

KAMSSA 2022 MARKING GUIDE 230/1
UACE ENTREPRENEURSHIP EDUCATION P230/1
DRAFT MAKING GUIDE
SECTION A

1a(i) Labour wastage

Refers to the number of employees leaving the organization. (1 mark)

(ii) Cost of labour wastage

- Additional recruitment costs
- Increased cost of training replacement employees.
- Loss of know-how and customers good will
- Potential loss of sales especially if turnover is in sales
- Damage that may be done to morale and productivity.

Any 2 x 1 = 02 (marks)

b(ii) Gender identify refers to the subjective awareness that one is a member of the male or female sex with the consequence that one conforms to culturally determined expectations of appropriate masculine or feminine behavior. (1 mark)

while

Gender equality, this refers to a situation where everybody is given the same opportunities and that the rights and obligations are similar for all groups so that nobody feels or is treated as more or less worthy than others. (1 mark)

(ii) Reasons for promoting gender equality in the business sector.

- To increase the abilities of women to participate in the labour market.
- To promote the development of women entrepreneurs.
- To ensure that each member is justly rewarded for his/ her services.
- To eliminate the threats of exploitation and victimization.
- To promote employment for women as a way of reducing poverty.
- To increase the number, sustainability and success of women in business.

Any 2 x 1 = 02 (marks)

c(i) Business ethic- Are acceptable measures or ways in which the business should conduct themselves towards their customers, employees, society, government and fellow business.

Or

They are those virtues that business people apply when making business decisions (1mark)

(ii) Principles of good business ethics

- Honesty
- Promise keeping
- Fairness
- Respect for others
- Compassion
- Integrity
- Cooperation / team work
- Law abiding
- Commitment to excellence
- Reputation and morale
- Accountability

Any 3 x 1 = 03 marks

d(i) **Treasury bonds** are bonds insured by the government to borrow a stated amount of money from the public for a fixed period of time at a stated rate of interest. (1 mark)
while

Corporate bonds are bounds insured by private or public companies that wish to borrow a stated amount of money from the public, for a fixed period of time at a stated rate of interest. (1 mark)

(ii) Cost of investing in shares.

- Fluctuation of share prices due to company performance, economy, demand and supply.
- Dividends fall as company profits for and no dividends in case of losses.
- Loss of share value if share prices full.
- Share prices become worthless if the company become insolvent of collapses.
- Share holders are paid last in case the company goes into liquidation.

Any 3 x 1 = 03 marks

(e) Rental income = Shs 500,000

Less provision for expenses and losses 20%

$$\frac{20}{100} \times 500,000$$

Shs 1,000,000

Chargeable rental income Shs 4,000,000

Less threshold Shs 1,560,00

Taxable income Shs 2,440,000

$$\text{Rental tax} = \frac{20}{100} \times 2,440,000$$

Rental tax = Shs 488,000

(3 marks)

OR

Step 1 Chargeable income = Gross income – Expenses & losses + Threshold income

$$= 5,000,000 - \left(\frac{20}{100} \times 5,000,000 + 1560,000 \right)$$

$$5,000,000 - 256,000$$

Shs = 2,440,000

Step 2: Rent income Tax = $\frac{20}{100} \times \text{chargeable income}$

$$= \frac{20}{100} \times 2,440,000$$

= Shs = 488,000

2(a) Factors that necessitate good relationship between family and businesses;

- Joint family funding / joint pooling of resources to fund the business.
- Inheritance of business
- Fear of fired management
- Source of employment for family business / members.
- Managerial decision making.

Any 5 x 2 = 10 marks

(b) Challenges associated with family business.

- Decision making is not easy / difficult of making decisions
- Difficulty in succession of an enterprise.
- Difficulty in managing business funds.
- Difficulty in assigning duties and responsibilities.
- Challenge of managing employee discipline at the work place.
- Unclear chain of command with limited flow of information.
- Conservation of family members.

Any 5 x 2 = 10 marks

3(a) Structure of an executive summary of a business plan

- Business over view.
- Product or service features.
- Marketing analysis.
- Key objectives and financial over view.
- Competitive advantages of the business.
- Projected growth.

Key members of the business

Funding requirements of the business.

Any 5 x 2 = 10 marks

(b) Why is it necessary for an entrepreneur to prepare a business plan

To test the feasibility of a business idea.

To give you new business the best possible chance of success.

To secure funding such as bank loan.

To make business planning manageable and attractive

To attract investors

To act as a time table for implementing business activities in a logical manner.

To help an entrepreneur to know the challenges in advance and lay strategies of overcoming them.

Any 5 x 2 = 10 marks

4(a) Tools of an effective marketing strategy in business.

- Cold calling
- Net working
- Referrals
- Writings
- New letters
- Giving free information to interested prospects
- Offering guarantees
- Advertising
- Sales promotion
- Good customer care
- Effective communication

Any 5 x 2 = 10 marks

(b) Aspect considered in carryout market segmentation.

- Demographics
- Socio – economic characteristics
- Product usage
- Psychographic
- Generation
- Benefit sought
- Geography
- Geo-demographic
- Discussion

Any 5 x 2 = 10 marks

5(a) Reasons for carrying out proper budgeting for the business enterprise.

- To enable the entrepreneur price his products appropriately to make the desired profit.
- To enable the entrepreneur calculate the cost of the goods sold.
- To act as a tool for mobilizing resources / funds.
- To promote planning for the future in line with the objectives of the enterprise.
- To enable the entrepreneur know how to prioritize his expenditure of income.
- To optimize the use of business funds, resources and labour.
- To motivate employees by involving them in the process of budgeting.
- To control business activities and manage all business program.
- To act as a yardstick for measuring business performance.

Any 5 x 2 = 10 marks

(b) Various tools used by entrepreneurs to monitor their business

- Operational budget
- Cash flow statement
- Balance sheet
- Stock records
- Bank statements
- Work schedules
- Work order forms
- Departmental reports
- Profit targets
- Sources of funds
- Books of accounts

Any 5 x 2 = 10 marks

6(a) Economic factors that limit entrepreneurial / intentions and opportunity identification.

- Unfavorable economic policy
- Rigid administrative issues
- Unfavorable / rigid legal requirements
- Under developed infrastructure
- Scarcity of resources
- High cost of business
- Limited economic incentives
- Under developed financial / systems

Any 5 x 2 = 10 marks

(b) Measures being taken by the government of Uganda to overcome the economic factors that prevent the development of entrepreneurship.

- Liberalizing the economy to give entrepreneurs freedom undertake economic activities.
- Setting favorable administrative rules e.g shortening the registration process for business.
- Developing infrastructure such as roads, communication facilities etc.
- Providing economic incentives like tax holiday, tax exemptions.
- Promoting the development of the financial / system to enable entrepreneurs access credit facilities at favorable interest rates.
- Establishing laws that protect entrepreneurs to ensure that their business operations are successful.

- Ensuring macroeconomic stability e.g stabilizing interest rates, exchange rates e.t.c
- Increasing access to resources to the potential entrepreneurs.

Any 5 x 2 = 10 marks

7(a) Why indirect taxes preferred to direct taxes

- Indirect taxes reduce tax resentment unlike direct taxes which increase tax resentment because people may not notice they are paying tax.
- Indirect taxes minimize discrimination in taxes based on income levels unlike direct taxes which increase discrimination in taxes based on income levels.
- Indirect taxes have a wide coverage which contributed more to government revenue all people pay it unlike direct taxes which have an arrow coverage as many people try to dodge them.
- Indirect taxes are used by the government to safe guard the health of citizens as they charge high taxes from goods which are likely to affect citizens e.g drugs, cigarettes, unlike direct taxes which are just set and paid directly.
- Indirect taxes promote hard work among tax payers in an attempt to meet the increasing prices of commodities while direct taxes discourage hard work among tax payers since most of them tend to dodge paying taxes.
- Indirect taxes convenient to the tax payer and government ie they are collected when people have money to spend while direct taxes are collected even when people don't have money to spend therefore they are not convenient to the government.

Any 5 x 2 = 10 marks

(b) Account for the high rate on non tax compliance in your country.

- High levels or tax rates
- Poor methods of tax collection
- Lack of sensitization from tax authorities.
- Un trained personnel / tax collectors.
- High levels of corruption and embezzlement in tax collectors
- Unfairness in the tax system.
- Complicated tax rules and laws from the local leaders
- Low standards of living among tax payers.
- Poverty among tax payers.

Any 5 x 2 = 10 marks