

SET 2
MARKING GUIDE
ENTERPRENUERSHIP EDUCATION 845/2

1(a)(i) SWOT analysis refers to a identification of business strengths and weakness, opportunities and threats in a competitive industry (1 mark)

(ii). Examples of weaknesses in the SWOT analysis include:

- Incompetent staff/personnel
- Inadequate funds
- Inadequate market research
- Limited entrepreneurial skills

Any 3x1=03mks

b(i). Requirements for registering a business include

- Business name
- Business Address (physical and postal address)
- Payment of registration fees
- Completed application forms
- Company Memorandum and Articles of Association

Any 2x1=02mks

(ii). Reasons for registering a business:

- For business identity
- For fulfillment to legal requirements
- To compete for and win government tenders
- To compete favourably with other business.

marks

Any 2x1=02

C (i). Product design refers to the physical attributes of a product in terms of colour, shape, weight, quality etc. (1 mark)

While/whereas/yet

Product promotion refers to a range of activities undertaken to inform and attract customers to buy the products. (1 mark)

(ii). Objectives of re-designing a product include;

- To increase sales/attract new customers
- To differentiate the product from others offered by competing companies
- To maintain old customers
- To satisfy; legal requirements
- To minimize resource wastage
- To re-launch the product
- To correct errors and negative perceptions

Any 2x1=2mks

(a) Indicators of quality as perceived by customers include;

- Cleanliness/neatness
- Packaging
- Technical specification
- Price/cost of the product
- Origin/source of the product
- Expiry dates
- Brand name
- Customers point of view (tastes and preferences)
- Durability

Any 4x1 = 4 mks

e(i). Features that distinguish a commercial bank from a development bank include;

- Commercial banks accept deposits yet development banks do not
- Commercial banks normally give short term loans yet development banks specialize in giving long term development loans
- Commercial banks charge high interest rates on loans yet development bank charge low interest rates

Any 2x1=02mks

ii). Examples of development banks in Uganda

- Uganda Development Bank (UDB)
 - Housing Finance Bank
 - East Africa Development Bank (EADB)
- Any 2x1=02 marks

F(i) income tax is a tax levied on individual's income or company profits – while/yet/whereas

1 (mark)

Capital gains tax is a tax charged on profits/(surplus, appreciation, growth) of a company's shares/capital or investments or capital assets. (1 mark)

ii. Advantages of levying an income tax

- It reduces income inequality
- It encourages hard work and creativity
- It generates tax revenue for social service provision

Any 2x1 = 2mks

g. Reasons for terminating a business contract

- Breach of contract
- Undue performance
- End of contract period/lapse of time
- Order by courts of law
- Frustration by non-occurrence of events surrounding contract
- Due performance/fulfillment of contractual obligation
- Mutual agreement among parties to do so
- Order by government authorities

h(i) Effective communication is a process of creating, transmitting and interpreting ideas, facts, opinions and feelings in a clear, understandable manner that involves feedback (1 mark)

ii) Barriers to effective communication include:

- Language barrier/use of slogans, jargons
- Interference from environment (noise, smell etc)
- Poor message preparation
- Use of wrong address
- Communication at an inappropriate time
- Use of wrong media

Any 3x1=3mks

(j) Requirements a company should fulfill before selling shares to public

- It should be fully incorporated or registered by the registrar of companies
- It must be a public limited company
- It must be financially stable/sound
- Its shares must be issued in conformity with the law
- Its shares must be fully paid up and freely transferable
- It should be quoted on the stock exchange market

Any 4x1=4mks

(i).(i). Bank loan is the amount of money lent by financial institution to its customer/client that has to be re-paid **with interest** within an agreed time log (loan period) (1 mark)

while/wheras/yet

Bank overdraft is the **excess money** beyond what is on account that a current account holder is allowed to withdraw/given.

(1mk)

(ii) **Disadvantages of giving a bank overdraft include:**

- Reduce money available for day to day bank operations
- Possibility of failure to repay the borrowed money
- Bank incurs high recovery costs at times
- Worsens relationship between bank and client in case of failure to repay.

Any 2x1=2mks

SECTION B

2 (a). How business benefit from society

- Gets labour force/workers
- Get market/consumers of products
- Get supply of raw-materials
- Gets security

4x1=4mks

How society benefits from businesses

- Producing/supply of goods and provision of services
- Members of society get employment opportunities
- Business support/carryout community development programmes
- Business contribute tax revenue to facilitate service provision
- Business clean the environment
- Businesses act as study centers to the benefit of society
- Businesses act as entertainment centers to the society

Any 6x1=6mks

b). How government can protect natural environment from negative business impact; by/through

- Over taxing businesses that negatively impact nature
- Tightening registration and licensing procedures for businesses likely to affect nature negatively
- Putting in place strict laws and harsh penalties for business that destroy nature
- Instituting a total ban on products that destroy nature e.g. polythene bags
- Sensitizing the public on need to conserve the environment
- Recognizing and rewarding efforts of key environmentalists
- Encouraging formation of bodies to conserve natural environment e.g. NEMA
- Establishing policy that encourages cleaning up of environment pollution like recycling plants

Any 5x2=10mks

3(a). Elements of a marketing plan include:

- On-going trends and opportunities in the main and secondary market
- Quantified statements of the market size, growth rates

- Market share
- Position of competitors
- An analysis of the product and its value to the customers
- Analysis of on various ways of communicating with and influencing customers
- Selection of distribution channels and other alternatives in bringing the product to the consumers
- General statement of current market prices, affordable prices etc
- Expected sales
- Plan for recruiting and motivating sales force

Any 5x2=10 mks

(b) Challenges encountered when preparing a marketing plan include:

- Limited market data
- Lack of reliable market information
- Ever changing customer tastes and preferences
- Limited funds/resources
- Limited qualified and experienced labour e.g marketers and sales persons to prepare marketing plans
- Ever changing economic conditions
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Any 5x2=10 mks

4(a) Factors considered when choosing a production location include;

- Availability of transport and communication network
- Presence of storage facilities
- Presence of good security
- Availability of power/energy
- Availability of water
- Availability of land/space
- Availability of market/closeness to customers
- Closeness to raw materials
- Availability of labour
- Availability of business support services
- Favourable government policy e.g. taxation

10x1=10mks

(b) Ways of increasing productivity of an enterprise through/by:

- Expanding plant capacities
- Recruiting more workers
- Hiring competent, skilled, experienced workers
- Retraining, skilling and re-equipping of workers
- Adequate and timely rewarding of workers
- Recognizing and rewarding more productive personnel
- Automation of production/use of advanced machines
- Constantly making research and implementation better/modern production techniques
- Carrying out intensive marketing of products to increase sales
- Expanding storage capacities etc

Any 5x2=10mks

5(a) Factors that influence tax compliance include:

- The extent to which a tax is equitable
- The extent to which tax laws and procedures are made simple and easy to understand
- The level of consistence and fairness of tax rules and regulations
- The extent to which tax burden is spread to all potential tax payers
- The quality of tax administration
- The popularity of ruling government and quality of governance
- The quality of business management among business/tax payers
- The extent of tax knowledge in the population.

any 5x2 = 10 mks

(b). Measures to encourage tax compliance include; by/through

- Sensitizing the masses on the benefits of taxation
- Fighting corruption and embezzlement of tax revenue i.e. showing accountability on the usage of tax revenue
- Developing a friendly system of tax collection/adopting the principle for fair tax assessment
- Ensuring price stability so as to boost the economic activities
- Using trained personnel to assess and collect taxes

- Improving the quality of tax administration
- Charging lower taxes (rates)
- Shortening the tax payment procedures
- Simplification of tax payment procedures
- Strengthening the implementation laws/imposing penalties to tax evaders etc

Any 5x2=10 mks

6(a) Objectives of man power planning are:

- To ensure availability of the right manpower at the right time and the right cost
- To estimate the number of employees needed
- To ensure optimum utilization of the existing man power
- To promote development of the existing man power through motivation, facilitation and training
- To promote career development of employees through training and placement
- To facilitate quick achievement of organizational goals and objectives
- To identify manpower gaps in an organization i.e. which department needs employees
- To minimize labour costs in an organization
- To set clear policies on employee promotion, retention, transfer, retirement and associated benefits

(b). Importance of man power planning

- It ensures optimum use of the available human resources
- It promotes career development in an organization via training
- It promotes personal development of existing man power through motivation and facilitation
- It's a basis for setting good working conditions in an organization
- It facilitates quick achievement of an organizational goals and objectives
- It helps the organization to take up the right number of employees thus minimizing resource wastage in case of excess labour recruitment
- It boosts geographical and occupational/mobility of labour as a result of skills, abilities and competences gained by employees
- It helps in avoiding labour shortages as plans are under taken to replace labour force recruiting.

Any 5x2=10mks