**P230/1**

**ENTREPRENUERSHIP EDUCATION**

Paper 1

**Jul/Aug.2022**

3 hours

**UTEC MOCK EXAMS 2022**

**Uganda Advanced Certificate of Education**

ENTREPRENUERSHIP EDUCATION

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**INSTRUCTIONS TO CANDIDATES:**

*Answer* **FIVE** *questions.*

*Section* ***A*** *is compulsory and answers to this section must be precise.*

*Answer* **FOUR** *questions from section* ***B.***

*Begin each question on a fresh page.*

**SECTIONA**

1. ai) Distinguish between self-employment and paid employment

**2marks**

ii) State two features of paid employment **2marks**

bi) Define the term risk taking as used in entrepreneurship **1mark**

ii) Mention three levels of risk taking in an enterprise **3marks**

ci) Give four major forms of visual communication in an enterprise **4marks**

di) What is meant by a cash flow statement **1mark**

ii) Outline any three features of a cash flow statement **3marks**

e) State any four sources of raising long term business finance **4marks**

**SECTION B**

1. a) Discuss the major principles entrepreneurs should observe during

negotiations **8marks**

b) Explain the importance of effective negotiation in an enterprise **12marks**

3 a) Justify the need for family engagement in business activities **8marks**

b) Explain the challenges associated with family businesses in your

country **12marks**

1. a) Describe the techniques used by employers to retain employees in their enterprises **10marks**

b) Why is it necessary for employers to retain employees in an enterprise **10marks**

5 a) Explain the factors that should be considered when choosing production machinery in an enterprise **8marks**

b) How do enterprises ensure safety of machines, tools and equipment **12marks**

6 a) Explain the components of a financial plan **6marks**

b) Discuss the importance of a financial plan in an enterprise? **14marks**

7 a) Account for increased low tax compliance in your country **10marks**

b) Explain the rationale for paying taxes to the business sector**10marks**

**END**

**UTEC GUIDE P230/1 2022**

1. *ai)* **Paid employment** refers to a situation where an individual is employed by another person, organization or government and he / she is paid a salary or wage for the work done or accomplished*.*

while

**Self-employment** refers to a situation where an individual gathers resources to start a business with the aim of creating a job for him / her self and the community around.

**ii) Features of paid employment**

* There is assured and constant income to an individual regardless of the performance of the business.
* There is a specific timetable followed by the employee hence he / she is supposed to work for specific hours in a day.
* There is specified peace of work for the employee therefore she / he may not get tired.
* The employee is not responsible for big losses.
* There is time for leisure since the employee has a specific number of hours to work.
* Sometimes the employee may dictate his or her work to another employee which is not the case with self-employment.
* paid employees are less respected in the community

**bi)**Risk takingis the making of a choice between two or more alternatives whose potential outcomes are not known and must be subjectively evaluated.

ii) **Levels of risks**

* low level risks
* moderate level risks
* high level risks

**c) Major forms of visual of visual communication**

* Organizational charts
* Photographs
* films or documentaries
* Posters and wall charts
* Graphs
* posters
* signals
* tables
* maps
* models
* cartoons
* body language

di)**a cash flow statement**

is a statement that shows the projected cash flows and projected cash outflows for one or more periods.

**ii) Features of a cash flow statement**

* cash inflows
* cash outflows
* net cash position

e)**Sources of raising long term finance**

* Joint venture
* equity financing
* debt financing
* Banks loans (short, medium and long)
* Leasing.
* Personal loans
* Family and friends.

**SECTION B**

2a) **principles of negotiation**

* Focus on the goal
* Being smart i.e. communication
* Getting information
* Alternative plan
* Look to the future
* You do not have to be the right to settle
* Set the tone and look the part
* Be prepared and do your research
* Know what you want and what the other side wants
* Always be a plan B

b) **Importance of effective negotiation**

* It helps to achieve the set business goals and objectives
* It helps the business to win best deals
* It creates a good relationship between the business and its employees
* It improves on the image of the business in the eyes of the public
* It enables the business to withstand competition
* It reduces labour strikes and turnover
* It enables the business expand its market share/retain customers
* It enables the entrepreneur to exercise control over the manner in which the contract/agreement is performed.
* It enables the entrepreneur to settle disputes between parties
* It increases the productivity of employees

**3a) Need for family members into business activities**

* Need for joint funding
* To guarantee the continuity of the business/to have a clear succession
* Need for joint decision making
* To provide employment opportunities to family members
* Fear of hired management
* To promote the development of common goals
* To train family members in entrepreneurship skills

b) **Challenges associated with family businesses**

* Difficulty in decision making
* Lack of clear succession plans
* Role conflicts
* Inadequate finance
* Limited skills and experience
* Uncontrolled drawings by family members from the business
* High levels of nepotism/favouritism
* High labour turn over
* Many of the are unregistered
* Stiff competition from other businesses
* Challenge of compensating family members
* Poor management of the business
* High taxes imposed on them
* Poor planning of family business activities

**4a Description of techniques used by employers to retain workers.**

1. Through timely and adequate remuneration/payment.
2. By use of open or proper communication.
3. By ensuring favorable working conditions like providing workers with protective gargets like gloves, gumboots, helmets.
4. Through promotions
5. Through ensuring workers with total Job security.
6. By allowing employees to Participate in decision making.
7. Through on-job training and in-service training.
8. Appraising and recognizing the contribution of workers by rewarding the good performers in order to encourage them work harder.
9. Through transparent management. This involves proper management of funds of the enterprise and showing employees how the business funds are spent. This motivates workers especially when they get assurance that the increased profits as result of their hard work will result into increase in payment and improvement in working conditions.
10. Through observing discipline among workers.
11. Giving fringe benefits.
12. Through performance appraisal.
13. Through provision of adequate and timely recommendations where necessary.

**b)Necessity for retaining workers**

* To guarantee continuity of the business
* To improve on the image of the business
* To enable production of high-quality products
* To ensure job security among workers
* To increase output in business
* To prevent labour unrest
* To promote good relationship between the employers and employee
* To reduce human resource costs such as recruitment and training.
* To increase the competitive advantage of the business.
* To ensure optimum use of business resources.
* To enable the business achieve the set goals and objectives.

**5a) Factors considered when choosing machinery, tools and equipment**

* The initial cost of the equipment and machinery.
* The capacity of tools, machinery, and equipment.
* Maintenance and repair costs.
* Flexibility for adjustment in relation to consumers’ changing tastes and preferences.
* Availability of other required equipment to operate the machines
* Durability/life span of the machinery and equipment.
* Productivity and efficiency of machinery and equipment.
* Guarantee given by the manufacturer.
* Ease and simplicity in the use of machines.
* Complexity of the task to be done.
* Sources of machinery and equipment.
* Availability of machinery
* Government policy
* Size of the business
* Terms and conditions of the suppliers

**b) Ways of ensuring safety of machinery, tools and equipment**

* Switching off machines in case of any break down and report immediately to the production technician if there is anything wrong with any machine than one trying to mend it yourself.
* Checking machines thoroughly to find out whether all levers are in proper positions before they are switched on for use.
* Following instructional labels and guidelines on the use of machines so as to know the safety rules regarding the machines before using them
* Making sure that they are well maintained and have no broken or unstable parts through regular servicing.
* Avoiding using machines for something they are not designed for.
* Switching off production machines whenever they are not in use or when there is something wrong with it.
* Ensuring close monitoring and supervision of workers and the production process by the foremen or engineers.
* Ensuring proper connection of machines to avoid power short circuits and damage to machines.
* Cleaning of the machines frequently and oiling all hand lubricating points daily to minimize wear.
* Training of workers on the use and maintenance of machinery to minimize accidents and damage.
* Attaching proper guards or warning labels to dangerous moving parts and power transmission equipment.
* Re-designing facilities like guards which interfere with visibility, production or maintenance to allow seeing of what one may be doing.
* Using mechanical devices for feeding machines to avoid hazards and increase production.
* Using trained and experienced labor force to avoid accidents.
* Covering machines while not in use.
* Making use of closest power point when plugging in the machines.
* Avoid messing up with machines if still running or plugged in

6a)**Components of a financial plan**

* Expected sources of funds for the business:
* The projected income statement/ estimates of the profitability of the business:
* Projected balance sheet: This is section of the financial plan prepared to show the projected ii position of the planned business by showing the monetary values of the assets, liabilities and capital(owner’s equity).
* Projected cash flow statement. This is part of the financial plan that shows the projected cash flows and ted cash outflows for one or more periods.
* Break even analysis. The breakeven point occurs at a level where the total revenue is equal to the total (TR= TC).
* Fixed capital requirement
* Start up expenses
* Working capital requirement

b) **Importance of a financial plan**

* It helps the business to determine its total costs
* It promotes effective use of business resources
* It enables the business to achieve the set goals and objectives
* It helps the entrepreneur to identify appropriate sources of finance
* It determines the profitability of the business
* It reveals the financial position of the business
* It highlights the financial challenges of the business before they occur
* It is used to secure funding from financial institutions
* It attracts investors by showing the profitability of the business
* It guides the government in assessing taxes to be paid by the business
* It enables the entrepreneur to obtain permission from authorities
* It projects inflows and outflow of the business

**7a) Reasons for increased low tax compliance**

* Unpopularity of the government
* Poor quality of management of the business
* Poor quality of tax administration
* High tax rates
* Uncertainty of the tax system
* Inconvenient tax system
* The tax base is narrow
* Inequality in the distribution of the tax burden
* Inconsistence in implementing tax laws and rules
* Non economical tax system
* Ignorance of people about the benefits of paying taxes
* Low level of income of the tax paying community
* Rigidity of the tax system

b) **Rationale for paying taxes**

* Promote public image
* Government support
* Contract skills workers
* Continuity
* Attracts investors
* To help the business to enjoy social infrastructe
* Promotes hard work among enterprenuershis
* Fund resource like loans