**P230/2**
**ENTREPRENEURSHIP**
**EDUCATION**
**Paper 2**
**2026**
3 hours

# UGANDA NATIONAL EXAMINATIONS BOARD

## Uganda Advanced Certificate of Education

ENTREPRENEURSHIP
EDUCATION

**Paper 2**

3 hours



## INSTRUCTIONS TO CANDIDATES

*This examination paper consists of two sections;* **A** *and* **B**

*It has four examination items.*

*Section **A** has* **two compulsory** *items.*

*Section **B** has two items. Respond to only* **one** *item.*

*Respond to* **three** *items* **in all**.

*Any additional item responded to will* **not** *be scored.*

 **Turn Over**

## SECTION A

**All** *items in this section are* **compulsory**.

### Item 1

Nyakato owns Bright Star Enterprise which deals in stationery and secretarial services in Bwero Town Council. The stationery section uses sales assistants who make deliveries to offices and schools. Nyakato also won a contract to print and photocopy examinations for Bwero Schools Association. In order to improve communication and motivate staff, she installed an internet server and bought smart phones for all the staff.

During the year 2025, Nyakato begun to notice a decline in deliveries to customers and failure to produce the examinations in time. An analysis from the video recordings revealed that employees spend a lot of the working time on personal telephone calls, social media and gossip among others. Nyakato also wanted to know the financial status of her enterprise and asked the accountant to prepare for her summarised financial statements. The accountant presented to Nyakato the following:

BRIGHT STAR ENTERPRISES
INCOME STATEMENT
FOR THE YEAR ENDED 31/12/2025

| | UGX |
|---|---|
| Net Income from Sales | 48,200,000 |
| Less Cost of Sales | 30,300,000 |
| Gross Profit | 17,900,000 |
| Less operating expenses | 18,500,000 |
| Net Loss | 600,000 |

BRIGHT STAR ENTERPRISES
BALANCE SHEET
AS AT 31/12/2025

| | | |
|---|---|---|
| Fixed Assets | | 65,000,000 |
| Current Assets | 35,000,000 | |
| Less Current Liabilities | 17,000,000 | 18,000,000 |
| Capital Employed | | **83,000,000** |
| Financed by: | | |
| Capital Employed | 73,000,000 | |
| Less Net Loss | 600,000 | 72,400,000 |
| Long Term Liabilities | | |
| 5year loan | | 10,600,000 |
| | | **83,000,000** |

However, Nyakato has failed to interpret it.

**Task**

a) Assess the situation and advise Nyakato on measures she can take to solve issues of her workers.

b) Interpret the profitability and liquidity position of Nyakato's business from the given financial statements.

**Item 2**

Lwanga is a proprietor of LS Metal Works located in Kayunga Town. For the last 10 years, his business was performing very well. However, recently, his welding machines, grinders and cutters sometimes breakdown and take a longer time to complete a task. The customers also complain about the quality of the products.
Lwanga has decided to get funding from Kayunga Wealth Creation Fund to replace the old welding machines, grinders and cutters with the modern ones which are available in many shops in Kampala. The Commercial Officer has asked him to present a 3 months' cash projections to evaluate the feasibility of his business and Lwanga has the following projections:

I. 1st January, 2026 Cash Balance Ugx 4,000,000
II. Cash sales in the month of January, 2026 Ugx 20,000,000. This is to increase by 20% monthly.
III. Loan to be acquired in January, 2026 Ugx 40,000,000 and is to be repaid in 4 equal monthly instalments beginning February, 2026 at an interest rate of 3% per annum on a declining balance basis.
IV. Purchase a modern generator, cutter and grinder Ugx 35,000,000 in January, 2026.
V. Recruitment and training of new staff to take place in February, 2026 estimated to cost Ugx 500,000.
VI. Installation of machinery to cost Ugx 2,000,000 also in January, 2026
VII. Operational costs for the month of month of January, 2026 to comprise electricity and fuel Ugx 400,000; salaries Ugx 3,000,000. As the new machines start working in February, 2026 operational costs are to reduce by 5% per month.
VIII. Purchase of raw materials such as metal bars, welding rods etc. is estimated to cost Ugx 5,000,000 per month.

However, Lwanga has difficulty in preparing the statement and selecting the required things from the suppliers.

**Task**

a) Prepare a checklist that Lwanga will follow when purchasing the things.
b) Prepare a cash statement that Lwanga will present to the Commercial Officer.

## SECTION B

*Respond to* **one** *item in this section.*

**Item 3**

Amina decided to start a retail business after observing that many people in her residence area purchase household items daily. She immediately started a retail shop with five employees to do all the work without a schedule. This would cause confusion among the workers. After three months of running the business, Amina noticed a drop in sales and profits despite stocking quality goods. The flow of customers to the business remained low compared to the nearby businesses offering the same type of goods. Amina is seeking for assistance to improve performance of her business.

**Task:**

Prepare a;

a) Assess Amina's business and guide her on strategies for improving performance of the business.

b) Prepare a schedule of work for the retail business.

**Item 4**

David owns a fashion boutique in one of the busy streets near Kyambogo University. David's customers were mainly university students and professionals. David used to purchase and sell clothes to the customers according to their preferences. This made David's customers loyal and the business grew rapidly. David decided to recruit sales assistants to do the work. The sales assistants treated all customers in the same way regardless of their levels and preferences. However, sales started declining, customers were complaining of poor services. Clothes started piling up as sales and profits declined. David was disappointed and decided to chase away the workers to get new ones. He also wants to get more information about his current and potential customers in order to serve them better. David is seeking guidance on how to get good sales assistants and collect information about his customers.

**TASK:**

Prepare a;

a) criteria for getting the required personnel for the business.

b) tool for collecting information about the customers.