

MARKING GUIDE
ENTREPRENEURSHIP EDUCATION
845/2
SECTION A

1(a) Ways in which business depends on the natural environment;

- Land provides space on which business premises are built
- Air enables chemicals and biological processes to take place
- Providing water which is useful for both domestic and industrial use
- Plants provide food, raw materials, oxygen and carbon dioxide
- Animals and insects provide food and raw materials to business
- Providing disposal grounds/sites
- Source of energy e.g. wood

Any 4x1=04marks

(b) (i) **Business success**, refers to the realization of a worthy intention or ability of the business to achieve the set target/aims/objectives. (1mark)

(ii) Indicators of a successful business

- Increase in assets
- Increased profits
- Expansion of the business/increased number of workers/increased market share
- Recognition in the community
- Reduced operational costs

Any 3x1=03marks

(C) **Sources of income to people;**

- Farming activities
- Trading
- Manufacturing
- Rendering services
- Paid employment
- Talents
- education

Any 4x1=04marks

(d) (i) **Credit facilities**, this is a situation where a customer is given an opportunity to take the products and pay for them later e.g. after 30,60 or 90 days. (1mark)

(ii) **Credit facilities that entrepreneurs extend to their clients;**

- **Commodity credit**, here a buyer is given a good and pays at a later date
- **Hire purchase agreement**, here the seller allows the buyer to pay in installments
- **Credit negotiation**, here a seller negotiates with the bank to allow the buyer obtain a loan from that bank in order to pay for the good promptly.

Any 3x1=03marks

(e) (i) **Marketing overheads**, these are indirect expenses incurred during the selling and distribution of the finished products. (1mark)

(ii) **Examples of marketing overheads;**

- Advertising expenses
- Sales staff salaries and commission
- Delivery expenses e.g. carriage out wards/carriage on sales
- Costs of samples given to potential buyers
- Free gifts to regular customers
- Printing and stationery e.g. receipts, invoices, price lists, catalogues etc

- Packaging materials expenses
- Depreciation expenses
- Insurance for ware house, delivery van etc
- Repair expenses for delivery vans

Any 3x1=03 marks

(f) Sources of financial resources to the business;

- Personal sources i.e. savings or sale of personal property
- Borrowing/loans
- Trade credit
- Customer advances
- Gifts and offers from family members
- Selling of shares
- Fundraising/grants/donations
- Profits from other businesses

Any 4x1=04marks

(g) (i) Ways in which an entrepreneur's family can support his business;

- Giving financial support to the business/contributing capital
- Assisting in the management of the business
- Allowing the entrepreneur to use the family assets such as land, buildings etc
- Giving moral support to the entrepreneur

Any 2x1=02marks

(ii) Challenges of using family members in managing a business;

- Laziness
- Theft and misuse of the business funds and stock
- Withdrawing of goods from the business
- Taking the business for granted

Any 2x1=02marks

(h) Risks that an entrepreneur can insure against;

- Death
- Fire out break
- Theft and burglary
- Loss of profits
- Motor accidents
- Loss of funds at premises or in transit
- Employer's liability/ injuries suffered by workers
- Machinery breakdown and consequential loss
- Los of cargo/goods in transit
- Bad debts

Any 4x1=04marks

- (i) (i) A tax is a compulsory charge imposed by the government or any other competent authority on individuals or businesses in order to finance government activities (1mark)**

(ii) Role of Uganda revenue authority;

- Assessing and collecting taxes according to the tax law.
- Accounting to the ministry of finance for all revenue collected. All revenue collected is deposited to the bank of Uganda
- Facilitating trade and investment in the country, this is done through working with other government agencies
- Advising government on matters of policy related to tax and revenue administration especially on formation of tax policies.

- Giving penalties to tax evaders
- Registering tax payers
- Sensitizing tax payers/educating the tax payers or community

Any 3x1=03marks

(j) Purchase price= shs12, 000,000

Sales value= shs19, 000,000

(i) In put tax=18% x purchase price **1/2 mark**
 $=0.18 \times 12,000,000$

=shs2, 160,000 **1/2 mark**

(ii) Out put tax=18% x sales **1/2 mark**
 $=0.18 \times 19,000,000$

=shs3, 420,000 **1/2 mark**

(iii) VAT payable =out put tax-in put tax **1mark**
 $=\text{shs}3,420,000 - \text{shs}2,160,000$

=shs1, 260,000 **1mark**

Or

VAT=0.18 x Value Added **1/2 mark**

Where,

Value added = selling price –purchase price
 $=19,000,000 - 12,000,000$

$= \text{shs}7,000,000$ **1/2 mark**

VAT =0.18 x 7,000,000

=shs1, 260,000 **1mark**

SECTION B

2.(a) Misconceptions about quality

- Price:
- Brand names
- Origin of the products
- Expiry date
- Level of investments
- Customer's point of view
- packaging

Any 5x2=10marks
Mentioning 1mark
Explaining 1mark

(b) Factors that influence the general quality standards of an enterprise

- The quality of input or raw materials
- Cleanliness of the work place
- Packaging
- Market research
- Technical specifications as regards quality.
- Storage
- Presence of necessary skilled manpower
- Competition with other firms
- Quality of machinery used in production
- Distribution channel used
- The level of monitory and supervision.

Any 5x2=10marks
Mentioning 1mark
Explaining 1mark

3.(a) Parties to business ethics;

- Customers/clients
- Employees
- Government
- Society
- Shareholders/owners
- Other businesses/competitors

Any 5x1=05marks

(b) The ethics that an entrepreneur should observe towards;

(i) Society;

- Preserving /conserving the environment, an entrepreneur should ensure that he does not release waste materials that may pollute or destroy the environment such as water, air, swamp etc.
- Ensuring that business operations do not harm people's health i.e. poisonous gasses, loud noise and explosions should be well handled.
- The business should have strict consideration for the norms of the society where it is located.
- Providing employment opportunities to the members of the society where it is located before foreigners.
- Helping society in case of emergence situations e.g. floods.
- Involving in society's needs by helping the sick, poor, orphans etc.

Any 5x1=05marks

(ii) Government;

- Observing business laws such as registration, licensing, labor laws etc.
- Paying all taxes to government as required by law.
- Meeting production standards in terms of quality and weights.
- Producing/ selling acceptable products only i.e. not engaging in illegal trade such as selling opium.
- Contributing to the national effort of building a better society e.g. by not polluting the environment
- Contributing to research and development of the country.
- The business should comply with occupational, hygiene, environmental regulations etc

Any 5x1=05marks

(iii) Workers;

- Giving employees a fair pay (wage or salary)
- Provision of good working conditions
- Providing clear and fair terms of payments.
- Giving room for creativity to workers
- Providing on job training to workers
- Appreciating
- Listening to workers personal problems
- Respect
- Job security
- Politeness

Any 5x1=05marks

4(a) Description of the communication process;

- **The sender**, this is the source of the message, he/she generates an idea or thought and initiates communication.

- **Message**, this is the information, idea, thought etc. that the sender wants to send to the receiver.
- **Encoding**, this is when the sender critically analyses the impact of the message to be communicated
- **Medium/ channel**, this is the method of transmission of a message from the sender to the receiver. It involves oral communication, written communication, gestures etc.
- **Receiver**, this is a person who receives a message from a sender i.e. the person to whom the message is intended.
- **Decoding**, this is the process by which the receiver analyses and interprets the message received in order to get meaning out of it.
- **Feed back**, this refers to the reaction on the sender's message. This can be through nodding the head, spoken acknowledgement etc.

Any 5x2=10marks

Mentioning 1mark

Explaining 1mark

(b) Factors that normally limit the intended receiver from getting the intended message;

- Language barrier/differences
- Wrong/inappropriate channel/medium
- Lack of interest by the potential receiver
- Non attractive message to the receiver
- Distractions from the environment/communicating in an inappropriate environment.
- Unclear message
- Emotional blocks
- Poor listening skills by the intended receiver.
- Poor timing of the message
- Failure to be considerate
- Poor hand writing,
- Poor net work,
- Use of wrong address
- Poor personality of the sender

Any 10x1=10marks

5.(a) An organizational chart, This is the frame work which shows the specific units of responsibility or jobs which are performed in order to achieve the overall organizational objectives.

Or

This is a lay out that shows the number of departments in an organization and their relationships. It shows who is above who in an enterprise. **(2marks)**

While

An organizational plan, this is the frame work around which the people, machines, equipment and other physical parts of the planned business are put together to have an operating business.

(2marks)

(b) Elements of the organizational plan include;

- People to be employed in the business
- Workers' qualifications, skills and knowledge
- Their duties and responsibilities
- Terms and conditions of work i.e. permanent, probation or temporary
- Workers' fringe benefits
- Workers' remuneration

- Organizational chart
- Entry and exit procedures

Any 8x2=16marks

6.(a) conditions under which a cheque may be considered valid for payment;

- When it is written and signed by the account holder/drawer
- When it has the date when it was written
- When it bears the account number
- When the amount in figures is similar to the amount in words
- When the drawer has enough money on the account compared to what is written on the cheque
- When there are no cancellations or when they have not been counter signed
- When it does not exceed six month after it was written
- When the alterations on the cheque have been counter signed
- If all the signatures are sufficient i.e. in case of two /three signatures

Any 6x2=12marks

(b) Merits of using a cheque as a method of payment by an entrepreneur;

- It is safe in that it can be carried without being noticed unlike cash
- It is portable/light i.e. it is easy to carry
- It is an evidence that payment has been made since a record is left behind
- It is more convenient i.e. its less tiresome to write a cheque than counting large sums of notes and coins
- Helps to pay many people
- Ensures accuracy of payment/avoids possible mistakes made when counting money
- It helps in effecting deferred payments i.e. post dated cheques
- Guarantees safety of funds i.e. personalizing it by crossing it
- Easy to send i.e. crossed cheques can easily be sent by post compared to cash

Any 4x2= 08marks

END