

ENTERPRENUERSHIP EDUCATION 845/2

PAPER 2

SUGGESTED MARKING GUIDE

QN1

a).i). Success is the realization of the worthy intention or Success refers to a situation where a business achieves its intended goals. (1 mark)

(ii) Indicators of success in business

- Increase in assets
- Increased profits
- Expansion of business market share;
- Increase in production lines
- Production of good quality product
- Increased number of employees
- Recognition in the community

Any 3X1=3marks

b) (i). Dignity of work refers to the respect or importance that is attached to certain a job (1 mark)

(ii). Importance of doing work

- Work gives people social recognition
- Work helps people to meet their personal and family requirements
- Through work, people can become useful and helpful to their communities and society in general
- Work helps people to use the available resources, their talents, knowledge and skills productively
- It helps to improve on peoples standards of living
- Work helps to provide income to the people
- Work increases self worth of a person

Any 3X1=3marks

c).Business that help to create employment in Uganda

- Service businesses
- Trading businesses
- Agri-business
- Manufacturing businesses

Any 4X1=4 marks

d)i. Characteristics of business goals:

- They should be specific
- Goals should be measurable
- They should be attainable/achievable
- They should be realistic
- They should be time bound
- They should be documented/written

Any 2X1=2 marks

(ii) Importance of setting goals in business

- Helping in decision making
- Providing targets that are to be achieved
- Maximum utilization of resources
- Evaluation of performance

Any 2X1=2 marks

e). (i). Ethics towards employees

- Give the employees a fair pay
- Provision of clear and fair terms of Employment
- Provision of good working conditions
- Job Security
- Politeness: Entrepreneurs should treat the employees politely in all situations

- Respect: The entrepreneurs should respect the employees for the condition they make to the business

Any 2X1=2 marks

(ii). Ethics towards customers

- Honesty
- Courtesy
- Geniality
- Responsibility
- Provision of after sales services
- Understanding the beliefs, culture and sex of the customers

Any 2X1=2 marks

f). Laws presently applicable in Uganda

- Company Law
- Public Health Law
- Food and Drug Law
- Consumer Protection Law
- Environmental Law
- Land Act
- Weights and Measures Law

Any 4X1=(4 Marks)

g(i) Paid employment is where a person gets employed by another person, business government and non-governmental organizations and is paid a salary or wage periodically. While self-employed is where a person or group of people starts their own income generating activities where they work for survival.

(ii). Benefits of self-employment

- One is able to become independent and boss of him/herself when performing work
- Creating of employment for the owner and other members of the community
- Developing self-confidence and self-esteem
- The business can provide goods and services to the public

- Provision of job satisfaction resulting from creation of one's own employment.
- Improvement in the persons standard of living due to high income
- The person who is self-employment gain status in the society
- Unlimited income is realized
- Job security promoted

Any 2X1=(2 Marks)

h.(i). Sole-proprietorship is a legal form of business which is owned and managed by one person.

While partnership is legal form of business which exists when two or more people but less than 20 pool together their energy and resources in order to carry out business so as to make profits.

2 marks

(ii) Advantages of partnership business

- Even distribution of work hence less fatigue
- It is in position to raise more capital than sole proprietorship
- Specialisation is possible i.e. each partner takes up those tasks for which he/she is best suited
- The absence of a partner may not affect the business unlike in sole trade
- New partners may be admitted for expansion of skills
- There is a better combination of talents because people with different skills work together
- Business accounts and other records can be kept secret unlike in public liability companies

Any 2X1=2 marks

i(i) Components of the natural environment

- Air
- Water
- Flora & Fauna
- Landforms

(ii) Components of business environment

- Other businesses/competitors
- Social-economic infrastructure such as roads

- The population that constitute the market and labour for the business
- The government

j(i). A business idea is any thought an entrepreneurs may come with for the purpose of developing in into a business opportunity. (1 mark)

(ii) Sources of business ideas

- Technical skills and experience that is possessed
- Personal contacts
- Studying or analyzing government policies and development plans
- The peoples individual hobbies which may be turned or developed into business.
- Observations of developments and changes taking place within the environment
- Through the press e.g. newspapers, Magazines and radios
- Conducting market surveys
- Having discussions and interviews with other entrepreneurs
- Going into the market to observe the products that have been sold and bought
- Tied on available resources i.e. finding out business that can use the available resources

Any 3X1= 3 marks

SECTION B

Qn. 2(a) A contract is an understanding between two or more persons to perform agreed transaction basing on agreed terms and conditions.

(2 marks)

b). Essentials of a valid contract

- Offer and acceptance
- Intention to create a legal relationship
- Lawful consideration
- Capacity of the parties (contractual capacity)
- Free consent
- Lawful object
- Possibility of performance

Any 6X2=12marks

c). Describe the various ways in which a contract may be discharged.

- Performance if the contract is fulfilled as per the agreed terms and condition
- Agreement: If parties concerned agree to discharge the contract
- Frustration: If one of the parties fails to meet his obligations
- Breach: If there is deliberate failure to perform ones obligations
- Operation of the law. If there is lapse of time, death substitution or bankruptcy of one or both of the concerned parties
- Government interference in the matters of contract /illegality
- Lapse of time

Any 3X2=6 marks

Qn3. a) Importance of transport in the business

- Bridges the gap between a producer and a consumer
- Facilitates the movement of raw materials
- Transportation of employees to work places/labour
- Moving goods from areas of scarcity to areas of plenty
- Links Entrepreneurs to markets wherever they exist
- Avails customers with a choice and variety
- Enables Entrepreneurs to get rid of their surplus stock
- Encourages development of enterprises anywhere

Any 4X2=8 marks

b). factors that an entrepreneur may consider when choosing the mode of transport.

- Availability and safety of the mode
- Cost of transport
- Nature of goods to be transported
- Size of the load
- Distance to cover
- Value of goods to be transported
- Flexibility of the mode of transport
- Speed and urgency

Any 6X2=12 marks

Qn. 4 a). Packaging refers to wrapping, crafting, filling or compressing of goods to protect them or handle, transport, use and preserve them more easily.

2 Marks

b). Importance of packaging

- Protection
- Portability
- Provides relevant information e.g. ingredients of the product
- Provides name of the producer
- Preservation of the product
- Promotion/advertising the product
- Portioning of the product into manageable units
- Easing the distribution of the product
- Facilities self-service as applied in super markets
- Facilities inclusion of instructional labels
- Facilities product differentiation

Any 4X2=8marks

C). Factors an Entrepreneur may consider when choosing the type of packaging materials to be used for a product

- Source of packaging materials and suppliers
- Availability of packaging materials in required amount
- Unit cost of packaging materials required per production cycle and inventory levels to be maintained
- Cost of packaging in relation to the value of the good being packed
- Type of goods to be packaged e.g. liquid, solid, gas
- Purpose of packaging
- Means of transport to be used
- Nature of the product e.g. in terms of shape

Any 5X2=10 marks

Qn. 5. a) Differentiate between a public limited liability and a private liability company

Private Limited Company	Public limited company
Membership is between 2 to 50	Membership is between 7 to infinity
Shares are only sold to members	Invites the public to buy shares from the Company
Shares are transferable after the consent of other members	Shares are freely transferable to the public at a stock exchange market

Any 2x2=4marks

Or; A private limited company is a legal form of business that is owned by 2 to 50 shareholders whose shares are not freely transferable. They are mainly owned by family members.

While/Whereas a public limited company is a legal form of-business that is owned by 7 to infinity shareholders whose shares are freely transferable. They are publically owned.

b). Advantages of limited liability companies over other legal forms of business

- Shareholders enjoy limited liability
- Large financial resources raised from the sale of shares
- Enjoys economies of scale hence high profitability
- Shares are freely transferable especially for public limited companies
- Business is assured of continuity even in case of death, insanity or bankruptcy of one of the shareholders
- The business is in position to hire skilled manpower which leads of efficiency.

Any 4X4=16marks

Qn. 6 a). Principles of Insurance

- Utmost good faith
- Subrogation
- Insurable interest
- Indemnity
- Proximate cause
- Contribution

Any 3x2=6 marks

b). Steps to be followed by an Entrepreneur when taking up an insurance policy

- Identification of the insurance policy and company to insure with filling of the proposal form
- Calculation of premiums and paying of first premiums
- Receiving the cover note
- Issuing of an Insurance policy
- In case the risk insured against occurs, filling the claim form.

Any 3X2=6marks

c). Benefits of taking an insurance policy

- Compensation of entrepreneurs in case of loss
- Entrepreneurs can use insurance policies as security for loans from financial loans
- Entrepreneurs are also assured of compensation in case of sickness or loss of life employees
- May instill trust among the customers towards the business
- Insurance companies pay taxes to the government hence are a source of revenue to the government
- Members of the public can get employment opportunities in the insurance companies and even the safe guarded business
- Insurance services can be provided to foreign entrepreneurs hence become a country's invisible export and earning the country foreign exchange

Any 3x2=6marks