UGANDA MARTYRS UNIVERSITY

FACULTY OF BUSINESS ADMINSTRATION AND MANAGEMENT

E4IMPACT MBA

Accounting for Entrepreneurs Exam – Special/Supplementary

Time: 3 Hours

Date: July, 2024

INSTRUCTIONS:

- Attempt any all questions in Section A and choose 3 from Section B
- Demonstrate your understanding through relevant application
- Be concise and brief in your explanations

Question One (COMPULSORY) – 40 Marks

a) Mention any 3 external parties that would be interested in obtaining the firm's financial statements and state what they would use the statements for (6 Marks)
b) What purpose does accounting information serve? (8 Marks)
c) What are the characteristics of financial accounting information and how are they related to ethics. (6 marks)
d) Draw examples from your business and explain the 3 key terms are used in an accounting equation (6 Marks)
e) Mention any 3 financial statements that can be produced from your financial information? What information do they provide?(6 marks)
f) As an entrepreneur looking at the income statement, mention any 4 figures you would pay attention to and explain why? (8 Marks)

Question Two

Giving examples from your business/enterprise answer the following questions:

a) What is the relevancy of calculating the break-even point (2 Marks)
b) Giving examples what would say is the difference between variable and fixed costs? (4 Marks)
c) The following information has been extracted from you business:

Selling Price	-	17,000
Fixed expenses		
Selling and administration	-	130,000,000
Interest expense	-	10,000,000
Variable expenses		
Cost of goods sold	-	4,000
Selling expenses	-	3,000

Clearly show your working

i. What is the company's contribution margin? (4 Marks)
ii. What is the break-even point in units? (4 Marks)
iii. If the company wants to earn a profit of shs42,000,000 instead of breaking even, what is the number of units the company must sell? (6 Marks)

Integrity
objectivity
Professional behaviour
confidentiality

Question Three

a) Mention the three sections under which the cash flow statement is prepared (3 Marks)
b) As an entrepreneur what would you use the cash flow statement for? (2 Marks)
c) Prepare a cash flow statement from the following information was extracted from the books of your business (13 Marks)

	$
Profit and loss	74,252
Cash at the beginning of the period	50,000
Share capital	50,000
Assets bought	251,450
Increase in payables	5,774
Increase in inventory	22,000
Depreciation & Ammortization	18,181
Increase in receivables	18,082

EBITDA = E+I+T+D+A
500,000 + 248,510
operating profit
EBIT =

d) Determine cash at the end of the period (2 Marks)

Question Four

a) Complete the table below (14 Marks)

E4Impact Edition 2022 income statement for the period for the year February 2023

	Values in USD
Revenue	500,000
COGS	140,490
Margin	359,510
Human resources expenses	30,000
Service expenses	64,800
Marketing Expenses	12,800
SGA	3,400
Total operating Expenses	111,000
EBITDA	748 510
Depreciation/Amortization	248,510
EBIT	389,000
Finance Expenses	48,510
EBT	340,490
Taxes 30%	
Profit/Loss	

b) Comment on the figure calculated as ***Profit/Loss***(3 Marks)
c) If you were an investor, would you invest in this business? Why? (3 Marks)
d) If given a chance which ***figure*** would you change to change the profitability of this business? Why?(5 Marks)

Question Fifteen

Assume the following information was extracted from your books

	SHS
Capital stockholder equity	3,600,000
Debtors/receivables ct	1,000,000
Creditors/payables liabilities	1,000,000
Net profit ct	1,600,000
Inventory	500,000
Plant and Machinery	1,500,000
Building	2,000,000

i. Calculate working capital for your business
ii. Total invested capital
iii. Prepare a balance sheet for your enterprise

END