

P230/2
ENTREPRENEURSHIP
Paper
Jul/Aug 2026
3 Hours



USTAA MOCK EXAMINATIONS 2026

Uganda Advanced Certificate of Education

ENTREPRENEURSHIP

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.

SECTION A

(Respond to all items in this section)

Item 1

Dylanie owns Hot Bakery in Mukono, producing bread, buns and pastries supplied to schools, shops and hotels. Over the past six months, demand for her products has grown rapidly, and Dylanie has been pushing her three ovens and mixing machines to work extra hours without maintenance. She has not trained her seven production workers on standard baking procedures, and each worker mixes ingredients and times the baking process according to personal judgement.

In the last 3 weeks, Dylanie has received increasing complaints of burnt and undercooked bread, some ovens have broken down during production, and she has failed to meet several delivery deadlines. She recorded the following output for the week ending 27th June, 2026:

HOT BAKERY LTD
WEEKLY PRODUCTION RECORD
WEEK ENDING 28TH JUNE, 2026

Day	Target Output (loaves)	Actual Output (loaves)	Wastages (loaves)
Monday	800	650	90
Tuesday	800	750	60
Wednesday	800	600	120
Thursday	800	680	70
Friday	800	720	50
Saturday	1,000	850	130

However, Dylanie has failed to establish why her bakery is not meeting targets and quality standards.

Task

- Assess the production challenges facing Hot Bakery and advise Dylanie on the measures she can take to improve production efficiency and product quality.
- Explain to Dylanie the ways of ensuring proper use of ovens, maintenance and handling in her production firm.

Item 2

Heka owns Heka Enterprises, a wholesale and retail business dealing in household goods, located in Masaka City. The business has operated for six years, during which Heka found it hard to separate her personal and business finances. She recently opened a bank account and employed an accountant, who prepared the following summarised financial statements for the year ended 31st December 2025:

HEKA ENTERPRISES
INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2025

Details	Amount (Ugx)
Net Sales	96,500,000
Less Cost of Sales	61,200,000
Gross Profit	35,300,000
Less Operating Expenses	33,800,000
Net Profit	1,500,000

HEKA ENTERPRISES
BALANCE SHEET
AS AT 31ST DECEMBER, 2025

Details	Amount (Ugx)
Fixed Assets	72,000,000
Current Assets	40,000,000
Less Current Liabilities	22,000,000
Working Capital	18,000,000
Capital Employed	90,000,000
Financed by:	
Capital	84,000,000
Add Net Profit	1,500,000
	85,500,000
Long Term Liabilities (6-year loan)	4,500,000
Total	90,000,000

Task

- a) Interpret the profitability and liquidity position of Heka's business from the given financial statements.
- b) Advise Heka on the suitable sources of Ugx. 25,000,000 she needs to open the second branch.

SECTION B

(Respond to only one item)

Item 3

Catherine is planning to start a fast foods restaurant in Kyanja, a Kampala suburb that has four other fast foods outlets serving similar products. Before starting, she carried out a small survey and found that the existing restaurants mainly serve chips, chicken and soda, charge between Shs. 8,000 and Shs. 15,000 per meal, and experience long queues during lunch hour, with many customers complaining about slow service. Catherine wants her restaurant to stand out from the existing ones and to attract a bank loan to finance the operations, but she is uncertain about planning for the business.

Task

- a) Assess the competitive environment that Catherine is entering into and advise her on the strategies she can use to compete favourably with the existing restaurants.
- b) Prepare an outline of a business plan that Catherine will use to apply for a bank loan.

Item 4

Shamirah owns Glow Beauty Shop, dealing in cosmetics and beauty products, located in a shopping arcade in Kyengera. She started the business alone, personally attending to each customer and recommending products based on their skin type and preferences, and the business grew steadily. As demand increased, she employed two sales attendants but did not train them, telling them to "learn on the job".

The attendants often recommend the wrong products to customers and pay little attention to customers' complaints. Some regular customers have stopped shopping at the shop, and sales have declined. Shamirah also wants to reach more customers beyond those who walk into her shop.

Task

- a) Prepare a training programme for the sales attendants at Glow Beauty Shop that will address the weaknesses identified.
- b) Design a promotional schedule that Shamirah can use to reach more customers.

END