets.

- (v)
- Debt collection period.**
- 03marks

$$\text{Debt collection period} = \frac{\text{TOTAL DEBTORS}}{\text{NET SALES}} \times \text{Number of days in a year}$$

$$= \frac{920,000,000}{4,790,000,000} \times 365 \text{ days} = 70.1 = \underline{\underline{70 \text{ days}}}$$

**Interpretation:** The business takes an average of 70 days to collect money from its debtors.

**(vi) Rate of return on capital employed.**

$$\begin{aligned} \text{Rate of return on capital employed} &= \frac{\text{NET PROFIT}}{\text{CAPITAL EMPLOYED}} \times 100 \\ &= \frac{\text{NET PROFIT}}{\text{FIXED ASSETS} + \text{WORKING CAPITAL}} \times 100 \\ &= \frac{945,000,000}{15,633,890,000} \times 100 = \underline{\underline{6\%}} \end{aligned}$$

**Interpretation:** For every Shs 100 of capital employed, Shs 6 Net profit is generated.

**(vii) Gearing ratio.**

04marks.

$$\begin{aligned} \text{Gearing ratio} &= \frac{\text{LONG TERM DEBTS}}{\text{CAPITAL}} \times 100 = \frac{2,000,000,000}{12,000,000,000} \times 100 = 16.67\% \\ &= \underline{\underline{17\%}}. \end{aligned}$$

Interpretation: Of the total capital approximately 17% is geared by long term debt

**OR**

For every Shs 100 of capital invested Shs 17 is from long term debt.

Qn. 6. The following balances were extracted from books Kibuka and Daughters on 31<sup>st</sup>. DEC. 2015

Land	Shs 5,000,000
Closing stock	Shs 1,500,000
Buildings	Shs 3,000,000
Bank loan	Shs 2,000,000
Creditors	Shs 2,000,000
Debtors	Shs 1,000,000
Furniture	Shs 800,000
Equipment	Shs 200,000
Bank overdraft	Shs 1,000,000
Cash at bank	Shs 1,500,000
Cash in hand	Shs 2,000,000
Prepaid rent	Shs 500,000
Unpaid salaries	Shs 500,000
Net profit	Shs 4,000,000
Drawings	Shs 1,000,000
Capital	Shs 7,000,000

You are required to calculate the following:

**(i) Owner's equity**

$$\begin{aligned} \text{Owner's equity} &= (\text{capital} + \text{Net profit}) - \text{drawings} \\ &= (7,000,000 + 4,000,000) - 1,000,000 = \underline{\underline{\text{Shs } 10,000,000}} \end{aligned}$$

**(ii) Current Assets.**

$$\begin{aligned}
 \text{Current Assets} &= \text{Stock} + \text{Debtors} + \text{Cash at bank} + \text{Cash in hand} + \text{prepaid rent} \\
 &= \text{Shs } 1,500,000 + 1,000,000 + 1,500,000 + 2,000,000 + 500,000 \\
 &= \underline{\text{Shs } 6,500,000}
 \end{aligned}$$

**(iii) Current liabilities.**

$$\begin{aligned}
 \text{Current liabilities} &= \text{Creditors} + \text{Bank overdraft} + \text{Un paid salaries} \\
 &= \text{Shs } 2,000,000 + 1,000,000 + 500,000 = \underline{\text{Shs } 3,500,000}
 \end{aligned}$$

**(iv) Fixed capital.**

$$\begin{aligned}
 \text{Fixed capital} &= \text{Total fixed assets} \\
 &= \text{Land} + \text{Buildings} + \text{Equipment} + \text{Furniture} \\
 &= \text{Shs } 5,000,000 + 3,000,000 + 200,000 + 800,000 = \underline{\text{Shs } 9,000,000}
 \end{aligned}$$

**(v) Working capital.**

$$\begin{aligned}
 \text{Working capital} &= \text{Current Assets} - \text{Current liabilities} \\
 &= \text{Shs } 6,500,000 - 3,500,000 = \underline{\text{Shs } 3,000,000}
 \end{aligned}$$

**(vi) Borrowed capital.**

$$\begin{aligned}
 \text{Borrowed capital} &= \text{Long term liabilities (Bank loan)} \\
 &= \underline{\text{Shs } 2,000,000}
 \end{aligned}$$

**(vii) Circulating capital.**

$$\begin{aligned}
 \text{Circulating capital} &= \text{Total Current Assets} \\
 &= \text{Current Assets} = \text{Stock} + \text{Debtors} + \text{Cash at bank} + \text{Cash in hand} + \text{prepaid rent} \\
 &= \text{Shs } 1,500,000 + 1,000,000 + 1,500,000 + 2,000,000 + 500,000 \\
 &= \underline{\text{Shs } 6,500,000}
 \end{aligned}$$

**(viii) Liquid funds.**

$$\begin{aligned}
 \text{Liquid funds} &= \text{Cash} + \text{Bank} \\
 &= 2,000,000 + 1,500,000 = \underline{\text{Shs } 3,500,000}
 \end{aligned}$$

**(ix) Capital employed.**

$$\begin{aligned}
 \text{Capital employed} &= \text{Total Fixed Assets} + \text{Working Capital} \\
 &= \text{Shs } 9,000,000 + 3,000,000 = \underline{\text{Shs } 12,000,000}
 \end{aligned}$$

**(x) Rate of return on capital employed.**

$$\begin{aligned}
 \text{Rate of return on capital employed} &= \frac{\text{NET PROFIT}}{\text{CAPITAL EMPLOYED}} \times 100 \\
 &= \frac{4,000,000}{12,000,000} \times 100 = \underline{\underline{33\%}}
 \end{aligned}$$

**Qn. 7 Use the financial statements below for MAGEZI ENTERPRISES to answer the questions below.**

**MAGEZI ENTERPRISES**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31/12/2014/2015**

PARTICULARES	2014 (SHS)	2015 (SHS)
Sales	800,000	1,000,000
Less cost of sales	450,000	370,000
Gross profit	350,000	630,000
Add incomes and gains	50,000	70,000
Less expenses or loss	400,000	700,000
Administrative expenses	150,000	200,000
Net profit	250,000	600,000

**NB:** Purchases Shs 350,000, opening stock Shs 200,000 (2014)

**MAGEZI ENTERPRISES**  
**BALANCE SHEET**  
**AS AT 31<sup>ST</sup>/12/2014/2015**

DETAILS	2014 (SHS)	2015 (SHS)	DETAILS	2014 (SHS)	2015 (SHS)
Share capital	200,000	300,000	<b>Fixed Assets</b>		
Profit	250,000	500,000	Buildings	400,000	400,000
Creditors	150,000	100,000	Current Assets	100,000	60,000
Bank loan	70,000	50,000	Stock	70,000	390,000
	670,000	850,000	Debtors	570,000	850,000

Using the above information compute and interpret the following for the year 2014 and 2015:

**(a) Gross profit ratio for 2014**

$$\text{Gross profit ratio} = \frac{\text{GROSS PROFIT}}{\text{SALES}} \times 100 = \frac{350,000}{800,000} \times 100 = 43.8\% = \underline{\underline{44\%}}$$

**Interpretation:** Out of every Shs 100 of sales made or revenue earned from sales, there was a gross profit of Shs 44 in 2014.

**Gross profit ratio for 2015**

$$\text{Gross profit ratio} = \frac{\text{GROSS PROFIT}}{\text{SALES}} \times 100 = \frac{630,000}{1,000,000} \times 100 = \underline{\underline{63\%}}$$

**Interpretation:** Out of every Shs 100 of the revenue earned from sales, the business made a gross profit of Shs 63 in 2015.

**(b) Rate of stock turn for 2014.**

$$\text{Rate of stock turn} = \frac{\text{COST OF SALES}}{\text{AVERAGE STOCK}}$$

$$\text{But Average stock} = \frac{\text{OPENING STOCK} + \text{CLOSING STOCK}}{2}$$

$$= \frac{200,000 + 100,000}{2} = \text{shs}150,000$$

$$= \frac{\text{COST OF SLAES}}{\text{AVERAGE STOCK}} = \frac{450,000}{150,000} = \underline{\underline{3\text{times}}}$$

**Interpretation:** The business in 2014 replaced its stock 3 times.

#### Rate of stock turn for 2015

$$\text{Rate of stock turn} = \frac{\text{COST OF SLAES}}{\text{AVERAGE STOCK}}$$

$$\begin{aligned} \text{But Average stock} &= \frac{\text{OPENING STOCK} + \text{CLOSING STOCK}}{2} \\ &= \frac{100,000 + 60,000}{2} = \text{Shs } 80,000 \\ &= \frac{\text{COST OF SLAES}}{\text{AVERAGE STOCK}} = \frac{370,000}{80,000} = 4.62\text{times} = \underline{\underline{5 \text{ times}}} \end{aligned}$$

**Interpretation:** The business in 2015 replaced its stock 5 times.

#### (c) Net profit ratio for 2014

$$\text{Net profit ratio} = \frac{\text{NET PROFIT}}{\text{SALES}} \times 100 = \frac{250,000}{800,000} \times 100 = \underline{\underline{31\%}}$$

**Interpretation:** For every Shs 100 of the revenue earned from sales in 2014, Shs 31 was a net profit

#### Net profit ratio for 2015

$$\text{Net profit ratio} = \frac{\text{NET PROFIT}}{\text{SALES}} \times 100 = \frac{500,000}{1,000,000} \times 100 = \underline{\underline{50\%}}$$

**Interpretation:** For every Shs 100 of the revenue earned from sales in 2015, Shs 50 was a net profit.

#### (d) Quick Asset ratio for 2014.

$$\begin{aligned} \text{Quick Asset ratio} &= \frac{\text{CURRENT ASSETS} - \text{STOCK}}{\text{CURRENT LIABILITIES}} = \frac{170,000 - 100,000}{150,000} = \frac{70,000}{150,000} = \frac{7}{15} = \frac{1}{2} \\ &= \underline{\underline{1:2}} \end{aligned}$$

**Interpretation:** The business cannot pay off its current liabilities using its quick assets in 2014, since the current liabilities are twice the current assets. It can only pay half of its current liabilities if all its quick assets are used to pay for current liabilities.

#### Quick asset ratio for 2015.

$$\text{Quick asset ratio} = \frac{\text{CURRENT ASSETS} - \text{STOCK}}{\text{CURRENT LIABILITIES}} = \frac{450,000 - 60,000}{100,000} = 3.9:1 \text{ or } \underline{\underline{4:1}}$$

**Interpretation:** In 2015, the business is capable of paying off its current liabilities 4 times using its quick assets.

#### (e) Working capital ratio for 2014

$$\text{Working capital ratio} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}} = \frac{170,000}{150,000} = 1.13 = \underline{\underline{1.1}}$$



**Interpretation:** In 2014, the business was able to pay off its current liabilities using its current assets at once. However, all the current assets can be used to clear all current liabilities and the business does not remain with any working capital.

**Working capital ratio for 2015**

$$\text{Working capital ratio} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}} = \frac{450,000}{100,000} = 4.5 = \underline{\underline{5:1}}$$

**Interpretation:** In 2015, the business was to pay off its current liabilities using its current assets 5 times. Meaning the business is able to clear all its current liabilities.

**(f) Rate of return on share capital employed for 2014**

$$\text{Rate of return on share capital employed} = \frac{\text{NET PROFIT}}{\text{CAPITAL EMPLOYED}} \times 100$$

**But capital employed** = Fixed Assets+ Working capital = 400,000 +working capital. But also working capital = current assets- current liabilities =170,000- 150,000 =20,000

Capital employed = 400,000 +20,000 = Shs 420,000, But Net profit = 250,000

$$\text{Therefore rate of return on share capital} = \frac{250,000}{420,000} \times 100 = \underline{\underline{60\%}}$$

**Interpretation:** In 2014, for every Shs 100 of share capital employed in the business, there was a return of Shs 60 as a net profit

**Rate of return of share capital employed for 2015**

$$\text{Rate of return on share capital} = \frac{\text{NET PROFIT}}{\text{CAPITAL EMPLOYED}} \times 100$$

**But capital employed** = Fixed Assets+ Working capital = 400,000 +working capital. But also working capital = current assets- current liabilities =450,000- 100,000 =350,000

Capital employed = 400,000 +350,000 = Shs 750,000, But Net profit = 600,000

$$\text{Therefore rate of return on share capital} = \frac{600,000}{750,000} \times 100 = \underline{\underline{80\%}}$$

**Interpretation:** In 2015, for every Shs 100 of the share capital employed in the business, there was a return of Shs 80 as a net profit.

**(g) Mark up for 2014.**

$$\text{Mark up} = \frac{\text{GROSS PROFIT}}{\text{COST OF SALES}} \times 100 = \frac{350,000}{450,000} \times 100 = 77.7 \text{ or } \underline{\underline{78\%}}.$$

**Interpretation:** For every Shs 100 of the cost of sales in 2014, Shs 78 was a gross profit.

**Mark up for 2015.**

$$\text{Mark up} = \frac{\text{GROSS PROFIT}}{\text{COST OF SALES}} \times 100 = \frac{630,000}{370,000} \times 100 = \underline{\underline{170\%}}.$$

**Interpretation:** For every Shs 100 of the cost of sales in 2015, Shs 170 was a gross profit.

**(h) Debt ratio for 2014.**

$$\text{Debt ratio} = \frac{\text{TOTAL LONG TERM LIABILITIES}}{\text{TOTAL ASSETS}} \times 100 = \frac{70,000}{570,000} \times 100 = \underline{\underline{12.3\%}}$$

**Interpretation:** In 2014, 12.3% of the total value of assets is financed by outsiders in form of long term debts/ loans.

**Debt ratio for 2015.**

$$\text{Debt ratio} = \frac{\text{TOTAL LONG TERM LIABILITIES}}{\text{TOTAL ASSETS}} \times 100 = \frac{50,000}{850,000} \times 100 = \underline{\underline{6\%}}$$

**Interpretation:** In 2015, 6% of the total value of assets is financed by outsiders in form of long term debts

**(i) Creditors days /creditors payment period in days for 2014**

$$\begin{aligned} \text{Creditors payment period} &= \frac{\text{TOTAL CREDITORS}}{\text{NET PURCHASES}} \times \text{Number of days in a year.} \\ &= \frac{150,000}{350,000} \times 365 \text{ days} = \underline{\underline{156 \text{ days}}} \end{aligned}$$

**Interpretation:** In 2014, on average each creditor was paid after a period of 156 days.

**Creditors payment period for 2015**

$$\begin{aligned} \text{Creditors payment period} &= \frac{\text{TOTAL CREDITORS}}{\text{NET PURCHASES}} \times \text{Number of days in a year.} \\ &= \frac{100,000}{350,000} \times 365 \text{ days} = \underline{\underline{104 \text{ days}}} \end{aligned}$$

**Interpretation:** In 2015, on average each creditor was paid after a period of 104 days.

**(j) Debtors collection period for 2014.**

$$\begin{aligned} \text{Debtors collection period} &= \frac{\text{TOTAL DEBTORS}}{\text{NET SALES}} \times \text{Number of days in a year.} \\ &= \frac{70,000}{800,000} \times 365 \text{ days} = \underline{\underline{32 \text{ days}}} \end{aligned}$$

**Interpretation:** In 2014, on average each debtor paid after a period of 32 days.

**Debtors collection period for 2015**

$$\begin{aligned} \text{Debtors collection period} &= \frac{\text{TOTAL DEBTORS}}{\text{NET SALES}} \times \text{Number of days in a year.} \\ &= \frac{390,000}{1,000,000} \times 365 \text{ days} = 143 \text{ days.} \end{aligned}$$

**Interpretation:** In 2015, on average each debtor paid after a period of 143 days.

**(k) Debt to owner's equity for 2014**

$$\text{Debt to owner's equity} = \frac{\text{LONG TERM DEBT}}{\text{OWNER'S EQUITY}} \times 100$$

But owner's equity = Net profit + capital = 250,000 + 200,000 = Shs 450,000

$$= \frac{\text{LONG TERM DEBT}}{\text{OWNER'S EQUITY}} \times 100 = \frac{70,000}{450,000} \times 100 = \underline{\underline{16\%}}$$

**Interpretation:** This means that 16% of the business funds are borrowed funds while 84% is out.

**Debt to owner's equity for 2015**

$$\text{Debt to owner's equity} = \frac{\text{LONG TERM DEBT}}{\text{OWNER'S EQUITY}} \times 100$$

But owner's equity = Net profit + capital = 600,000 + 300,000 = Shs 900,000

$$= \frac{\text{LONG TERM DEBT}}{\text{OWNER'S EQUITY}} \times 100$$

$$= \frac{50,000}{900,000} \times 100 = 5.6\% \text{ or } \underline{\underline{6\%}}$$

**Interpretation:** This means that 6% of the business funds are borrowed funds while 94% is out.

**Qn. 8** The following balances were extracted from the financial statements of Moses Owor's business at the end of 2014. (UNEB 2015)

	Shs
Sales	288,000,000
Total fixed assets	65,500,000
Average debtors	90,000,000
Opening stock (1/1/2014)	40,200,000
Closing stock (31/12/2014)	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 and tax	40,600,000
Long term liabilities	38,500,000
Interest expense for the year	5,700,000

**Required:**

**(a) (i) Gross profit margin**

$$\text{Gross profit margin} = \frac{\text{GROSS PROFIT}}{\text{NET SALES}} \times 100$$

But gross profit = Net sales - Cost of sales

$$= 288,000,000 - 201,600,000 = \text{Shs } 86,400,000$$

$$\text{Therefore Gross profit margin} = \frac{86,400,000}{288,000,000} \times 100 = \underline{\underline{30\%}}$$

**(iii) Stock turn over.**

$$\text{Stock turn over} = \frac{\text{COST OF SALES}}{\text{AVERAGE STOCK}}$$

$$\text{But Average stock} = \frac{\text{OPENING STOCK} + \text{CLOSING STOCK}}{2}$$

$$= \frac{40,200,000 + 50,400,000}{2} = \text{Shs } 45,300,000$$

$$\text{Therefore stock turn over} = \frac{201,600,000}{45,300,000} = 4.45 \text{ times or } \underline{\underline{4.5 \text{ times}}}$$

$$(iv) \quad \text{Debtors collection days} = \frac{\text{AVERAGE DEBTORS}}{\text{SALES}} \times \text{Number of days in a year}$$

$$= \frac{90,000,000}{288,000,000} \times 365 \text{ days} = \underline{\underline{114 \text{ days}}}$$

(v) **Leverage ratios (Gearing ratio)**

$$\text{Either} = \frac{\text{DEBT / LONGTERM LIABILITIES}}{\text{EQUITY CAPITAL}} \times 100$$

$$= \frac{38,500,000}{68,400,000} \times 100 = \underline{\underline{56.3\%}}$$

$$\text{Or} \quad \frac{\text{LONGTERM LIABILITIES / DEBT}}{\text{TOTAL ASSETS}} \times 100$$

$$(vi) \quad \text{Interest cover} = \frac{\text{NET PROFIT BEFORE INTEREST AND TAX}}{\text{INTEREST EXPENSE FOR THE YEAR}}$$

$$= \frac{40,600,000}{5,700,000} = 7.12 \text{ OR } 7 \underline{\underline{\text{Times}}}$$

(vii) **Working capital ratio**

$$\text{Working capital ratio} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}} = \frac{36,100,000}{16,800,000} = \underline{\underline{2.15}}$$

(viii) **Net profit margin**

$$\frac{\text{NET PROFIT or NP BE4 INTEREST \& TAX} - \text{INTEREST EXPENSE FOR THE YEAR}}{\text{NET SALES}} \times 100$$

$$= \frac{40,600,000 - 5,700,000}{288,000,000} \times 100 = \frac{34,900,000}{288,000,000} \times 100 = 12.11\% \text{ or } \underline{\underline{12\%}}$$

(b) Interpret the following ratios using your results in 8 (a) above

(i) **Stock turn over**

Stock turnover of 4.5 times means that stock was/ is replaced/ renewed 4.5 times in 2014 / in a year.

(ii) **Interest cover.**

Interest cover of 7 times means that the net profit available for the year before interest and tax can settle interest payments 7 times.

**OR** It means that one seventh of the profit before interest and tax is paid out as interest.

9. The following trial balance was extracted from the records of blessed enterprises for the period ended 31.12.2014.

	Shs (000)
Purchases	700,000

Sales	800,000
Sales returns	10,000
Purchases returns	12,400
Stock (01.01.2014)	200,000
Provision for bad debts	1,600
Wages and salaries	60,000
Rates	12,000
Telephone	2,000
Shop fittings at cost	80,000
Motor van at cost	60,000
Accounts payable (creditors)	14,000
Bad debts	400
Capital	358,000
Bank	6,000
Drawings	36,000
Accounts receivable (debtors)	19,600

**Additional information:**

Closing stock was valued at Shs 240,000,000

Accrued wages and salaries amounted to Shs 10,000,000

Rates prepaid was Shs 1,000,000

Provision for bad debts be increased to 10% of debtors.

Telephone bill unpaid was Shs 440,000

Depreciate shop fittings at 10% per annum and motor van at 20% per annum on cost.

Required

Determine the;

- a) (i) **Cost of sales** = Opening stock + net purchases- closing stock

Net purchases = purchases – purchases returns

= Shs 700,000-12,400,000

= Shs 687,600,000

Cost of sales = 200,000,000 + 687,600,000 – 240,000,000

= **Shs 647,600,000**

- (ii) **Gross profit** = Net sales- cost of sales/cost of goods sold.

Net sales = sales- sales returns

= Shs 800,000,000 – 10,000,000

Shs 790,000,000

Gross profit = Shs 790,000,000 -647,600,000

= **Shs 142,400,000**

- (iii) **Net profit** = Gross profit/ gross income – expenses

But expenses = Wages and salaries + Accrued wages and wages + Rates –Rates prepaid + Telephone + Telephone bill unpaid + Bad debts + Increase in provision for bad debts +Depreciation on shop fittings +Depreciation on motor van.

= (60,000,000 + 10,000,000) + (12,000,000 - 1,000,000) + (2,000,000 +440,000) + 400,000 + 360,000 +8,000,000 +12,000,000

= Shs 70,000,000 + 11,000,000 + 2,440,000 + 400,000 + 360,000 + 8,000,000 + 12,000,000  
 Expenses = Shs 104,200,000

Net profit = Gross profit - expenses  
 = Shs 104,400,000 - 104,200,000  
 = **Shs 38,200,000**

(iv) **Working capital** = Total current assets – Total current liabilities

But total current assets = (Accounts receivable – provision for bad debts) + Bank + Stock + Rates prepaid  
 = (19,600,000 + 1960,000) + 6,000,000 + 240,000,000 + 1,000,000.  
 = Shs 17,640,000 + 6,000,000 + 240,000,000 + 1,000,000  
 = **Shs 264,640,000**

Total current liabilities = Accounts payable + Accrued wages and salaries + Telephone bill unpaid  
 = Shs 14,000,000 + 10,000,000 + 440,000 = Shs 24,440,000

Working capital = 264,640,000 – 24,440,000  
 = **Shs 240,200,000**

b) (i) **Fixed Assets turnover** =  $\frac{NET\ SALES}{TOTAL\ FIXED\ ASSETS} \times 100$

Total fixed assets = shop fittings at cost – Depreciation + Motor van at cost – Depreciation.  
 = (80,000,000 – 8,000,000) + (60,000,000 – 12,000,000) = 72,000,000 + 48,000,000  
 = Shs 120,000,000

Fixed assets turnover =  $\frac{790,000,000}{120,000,000} \times 100 = \underline{\underline{658.3\%}}$

(ii) **Rate of return on capital employed** =  $\frac{NET\ PROFIT}{CAPITAL\ EMPLOYED} \times 100$

Net capital employed = Total fixed assets + working capital

= Shs 120,000,000 + 240,200,000 = Shs 360,200,000

=  $\frac{38,200,000}{360,200,000} \times 100 = \underline{\underline{10.6\%}}$

(iii) Current /working Capital ratio =  $\frac{CURRENT\ ASSETS}{CURRENT\ LIABILITIES} = \frac{264,640,000}{24,440,000} = 10.828:1$

OR 11:1

(IV) **Average credit payment for purchases in days**

$\frac{CREDITORS\ or\ ACCOUNTS\ PAYABLE}{NET\ PURCHASES} \times 365\ days = \frac{14,000,000}{687,600,000} \times 365\ days$   
 = 7.4 = **7 days**

c) (i) **Interpretation of the current ratio:** The business clears its current liabilities 10.828 times using current assets.

(ii) **Interpretation of average credit payment for purchases in days:** The business takes an average of 7.4 days to pay its suppliers

**1. Asiat's Business had the following balances for the years ended 31<sup>st</sup> –Dec-2014 and 2015**

Item	2014 (Shillings)	2015 (Shillings)
Turnover	300,100,000	288,000,000
Opening inventory	52,000,000	40200000
Closing inventory	350000000	50400000
Sales at cost	201400000	201600000
Pre-paid insurance	15000000	16000000
Accrued rent income	14000000	20100000
Buildings	34000000	30500000
Land	43000000	35000000
Accounts receivable	84000000	90000000
Bank loan	39000000	38500000
Accounts payable	15700000	16800000
Owner's equity	58700000	68400000
Net-profit before interest and tax	38400000	40600000
Interest Expenses	46300000	5700000

(a) Calculate and interpret for each year;

- (i) Stock turnover period
- (ii) Average credit period
- (iii) Average collection period
- (iv) Gearing ratio
- (v) Interest coverage ratio

Using results obtained in a (v), Comment on the financial position the year Asiat's business was better off. Justify your answer

Answer guide

**2. 2014**

$$(i) \quad \text{Stock turnover period} = \frac{\text{Number of days in a year}}{\text{Inventory turnover}}$$

$$\text{But Inventory turnover} = \frac{\text{Sales at cost}}{\text{Average stock}}$$

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

$$= \frac{52000000 + 350000000}{2}$$

$$= \frac{402000000}{2}$$

$$\text{Average stock} = \text{Shs.}201000000$$

$$\text{Inventory turnover} = \frac{201400000}{201000000}$$

$$\text{Inventory turnover} = 1.00199 \text{ times/turns}$$

$$\begin{aligned}\text{Thus stock turnover period} &= \frac{365 \text{ days}}{1.00199 \text{ times}} \\ \text{Stock turnover period} &= \mathbf{364.3 \text{ days}}\end{aligned}$$

**Or**

$$\begin{aligned}\text{Stock turnover period} &= \frac{\text{Average stock}}{\text{sales at cost}} \times \text{Number of days in a year} \\ &= \frac{201000000}{201400000} \times 365 \\ &= \mathbf{364.3 \text{ days}}\end{aligned}$$

**2015**

$$\begin{aligned}\text{Stock turnover period} &= \frac{\text{Number of days in a year}}{\text{Inventory turnover}} \\ \text{But Inventory turnover} &= \frac{\text{Sales at cost}}{\text{Average stock}} \\ \text{Average stock} &= \frac{\text{opening stock} + \text{closing stock}}{2} \\ &= \frac{40200000 + 50400000}{2} \\ &= \frac{90600000}{2}\end{aligned}$$

$$\begin{aligned}\text{Average stock} &= \text{Shs.}45300000 \\ \text{Inventory turnover} &= \frac{201600000}{45300000} \\ \text{Inventory turnover} &= 4.45 \text{ times/turns}\end{aligned}$$

**Thus** stock turnover period

$$\begin{aligned}&= \frac{365 \text{ days}}{1.00199 \text{ times}} \\ \text{Stock turnover period} &= \mathbf{82 \text{ days}}\end{aligned}$$

**Or**

$$\begin{aligned}\text{Stock turnover period} &= \frac{\text{Average stock}}{\text{sales at cost}} \times \text{Number of days in a year} \\ &= \frac{45300000}{201600000} \times 365 \\ &= \mathbf{82 \text{ days}}\end{aligned}$$

**2014**

$$\begin{aligned}\text{(ii) Average credit period} &= \frac{\text{Accounts payable}}{\text{Net purchases}} \times \text{Number of days in a year} \\ \text{But Net-purchases} &= \text{Cost of sales} + \text{Closing stock} - \text{Opening stock} \\ &= 201400000 + 350000000 - 52000000 \\ &= 551400000 - 52000000 \\ &= \text{Shs.}499400000\end{aligned}$$

**Hence** Average credit period

$$= \frac{15700000}{499400000} \times 365$$



**11.5 days****2015**

$$\text{Average credit period} = \frac{\text{Accounts payable}}{\text{Net purchases}} \times \text{Number of days in a year}$$

$$\begin{aligned} \text{But Net-purchases} &= \text{Cost of sales} + \text{Closing stock} - \text{Opening stock} \\ &= 201600000 + 50400000 - 40200000 \\ &= 252000000 - 40200000 \\ &= \text{Shs.}211800000 \end{aligned}$$

**Hence Average credit period**

$$= \frac{16800000}{211800000} \times 365$$

**28.9 days or 29 days****2014**

(iii) Average collection period

$$= \frac{\text{Accounts recieable}}{\text{Turnover}} \times \text{Number of days in a year}$$

Average collection period

$$= \frac{84000000}{300100000} \times 365$$

$$= \mathbf{102.2\text{days}}$$

**2015**

$$\text{Average collection period} = \frac{\text{Accounts recieable}}{\text{Turnover}} \times \text{Number of days in a year}$$

$$\begin{aligned} \text{Average collection period} &= \frac{90000000}{288000000} \times 365 \\ &= \mathbf{114\text{days}} \end{aligned}$$

**2014**

$$\text{Gearing ratio} = \frac{\text{Total long term debt/liabilities}}{\text{Owners' Equity}} \times 100$$

$$= \frac{39000000}{58700000} \times 100$$

$$= \mathbf{66.4\%}$$

**2015**

$$\text{Gearing ratio} = \frac{\text{Total long term debt/liabilities}}{\text{Owners' Equity}} \times 100$$

$$= \frac{38500000}{68400000} \times 100$$

$$= \mathbf{56.3\%}$$

**2014**

$$\begin{aligned}
 \text{(iv) Interest coverage ratio} &= \frac{\text{Net-profit before interest and tax}}{\text{Interest Expenses}} \\
 &= \frac{38400000}{46300000} \\
 &= \mathbf{0.8 \text{ times}}
 \end{aligned}$$

2015

$$\begin{aligned}
 \text{Interest coverage ratio} &= \frac{\text{Net-profit before interest and tax}}{\text{Interest Expenses}} \\
 &= \frac{40600000}{5700000} \\
 &= \mathbf{7 \text{ times}}
 \end{aligned}$$

- (b) The year is 2015, this is because her net-profit before interest and tax can pay off interest expenses more times (7) than in 2014.

**Revision Question 2 (UNEB 2017).** The following financial statements relate to Kabo Enterprises Ltd  
**Kabo Enterrises Ltd**

**Income Statement for the year ended 31<sup>st</sup>. Dec. 2016**

	Shs	Shs
Sales		850,000,000
Less Cost of sales		610,000,000
<b>Gross Profit</b>		<b>240,000,000</b>
<b>Less operating costs</b>		
Administrative costs	72,000,000	
Selling and distribution costs	50,000,000	
Other costs	18,000,000	
		<b>140,000,000</b>
Profit before tax		100,000,000
Less taxation 30%		30,000,000
Profit after tax		70,000,000

**Kabo Enterprises limited**  
**Statement of Financial Position (Balance Sheet)**  
**as at 31<sup>st</sup> December 2016**

<b><u>Fixed Assets (Net):</u></b>	<b>Shs</b>
Motor vehicles	120,500,000
Land & premises	100,000,000
Furniture & Fittings	80,400,000
Equipment	60,100,000
<b>Total fixed assets</b>	<b>361,000,000</b>
<b><u>Current assets</u></b>	
Inventory	35,500,000
Debtors	64,900,000
Prepayments	6,200,000
Bank	45,400,000
<b>Total current assets</b>	<b>152,000,000</b>
<b>Total assets</b>	<b>513,000,000</b>

<b><u>Capital and liabilities</u></b>	
<b>Capital:</b>	
Owner's equity	200,500,000
<b><u>Liabilities</u></b>	
Five year (loan)	130,000,000
Creditors	152,500,000
Unpaid tax	30,000,000
<b>Total capital and liabilities</b>	<b>513,000,000</b>

**Required:****(a) Compute the following ratios:**

- (i) Gross profit margin, (03 marks)
- (ii) Net profit margin, (03 marks)
- (iii) Profit on total assets ratio, (03 marks)
- (iv) Current ratio, (03 marks)
- (v) Acid test ratio, (03 marks)
- (vi) Fixed asset turnover (03 marks)
- (vii) Debtors turnover (03 marks)

**(b) Kabo enterprises has applied for a short term bank loan of Shs 40,000,000 repayable within six months****Required:**

Give reasons why the bank should accept or reject the application basing on ratio in 2 (a) (iv) above.  
(04marks)

**Solution;**

$$\begin{aligned}
 \text{(i) Gross profit margin} &= \frac{\text{Gross Profit}}{\text{Sales}} \times 100 \\
 &= \frac{240,000,000}{850,000,000} \times 100 \\
 &= \underline{\underline{28.24\% \text{ or } 28.2\% \text{ or } 28\%}}
 \end{aligned}$$

$$\begin{aligned}
 \text{(ii) Net profit margin} &= \frac{\text{Net Profit after tax}}{\text{Sales}} \times 100 \\
 &= \frac{7,000,000}{850,000,000} \times 100 \\
 &= \underline{\underline{8.24\% \text{ or } 8.2\%}}
 \end{aligned}$$

$$\begin{aligned}
 \text{(iii) Profit on total assets ratio} &= \frac{\text{Net profit after tax}}{\text{Total Asstes}} \times 100 \\
 &= \frac{7,000,000}{513,000,000} \times 100 \\
 &= \underline{\underline{13.65\% \text{ or } 13.6\%}}
 \end{aligned}$$

$$\text{Or} = \frac{\text{Net profit after tax}}{\text{Total Asstes}} = \frac{7,000,000}{513,000,000} = 0.14:1$$

$$\text{(iv) Current ratio} = \frac{\text{Total current Assets}}{\text{Total Current liaibilities}}$$

$$\begin{aligned}
 \text{Where Total current assets} &= \text{Shs } 152,000,000 \\
 \text{Total current liabilities} &= \text{Creditors} + \text{unpaid tax} = 152,500,000 + 30,000,000 = \text{Shs } 182,500,000 \\
 \text{Therefore Current ratio} &= \frac{152,000,000}{182,500,000} \\
 &= \underline{\underline{\mathbf{0.83:1 \text{ or approximately } 1:1}}}
 \end{aligned}$$

$$\begin{aligned}
 \text{(v) Acid test ratio} &= \frac{\text{Total Current Assets} - \text{Closing Inventory}}{\text{Total Current liabilities}} \\
 &= \frac{152,000,000 - 35,500,000}{182,500,000}
 \end{aligned}$$

$$\begin{aligned}
 &= \frac{116,500,000}{182,500,000} \\
 &= \underline{\underline{\mathbf{0.64:1 \text{ or approximately } 1:1}}}
 \end{aligned}$$

$$\begin{aligned}
 \text{(vi) Fixed asset turnover} &= \frac{\text{Sales}}{\text{Net total fixed assets}} \\
 &= \frac{850,000,000}{361,000,000} \\
 &= \underline{\underline{\mathbf{2.35:1}}}
 \end{aligned}$$

$$\begin{aligned}
 \text{Or} &= \frac{\text{Sales}}{\text{Net total fixed assets}} \times 100 \\
 &= \frac{850,000,000}{361,000,000} \times 100 \\
 &= \underline{\underline{\mathbf{235.46\% \text{ or } 235.5\%}}}
 \end{aligned}$$

$$\begin{aligned}
 \text{(vii) Debtors turnover} &= \frac{\text{Sales}}{\text{Debtors}} \\
 &= \frac{850,000,000}{64,900,000} \\
 &= \underline{\underline{\mathbf{13.1:1}}}
 \end{aligned}$$

$$\begin{aligned}
 \text{Or} &= \frac{\text{Sales}}{\text{Debtors}} \times 100 \\
 &= \frac{850,000,000}{64,900,000} \times 100 \\
 &= \underline{\underline{\mathbf{1309.7\%}}}
 \end{aligned}$$

**(b) Reasons why the bank should reject or accept application for a loan basing on the current ratio**

- The business current assets are less than its current liabilities or current of 0.83:1 is below the standard ratio of 2:1

Or The business is unable to clear or pay its current liabilities using its inadequate current assets

**Question.** Given the goods available for sale as shs 8,500,000, closing inventory shs 2,500,000 and net sales as shs 10,000,000. Calculate cost of sales, and gross profit mark up.

**Solution**

$$\begin{aligned}\text{Coast of sales} &= \text{Goods available for sale} - \text{closing inventory} \\ &= \text{Shs } 8,500,000 - 2,500,000 = \text{shs } 6,000,000\end{aligned}$$

$$\text{Gross profit markup} = \frac{\text{Gross profit}}{\text{Cost of sales}} \times 100$$

$$\begin{aligned}\text{But Gross profit} &= \text{Net sales} - \text{cost of sales} = \text{Shs } 10,000,000 - 6,000,000 \\ &= \text{Shs } 4,000,000\end{aligned}$$

$$\frac{4,000,000}{6,000,000} \times 100 = 66.7\%$$

Question. The following information was extracted from maligumu traders' ltd for the period ended 31/12/2018

Shs

Opening inventory	6,000,000
Closing inventory	5,000,000
Stock turnover	3 times
Net profit ratio	20%
Delivery van	1,800,000
Fixtures and fittings	1,000,000
Average debtors	1,650,000
Average Creditors	2,500,000
Premium unpaid	1,500,000
Bank	750,000
Cash	600,000
Net sales	30,500,000
Equipment	250,000

Calculate;

- i. Cost of sales
- ii. Net purchases
- iii. Goods available for sale
- iv. Total operating expenses

Compute and interpret the following

- i. Current ration
- ii. Quick asset ration
- iii. Debt collection period in weeks
- iv. Fixed asset turnover

**Solution**

- (a) (i) Cost of sales = stock turnover x average inventory

$$\begin{aligned}\text{But average inventory} &= \frac{\text{Opening inventory} + \text{closing inventory}}{2} \\ &= \frac{6,000,000 + 5,000,000}{2} = \text{Shs } 5,500,000\end{aligned}$$

Cost of sales = 3 x 5,500,000 = **shs 16,500,000**

(iii) Net purchases = Cost of sales + closing inventory - opening inventory  
= Shs 16,500,000 + 5,000,000 - 6,000,000 = **shs 15,500,000**

(iv) Goods available for sale = opening inventory + Net purchases  
= Shs 6,000,000 + 15,500,000 = **shs 21,500,000**

(v) Total operating expenses = Gross profit - Net Profit

Gross profit = Net sales - cost of sales = shs 30,500,000 - 16,500,000  
= **Shs 14,000,000**

Net profit = Net profit ratio x Net Sales

=  $\frac{20}{100} \times 30,500,000$  = **Shs 6,100,000**

**Total operating expenses = Shs 14,000,000 - 6,100,000 = Shs 7,900,000**

(b) (i) current ratio/working capital ratio =  $\frac{\text{Current assets}}{\text{Current Liabilities}}$

Current assets = closing inventory + Average debtors + Bank + Cash  
= Shs 5,000,000 + 1,650,000 + 750,000 + 600,000 = **shs 8,000,000**

**Current liabilities** = Average creditors + premium unpaid  
= Shs 2,500,000 + 1,500,000 = Shs 4,000,000

Current ratio =  $\frac{8,000,000}{4,000,000}$  = **2:1**

**Interpretation:** The business is in position to clear its current liabilities two times using its current assets

(iii) Quick asset ratio =  $\frac{\text{Current Assets} - \text{closing inventory}}{\text{Current Liabilities}} = \frac{8,000,000 - 5,000,000}{4,000,000}$

= **0.75:1**

**Interpretation:** The business can clear 0.75 of its current liabilities using its liquid ratio

(iv) Debt collection period =  $\frac{\text{Average debtors}}{\text{Net sales}} \times \text{Number of weeks in a year}$

$\frac{1,650,000}{30,500,000} \times 52 \text{ weeks} = 2.8 \text{ weeks}$

**Interpretation:** The business takes on average 2.8 weeks to collect money from its debtors

(v) Fixed assets Turnover =  $\frac{\text{Net sales}}{\text{Total fixed assets}} \times 100$

Total fixed assets = Delivery van + fixtures and fittings + equipment  
= shs 1,800,000 + 1,000,000 + 250,000

= shs 3,050,000

Fixed Assets turnover =  $\frac{30,500,000}{3,050,000} \times 100 = 1000\% \text{ or } 10:1$

**Interpretation:** For every shs 100 invested in fixed assets, the business generates shs 1000 as sales revenue.

**6. The following values were extracted from the books of BLESSED RESTAURANT for the year 2017.**

	Shs. ('000')
Total fixed assets	43,000
Average debtors	3,000
Accounts payable	2,400
Net purchases	38,000
Turnover	65,000
Closing Inventory	5,000
Cash balance	4,000
Bank	26,000
Opening Inventory	2,000
Total operating overheads	8,000
Bank loan	4,000
Unpaid salaries	3,600
Accrued commission income	3,000
Selling and distribution expenses amount to 25% of overheads.	

**Required;**

(a) Compute the values of:

- |       |                                    |            |
|-------|------------------------------------|------------|
| (i)   | Average mark up                    | (03 marks) |
| (ii)  | Credit period in days.             | (03 marks) |
| (iii) | Inventory turnover ratio           | (03 marks) |
| (iv)  | Economy on overheads ratio         | (03 marks) |
| (v)   | Cash ratio                         | (03 marks) |
| (vi)  | Debt ratio                         | (03 marks) |
| (vii) | Rate of return on employed capital | (03 marks) |

**(b) Interpret;**

(i) Cash ratio.

(01 mark)

(ii) Rate of return on employed capital.

(01 mark)

**Solution**

$$(i) \text{ Average mark up} = \frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \quad (1)$$

$$\begin{aligned} \text{Cost of sales} &= \text{Opening Inventory} + \text{Net purchases} - \text{Closing Inventory.} \\ &= 2,000,000 + 38,000,000 - 5,000,000 \\ &= \text{shs. } 35,000,000 \end{aligned}$$

$$\begin{aligned} \text{Also Gross profit} &= \text{Turnover} - \text{Cost of sales} \\ &= 65,000,000 - 35,000,000 \\ &= \text{Shs. } 30,000,000 \end{aligned}$$

$$\begin{aligned} \text{Average mark up} &= 30,000,000 \times 100 \\ &= 35,000,000 \quad (1) \\ &= 85.7\% \\ &= 86\% \quad (1) \end{aligned}$$

$$\begin{aligned} (ii) \text{ Credit period} &= \frac{\text{Creditors}}{\text{Net purchases}} \times \text{Number of days in a year.} \\ &= \frac{2,400,000}{38,000,000} \times 365 \text{ days} \quad (1) \\ &= 23 \text{ days} \quad (1) \end{aligned}$$

**03 marks**

$$(iii) \text{ Inventory turnover ratio} = \frac{\text{Cost of sales}}{\text{Average stock}}$$

$$\begin{aligned} \text{Average stock} &= \frac{\text{Opening stock} + \text{Closing stock}}{2} \\ &= \frac{2,000,000 + 5,000,000}{2} \\ &= \text{Shs. } 3,500,000 \end{aligned}$$

$$\begin{aligned} \text{Inventory turnover ratio} &= \frac{35,000,000}{3,500,000} \quad (1) \\ &= \mathbf{10 \text{ times}} \quad (1) \end{aligned}$$

**3 marks**

$$\begin{aligned} (iv) \text{ Economy on overheads ratio} &= \frac{\text{Total operating overheads}}{\text{Net sales}} \times 100 \quad (1) \\ &= \frac{8,000,000}{65,000,000} \times 100 \quad (1) \\ &= 12.3\% \\ &\approx \mathbf{12\%} \quad (1) \end{aligned}$$

**03 marks**

$$(v) \text{ Cash ratio} = \frac{\text{Absolute liquid assets}}{\text{Total liabilities}}$$



$$= \text{Current liabilities} \quad (1)$$

$$= \frac{\text{Cash} + \text{Bank}}{\text{Unpaid salaries} + \text{Accounts payable}}$$

$$= \frac{4,000,000 + 26,000,000}{3,600,000 + 2,400,000}$$

$$= \frac{30,000,000}{6,000,000} \quad (1)$$

$$= 5 : 1 \quad (1)$$

**03 marks**

$$(vi) \text{ Debt ratio} = \frac{\text{Long term liabilities}}{\text{Total Assets}} \quad (1)$$

$$= \frac{\text{Bank loan}}{\text{Total fixed Assets} + \text{Current Assets.}}$$

$$\text{Current Assets} = \text{Average debtors} + \text{Closing Inventory} + \text{Cash balance} + \text{Bank} + \text{Accrued Commission}$$

$$= 3,000,000 + 5,000,000 + 4,000,000 + 26,000,000 + 3,000,000$$

$$= \text{Shs. } 41,000,000$$

$$\text{Total Assets} = 43,000,000 + 41,000,000 = \text{Shs. } 84,000,000$$

$$\text{Debt ratio} = \frac{4,000,000}{84,000,000} \quad (1)$$

$$0.0476 \text{ or } 1: 21 \quad (1)$$

**03 marks**

$$(vii) \text{ Rate of return on employed capital} \\ = \frac{\text{Net profit}}{\text{Capital employed}} \times 100 \quad (1)$$

$$\begin{aligned} \text{Capital Employed} &= \text{Fixed Assets} + \text{Working Capital} \\ &= \text{Fixed Assets} + (\text{Current Assets} - \text{Current liabilities}) \\ &= 43,000,000 + (41,000,000 - 6,000,000) \\ &= 43,000,000 + 35,000,000 \\ &= \text{shs. } 78,000,000 \end{aligned}$$

$$\begin{aligned} \text{Net profit} &= \text{Gross Profit} - \text{Total operating overheads} \\ &= 30,000,000 - 8,000,000 \\ &= \text{Shs. } 22,000,000 \end{aligned}$$

$$\begin{aligned} \text{Rate of return on employed capital} &= \frac{22,000,000}{78,000,000} \times 100 \quad (1) \\ &= 28\% \quad (1) \end{aligned}$$

**03 marks**

(b) (i) The business is capable of paying off its current liabilities using absolute liquid assets 5 times.  
01 mark.

(ii) For every shs. 100 of the capital employed in the business, shs. 28 is generated as net profit.  
01 mark.

- (c) Benefits of computing accounting ratios to be blessed restaurant.
- They are used to evaluate the financial position and perform of the business.
  - They act as a basis for making future business policies.
  - They are a basis for accessing credit facilities from lenders.
  - They act as a basis for evaluating the business in case it is selling shares.
  - Government departments like tax authorities base on these ratios to assess the amount of tax to be paid by the business.
  - They summarise large quantities of financial data and make qualitative judgments about the firms' financial position.

**Any 2 x 1 02 marks**

### III. END OF YEAR ADJUSTMENTS

**Qn. write brief notes about the following end of year adjustments:**

- v. **Accrued expenses or expenses due:** These are expenses that have not yet been paid at the year and they are also referred to as outstanding balance. They are added to respective expenses on the trading profit and loss account. Accrued expenses are recorded under current liabilities on the balance sheet. The accrued expenses include; electronic due, water bills due, salaries and wages due, accrued rent and rates.
- vi. **Outstanding incomes or incomes due or accrued incomes:** This is the income for the work that is completed but not yet received. The accrued incomes are added to respective incomes and then added to the gross profit on the trading profit and loss account/ income statement. Accrued incomes are recorded under current assets in the balance sheet.
- vii. **Prepaid expenses/expenses paid in advance.** These are expenses that have been already paid but they do relate to the following period. They are deducted from respective expenses in the income statement and they are recorded under current assets in the balance sheet.
- viii. **Incomes received in advance.** These are incomes that have been received in the current period or year but they do relate to the following accounting period. In the income statement or trading profit and loss account, they are subtracted from the respective incomes, because the money was received but does not belong to the accounting period in question. They are recorded under current liabilities in the balance sheet.
- ix. **Provisions.** This is the money that has been set aside out of the profits for specific purposes. For instance provisions for bad debts and provisions for depreciation. A bad debt is the loss arising from a customer failing to pay the amount due from him/her. Therefore **provision for bad debts** is money set aside out of profits to cater for losses that may occur due to bad debts, they normally deducted from debtors in the balance sheet. **Provision for depreciation** is the money set aside out of the profits to cater for losses arising out of depreciation of fixed assets or loss of value of fixed assets.
- x. **Depreciation.** This is the loss in value of the fixed assets except land.

Qn. what causes depreciation of fixed assets?

Depreciation of fixed assets is caused by the following:

- Passage of time. Most fixed assets lose value as time passes; this is mainly due to the old outlook of the assets.
- Wear and tear. This is the loss in value of fixed assets due to continuous or normal usage.
- Natural factors such as sunshine, rainfall, moisture cause depreciation of fixed assets as they lead to rusting of machines.
- Obsolesce. The fixed assets sometimes lose value due to new innovations or advanced technology that makes them outdated and obsolete.

**Qn. Write brief notes about the following methods of calculating depreciation and compute the depreciations for the periods given below:**

20. **Straight line method or installation method.** This is the method of calculating depreciation whereby a fixed amount is written off annually from the original cost of the asset until the value of the asset reduces to zero or scrap value. Under this method it assumed that each asset has got its expected life span or the time when it is supposed to be useful and annual depreciation is calculated by;

$$\text{Depreciation} = \frac{\text{COST OF VALUE} - \text{SCRAP VALUE OR RESIDUAL VALUE}}{\text{EXPECTED LIFE SPAN OR NUMBER OF YEARS OF USEFUL LIFE OF AND ASSET}}$$

Calculate the depreciation to be charged annually and the value of the machine at the end of three years using straight line method from the information below;

A machine was bought at shs 40,000,000 and expected to have a working life of 4 years at the end of which its scrap value is expected to be 400,000.

$$\text{Annual depreciation} = \frac{\text{COST OF VALUE} - \text{SCRAP VALUE}}{\text{EXPECTED LIFE SPAN}} = \frac{40,000,000 - 400,000}{4} = \underline{\text{Shs 9,900,000}}$$

**Value of the machine at the end of the third year/Book value after 3 years** = Cost value/ Original value – Depreciation for 3 years/ total depreciation for 3 years.

$$= 40,000,000 - (9,900,000 \times 3) = \text{Shs } 40,000,000 - 29,700,000 = \underline{\text{Shs 10,300,000}}$$

**(ii)Reducing balance or fixed percentage method.** This is the method of calculating depreciation whereby a fixed percentage is written off or deducted from the diminishing value of the fixed asset each year to find the annual depreciation.

Calculate the depreciation to be charged annually and the value of the machine at the end of three years using reducing balance method from the information below;

A machine was bought at Shs 40,000,000 and depreciation is to be charged at 20%

$$1^{\text{st}} \text{ year depreciation} = \text{Depreciation} \times \text{value of an asset} = \frac{20}{100} \times 40,000,000 = \underline{\text{Shs 8,000,000}}$$

$$2^{\text{nd}} \text{ year depreciation} = 40,000,000 - 8,000,000 = \text{Shs } 32,000,000$$

$$= \frac{20}{100} \times 32,000,000 = \underline{\text{Shs 6,400,000}}$$

$$3^{\text{rd}} \text{ year depreciation} = \text{Shs } 32,000,000 - 6,400,000 = \text{Shs } 25,600,000$$

$$= \frac{20}{100} \times 25,600,000 = \underline{\text{Shs 5,120,000}}$$

Value of the machine at the end of the third year

1<sup>st</sup> year value = cost value- Depreciation = Shs 40, 000,000- 8,000,000 = **Shs 32,000,000**

2nd year value = Cost value –Depreciation = Shs 32,000,000-6,400,000 = **Shs 25,600,000**

3<sup>rd</sup> year value = Cost value- Depreciation =Shs 25,600,000-5,120,000 = Shs 20,480,000

**Alternatively value of machine at end of 3 years is calculated by;**

Cost value-depreciation for 3 years

= Shs 40,000,000- (8,000,000 +6,400,000 +5,120,000) = 40,000,000-19,520,000 = **Shs 20,480,000**

(v)**Revaluation method.** This is the method of calculating depreciation whereby an asset is valued at the beginning of the year to determine the opening balance and at the end of the year to determine the closing balance

Calculate the value of depreciation using revaluation method from the information below;

A machine was bought on 1<sup>st</sup>/1/2015 at Shs 40,000,000; at the end of the year on 31<sup>st</sup>/12/2015 it was valued at Shs 36,000,000

Depreciation = Opening balance – closing balance= Shs 40,000,000-36,000,000

= **Shs 4,000,000**

## IV. THE BALANCE SHEET

1. (a) **What is a balance sheet?** A balance sheet is a financial statement that shows the financial position of a business/ organization or an individual at a particular date. The balance sheet shows the money/ monetary value of capital, Assets and liabilities of a business at a given period of time. It is normally prepared after the trading profit and loss account have been prepared and it indicates a list of balances in the trial balance after the preparation of the trading profit and loss account.

NB: The balance sheet is not an account.

(b) State the Accounting equation/ fundamental equation of accounting/ balance sheet equation/ book keeping equation. The accounting equation states that: **Assets =Capital + Liabilities.**

(c) **Describe the contents/ components of a balance sheet.**

(i) **Capital.** This is the amount of money or resources in the business by an entrepreneur. Resources may be financial and physical resources. Capital is also referred to as owner's equity.

Capital has the following types:

- **Capital invested/ initial capital/pre- operation payment.** This is the actual amount of money or other assets bought into the business by the owner when starting a business
- **Owner's equity/ net worth capital/equity/capital owned.** This is the total amount of resources in the business that belongs to the owner/ an entrepreneur at a given time. It is the amount of capital remaining in the business after adding new investments and net profit and subtracting drawings and net loss if it exists. It is calculated by Owner's equity= Assets- liabilities.

- **Borrowed capital/ loan capital:** This is the total capital borrowed by the business in form of long term liabilities. It is the value of long term liabilities. Borrowed capital = Total long term liabilities (bank loans).
- **Fixed capital.** This refers to the total value of fixed assets in the business. Fixed assets include; machinery, equipment, fixture and fittings, furniture, buildings/premises, land etc. Fixed capital = Total fixed assets.
- **Liquid funds.** These include cash in hand and cash at bank.
- **Liquid capital.** This refers to the value of total current assets that easily changed into cash e.g cash at bank and cash in hand, bills renewables etc. liquid capital = current assets-stock.
- **Quick asset ratio/Liquid capital ratio** = 
$$\frac{\text{CURRENT ASSETS} - \text{STOCK}}{\text{CURRENT LIABILITIES}}$$
- **Working capital/ initial operation payment.** This is the difference between current assets and current liabilities i.e the excess of current assets over current liabilities. Working capital/current ratio = 
$$\frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}}$$
- **NB:** When the value of current assets exceeds current liabilities it is called net current assets and vice versa. Working capital = current assets –current liabilities.
- **Capital employed.** This is the total of fixed assets plus working capital or owner's equity (capital owned) plus long term liabilities. It is calculated by capital employed = Fixed assets +working capital or capital owned + long term liabilities
- **Trading capital or gross capital employed/circulating capital.** This is the total value of the assets in the business. It is calculated by fixed assets plus current assets.
- (ii) **Assets.** These are possessions of the business. Assets are categorized into current assets and fixed assets.
- **Current assets** are possessions of the business which can easily be changed into cash and last for short period of time. Examples include; **cash in hand, cash at bank, debtors, stock** (closing stock or un sold goods) etc. **A debtor** is a person who owes the business money i.e one who borrows money from a business or a business has supplied goods to him on credit. **Stock** refers to the value of goods held by the business for resale at a particular time (normally closing stock at 31.Dec any year).
- **Fixed assets** are possessions of the business which last for long period of time and cannot easily be converted into cash. Examples include: **land, furniture, machinery, motor van/vehicle, buildings/premises etc.**
- (iii) **Liabilities.** These are debts or money that the business owes to outsiders. Liabilities are divided into two; current liabilities/ short term liabilities and long term liabilities.
- **Current/ short term liabilities.** These are debts which are payable by the business within short period of time usually within a year. Examples of short term liabilities include; **creditors, bank overdraft, expenses and due bills payable and short term loan.** **A creditor** is a person who is owed money by the business. For example a producer/seller who supplies goods to the business or one who lends out money to the business. **Bank overdraft** is the amount of money lent by the bank to its current account client/ customer in excess of the balance on his account but payable within a short period of time.
- **Long term liabilities.** These are debts which are payable by the business within a long period of term usually after one year. Examples include; Bank loans, Mortgages and Debentures. **Bank loan** is the amount of money advanced by the bank to any business or individual who presents collateral security but payable after a long period of time. **Debenture** is the money borrowed by the company from the

public with a fixed rate of interest with the aim of raising more funds for business expansion or operation.

(iv) **The heading of the balance sheet.** The heading of the balance sheet should show three parts, namely; the name of the owner/ business/ organization, the name balance sheet and date with as at. Each of the three parts should be on its line.

(v) **Order of permanency of a balance.** Since fixed assets are stay longer than current assets are recorded first and current assets last.

(vi) **Order of liquidity.** Here current assets are recorded first and fixed assets last.

(vii) **Formats of a balance sheet.** T. format/horizontal format and vertical or informative method. T. format two sides of a balance sheet are drawn one side with assets and the other side with liabilities. Both sides must show the same totals basing on the accounting equation of;  $A = C + L$ . The informative method/ vertical format shows a list of items each recorded below one another without dividing the balance sheet into two sides of assets and liabilities, only that it has three amount columns.

**NB:** When current assets are greater than current liabilities, the business is said to be **solvent**. Meaning a business is able to pay off its debts using its current assets or own resources. **Solvency** refers to a situation when a business has more assets than liabilities. When current liabilities are greater than current assets, the business is said to be insolvent.

**Insolvency** refers to a situation when a business has more liabilities than assets and therefore unable to pay debts using its own resources. Bankruptcy is a situation when a business is unable to pay its creditors.

Qn.1 The following balances were extracted from books Kibuka and Daughters on 31<sup>st</sup>. Dec. 2015

Land	Shs 5,000,000
Closing stock	Shs 1,500,000
Buildings	Shs 3,000,000
Bank loan	Shs 2,000,000
Creditors	Shs 2,000,000
Debtors	Shs 1,000,000
Furniture	Shs 800,000
Equipment	Shs 200,000
Bank overdraft	Shs 1,000,000
Cash at bank	Shs 1,500,000
Cash in hand	Shs 2,000,000
Prepaid rent	Shs 500,000
Unpaid salaries	Shs 500,000
Net profit	Shs 4,000,000
Drawings	Shs 1,000,000
Capital	Shs 7,000,000

**Required:**

Prepare a balance sheet using Informative/ vertical format with information given above:

**KIBUKA AND DAUGHTERS LTD**

**BALANCE SHEET  
AS AT 31<sup>ST</sup>.DEC. 2015**

DETAILS	AMOUNT (SHS)	AMOUNT (SHS)	AMOUNT (SHS)
<b>FIXED ASSETS;</b>			
Land		5,000,000	
Buildings		3,000,000	
Equipment		200,000	
Furniture		800,000	
<b>TOTAL FIXED ASSETS</b>			9,000,000
<b>CURRENT ASSETS;</b>			
Stock	1,500,000		
Debtors	1,000,000		
Cash in hand	2,000,000		
Cash at bank	1,500,000		
Prepaid rent	500,000		
<b>TOTAL CURRENT ASSETS</b>		6,500,000	
<b>CURRENT LIABILITIES;</b>			
Creditors	2,000,000		
Bank over draft	1,000,000		
Un paid salaries	500,000		
<b>TOTAL CURRENT LIABILITIES</b>		3,500,000	
Working capital			3,000,000
Capital employed			12,000,000
<b>FINANCED BY;</b>			
Capital		7,000,000	
Add net profit		4,000,000	
		11,000,000	
Less drawings		1,000,000	
		10,000,000	
<b>ADD LONG TERM LIABILITES</b>			
Bank loan	2,000,000		
Total long term liabilities		2,000,000	
<b>Owner's equity</b>			<b>12,000,000</b>

Qn. 2 The following balances were extracted from the books of Mukasa enterprises ltd for 31<sup>st</sup>. Dec. 2014.

	Shs
Capital	2,250,000
Stock	500,000
Bank	500,000
Debtors	4,000,000
Land	22,500
Cash	1,500,000
Motor vehicle	8,000,000
2 years loan	5,522,500

Creditors	2,250,000
Net profit	5,000,000
Drawings	500,000

**Required:**

**(a) Prepare a balance sheet as at 31<sup>st</sup> Dec. 2014**

**MUKASA ENTERPRISES LTD  
BALANCE SHEET  
AS AT 31<sup>ST</sup>.DEC.2014**

DETAILS	AMOUNT (SHS)	AMOUNT (SHS)	AMOUNT (SHS)
<b>FIXED ASSETS;</b>			
Land		22,500	
Motor vehicle		8,000,000	
<b>TOTAL FIXED ASSETS</b>			8,022,500
<b>CURRENT ASSETS;</b>			
Stock	500,000		
Debtors	4,000,000		
Cash	1,500,000		
Bank	500,000		
<b>TOTAL CURRENT ASSETS</b>		6,500,000	
<b>CURRENT LIABILITIES;</b>			
Creditors	2,250,000		
<b>TOTAL CURRENT LIABILITIES</b>		2,250,000	
Working capital			4,250,000
Capital employed			12,272,500
<b>FINANCED BY;</b>			
Capital		2,250,000	
Add net profit		5,000,000	
		7,250,000	
Less drawings		500,000	
		6,750,000	
<b>ADD LONG TERM LIABILITIES</b>			
2 years bank loan	5,522,500		
Total long term liabilities		5,522,500	
<b>Owner's equity</b>			<b>12,272,500</b>

**(b) Calculate:**

(i) Liquid capital

$$\text{Liquid capital} = \text{Current assets} - \text{stock} = \text{Shs } 6,500,000 - 500,000 = \underline{\text{Shs } 6,000,000}$$

(ii) Net capital employed = Working capital + Total working capital

$$= \text{Shs } 4,250,000 + 8,022,500 = \underline{\text{Shs } 12,272,500}$$

(iii) Current ratio =  $\frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}} = \frac{6,500,000}{2,250,000} = \underline{\underline{2.8:1}}$

(iv) Return on capital



$$\text{Return on capital} = \frac{\text{NET PROFIT}}{\text{CAPITAL EMPLOYED}} \times 100 = \frac{5,000,000}{12,272,500} \times 100 = 40.7 \% \text{ Or } \underline{\underline{41\%}}.$$

Qn.3 Prepare the balance sheet from the following records extracted from the books of MABALE ENTERPRISES AS AT 31<sup>ST</sup>. DEC. 2015. Use both T. format/horizontal and informative or vertical formats.

Capital	Shs 300,000
Net profit	Shs 240,000
Drawings	Shs 40,000
Creditors	Shs 80,000
Motor vehicle	Shs 60,000
Land	Shs 40,000
Bank overdraft	Shs 20,000
Bank loan	Shs 40,000
Plant and machinery	Shs 80,000
Premises	Shs 20, 000
Cash at hand	Shs 50,000
Cash at bank	Shs 60,000
Debentures	Shs 10,000
Debtors	Shs 90,000
Opening stock (1/1/2015)	Shs 40,000
Fixture and fittings	Shs 50,000
Closing stock	Shs 100,000
Bicycle	Shs 30,000
Equipment	Shs 70,000

(a) T. format/ horizontal format.

**MABALE ENTERPRISES'**  
**BALANCE SHEET**  
**AS AT 31<sup>ST</sup>/DEC/2015**

	AMOUNT (SHS)	AMOUNT(SHS)		AMOUNT (SHS)	AMOUNT (SHS)
Capital	300,000		<u>FIXED ASSETS</u>		
Add net profit	<u>240,000</u>		Motor vehicle	60,000	
	540,000		Land	40,000	
Less drawings	<u>40,000</u>	<b>500,000</b>	Plant and machinery	80,000	
OWNER'S EQUITY			Premises	20,000	
			Fixture and fittings	50,000	
<u>LONG TERM</u>			Bicycle	30,000	
<u>LIABILITIES</u>			Equipment	<u>70,000</u>	
Bank loan	40,000		<b>TOTAL F.ASSETS</b>		<b>350,000</b>
Debentures	<u>10,000</u>	<b>50,000</b>	<u>CURRENT ASSETS</u>		
<b>TOTAL L.T.L</b>			Cash at hand	50,000	
			Cash at bank	60,000	
<u>CURRENT</u>			Debtors	90,000	
<u>LIABILITIES</u>			Stock	<u>100,000</u>	
Creditors	80,000		<b>TOTAL C. ASSETS</b>		<b>300,000</b>
Bank over draft	<u>20,000</u>				
<b>TOTAL C.L</b>		<b>100,000</b>			
		<b>650,000</b>			<b>650,000</b>

(b) Informative/ vertical format.

**MABALE ENTERPRISES****BALANCE SHEET****AS AT 31/12/2015**

Details	Amount (Shs)	Amount (Shs)	Amount (Shs)
<b>Fixed Assets</b>			
Motor vehicle		60,000	
Land		40,000	
Plant and machinery		80,000	
Premises		20,000	
Fixture and fittings		50,000	
Bicycle		30,000	
Equipment		70,000	
<b>Total fixed Assets</b>			<b>350,000</b>
Current Assets			
Cash at hand	50,000		
Cash at bank	60,000		
Debtors	90,000		

Stock	100,000		
<b>Total Current Assets</b>		<b>300,000</b>	
Current Liabilities	80,000		
Creditors	20,000		
Bank over draft	20,000		
<b>Total Current Liabilities</b>		<b>100,000</b>	
Working capital			200,000
<b>Capital employed</b>			<b>550,000</b>
<b>Financed by</b>			
Capital		300,000	
Add net profit		240,000	
		540,000	
Less drawings		40,000	<b>500,000</b>
Add Long term liabilities			
Bank loan		40,000	
Debentures		10,000	50,000
<b>OWNER'S EQUITY</b>			<b>550,000</b>

Qn. 4 Prepare a balance sheet as at 31/12/2014 using the following information extracted from Mayiga Enterprises. Use both horizontal and vertical method.

Furniture	Shs 300,000
Buildings	Shs 870,000
4 years bank loan	Shs 200,000
Machinery	Shs 350,000
Debtors	Shs 200,000
Cash balance	Shs 180,000
Creditors	Shs 220,000
3 years bank loan	Shs 500,000
Drawings	Shs 100,000
Stock (31/12/14)	Shs 400,000
Capital	Shs 1,200,000
Net profit	Shs 200,000
Gross profit	Shs 80,000

(a) T. format / Horizontal

MAYIGA ENTERPRISE  
BALANCE SHEET  
AS AT 31<sup>ST</sup>. DEC. 2014

	AMOUNT (SHS)	AMOUNT (SHS)		AMOUNT (SHS)	AMOUNT (SHS)
Capital	1,200,000		<u>FIXED ASSETS</u>		
Add net profit	<u>200,000</u>		Furniture	300,000	
	1,400,000		Machinery	350,000	
Less drawings	<u>100,000</u>		Buildings	<u>870,000</u>	
OWNER'S EQUITY		<b>1,300,000</b>	<b>TOTAL F.ASSETS</b>		<b>1,520,000</b>
<u>LONG TERM</u>			<u>CURRENT ASSETS</u>		
<u>LIABILITIES</u>			Cash balance	180,000	
4 Years Bank loan	200,000		Debtors	200,000	
3 Years Bank loan	<u>500,000</u>		Stock	<u>400,000</u>	
<b>TOTAL L.T.L</b>		<b>700,000</b>	<b>TOTAL C. ASSETS</b>		<b>780,000</b>
<u>CURRENT</u>					
<u>LIABILITIES</u>					
Creditors	220,000				
Bank over draft	<u>80,000</u>				
<b>TOTAL C.L</b>		<b>300,000</b>			
		<b>2,300,000</b>			<b>2,300,000</b>

(b) Informative /Vertical format.

MAYIGA ENTERPRISE  
BALANCE SHEET  
AS AT 31<sup>ST</sup>. DEC. 2014

Details	Amount (Shs)	Amount (Shs)	Amount (Shs)
<b>Fixed Assets</b>			
Furniture		300,000	
Machinery		350,000	
Buildings		870,000	
<b>Total Fixed Assets</b>			<b>1,520,000</b>
<b>Current Assets</b>			
Cash Balance	180,000		
Debtors	200,000		
Stock	400,000		
<b>Total Current Assets</b>		<b>780,000</b>	
<b>Current Liabilities</b>			
Creditors	220,000		
Bank over draft	80,000		
<b>Total Current Liabilities</b>		<b>300,000</b>	

Working capital			480,000
<b>Capital employed</b>			<b>2,000,000</b>
Financed by			
Capital		1,200,000	
Add net profit		200,000	
		1,400,000	
Less drawings		100,000	1,300,000
Add long term liabilities			
4 years bank loan		200,000	
3 years bank loan		500,000	
<b>Total long term liabilities</b>			<b>700,000</b>
<b>Owner's equity</b>			<b>2,000,000</b>

## V. TRADING ACCOUNT

Qn.1 What is a trading account? Trading account is a financial statement which is prepared to ascertain amount of gross profit made during a given accounting period.

2. Prepare a trading account from the following information extracted from MWALYE ENTERPRISES LTD for the year ended 31<sup>st</sup>. Dec. 2015 using both vertical and horizontal formats.

	Shs
Opening stock	18,240
Purchases	138,290
Carriage inwards	2,000
Wages	2,500
Return outwards	1,500
Closing stock	21,360
Sales	150,000
Return inwards	2,000

21. Horizontal format.

MWALYE ENTERPRISES LTD  
TRADING ACCOUNT  
FOR THE YEAR ENDED 31<sup>ST</sup>. DEC.2015

Opening stock	18,240	Sales	150,000
Add purchases	138,290	Less R.I.W	<u>2,000</u>
Add C.I.W	<u>2,000</u>	Net sales	148,000
	140,290		
Add wages	<u>2,500</u>		
	142,790		
Less R.O.W	<u>1,500</u>		
Net purchases	<u>141,290</u>		
C.O.G.A.S	159,530		
Less closing stock	<u>21,360</u>		
Cost of sales	138,170		
Gross profit c/d	<u>9,830</u>		
	<b>148,000</b>		
		Gross profit b/d	<u><b>148,000</b></u>
			9,830

(vi) Informative/vertical format.

MWALYE ENTERPRISES LTD  
TRADING ACCOUNT  
FOR THE YEAR ENDED 31<sup>ST</sup>. DEC.2015

PARTICULARS	AMOUNT (SHS)	AMOUNT(SHS)
Sales	150,000	
Less return inwards	2,000	
Net sales		<b>148,000</b>
<u>Less cost of sales:</u>		
Opening stock	18,240	
Add purchases	138,290	
Add carriage inwards	2,000	
Add wages	<u>2,500</u>	
	161,030	
Less return outwards	<u>1,500</u>	
Cost of goods available for sale	159,530	
Less closing stock	<u>21,360</u>	
<b>Cost of sales</b>		<b>138,170</b>
<b>Gross profit</b>		<b>9,800</b>

## VI. PROFIT AND LOSS ACCOUNT

Qn1. What is a profit and loss account? This is a financial statement that shows whether a business has made a net loss or net profit.

Qn. 2 Prepare a profit and loss account using both horizontal format and vertical format from the following information obtained from the records of Migereko Enterprises ltd as at 31<sup>st</sup>. Dec. 2015.

	Shs
Gross profit	22,500

Repairs	1,200
Discount allowed	500
Interest received	8,000
Salaries and wages	20,000
Carriage outwards	2,000
Insurance premium	1,300
Discount received	800
Rent income	18,000
Telephone charges	1,000
Transport	2,000
Electricity bills	3,000

22. Horizontal format

**MIGEREKO ENTERPRISES LTD**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> .DEC.2015**

Repairs	1,200	Gross profit	22,500
Discount allowed	500	Interest received	8,000
Salaries and wages	20,000	Rent income	18,000
Carriage outwards	2,000	Discount received	800
Insurance premium	1,300		
Telephone charges	1,000		
Transport	2,000		
Electricity bills	3,000		
Net profit c/d	<u>18,300</u>		
	49,300		<u>49,300</u>
		Net profit b/d	18,300

(ii)Vertical method

**MIGEREKO ENTERPRISES LTD**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> .DEC.2015**

Particulars	Amount (shs)	Amount (shs)
Gross profit	22,500	
<u>Add other incomes:</u>		
Interest received	8,000	
Rent income	18,000	
Discount received	<u>800</u>	
Gross income		<b>49,300</b>
<u>Less expenses:</u>		
Repairs	1,200	
Discount allowed	500	
Salaries and wages	20,000	
Carriage outwards	2,000	
Insurance premium	1,300	
Telephone charges	1,000	
Transport	2,000	
Electricity bills	<u>3,000</u>	
Total expenses		<b>31,000</b>
Net profit		<b>18,300</b>

## VII. TRADING PROFIT AND LOSS ACCOUNT/ INCOME STATEMENT.

Qn. 1 What is meant by the trading profit and loss account/trading profit and loss account? This is a financial statement which shows the gross profit / loss and net profit/ loss of the business for the given trading period/ particular period of time. Gross profit /loss is calculated in the trading account. On the other hand net profit/ loss is calculated in the profit and loss account. The trading profit and loss account combines both the trading account and the profit and loss account but also referred to as the income statement. The income statement and the balance sheet are referred to as financial statements.

### Elements or components of the income statement:

- (i) **Stock.** This refers to the money value of goods held for resale by the business at a particular period of time. Stock is further divided into opening stock and closing stock. Opening stock refers to the money value of goods which the business starts with at the beginning of the given trading period, normally 1<sup>st</sup> January of the year. Closing stock is the money value of goods which remain unsold at the end of the given trading period, normally 31<sup>st</sup> December of the year.

(ii) **Stock taking.** This refers to the process of finding out the amount of goods held by the business at the given period of time. This is recorded on stock sheets.

(vi) **Stock valuation.** This is the process of finding out the value of stock held by the business at a given period of time. It can be valued at cost or selling price. **Cost price** is the price at which goods were bought or purchased. **Selling price** is the price at which goods are sold.

(vii) **Average stock.** This average of opening stock and closing stock. 
$$\text{Average stock} = \frac{\text{OPENING STOCK} + \text{CLOSING STOCK}}{2} \quad \text{OR} \quad \frac{\text{COST OF SALES}}{\text{RATE OF TURNOVER}}$$

(viii) **Purchases.** These are goods bought by the business during a given trading period.

(ix) **Sales.** These are goods sold by the business during a given trading period

(x) **Returns.** These are goods returned to the business by its customers or returned by the business to its suppliers. Returns are further divided into; **sales returns /return inwards**; sales returns are goods previously sold by the business but have been returned to the business by its customers due to damage, poor quality, wrong size, defective or expired etc. sales returns when subtracted from sales = Net sales/turnover. Net sales are the actual sales of the business in a given trading period. Net sales/turnover = sales – return inwards

**Purchases returns/return out wards.** These are goods purchased by the business for resale but they are later on returned to suppliers before selling them. This may be due to poor quality of goods, wrong quantity, and wrong color size and expired. Purchases returns when subtracted from purchases = Net purchases. **Net purchases** = Purchases- purchases returns. Net purchases are the actual purchases of the business in a given trading period.

(xi) **Goods available for sale/ Cost of goods available for sale.** This refers to the sum of opening stock and net purchases.

(xii) **Cost of sales.** This refers to the price at which goods purchased by the business are sold to its customers during a given trading. They are also referred to as cost of goods sold or sales at cost. **Cost of sales** = Opening stock + Net purchases –Closing stock or turnover – gross profit or = 
$$\frac{100 - \text{MARGIN}}{100} \times \text{Turnover. Or Average stock} \times \text{rate of turnover or goods available for sale-closing stock.}$$



- (xiii) **Gross profit.** This refers to the excess of selling price over cost price. **Gross profit** = Net sales – cost of sales or sales – cost of sales or Markup x cost of sales or margin x turnover or net profit + expenses.
- (xiv) **Gross loss.** This is a situation where the total cost of sales exceeds net sales/ turnover.
- (xv) **Expenses.** These are costs incurred by the business during the given trading period. Gross profit – net profit
- (xvi) **Mark up/gross profit as percentage of cost price.** This is the gross profit expressed as a percentage of cost price or cost of goods.  

$$\text{Mark up} = \frac{\text{GROSS PROFIT}}{\text{COST OF SALES}} \times 100$$
- (xvii) **Margin.** This is gross profit expressed as percentage of selling price or net sales.  

$$\text{Margin/ Gross profit as percentage of selling price} = \frac{\text{GROSS PROFIT}}{\text{NET SALES}} \times 100$$
- (xviii) **Gross profit ratio/ Gross profit as percentage of selling price** =  $\frac{\text{GROSS PROFIT}}{\text{NET SALES}} \times 100$
- (xix) **Net profit ratio/ Net profit as percentage of selling price** =  $\frac{\text{NET PROFIT}}{\text{NET SALES}} \times 100$
- (xx) **Net profit as percentage of cost price** =  $\frac{\text{NET PROFIT}}{\text{COST OF SALES}} \times 100$

Qn.2. The following trial balance was extracted from the books of Moto Traders on 31<sup>st</sup>/12/2015.

Particulars	Dr(Shs) '000'	Cr (Shs) '000'
Stock 01-07-2015	236,000	
Carriages	31,400	
Returns	20,500	32,200
Purchases and sales	1,187,400	2,860,000
Salaries and Wages	386,200	
Rent	30,400	
Insurance	7,800	
Motor Expenses	66,400	
Stationery	21,600	
Commission	166,000	
Transport	16,600	
Premises	1,500,000	
Motor Vehicles	180,000	
Furniture	35,000	
Debtors and creditors	589,600	167,100
Bank	48,200	
Drawings	120,000	
Capital		1,463,600
Provision for bad debts	6,000	
<b>Total</b>	<b>4,522,900</b>	<b>4,522,900</b>

Additional information:

- (i) Stock on 31/7/2015 at shs 294,600,000
- (ii) Un used stationery amounted to shs 600,000
- (iii) Depreciation on motor vehicle was charged at 5%
- (iv) Of carriages shs 20,000,000 was for carriage in wards.
- (v) Provision for bad debts was maintained at shs 5,000,000

**REQUIRED:**

- (a) Prepare Moto traders income statement
- (b) Calculate and interpret:
  - (i) Working capital ratio
  - (ii) Cash ratio
  - (iii) Debt collection period
  - (iv) Rate of return on capital invested.

**Solution.****1(a)**

**MOTO TRADERS**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31<sup>ST</sup>/DEC/2015**

Details	Amount(shs) '000'	Amount (shs) '000'	Amount (shs) '000'
Sales		2,860,000	
Less sales returns		20,500	
Net sales			289,500
<b>Less cost of sales:</b>			
Opening stock		236,000	
Add purchases	1,187,400		
Add carriage in wards	20,000		
Total cost of purchases	1,207,400		
Less purchases returns	32,200		
Net purchases		1,175,200	
Cost of goods available for sale		1,411,200	
Less closing stock		294,600	
Cost of sales			1,116,600
Gross profit			1,722,900
<b>Add other incomes:</b>			
Add decrease in provision for bad debts			1,000
Gross income			1,723,900
<b>Less operating expenses;</b>			
Salaries and wages		386,200	
Insurance		7,800	
Motor expenses		66,400	
Stationary	21,600		
Less un used stationary	600	21,000	
Commission		166,000	
Transport		16,600	
Carriage out wards		31,400	

Depreciate on motor vehicle		9,000	
<b>Total operating expenses</b>		<b>599,000</b>	
<b>Net profit</b>			<b>1,124,100</b>

(b) (i) Working capital ratio =  $\frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}}$

$$= \frac{294,600,000 + 584,600,000 + 48,200,000 + 600,000}{167,100,000} = \frac{928,000,000}{167,100,000} = \underline{5:6:1} = 6:1$$

**Interpretation:** The business is position to clear its current liabilities using assets approximately 6 times.

(ii) Cash ratio =  $\frac{\text{ABSOLUTE LIQUID ASSETS}}{\text{CURRENT LIABILITIES}} = \frac{48,200,000}{167,100,000} = \underline{0.288:1} = 0.3:1$

**Interpretation:** The business can only clear off its current liabilities using absolute liquid assets only.

(iii) Debt collection period

$$= \frac{\text{DEBTORS}}{\text{NET SALES}} \times \text{No: of days in a year}$$

$$= \frac{584,600,000}{2,839,500,000} \times 365$$

$$= 75.14 = \underline{75 \text{ days.}}$$

**Interpretation;** the business takes an average of 75 days to collect money from debtors.

(iv) Rate of return on capital invested

$$= \frac{\text{NET PROFIT}}{\text{CAPITAL INVESTED}} \times 100$$

$$= \frac{124,100,000}{1,463,600,000} \times 100 = \underline{76.8} = \underline{77\%}$$

**Interpretation:** for every Shs 100 of capital invested, Shs 77 is generated as net profit.

Qn.2 The following information was extracted from the books of Namudote Enterprises for the year ending 31<sup>st</sup>/Dec/2014.

Transport	Shs 400,000
Stock 1/1/2014	Shs 1,140,000
Purchases	Shs 9,210,000
Electricity	Shs 180,000
Sales	Shs 10,694,000
Return inwards	Shs 164,000
Return outwards	Shs 340,000
Stock 31 <sup>st</sup> /12/2014	Shs 1,740,000
Expenses	Shs 1,340,000
Rent	Shs 160,000
Wages	Shs 600,000
Discount received	Shs 400,000

**Required.**

Prepare the income statement for Namudote Enterprises

**NAMUDOTE ENTERPRISES'**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31<sup>ST</sup>. DEC.2014**

Details	Amount (Shs)	Amount (Shs)	Amount (Shs)
Sales		10,694,000	
Less return inwards		<u>164,000</u>	
Net sales			10,530,000
<b><u>Less cost of sales:</u></b>			
Opening stock		1,140,000	
Add purchases	9,210,000		
Less return outwards	<u>340,000</u>		
Net purchases		8,870,000	
Goods available for sale		10,010,000	
Less closing stock		<u>1,740,000</u>	
Cost of sales			<u>8,270,000</u>
Gross profit			<u>2,260,000</u>
<b><u>Add other incomes:</u></b>			
Discount received		<u>400,000</u>	
Total incomes			<u>400,000</u>
Gross income			<u>2,660,000</u>
<b><u>Less operating expenses:</u></b>			
Rent		160,000	
Electricity		180,000	
Wages		600,000	
Transport		<u>400,000</u>	
Total operating expenses			<u>1,340,000</u>
<b>Net profit</b>			<b><u>1,320,000</u></b>

Qn. 3. The following balances were taken from the records of Wataka Enterprises Ltd as at 31<sup>st</sup>/12/2013

Particulars	Shs
Purchases	36,000
Sales	43,000
Stock 1/1/2013	6,000
Rent	2,500
Insurance	3,000
Discount allowed	3,000
Bad debts	2,900
Carriages	4,000
Interest received	2,000
Drawings	6,000
Motor van	20,000
Buildings	30,000
Bank over draft	4,500
Cash	6,000
Debtors	15,000
Creditors	2,9000
Capital	58400
Returns	2,000 / 1500

Additional information.

- I. Stock 31/12/2013 was Shs 8,000
- II. Shs 700 of rent was still owing

- III. Insurance paid in advance Shs 800
- IV. Provision for bad debts to be maintained at 10% p.a on debtors
- V. Of the carriages Shs 2,000 was carriage inwards
- VI. Depreciation to be charged as a rate of 5% on all fixed assets
- VII. Interest for Shs 500 had not been received by the end of the year.

**Required:**

Prepare Wataka Enterprises Ltd income statement with the balance sheet respectively/ financial statements.

**WATAKA ENTERPRISES LTD'S  
INCOME STATEMENT  
FOR THE YEAR ENDED 31<sup>ST</sup>. DEC. 2013**

Details	Amount (Shs)	Amount (Shs)	Amount (Shs)
Sales		43,000	
Less return inwards		<u>2,000</u>	
Net sales			41,000
<b><u>Less cost of sales:</u></b>			
Opening stock		6,000	
Add purchases	36,000		
Add carriage inwards	<u>2,000</u>		
Total cost of purchases	38,000		
Less return outwards	<u>1,500</u>		
Net purchases		<u>36,500</u>	
Goods available for sale		42,500	
Less closing stock		<u>8,000</u>	
Cost of sales			<u>34,500</u>
Gross profit			6,500
<b><u>Add other incomes:</u></b>			
Interest received			<u>2,500</u>
Gross income			9,000
<b><u>Less operating expenses:</u></b>			
Rent		3,200	
Insurance	3,000		
Less prepaid insurance	<u>800</u>	2,200	
Bad debts		2,900	
Add provision for bad debts		1,500	
Discount allowed		3,000	
Carriage outwards		4,000	
<b><u>Depreciation:</u></b>			
Motor van		1,000	
Buildings		1,500	
Total operating expenses			<u>19,300</u>
<b>Net loss</b>			<b>(10,300)</b>

**WATAKA ENTERPRISES LTD'S  
BALANCE SHEET  
AS AT 31<sup>ST</sup>.DEC.2013**

Details	Amount (Shs)	Amount (Shs)	Amount (Shs)
---------	--------------	--------------	--------------

<b>Fixed assets:</b>			
Motor van	20,000		
Less depreciation	<u>1,000</u>	19,000	
Buildings	30,000		
Less depreciation	<u>1,500</u>	<u>28,500</u>	
Total fixed assets			47,500
<b>Current assets:</b>			
Stock		8,000	
Debtors	15,000		
Less provision for bad debtors	<u>1,500</u>	13,500	
Cash		6,000	
Interest due		500	
Prepaid insurance		<u>800</u>	
Total current assets		28,800	
<b>Current liabilities:</b>			
Creditors	29,000		
Bank over draft	4,500		
Rent owing	<u>700</u>		
Total current liabilities		<u>34,200</u>	
Working capital			<u>(5,400)</u>
Capital employed			42,100
<b>Financed by:</b>			
Capital	58,400		
Less net loss	<u>(10,300)</u>	48,100	
Less drawings		<u>6,000</u>	
<b>Owner's equity</b>			<b>42,100</b>

Qn.4 The following trial balance was extracted from books of Tony Enterprises on 31<sup>st</sup>/12/2015

**TONY ENTERPRISES**  
**TRIAL BALANCE**  
**AS AT 31<sup>ST</sup>.DEC.2015**

Details	Debit (Shs)	Credit (Shs)
Drawings	60,000	
Capital		873,000
Debtors and creditors	200,000	180,000
Machinery	460,000	
Furniture	340,000	
Purchases and sales	780,000	920,000
Cash	65,000	
Bank	100,000	
Stock 1/1/2015	100,000	
Commission received		40,000
Return inwards/outwards	20,000	40,000
Discount allowed/received	30,000	26,000
Carriage on purchases	10,000	
Rent	40,000	
Insurance	24,000	
Wages and salaries	33,000	

Motor van	100,000	
Provision for bad debts		3,000
Bad debts	20,000	
Bank loan		290,000
	<b>2,382,000</b>	<b>2,382,000</b>

Additional information:

- Provision for bad debts was maintained at 5% of debtors
- Depreciate machinery by 5% and furniture by 10%
- Insurance amount to Shs 4,000 was prepaid
- Rent accrued was Shs 5,000
- Of the commission received Shs 5,000 was in advance
- Stock on 31<sup>st</sup>/12/2015 valued at Shs 150,000

**Required:**

Prepare tony enterprises trading profit and loss account.

**TONY ENTREPRISES**  
**TRADING PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 31<sup>ST</sup>/12/2015**

Details	Amount (Shs)	Amount (Shs)	Amount (Shs)
Sales		920,000	
Less return inwards		<u>20,000</u>	
Net sales			900,000
<b><u>Less cost of sales:</u></b>			
Opening stock		100,000	
Add purchases	780,000		
Add carriage on purchases	<u>10,000</u>		
Total cost of purchases	790,000		
Less return outwards	<u>40,000</u>		
Net purchases		<u>750,000</u>	
Goods available for sale		850,000	
Less closing stock		<u>150,000</u>	
Cost of sales			<u>700,000</u>
Gross profit			200,000
<b><u>Add other incomes:</u></b>			
Discount received		26,000	
Provision of bad debtors		3,000	
Commission received	40,000		
Less commission received in advance	<u>15,000</u>		
		<u>25,000</u>	
Total incomes			<u>54,000</u>
Gross income			254,000
<b><u>Less operating expenses:</u></b>			
Rent	40,000		
Add rent accrued	<u>5,000</u>	45,000	
Insurance	24,000		
Less prepaid insurance	<u>4,000</u>	<u>20,000</u>	
			65,000
Total operating expenses			<b>189,000</b>
<b>Net profit</b>			

**Qn 5. The following balances were extracted from books of Mbale traders for 2014**

<b>Details</b>	<b>Amount (Shs)</b>
Cash	8,000
Capital	15,700
Furniture	30,000
Debtors	20,000
Machinery	12,000
Creditors	13,000
Sales	90,000
Purchases	73,000
Stock 1/1/2014	10,000
Insurance	2,000
Commission received	8,000
Return inwards	2,000
Carriage in sales	1,000
Rent	4,000
Return outwards	4,000
Discount received	33,300

**Additional information:**

- i. Stock 31/12/2014 shs30, 000
- ii. Depreciation on machinery was 5%
- iii. Rent accrued Shs 500
- iv. Insurance amounting Shs 200 prepaid
- v. Make a provision for bad debts 5% p.a
- vi. On the day of stock taking to close the trading period Shs 2,000 was taken by the entrepreneur for personal use.

**Required:**

Prepare a trial balance, trading profit and loss account and balance sheet as at 31/12/2014.

**MBALE TRADERS  
TRIAL BALANCE  
AS AT 31/12/2014**

<b>Details</b>	<b>Debit (Shs)</b>	<b>Credit (Shs)</b>
Cash	8,000	
Capital		15,700
Furniture	30,000	
Debtors	20,000	
Machinery	12,000	
Creditors		13,000
Sales		90,000
Purchases	75,000	
Stock 1/1/2014	10,000	
Insurance	2,000	
Commission received		8,000
Return inwards	2,000	
Carriage on sales	1,000	
Return outwards		4,000
Rent	4,000	
Discount received		33,300
	<b>164,000</b>	<b>164,000</b>



Closing stock 31/12/2014 Shs 30,000

**MBALE TRADERS**  
**TRADING PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31/12/2014**

Particulars	Amount (Shs)	Amount (Shs)	Amount (Shs)
Sales		90,000	
Less return inwards		<u>2,000</u>	
Net sales			88,000
<b><u>Less cost of sales:</u></b>			
Opening stock		10,000	
Add purchases	75,000		
Less return outwards	<u>4,000</u>		
	71,000		
Less drawings	<u>2,000</u>		
Net purchases		<u>69,000</u>	
Goods available for sales		79,000	
Less closing stock		<u>30,000</u>	
Cost of sales			<u>49,000</u>
Gross profit			39,000
<b><u>Add other incomes:</u></b>			
Discount received		33,300	
Commission received		<u>8,000</u>	
Total incomes			<u>41,300</u>
Gross income			80,300
<b><u>Less operating expenses:</u></b>			
Rent	4,000		
Add rent accrued	<u>500</u>	4,500	
Insurance	2,000		
Less prepaid rent	<u>200</u>	1,800	
Provision for bad debts		1,000	
Carriage on sales		1,000	
<b>Depreciation</b> on machinery		<u>600</u>	
Total expenses			<u>8,900</u>
<b>Net profit</b>			<b>71,400</b>

**MBALE TRADERS**  
**BALANCE SHEET**  
**AS AT 31/12/2104**

Particulars	Amount (Shs)	Amount (Shs)	Amount (Shs)
<b><u>Fixed assets:</u></b>			
Machinery	12,000		
Less depreciation	<u>600</u>	11,400	
Furniture		<u>30,000</u>	
Total fixed assets			41,400
<b><u>Current assets:</u></b>			
Stock		30,000	
Debtors	20,000		
Less provision for bad debts	<u>1,000</u>	19,000	
Prepaid insurance		<u>200</u>	
Total current assets		57,200	
<b><u>Less Current liabilities:</u></b>			
Creditors	13,000		

Accrued rent	<u>500</u>		
Total current liabilities		<u>13,500</u>	
Working capital			<u>43,700</u>
Net capital employed			85,100
<b>Financed by:</b>			
Capital	15,700		
Add net profit	<u>7,400</u>		
		87,100	
Less drawings		2,000	
<b>Owner's equity</b>			<b>85,100</b>

Qn. 6 A company makes a single product with the selling price of Shs 15,000 and unit variable cost of Shs 5,000. The firm incurs a fixed cost of Shs 50,000,000 during the production process  
Calculate:

- i. The number of units required to break even.

$$\text{Break even quantity} = \frac{\text{FIXED COST}}{\text{SELLING PRICE} - \text{VARIABLE COST PER UNIT}} = \frac{50,000,000}{15,000 - 5,000} = \underline{\underline{5,000 \text{ Units}}}$$

- ii. Sales revenue at breakeven point = selling price x break even quantity  
= Shs 15,000 x 5,000 = **Shs 75,000,000**

- iii. Contribution to sales ratio =  $\frac{\text{UNIT CONTRIBUTION}}{\text{UNIT SELLING PRICE}} \times 100$  But unit contribution = selling price - variable cost per unit = shs 15,000 - 5,000 = shs 10,000

$$= \frac{10,000}{15,000} \times 100 = \underline{\underline{66.7\%}} \text{ or } 67\%$$

- iv. Unit required to make a profit of Shs 10,000,000.

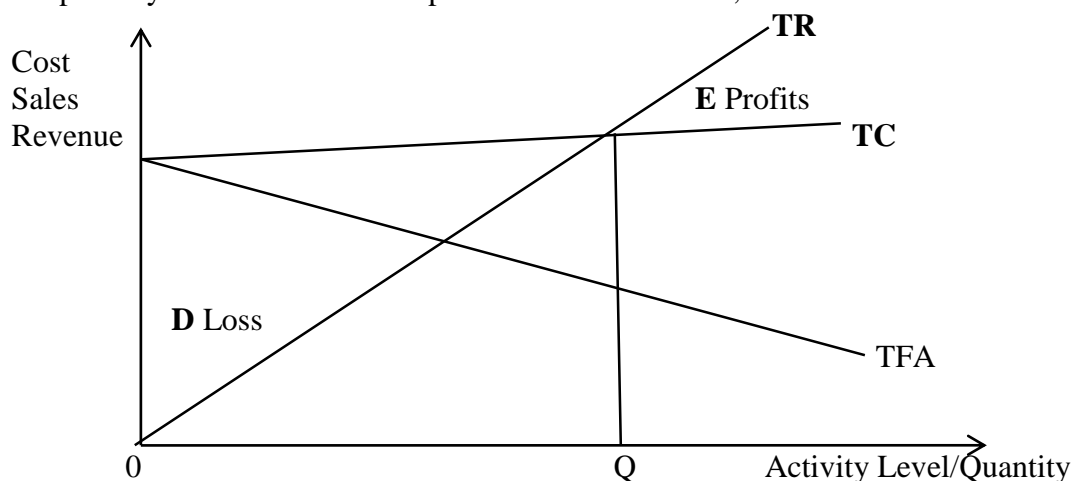
Let units or quantity required to make a profit of Shs 10,000,000 be letter x

Fixed cost = Shs 50,000,000, selling price = Shs 15,000, variable cost = Shs 5,000

$$X = \frac{(\text{PROFIT} + \text{FIXED COST})}{(\text{SELLING PRICE} - \text{VARIABLE COST})} = \frac{(10,000,000 + 50,000,000)}{(15,000 - 5,000)} = \underline{\underline{6,000 \text{ Units}}}$$

- v. Margin safety =  $\frac{\text{PROFIT}}{\text{CONTRIBUTION TO SALES RATIO}} = \frac{10,000,000}{67/100} = \frac{67}{100} \times 10,000,000$   
= **Shs 6,700,000**

- vi. Graphically show the relationship between total revenue, total cost and fixed assets.



**Explanation:** The more units you sell from the break even quantity OQ, the more profits the firm makes at point 'E', the firm makes losses at point D.

Qn.7 The following trial balance was extracted from the books of Mekanika Enterprises Ltd as at 31<sup>st</sup>.Dec.2014.

### MAKANIKA ENTERPRISES LTD

#### TRIAL BALANCE

AS AT 31.DEC.2014

Details	Debit (Shs)	Credit (Shs)
Capital		3,950,800
Purchases/ sales	4,300,000	7,500,000
Land and buildings	1,500,000	
Plant and machinery	900,000	
Motor vehicle	600,000	
Wages and salaries	890,000	
Rent and rates	430,000	
Motor vehicle expenses	125,000	
Repairs to buildings	750,000	
General expenses	355,000	
Sales discount	125,000	
Purchases discount		107,200
Debtors/ Creditors	1,300,000	850,000
Drawings	300,000	
Provision for depreciation on;		
Plant & machinery		450,000
Motor vehicle		292,000
Opening stock	750,000	
Balance at bank	825,000	
<b>TOTAL</b>	<b>13,150,000</b>	<b>13,150,000</b>

Additional information;

- i. Stock on 31.12.2014 was valued at Shs 850,000
- ii. Provide for depreciation on plant and machinery at a rate of 10% on cost and motor vehicle 20% on reducing balance method.
- iii. The expenditure on repairs to buildings is to be capitalized Shs 500,000

Required:

Prepare;

(a)

- i. An income statement for the year ended 31<sup>st</sup> December 2014.
  - ii. A balance sheet as at 31.12.2014.
- (b) Compute and interpret the following;
- i. Rate of return on capital employed
  - ii. Gross profit ratio
  - iii. Average collection period for debts in months

**Solutions:**

**VERTICAL FORMAT**

**(i) MAKANIKA ENTERPRISES LTD  
INCOME STATEMENT  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014**

DETAILS	AMOUNT (SHS)	AMOUNT (SHS)	AMOUNT (SHS)
Sales			7,500,000
<b><u>less cost of sales:</u></b>			
Opening stock		750,000	
Purchases		4,300,000	
Goods available for sale		5,050,000	
less closing stock		<u>850,000</u>	
Cost of sales/ cost of goods sold			<u>4,200,000</u>
Gross profit			3,300,000
Add discount received			107,200
Gross income			3,407,200
<b><u>Less operating expenses:</u></b>			
Wages and salaries		890,000	
Rent and rates		430,000	
Motor vehicle expenses		125,000	
Repairs to buildings	750,000		
less capitalized	<u>500,000</u>	250,000	
general expenses		355,000	
discount allowed		125,000	
<b><u>Depreciation:</u></b> Plant & machinery		90,000	
Motor vehicles		<u>61,600</u>	
<b>Total operating expenses</b>			<u>2,326,600</u>
<b>NET PROFIT</b>			<b>1,080,600</b>

**(ii) MAKANIKA ENTERPRISES LTD  
BALANCE SHEET  
AS AT 31<sup>ST</sup> DECEMBER 2014**

DETAILS	AMOUNT (SHS)	AMOUNT (SHS)	AMOUNT (SHS)
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<b><u>FIXED ASSETS</u></b>			
Land and buildings	1,500,000		
Add capitalized repair	<u>500,000</u>	2,000,000	
Plant and machinery	900,000		
Less depreciation	<u>540,000</u>	360,000	
Motor vehicles	600,000		
Less depreciation	<u>353,600</u>	<u>246,400</u>	
<b>Total fixed assets</b>			2,606,400
<b><u>CURRENT ASSETS</u></b>			
Stock	850,000		
Debtors	1,300,000		
Cash at bank	<u>825,000</u>		
<b>Total current assets</b>		2,975,000	
<b><u>LESS CURRENT LIABILITIES</u></b>			
Creditors		850,000	
Working capital/ Net current assets			<u>2,125,000</u>
Capital employed			<u>4,731,400</u>
<b>FINANCED BY:</b>			
Capital	3,950,800		
Add Net profit	<u>1,080,600</u>	5,031,400	
Less drawings		300,000	
<b>OWNER'S EQUITY</b>			<b>473,400</b>

b) (i) Rate of return on capital employed =  $\frac{NET\ PROFIT}{CAPITAL\ EMPLOYED} \times 100$

$$= \frac{1,080,600}{4,731,400} \times 100 = 22.83890603\% = \underline{\underline{22.8\%}}$$

**Interpretation:** Mekanika Enterprises Ltd made a Net profit of Shs 22.8 on every Shs 100 of capital employed/ invested in the business.

(ii) Gross profit Ratio =  $\frac{GROSS\ PROFIT}{NET\ SALES} \times 100 = \frac{3,300,000}{7,500,000} \times 100 = \underline{\underline{44\%}}$

**Interpretation:** The business earned a gross profit of Shs 44 on every Shs 100 of sales made.

(vi) Average collection period for debts in months =  $\frac{DEBTORS}{SALES} \times No\ of\ months\ in\ a\ year$

$$= \frac{1,300,000}{750,000} \times 12 = 2.0799996\ months = \underline{\underline{2.08\ months}}$$

**Interpretation:** The business on average took 2 months to collect the amount due from debtors.

Qn. 8 The following information was obtained from Manakhe Enterprises for the period ending 31/12/2014

Details	Debit (Shs '000')	Credit (Shs '000')
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Capital		2,100,000
Interest received		200,000
Drawings	500,000	
Buildings	1,160,000	
Commission received		400,000
Accounts payable		1,000,000
Returns	80,000	90,000
Rent	46,000	
Discounts	50,000	70,000
Stationery	250,000	
General expenses	75,000	
Insurance	56,000	
Stock 1/1/2014	1,420,000	
Machinery	2,000,000	
Accounts receivable	1,800,000	
Bad debts written off	14,000	
Provision for bad debts		65,000
Provision for depreciation on machinery		506,000
Land	670,000	
Sales		6,650,000
Purchases	3,420,000	
Cash at hand	50,000	
Bank balance		310,000
Loan from DFCU		400,000
<b>Total</b>	<b>11,591,000</b>	<b>11,591,000</b>

Additional information:

- (i) Stock at 31/12/2014 was valued at Shs 1,300,000,000
- (ii) Rent accrued Shs 15,000,000
- (iii) Insurance paid in advance Shs 12,000,000
- (iv) Commission of Shs 100,000,000 was due.
- (v) Un used stationery amounted to Shs 300,000,000
- (vi) Interest of Shs 50,000,000 was received but relate to Jan 2015.
- (vii) Adjust bad debts provision by 5% p.a on sundry debtors
- (viii) Depreciate all fixed assets by 10% on cost except land.

**Required:**

- (i) Prepare an income statement for Manakhe Enterprises for the period ending 31/12/2014
- (vii) Prepare Manakhe enterprises balance sheet as at 31/12/2014.

**MANAKHE ENTERPRISES  
INCOME STATEMENT  
FOR THE PERIOD ENDED 31/12/2014**

Details	Amount (Shs '000')	Amount (Shs '000')	Amount (Shs '000')
Sales		6,650,000	
Less sales returns		<u>80,000</u>	
Net sales			6,570,000
<b><u>Less cost of goods sold:</u></b>			
Opening stock		1,420,000	
Add purchases	3,420,000		
Less purchases returns	<u>90,000</u>		
Net purchases		3,330,000	

Cost of goods available for sale		4,750,000	
Less closing stock		<u>1,300,000</u>	
Cost of sales			<u>3,450,000</u>
Gross profit			31,120,000
<b><u>Add incomes and gains:</u></b>			
Discount received			70,000
Interest received		200,000	
Less interest received in advance		<u>50,000</u>	150,000
Commissioned received		400,000	
Add commission due		<u>100,000</u>	<u>500,000</u>
Total incomes			3,840,000
<b><u>Less operating expenses and losses:</u></b>			
Rent	46,000		
Add accrued rent	<u>15,000</u>	61,000	
Discount allowed		50,000	
Stationery	250,000		
Less un used stationery	<u>30,000</u>	220,000	
General expenses		750,000	
Insurance	56,000		
Less insurance in advance	<u>12000</u>	440,000	
Bad debts written off		14,000	
Increase in provision for bad debts		25,000	
<b><u>Depreciation:</u></b>			
Machinery		200,000	
Buildings		<u>116,000</u>	
Total expenses			<u>805,000</u>
<b>Net profit</b>			<b>3,035,000</b>

**MANAKHE ENTERPRISES**  
**BALANCE SHEET**  
**AS AT 31/12/2014**

Details	Amount (Shs '000') Cost	Amount (Shs '000') Depreciation	Amount (Shs '000') N.B.V
<b><u>Fixed assets:</u></b>			
Land	670,000	-	670,000
Buildings	1,160,000	116,000	1,044,000
Machinery	2,000,000	506,000	1,494,000
	<u>3,830,000</u>	<u>622,000</u>	<u>3,208,000</u>
<b><u>Current assets:</u></b>			
Stock	1,300,000		
Accounts receivable(1800,000-90,000)	1,710,000		
Cash at hand	50,000		
Un used stationery	30,000		
Insurance in advance	12,000		
Commission due	<u>100,000</u>		
<b>Total current assets</b>		<b>3,202,000</b>	
<b><u>Less current liabilities:</u></b>			
Accounts payable	1,000,000		
Accrued rent	15,000		
Bank balance	310,000		

Interest in advance	50,000		
<b>Total current liabilities</b>		<b><u>1,375,000</u></b>	
Working capital			<u>1,827,000</u>
Capital employed			5,035,000
<b>Financed by:</b>			
Capital		2,100,000	
Add net profit		<u>3,035,000</u>	
		5,135,000	
Less drawings		<u>500,000</u>	
Capital owned			4,635,000
<b>Add long term liabilities:</b>			400,000
Loan from DFCU			
<b>Capital employed</b>			<b>5,035,000</b>

### VIII. CASH FLOW STATEMENT

**Qn1. what is the cash flow statement?** A cash flow statement is a monitoring tool which shows where the business will derive its cash and how it will be used over a given period of time. It basically shows where cash inflows and outflows are allocated over a given period of time.

**Qn.2 Discuss the components of a cash flow statement.** The components of a cash flow statement include the following:

- a) **Cash inflows:** This refers to the money coming into the business. The sources of cash inflow include:
  - (i) **Cash grants.** This refers to the money the business receives through donations from well-wishers.
  - (ii) **Share capital.** This is the cash the business receives from its owners by contributing towards its starting capital.
  - (iii) **Cash at the beginning of the planning period (balance brought down).** This may either be in form of cash at bank or hand.
  - (iv) **Cash from sale.** This is the total cash received by the business from the sale of goods/ offering services.
  - (v) **Cash received from debtors (debtors' collections).** This is the money received from business customers who took goods on credit basis.
  - (vi) **Bank loan.** This is the money obtained by the business from a bank and paid back after a given period of time.
  - (vii) **Dividends received.** This refers to the profits gained by shareholders and put into the business
  - (viii) **Sale of fixed assets** or sale of old business assets.
  - (ix) **Rent income,** borrowing from friends, credit sales etc.
  - (x) **Commission received.**
- b) **Cash outflows.** This refers to the money moving out of the business. Cash outflows may be inform of purchase of machinery and equipment, water and power bills, interest on loan, administrative expenses and payment of workers' salaries. The cash outflows comprises of:
  - (i) **Cash payments on labour related expenses** like paying workers transport, salaries and wages, and insurance.
  - (i) **Cash payments on overhead/ fixed expenses** like paying water and power bills.
  - (ii) **Direct costs** like purchase of raw materials
  - (iii) **Cash payments** for fixed assets like land, buildings, furniture, machinery and equipment.
  - (iv) **Loan repayments/ interest on loans,** Commission payable, paying creditors etc.

**Qn.3 What are the differences between an income statement and a cash flow statement?**



- (i) A cash flow statement does not take into consideration expenses and losses which do not involve out right move of cash from the business for example bad debts, depreciation, discount allowed while an income statement records them.
- (ii) An income statement does not record purchase and sale of fixed assets while a cash flow statement records them
- (iii) A cash flow statement indicates a projection of how much cash will be available for the business from time to time. While an income statement how much profits and losses have been made in a given trading period.
- (iv) A cash flow statement involves of cash payment and receipt. While an income statement includes operating expenses, cost of sales and gross income.
- (v) The cash flow statement considers only money entering the business and money leaving the business while the income statement aims at determining whether the business is making profits or losses.

**Qn. 4 what is the importance of preparing a cash flow statement/ what is the use of a cash flow statement in a business?**

- (i) It shows the ability of a business to pay the loans acquired and how this financial obligation is fulfilled.
- (ii) It helps the business/ entrepreneur to identify the various needs of the business and provide funding.
- (iii) It helps the entrepreneur to determine whether the business will have enough funds for its operations or it requires more funds.
- (iv) It is used as a monitoring tool of a business in determining its performance i.e determining whether a business is making profits in case of net surplus where cash inflows exceed cash outflows or losses in case of net loss where cash out flows exceed cash inflows.
- (v) It enables management to compare the actual profits made with projections and where there are big differences and investigate in case of low profits before becoming late.
- (vi) It shows the entrepreneur where he derive the cash from (cash inflows) and it will be spent or where it will go (cash outflows)
- (vii) It enables the entrepreneur to determine whether the business will have shortage/ cash deficits or not and then plan accordingly.

**c) Suggest the possible ways/measures that can under taken by the entrepreneur to avoid/ reduce/ minimize cash deficits in the cash flow statement.**

The following are measures that can be undertaken by the entrepreneur to reduce cash deficits in the cash flow statement:

- (i) By borrowing money from interest rate sources e.g from commercial banks with fair lending terms and conditions.
- (ii) By selling off old business fixed assets that are not being used.
- (iii) By buying raw materials from cheaper sources or from suppliers with fair terms of selling goods
- (iv) Reducing on wage bill through laying off workers who are ineffective and employing part time workers who are effective.
- (v) By delaying some expenditures/payments or use postdated cheques when clearing creditors
- (vi) By reducing on credit sales which tie much of the working capital in the hands of debtors.
- (vii) By selling shares to raise more capital for business operations.

**Qn. 5 The following projections related to Mahone enterprises Ltd for the months of July, August, September and October, 2013.**

- (i) On July 2013, the business had a cash balance of Shs 9,000,000
- (ii) The business expected to sell goods every month worth 40,000,000 Shs and receive only 60% in the month of sale and balance in the next month.
- (iii) Monthly salary was projected at Shs 200,000 each employee for 50 employees.

- (iv) The business was to get a loan of Shs 2,000,000 in the month of July.
- (v) Interest on loan was 5% monthly and payable after one month of grace period
- (vi) The business expected a donation of Shs 2,000,000 in July, but this was to increase by 10% monthly.
- (vii) Cash sales were estimated at Shs 600,000 monthly.
- (viii) Monthly cash purchases were estimated at Shs 7000,000
- (ix) The business planned to buy a vehicle in July at Shs 36,000,000
- (x) The business was to install plant machinery worth Shs 20,000,000. In the first month it was to pay cash deposit of shs.8, 000,000 and the balance to be cleared in installments in the ratios of 3:2:1 in the following months.
- (xi) The business was to finance any cash shortfall with a debenture at the beginning of the following months.

**REQUIRED:**

- (a) Prepare MAHONE ENTERPRISES LTD'S monthly cash flow statement
- (b) Suggest to MAHONE various ways of avoiding shortfalls.

**Solutions:**

(a) **MAHONE ENTERPRISES LTD'S  
CASH FLOW STATEMENT  
FOR JULY, AUGUST, SEPTEMBER& OCTOBER, 2013**

<b>PARTICULARS</b>	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>	<b>OCTOBER</b>
	<b>(SHS)</b>	<b>(SHS)</b>	<b>(SHS)</b>	<b>(SHS)</b>
Balance b/f	9,000,000	(23,400,000)	19,800,000	41,720,000
<b>Add cash inflows:</b>				
Debenture			23,400,000	
Credit sales	24,000,000	40,000,000	40,000,000	40,000,000
Loan	2,000,000			
Donation	2,000,000	2,200,000	2,420,000	2,662,000
Cash sales	600,000	600,000	600,000	600,000
Total cash inflows	37,600,000	42,800,000	62,820,000	84,982,000
<b>Less cash out flows:</b>				
Monthly salary	10,000,000	10,000,000	10,000,000	10,000,000
Cash purchases	7,000,000	7,000,000	7,000,000	7,000,000
Purchase of the vehicle	36,000,000			
Installation of plant machinery	8,000,000	6,000,000	4,000,000	2,000,000
Interest on loan			100,000	100,000
Total cash outflows	61,000,000	23,000,000	21,100,000	19,100,000
<b>Net cash position/Balance</b>	<b>(23,400,000)</b>	<b>19,800,000</b>	<b>41,720,000</b>	<b>65,882,000</b>

- (b) Ways of reducing / avoiding cash short falls.

- Increasing cash sales through sales promotion
- Borrowing money from various sources.

- Delaying payments of some planned expenditures
- Selling off old and unwanted fixed Assets
- Making payments using postdated cheques
- Ensuring proper budgetary control
- Selling shares to the public
- Reducing on credit periods for debts
- Reducing credit sales
- Reducing expenditures that do not have a negative impact on the operations of the business.

**Question. 6 The following information was obtained from the books of Ram Kapuru investments ltd for the months of January, February, March and April 2014.**

- On 1<sup>st</sup> January 2014, the business started with Shs 4,000,000.
- It expected cash sales of Shs 6,000,000 per month; however it is expected to reduce by 10% in March.
- The expected credit sales were Shs 1,600,000 per month but payment would be made the following month.
- The business expected a donation of Shs 800,000 in cash per month, but this was to reduce by 12% after the first month.
- The monthly rent income was Shs 200,000; however, it is expected to increase by 25% after the first two months.
- Immediately after the first month of operation, the expected income from other sources was projected at Shs 2,000,000 per month.
- The business planned to purchase a delivery van at Shs 14,000,000 on hire purchase. The down payment is Shs 6,000,000 and the balance was to be paid in installments of 4:3:1 respectively in the following months.
- The business expected to acquire a loan from Cairo bank ltd in February of Shs 4,000,000, the loan was payable in four equal monthly installments at an interest rate of 5% on reducing balance, with effect from March 2014.
- The expected monthly cash purchases were Shs 3,000,000 and expected to reduce by 20% after two months.
- The business expected to issue a debenture of Shs 5,000,000 in March 2014.
- Monthly payment for hired labour was Shs 1,500,000.
- The electricity bill expected to be cleared at the end of every month was Shs 1,200,000

**Required;**

- Prepare a cash budget /cash flow statement for the months of January, February, March and April 2014.
- Comment on the net cash position of Ram Kapuru investments ltd for four months.

**Solutions:**

**RAM KAPURU INVESTMENTS LTD'S  
CASH FLOW STATEMENT  
FOR JANUARY, FEBRUARY, MARCH & APRIL 2014**

DETAILS	JANUARY	FEBRAUARY	MARCH	APRIL
	(SHS)	(SHS)	(SHS)	(SHS)
Cash Balance b/f	4,000,000	(700,000)	4,104,000	9,758,000
<b><u>ADD: CASH INFLOWS</u></b>				
Cash sales	6,000,000	6,000,000	5,400,000	6,000,000

Receipts from debtor	----	1,600,000	1,600,000	1,600,000
Donation	800,000	704,000	704,000	704,000
Rent income	200,000	200,000	250,000	250,000
Income from other sources	----	2,000,000	2,000,000	2,000,000
Cairo Bank loan	----	4,000,000	----	----
Debenture	-----	-----	<u>5,000,000</u>	-----
<b>Total cash inflows</b>	<b>11,000,000</b>	<b>13,804,000</b>	<b>19,058,000</b>	<b>20,312,000</b>
<b><u>LESS: CASH OUTFLOWS</u></b>				
Purchase of a delivery van	6,000,000	4,000,000	3,000,000	1,000,000
Loan payment	----	----	1,000,000	1,000,000
Interest on loan	----	----	200,000	150,000
Cash purchases	3,000,000	3,000,000	2,400,000	2,400,000
Payment for hired labour	1,500,000	1,500,000	1,500,000	1,500,000
Electricity bill	1,200,000	1,200,000	1,200,000	1,200,000
Total cash outflows	<u>11,700,000</u>	<u>9,700,000</u>	<u>9,300,000</u>	<u>7,250,000</u>
<b>NET SURPLUS</b>				<b>13,062,000</b>
<b>NET CASH POSITION/ CASH BALANCE B/D</b>	<b>(700,000)</b>	<b>4,104,000</b>	<b>9,758,000</b>	<b>13,062,000</b>

- b) The Net cash position of Ram Kapuru investments Ltd for
- January was a deficit of Shs 700,000
  - February was a surplus of Shs 4,104,000
  - March was a surplus of Shs 9,758,000
  - April was a surplus of Shs 9,758,000

**Qn.7 The following information relates to Maneke investments limited for months of May, June, July and August 2015**

- (i) Opening balance as at 1<sup>st</sup> May 2015 was Shs 320,000
- (ii) Output of Shs 800, 900, 700 and 100 units were sold at Shs 500 each during the months of May, June, July and August respectively.
- (iii) Loans of Shs 500,000 and 300,000 were obtained from Inland bank in June and August.
- (iv) Receipts from debtors of Shs 100,000, Shs 80,000 and Shs 30,000 were registered for the month of June, July and August.
- (v) Purchases of 700, 800, 900, 1,000 units of raw materials were made in the months of May, June, July and respectively at the cost of Shs 200 per unit.
- (vi) Labour costs for the months of May, June, July, and August were Shs 150,000, Shs 120,000, Shs 100,000 and Shs 140,000 respectively.
- (vii) A machine was bought and paid for in the month of July for Shs 1,000,000
- (viii) Monthly fixed costs of Shs 20,000 per month were paid.
- (ix) Monthly rent receivable from a shoe-shinner was Shs 500,000.

**Required:**

Prepare a cash flow statement / cash budget for the months of May to August 2015

**MANEKE INVESTMENTS LTD'S  
CASH FLOW STATEMENT  
FOR MAY, JUNE, JULY & AUGUST 2015**

DETAILS	MAY	JUNE	JULY	AUGUST
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	(SHS)	(SHS)	(SHS)	(SHS)
Cash Balance b/f	320,000	460,000	1,260,000	440,000
<b><u>ADD: CASH INFLOWS</u></b>				
Sale of output	400,000	450,000	350,000	50,000
Loans	-----	500,000	-----	300,000
Receipts from debtors	-----	100,000	80,000	30,000
Rent income	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
<b>Total cash inflows</b>	<b>770,000</b>	<b>1,560,000</b>	<b>1,740,000</b>	<b>870,000</b>
<b><u>LESS: CASH OUTFLOWS</u></b>				
Purchase of raw materials	140,000	160,000	180,000	200,000
Labour costs	150,000	120,000	100,000	140,000
Machine	-----	-----	1,000,000	-----
Fixed costs	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
<b>Total cash outflows</b>	<b><u>310,000</u></b>	<b><u>300,000</u></b>	<b><u>1,300,000</u></b>	<b><u>360,000</u></b>
<b>Net cash position</b>	<b>460,000</b>	<b>1,260,000</b>	<b>440,000</b>	<b>510,000</b>

Qn. 8 The following information was extracted from the books of MUKENE ENTERPRISES LTD for three months of August, September and October 2014.

- i) Monthly sales of Shs 5,000,000
- ii) Debtors collections for September Shs 1,700,000 and October Shs 1,700,000
- iii) Monthly credit sales Shs 2,500,000
- iv) Acquired a loan in August from DFCU bank Shs 3,000,000
- v) 10% interest on a loan per month at a fixed rate on reducing balance
- vi) Monthly purchases Shs 4,000,000
- vii) The first principal installment on a loan of Shs 2,500,000 paid on 20<sup>th</sup> August and balance was paid in October
- viii) Monthly grants Shs 1,000,000
- ix) Monthly wages Shs 1,800,000
- x) Water bills were paid in September for Shs 5, 00,000
- xi) Monthly rent incomes Shs 1,200,000
- xii) Monthly VAT on monthly cash sales 20%

**Required:**

Prepare a cash flow statement for Mukene Enterprises ltd for the months of August, September and October 2014.

**MUKENE ENTERPRISES  
CASH FLOW STATEMENT  
FOR THE MONTHS OF AUGUST, SEPTEMBER AND OCTOBER 2015**

DETAILS	AUGUST	SEMPTEMBER	OCTOBER
	(SHS)	(SHS)	(SHS)
Cash Balance b/f	-----	3100,000	6,930,000
<b><u>CASH INFLOWS</u></b>			

Sales	5,000,000	5,000,000	5,000,000
Debtors collections	-----	1,700,000	1,700,000
Credit sales	2,500,000	2,500,000	2,500,000
Loan from DFCU bank	3,000,000	-----	-----
Grants	1,000,000	1,000,000	1,000,000
Rent income	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
<b>Total cash inflows</b>	<b>12,700,000</b>	<b>14,500,000</b>	<b>18,,330,000</b>
<b>CASH OUTFLOWS</b>			
Interest on loan	300,000	270,000	243,000
Purchases	4,000,000	4,000,000	4,000,000
Principal installment on loan	2,500,000	-----	5,00,000
Wages	1,800,000	1,800,000	1,800,000
Water bills	-----	500,000	-----
VAT on sales	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
<b>Total cash outflows</b>	<b>9,600,000</b>	<b>7,570,000</b>	<b>7543,000</b>
Net cash position	3100,000	6,930,000	10,787,000

NB: interest on loan at reducing balance for Aug.  $\frac{10}{100} \times 3,000,000 = \text{Shs } 300,000$

For September =  $\frac{10}{100} \times 300,000 = 30,000 = 300,000 - 30,000 = \text{Shs } 270,000$

For October =  $\frac{10}{100} \times 270,000 = 27,000 = 270,000 - 27,000 = \text{Shs } 243,000$

**Qn.9 Sitya Loss Traders held the following expected sales relating to the months of January to April 2013.**

Months	Jan	Feb	March	April
Sales	60,000,000	70,000,000	50,000,000	90,000,000

Note the following:

- The company receives cash worth 60% of the sales in the month of sale and the balance in the next month.
- The company is to receive extra share capital in the months of January and April of Shs 20,000,000 and Shs 30,000,000 respectively.
- The company expects to get a loan of Shs 18,000,000 in January
- The company expects rent refund in March of Shs 2,200,000
- In the month of April it expects a grant of Shs 4,000,000
- The company expects to buy raw materials worth 30% of sales in every month
- The company is to pay salaries to workers of Shs 12,400,000 per month
- Electricity charges are projected at Shs 1,320,000 per month.
- Tax returns to URA are expected to be Shs 3,600,000 per month
- Payment of water bills per month Shs 1,200,000
- Loan repayment per month expected to be Shs 3,000,000
- Cash balance as per 31<sup>st</sup>.December. 2012 was Shs 20,540,000
- The company hopes to purchase machinery worth Shs 80,000,000 and pay a down payment of Shs 40,000,000 in the first month and balance in installments of 50%,  $\frac{1}{4}$  and  $\frac{9}{36}$  in the next three months respectively.
- Monthly interest on loan is charged at 20% p.a payable after one month grace period on a fixed installment method.

**Required:**

Use the above information to prepare a cash flow statement for Sitya Loss Traders.

**SITYA LOSS TRADERS**  
**CASH FLOW STATEMENT**  
**FOR THE MONTHS OF JANUARY, FEBRUARY, MARCH AND APRIL 2013**

DETAILS	JANUARY	FEBRUARY	MARCH	APRIL
	(SHS)	(SHS)	(SHS)	(SHS)
Cash Balance b/f	20,540,000	15,020,000	18,500,000	28,580,000
<b><u>CASH INFLOWS</u></b>				
Receipts from Sales	36,000,000	66,000,000	58,000,000	74,000,000
Share capital	20,000,000	-----	-----	30,000,000
Loan	18,000,000	-----	-----	-----
Rent refund	-----	-----	2,200,000	-----
Grant	-----	-----	-----	4,000,000
<b>Total cash inflows</b>	<b>94,540,000</b>	<b>81,020,000</b>	<b>78,700,000</b>	<b>109,580,000</b>
<b><u>CASH OUTFLOWS</u></b>				
Purchase of raw materials	18,000,000	21,000,000	15,000,000	27,000,000
Salaries to workers	12,400,000	12,400,000	12,400,000	12,400,000
Electricity	1,320,000	1,320,000	1,320,000	1,320,000
Tax returns to URA	3,600,000	3,600,000	3,600,000	3,600,000
Water bills	1,200,000	1,200,000	1,200,000	1,200,000
Loan repayment	3,000,000	3,000,000	3,000,000	3,000,000
Purchase of machinery	40,000,000	20,000,000	10,000,000	10,000,000
Interest on loan	-----	-----	3,600,000	3,600,000
<b>Total cash outflows</b>	<b>79,520,000</b>	<b>6,2520,000</b>	<b>50,120,000</b>	<b>62,120,000</b>
Net cash position	15,020,000	18,500,000	28,580,000	47,460,000

NB: For receipts from sales of January =  $\frac{60}{100} \times 60,000,000 = \text{Shs } 36,000,000$

For February =  $\frac{60}{100} \times 70,000,000 = \text{Shs } 42,000,000$

= Shs 60,000,000 - 36,000,000 = 24,000,000

= Shs 42,000,000 + 24,000,000 = **Shs 66,000,000**

NB: calculate for March and April.

**Qn. 10 Sarah short Enterprises availed you with the following projections for the months of May, June, July and August 2013.**

- (i) On May 1<sup>st</sup> 2013 cash balance Shs 26,000,000
- (ii) The sales manager expects to sell goods on credit worth Shs 40,000,000 monthly payment from credit customers is expected as follow 60% of credit sales in the month of sale and the balance in the month following sale.
- (iii) The Finance manager expects to obtain two loans of Shs 20,000,000 in each of the months of June and August 2013.
- (iv) Monthly cash sales are expected to be Shs 60,000,000. A commission of 10% is paid to sales men each time cash is received.
- (v) Monthly cash purchases worth Shs 40,500,000 are expected to be made.
- (vi) A delivery van is to be bought in the month of June 2013 at the cost of Shs 35,000,000
- (vii) Monthly wage bill is estimated to be Shs 12,500,000. . An increase of 10% is expected in the month of August 2013.
- (viii) A loan interest 5% per month and is payable in the month following acquisition of a loan.

- (ix) Expansion of the business building expected to cost Shs 6,200,000 in the month of May 2013 and Shs 30,000,000 in the month of June 2013.
- (x) General expenses are expected to amount Shs 7,100,000 per month in which they are incurred.
- (xi) Income tax for the first quarter of the year Shs 12,000,000 to be paid in July 2013.

Required:

Prepare a cash flow statement for Sarah Short Enterprises for the months of May, June, July and August 2013.

### SARAH SHORT ENTERPRISES

### CASH FLOW STATEMENT

### FOR THE MONTHS OF MAY, JUNE, JULY AND AUGUST 2013

DETAILS	MAY	JUNE	JULY	AUGUST
	(SHS)	(SHS)	(SHS)	(SHS)
Cash Balance b/f	26,000,000	37,700,000	26,600,000	47,500,000
<b><u>CASH INFLOWS</u></b>				
Receipts from credit customers	24,000,000	40,000,000	40,000,000	40,000,000
	-----	20,000,000	-----	20,000,000
Loan	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>
Cash sales	<b>110,000,000</b>	<b>157,000,000</b>	<b>126,600,000</b>	<b>167,500,000</b>
<b>Total cash inflows</b>				
<b><u>CASH OUTFLOWS</u></b>				
Sales men commission	6,000,000	6,000,000	6,000,000	6,000,000
Cash purchases	40,500,000	40,500,000	40,500,000	40,500,000
	-----	35,000,000	-----	-----
Purchase of delivery van	12,500,000	12,500,000	12,500,000	12,500,000
Wage bill	-----	-----	1,000,000	1,000,000
Loan interest	6,200,000	30,000,000	-----	-----
Expansion of buildings	7,100,000	7,100,000	7,100,000	7,100,000
General expenses	-----	-----	12,000,000	-----
Income tax payment	<b>72,300,000</b>	<b>131,100,000</b>	<b>79,100,000</b>	<b>68,350,000</b>
<b>Total cash outflows</b>	<b>37,700,000</b>	<b>26,600,000</b>	<b>47,500,000</b>	<b>99,150,000</b>
<b>Net cash position</b>				

**Qn.11 Nakawa trading Co. which plans to start a business has availed the following projected details for the first six months of the year, 2016. (UNEB 2015)**

- (i) Cash at bank Shs 4,000,000 as at 1<sup>st</sup>. Jan.2016
- (ii) Cash sales for January 2016, Shs 5,500,000. The sales were expected to increase by Shs 500,000 every month. All sales will be by cash.
- (iii) Capitalization loan to be acquired from Stanbic Bank in February 2016, Shs 5,000,000
- (iv) Purchase of startup assets during the month of February 2016, Shs 5,000,000
- (v) Monthly payments starting with January 2016

	Shs
Salary and wages	1,500,000
Rent	500,000
Advertising	150,000

- (vi) Pre-operating expenses to be paid January 2016 Shs 4,200,000
- (vii) Monthly loan repayments Shs 600,000 will begin June 2016.



- (viii) Purchases occur in the month of sale and are expected to be 75% of each month's projected sales. Purchases will be paid for after one month of purchase.

**Required:**

- (a) Prepare a Cash flow statement for Nakawa Trading CO. for the period January to June, 2016.  
 (b) Explain the importance of the Cash Flow Statement to Nakawa Trading Co.

**Solution:**

(a)

**NAKAWA TRADING COMPANY'S  
 CASH FLOW STATEMENT  
 FOR THE MONTHS OF JANUARY, FEBRUARY, MARCH, APRIL, MAY, JUNE 2016.**

DETAILS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
	(SHS)	(SHS)	(SHS)	(SHS)	(SHS)	(SHS)
Cash Balance b/f	-----	3,150,000	7,000,000	7,225,000	7,575,000	8,050,000
<b><u>CASH INFLOWS</u></b>						
Share capital (cash at bank)	4,000,000	-----	-----	-----	-----	-----
Cash sales	5,500,000	6,000,000	6,500,000	7,000,000	7,500,000	8,000,000
Capitalization loan	-----	5,000,000	-----	-----	-----	-----
<b>Total cash inflows</b>	<b>9,500,000</b>	<b>14,150,000</b>	<b>13,500,000</b>	<b>14,225,000</b>	<b>15,075,000</b>	<b>16,050,000</b>
<b><u>CASH OUTFLOWS</u></b>						
Purchase of startup assets	-----	5,000,000	-----	-----	-----	-----
Salary and wages	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Rent	500,000	500,000	500,000	500,000	500,000	500,000
Advertising	150,000	150,000	150,000	150,000	150,000	150,000
Pre-operating expenses	4,200,000	-----	-----	-----	-----	-----
Loan repayments	-----	-----	-----	-----	-----	600,000
Purchases	-----	-----	4,125,000	4,500,000	4,875,000	5,250,000
<b>Total cash outflows</b>	<b>6,350,000</b>	<b>7,150,000</b>	<b>6,275,000</b>	<b>6,650,000</b>	<b>7,025,000</b>	<b>8,000,000</b>
<b>Net cash position</b>	<b>3,150,000</b>	<b>7,000,000</b>	<b>7,225,000</b>	<b>7,575,000</b>	<b>8,050,000</b>	<b>8,050,000</b>

- (b) The importance of the Cash flow Statement to Nakawa Trading Company include:

- (i) It shows the ability of a business to pay the loans acquired and how this financial obligation is fulfilled.
- (ii) It helps the company to identify the various needs and provide sources of funding.
- (iii) It helps the management to determine whether the business will have enough funds for its operations or it requires more funds.
- (iv) It is used as a monitoring tool of a business in determining its performance i.e determining whether a business is making profits in case of net surplus where cash inflows exceed cash outflows or losses in case of net loss where cash out flows exceed cash inflows.
- (v) It enables management to compare the actual profits made with projections and where there are big differences and investigate in case of low profits before becoming late.
- (vi) It shows the management where to derive the cash from (cash inflows) and how it will be spent or where it will go (cash outflows)
- (vii) It enables the company to fore see the cash deficits or cash surplus and where need to make arrangements to overcome the challenge before it is too late.

**12. The following details were obtained from the books of Masikini enterprises ltd for the months of July, August and September 2013.**

- I. On 1<sup>st</sup> July 2013, cash balance was shs 40,000,000.

- II. It expected cash sales of shs 60,000,000 per month. A decrease of 10% is expected after the 1<sup>st</sup> two months.
- III. The expected credit sales were shs 16,000,000 per month, but payment would be made in the following months.
- IV. The business expected a donation in cash of shs 8,000,000 per month but this expected to reduce by 12% every month after the first month.
- V. The monthly rent income is to be shs 2,000,000, however immediately after the first two months, the expected income from other sources was projected at shs 20,000,000 per month
- VI. The business planned to purchase a motor van in July at shs 50,000,000 on hire purchase and made a down payment of shs 14,000,000 and the balance to be paid in two equal installments in the following months.
- VII. The business expects to acquire a loan of shs 40,000,000 in August from finance trust bank,
- VIII. Monthly interest on loan is 2% payable with effect from August
- IX. Monthly cash purchases worth shs 30,000,000 are expected to be made.
- X. The business hopes to sell old furniture by cash worth shs 3,000,000 in the third month.
- XI. Monthly payments if hired labour shs 1,000,000
- XII. By 30<sup>th</sup>. June, 2013, unpaid electricity bill was shs 1,500,000 which was effected in the following month.

**Required;**

Prepare a cash flow statement for Masikini enterprises for the period of July to September 2013.

**MASIKINI ENTERPRISES LTD**  
**CASH FLOW STATEMENT**  
**FOR THE MONTHS OF JULY, AUGUST AND SEPTEMBER 2013.**

DETAILS	JULY	AUGUST	SEPTEMBER
	(SHS)	(SHS)	(SHS)
Cash Balance b/f	40,000,000	83,500,000	178,740,000
<b><u>CASH INFLOWS</u></b>			
Cash Sales	60,000,000	60,000,000	60,000,000
Receipts from debtors	-----	16,000,000	16,000,000
Cash (donation)	8,000,000	7,040,000	6,195,200
Rental income	2,000,000	2,000,000	2,000,000
Income from other sources	20,000,000	20,000,000	20,000,000
Loan	-----	40,000,000	-----
Sale of old furniture	-----	-----	<u>3,000,000</u>
<b>Total cash inflows</b>	<b>130,000,000</b>	<b>228,540,000</b>	<b>279,935,000</b>
<b><u>CASH OUTFLOWS</u></b>			
Purchase of motor van	14,000,000	18,000,000	18,000,000
Interest on loan	-----	800,000	800,000
Cash purchases	30,000,000	30,000,000	30,000,000
Hired/ direct labour	1,000,000	1,000,000	1,000,000
Accrued / unpaid electricity	<u>1,500,000</u>	-----	-----
<b>Total cash outflows</b>	<b>46,500,000</b>	<b>49,800,000</b>	<b>49,800,000</b>
Net cash position	83,500,000	178,740,000	230,135,200

2. (a) Differentiate between an operational budget and a cash flow statement
- (b) The following projections relate to M & N Enterprises during the month of June 2015
  - (i) On June the enterprise is had a cash balance of Shs.40,000,000
  - (ii) The business expected monthly cash sales of Shs.8,000,000

- (iii) Monthly credit sales were projected at Shs.2,500,000 for which payment was to be made the following month
- (iv) Rent received on May 31<sup>st</sup> 2015 was Shs.600,000 but this was to be increased by 10% monthly
- (v) Monthly cash purchases were projected at Shs.7,000,000
- (vi) Monthly salary bills were projected at Shs.3,000,000
- (vii) Machinery worth 6,000,000 was to be bought in June 2015 at cash payment of Shs.3,800,000 made and the balance was to be paid in installments of 60% and 40% in the next months
- (viii) The business was to get a loan of Shs.5,000,000 in the month of July; and this is to attract a monthly 5% interest payable after a grace period of month
- (ix) Credit purchases of Shs.30,000,000 were made in June
- (x) The business has a policy of paying for credit purchases in three equal monthly instalments after one month
- (xi) The business has a policy of paying 2% sales commission monthly on cash sales
- (xii) The enterprise was to sell old furniture worth Shs.800,000 in June receiving only Shs.500,000 and the balance in the month following sale

**Required;**

- (i) Prepare M & N Enterprise' cash flow statement for four months
- (ii) Comment on the Net-cash position of the business and justify your answer

**M & N ENTERPRISE'S  
CASH FLOW STATEMENT  
FOR THE MONTHS OF JUNE, JULY, AUGUST AND SEPTEMBER, 2015**

Details	June	July	August	September
	(Shs)	(Shs)	(Shs)	(Shs)
Cash balance b/f	4,000,000	35200000	30246000	20254600
<b>Add: Cash Inflows</b>				
Cash sales	8000000	8000000	8000000	8000000
Receipts from debtors		2500000	2500000	2500000
Rent income	660000	726000	798600	878460
Sell of furniture	500000	300000		
Loan acquisition		5000000		
<b>Total cash inflow</b>	<b>49160000</b>	<b>51726000</b>	<b>41544600</b>	<b>31633060</b>
<b>Less: Cash Outflows</b>				
Cash purchase	7000000	7000000	7000000	7000000
Salary bills	3000000	3000000	3000000	3000000
Purchase of machinery	3800000	1320000	880000	
Credit purchases		10000000	10000000	10000000
Sales commission	160000	160000	160000	160000
Interest on loan			250000	250000
<b>Total cash outflows</b>	<b>13960000</b>	<b>21480000</b>	<b>21290000</b>	<b>2041000</b>
<b>Net cash position</b>	<b>35200000</b>	<b>30246000</b>	<b>20254600</b>	<b>11223060</b>

**Comment on net cash position**

The business had the net cash position of **Shs 35,200,000** in the month of June and **Shs 30,246,000** in the month of July, net cash position of **Shs 20, 20254,600** in August and **Shs 11,223,060** in the month of September

**Question 10.** The following information relates to projections made by Zanda for the months of January, February, March and April 2017. **(UNEB 2016)**

- i. Projected cash and bank balance as at December 31<sup>st</sup>, 2016 Shs 20,000,000
- ii. Sales will be both cash and credit. January cash sales are expected to be 800 units at a price of Shs 10,000 each. Thereafter, cash sales will increase at a rate of 5% per month. Credit sales for each month are expected to be Shs 5,500,000. Debtors will be expected to pay in the month of sale.
- iii. The Business plans to buy 15 computers at Shs 650,000 each in March. An import duty of 5% on total cost will be paid in addition.
- iv. Monthly expected expenses and payments include;

	<b>Shs</b>
Salaries and wages	30,000,000
Machine servicing	300,000
Depreciation	100,000

Salaries for April will be paid in the month of March

- v. Zanda is paying back a loan of Shs 10,000,000 previously obtained. Monthly installments amount to Shs 2,000,000 starting February. The Loan attracts interest of Shs 100,000 per month also payable starting February.
- vi. The business will buy 900 units of raw materials at Shs6, 000 each in January. The quantity of raw materials is expected to increase by 10% every month. Purchase of raw materials is strictly on cash basis.
- vii. Zanda expects to receive Shs 10,000,000 as a donation in April and plans to sell off an old vehicle at Shs 9,000,000 in March.

**Required:**

- (a) Prepare Zanda's Cash Flow Statement for the period of January to April 2017 (21 marks)
- (b) Comment on the Cash balances for the period (04marks)

**ZANDA's  
CASH FLOW STATEMENT  
FOR THE MONTHS OF JAN, FEB, MARCH AND APRIL, 2017**

<b>Details</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>
	<b>(Shs)</b>	<b>(Shs)</b>	<b>(Shs)</b>	<b>(Shs)</b>
Cash balance b/f	20,000,000	(2,200,000)	(26,640,000)	(82,194,500)
<b>Add: Cash Inflows</b>				
Cash sales	8,000,000	8,400,000	8,820,000	9,261,000
Receipts from debtors	5,500,000	5,500,000	5,500,000	5,500,000
Cash donations				10,000,000
Sale of old Vehicle			9,000,000	
<b>Total Cash inflows</b>	<b>33,500,000</b>	<b>11,700,000</b>	<b>(3,320,000)</b>	<b>(57,433,500)</b>
<b>Less Cash Outflows</b>				
Purchase of Computers			9,750,000	
Import duty			487,500	
Salaries and wages	30,000,000	30,000,000	60,000,000	
Machine servicing	300,000	300,000	300,000	300,000

Loan repayment	2,000,000	2,000,000	2,000,000	2,000,000
Loan interest		100,000	100,000	100,000
Purchase of raw materials	5,400,000	5,140,000	6,237,000	6,548,850
<b>Total Cash Outflows</b>	<b>35,700,000</b>	<b>38,340,000</b>	<b>78,874,500</b>	<b>8948,550</b>
<b>Cash balance b/d / net cash position</b>	<b>(2,200,000)</b>	<b>(26,640,000)</b>	<b>(82,194,500)</b>	<b>(66,392,380)</b>

(b) The business had a cash deficit of Shs (2,200,000) in the month of January, cash deficit of Shs (26,640,000) in the month of February, cash deficit of Shs (82,194,500) in the month of March, and cash deficit of Shs (66,392,380) in the month of April. Therefore the business had cash deficits throughout the trading period.

**Question. Opira Enterprise operates a maize mill. The information below relates to the maize mill for the year 2017 (UNEB 2017)**

- i. Opening cash balance as at 1<sup>st</sup> January 2017 Shs 2,200,000
- ii. Sales in Kg:

January	90,000
February	100,000
March	80,000
April	20,000

Each Kg was sold at Shs 500 on cash basis

- iii. Obtained Shs 10,000,000, 15% interest loan from ADC bank in two installments; Shs 6,000,000 in February and Shs 4,000,000 in April.
  - iv. Receipts from debtors were Shs 2,000,000, Shs 900,000 and Shs 400,000 for the months of February, March and April respectively.
  - v. Production of raw materials in kg used were as follows:

January	6,000
February	7,000
March	8,000
April	9,000
- The above raw materials cost Shs 2,000 per kg
- vi. Labour costs for January were Shs 2,000,000, February Shs 1,800,000, March Shs 1,700,000 and April Shs 1,950,000.
  - vii. Production expenses; January Shs 500,000, February Shs 400,000, March Shs 300,000 and April Shs 450,000.
  - viii. Monthly administrative and marketing expenses Shs 300,000.
  - ix. A generator was bought at Shs 20,000,000 on credit in January. Half of the cost was paid in March and the balance in April 2017, paid in two weeks' time
  - x. Thieves broke into the office and stole Shs 70,000,000

**Required:**

- (a) Prepare Opira Enterprises' Cash Flow Statement (cash budget) for the months of January, February, March and April 2017 (20marks)
- (b) Propose ways of minimizing cash deficits in the business (05marks)

**Solution.**

(a)

**OPIRA ENTERPRISES'**  
**CASH FLOW STATEMENT**  
**FOR THE MONTHS OF JAN, FEB, MARCH AND APRIL, 2017**

Details	January	February	March	April
	(Shs)	(Shs)	(Shs)	(Shs)
Cash balance b/f	2,200,000	32,400,000	73,900,000	86,500,000
<b>Add: Cash Inflows</b>				
Cash sales	45,000,000	50,000,000	40,000,000	10,000,000
ADC bank loan		6,000,000		4,000,000
Receipts from debtors		2,000,000	900,000	400,000
<b>Total Cash inflows</b>	<b>47,200,000</b>	<b>90,400,000</b>	<b>114,800,000</b>	<b>100,900,000</b>
<b>Less Cash Outflows</b>				
Purchase of raw materials	12,000,000	14,000,000	16,000,000	18,000,000
Labour costs	2,000,000	1,800,000	1,700,000	1,950,000
Production expenses	500,000	400,000	300,000	<b>450,000</b>
Administrative and marketing expenses	300,000	300,000	300,000	300,000
Payments for generator			10,000,000	10,000,000
<b>Total Cash Outflows</b>	<b>14,800,000</b>	<b>16,500,000</b>	<b>28,300,000</b>	<b>30,700,000</b>
<b>Cash balance b/d / net cash position</b>	<b>32,400,000</b>	<b>73,900,000</b>	<b>86,500,000</b>	<b>70,200,000</b>

$$40 \times \frac{1}{2} = 20 \text{ marks}$$

**(b) Proposed ways of minimizing cash deficits in the business**

- ✓ Increasing cash sales of the business
- ✓ Borrowing money from various sources
- ✓ Selling off unwanted old business assets
- ✓ Reducing credit sales
- ✓ Selling more shares to the public to new shareholders if the business is public company
- ✓ Delaying payments of some planned business expenditures
- ✓ Practicing proper budgeting to ensure productive use of business funds
- ✓ Purchasing raw materials and other supplies from cheaper sources
- ✓ Making payments to creditors using postdated cheques
- ✓ Avoiding cash drawings from the business for personal use

Note: Discounts and drawings, whether withdrew goods from the business for personal use and thieves stealing money or goods do not include them in the cash flow statement because they cannot be accounted for.

**Question.** Give any two differences between an income statement and a cash flow Statement. (04 marks)

(b) MWOYO MUTUUKIRIVU ENTERPRISES had the following projections for the 2<sup>nd</sup> quarter of 2018.

- (i) Monthly rent income is shs. 8,000,000 but it is expected to reduce by 4% and 8% after the first month.
- (ii) On March 31<sup>st</sup> 2018, the business had a cash deficit of shs. 8,200,000.
- (iii) The business expects cash donations of shs. 6,000,000 in the first month. This is expected to increase by 5% monthly.

- (iv) Monthly salary for 30 workers is projected at shs. 400,000 for full time workers. 10 of the workers are on part time basis and receive half the pay of those on full time.
- (v) A grinding machine is expected to be bought in the month of April at a cost of shs. 24,000,000 on instalment basis, depositing 50% as down payment and the balance to be paid in the ratio of 3:2 in the subsequent months.
- (vi) The business is to obtain a loan of shs. 12,000,000 in the first month, payable in three months instalment with effect from the month of acquisition, at a monthly interest of 5% on straight line method starting in the month of acquisition.
- (vii) Goods of shs. 18,000,000 are expected to be sold monthly on credit basis. The credit terms are; 50% payment in the month of sale and the balance in the following month at a cash discount of 10%. Cash sales are projected to be half the value of monthly credit sales.
- (viii) Bill of quantities for raw materials stand as below;
- 1<sup>st</sup> month (April) 8000 kgs  
2<sup>nd</sup> month (May) 5000 kgs  
3<sup>rd</sup> month (June) 9,000 kgs
- The above raw materials cost shs. 3000 per kg. The business has a policy of paying cash for all raw materials used.
- (ix) Credit purchases are expected to cost shs. 4,000,000 whose payment is effected in the following month.
- (x) The business is VAT registered. The tax is projected at 18% of the cash sales revenue.
- (xi) A car is expected to be bought in May on credit at a cost of shs. 10,000,000. This is to depreciate at a rate of 10% per annum.
- (xii) The owner expects to withdraw goods to the tune of 5,000,000 monthly.
- Required;**
- (i) Prepare a cash flow statement for the 2<sup>nd</sup> quarter of the year 2018. (15 mks)  
(ii) Comment on the nature of the net cash position of the business. (01 mark)
- (c) Advise the business on the measures to;-
- (i) Overcome the deficit in the cash flows. (02 marks)  
(ii) Manage cash (03 marks)

**MWOYO MUTUKIRIVU ENTERPRISES'**  
**CASH FLOW STATEMENT**  
**FOR THE 2<sup>ND</sup> QUARTER OF 2018**

DETAILS	APRIL (Shs)	MAY (Shs)	JUNE (Shs)
Cash balance b/f	(8,200,00)	(16,420,000)	(12,860,000)
<b><u>Add: Cash inflows</u></b>			
Rent income	8,000,000	7,680,000	7,360,000
Cash donations	6,000,000	6,300,000	6,615,000
Loan	12,000,000		
Receipts from debtors	9,000,000	18,000,000	18,000,000
Cash sales	9,000,000	9,000,000	9,000,000

<b>Total cash inflows</b>	<b>35,800,000</b>	<b>24,560,000</b>	<b>23,115,000</b>
<b><u>Less: cash out flows</u></b>			
Salaries	10,000,000	10,000,000	10,000,000
Purchases of grinding machine	12,000,000	7,200,000	4800,000
Payment of loan principal	4,000,000	4,000,000	4,000,000
Interest on loan.	600,000	600,000	600,000
Purchases of raw materials	24,000,000	15,000,000	
Payments to creditors.	-	4,000,000	
VAT	1,620,000		
<b>Total cash outflows Net cash position</b>	<b>52,220,000</b>	<b>42,420,000</b>	<b>61,420,000</b>
	<b>(16,420,000)</b>	<b>(17,860,000)</b>	<b>(38,305,000)</b>

**45 ticks x 1/3 = 15 marks**

**3 ticks = 1 mark**

**(ii) Net cash position.**

The business has deficit for the month of April, and a deficit at the end of May and a deficit at end of June 2018. It indicates a negative net cash position.

**01 mark**

**(c) (i) Measures to overcome deficit**

- Reducing credit sales.
- Delaying payment of planned expenditure
- Post poning capital expenditure.
- Selling off old fixed assets.
- Seeking extension of the repayment period.
- Asking for grants and donations.
- Making payments using post dated cheques.
- Borrowing money to inject in business.
- Laying off some workers.
- Increasing sales through intensive advertising
- Selling shares.

**Any 2 x 1 = 02 marks**

**(ii) Measures to manage cash.**

- Documenting all cash received and paid out.
- Banking all cash received intact.
- Reconciling the records in bank statement with cash records.
- Keeping cash in the business premises under key and lock.
- Avoiding spending cash on personal matters.
- Taking less salary out of business.
- Employing auditors surprisingly to check for errors and fraud made by workers.

**Any 3 x 1 = 03 marks**

**Best wishes and success in your exams**

**“Plan for your future life in advance and start your own business”**