

S.5 ENTREPRENEURSHIP EDUCATION

TERM 3 HOLIDAY WORK, 2023

P230/1

PRODUCTION MANAGEMENT

INSTRUCTIONS

Answer all the question

SECTION A

1. a) (i) What is meant by a product life cycle (01mk)
(ii) Mention any three features of a growth stage of a product life cycle (03mks)
- b) (i) Define the term inventory as used in entrepreneurship (01mk)
(ii) Give any three tools of inventory management in business (03mks)
- c) List down any four types of costs incurred by entrepreneurs in production (04mks)
- d) (i) What is meant by appropriate technology (01mk)
(ii) Identify any three characteristics of appropriate technology (03mks)
- e) Mention any four attributes that define quality of a product (04mks)

SECTION B

2. a) Account for the need to ensure management of production in business
b) Explain the factors that are considered when analyzing production decision
3. a) What are the steps involved in the process of production of a product
b) With the aid of illustration, describe the product life cycle.
4. a) Assess the factors that are influence the choice of materials used for maintaining the value of their products
b) Under what situations do entrepreneurs engage in proper maintenance of the value of their products in business today
5. a) Describe the control systems that entrepreneurs use to ensure business sustainability
b) Explain the rewards of maintaining effective control of business operation systems
6. a) Explain the techniques used by entrepreneurs when generating the costing aspects in a production process of a product in an enterprise

- b) What are the different measures used by entrepreneurs to reduce the expenses incurred in a business enterprise
7. a) Describe the activities that are involved in procuring materials for a business enterprise

P230/2

FINANCIAL MANGEMENT

1. The following balances were extracted from BAM books of account on 31 12 2017

| PARTICULARS | SHS |
|--------------------------|------------|
| Net sales | 20,000,000 |
| Net purchases | 11,000,000 |
| Goods available for sale | 16,000,000 |
| Stock on 1. Jan 2017 | 5,000,000 |
| Stock on 31 Dec 2017 | 4,000,000 |
| Total operating expenses | 6,000,000 |
| Total fixed assets | 8,000,000 |
| Debtors | 1,500,000 |
| Creditors | 3,000,000 |
| Cash | 900,000 |
| Outstanding rent | 1,000,000 |
| Bank | 1,600,000 |

Required

Calculate and interpret the following ratios

- Inventory turnover ratio
- Credit payment period
- Rate of return on capital employed
- Stock turnover period
- Cash ratio
- Profit mark up

2. Given the following information of BIG BOSS Enterprises LTD

- (i) On 1st June 2015, the business had cash in hand shs 5 million.
- (ii) Cash sales 10 million was expected every month.
- (iii) Credit sales are expected to be shs 6 million per month. Debtors will be expected to pay in the month of sale.
- (iv) Monthly cash purchases projected to be shs 8 million.
- (v) The business plans to get a loan of shs 4 million in the first month at a monthly interest of 10% payable beginning the following month on reducing balance while the principal is to be paid in four equal installments beginning from the third month.
- (vi) Monthly salary and wage bill estimated at shs 1 million
- (vii) Rent income is expected to be shs 2 million per month and this will increase by 20% after the second month.
- (viii) Monthly incomes from grants and donations are projected at shs 3 million and this will reduce by 10% after three months.
- (ix) Corporation tax is estimated to be shs 500,000 per month but will increase by 10% every month.
- (x) The business plans to buy an office safe at shs 8 million in the first month making down payment of 49%. The remaining amount is to be paid in the ratio of 5:3:2 in the following months.
- (xi) The business hopes to issue a debenture of shs 4million every month.
- (xii) Monthly expected expenses include;

| | shs |
|-----------------------|-----------|
| i. Salaries and wages | 1,000,000 |
| ii. Advertising | 200,000 |
| iii. Depreciation | 100,000 |

Xiii The business shall finance any cash shortfall with a loan in the following month.

Required:

- (a) Prepare a monthly cash flow statement for four months period.
- (b) Advise the proprietor on what to do in case of a deficit in the net cash position.

PAPER THREE (P230/3)

INSTRUCTIONS

❖ Attempt all questions

1. With reference to the field attachment you carried out:
 - (a) Describe the nature of the business. (05 marks)
 - (b) (i) Name any two tools/equipment used in the business. (02 marks)
(ii) State the purpose of each of the equipment/tools named in (b) (i) above. (02 marks)
 - (c) Explain the methods the business uses to manage its credit sales. (06 marks)
 - (d) What measures does the business use to ensure gender balance? (05 marks)
 - (e) Outline the books of accounts used in the business. (05 marks)
2. With reference to the field attachment you carried out:
 - (a) (i) State the legal form of business you were attached to. (01 mark)
(ii) State the strength of the business you were attached to. (03 marks)
 - (b) State any five forms of communication used in the business. (05 marks)
 - (c) Describe five methods of sales promotion used by the business you were attached to. (05 marks)
 - (d) Explain the control measures used to ensure proper management of cash in the business. (05 marks)
 - (e) (i) List any three source documents used by the business. (03 marks)
(ii) Explain the use of the source documents mentioned in (e) (i) above. (03 marks)

END