**MARKING SCHEME**

**S5 ENTREPRENEURSHIP COMPREHENSIVE-2021**

**SECTION A.ANSWER ALL QUESTIONS ( 55 Marks)**

**1. Describe any three methods used by an entrepreneur to generate business ideas. (6 Marks)**

Entrepreneurs can generate business ideas through any of the following ways.

 a. Define the Problem. Any problem, challenge or unmet customer needs and gaps need to be solved or a solution found. By thinking about different ways of solving or meeting the customer needs results into business ideas. Therefore, to generate business ideas, one needs to first define the problem and then look for ways to solve it.

b. Brainstorming: This is where a group of potential entrepreneurs get together to think and generate a list of solutions to challenges or ideas to solve unmet customer needs. As the group members think and mention the ideas that they have come up with, it is written down.

c. Look at parallel problems and solutions: Relate your current problem to the one that you had in the past and check for parallels between the two. The way that earlier problems were solved can assist you greatly in generating ideas to solve subsequent and current situations.

d. Look at each task as a challenge: It’s true that if you look at a problem simply as a “problem” then that is exactly how many will look at it. Sure it is a problem, and therefore, it needs a solution. Coming up with solutions to solve the problem or challenge will result into business ideas to that particular challenge.

 e. Daydreaming: Most people while undertaking their daily duties have their subconscious continue working (day dreaming). List your dreams. What have you always wished to do? Write them down. Then look for a way to turn these ideas into practical activities that have social, cultural or economic value for which someone out there could or may be willing to pay for.

f. Carry a notepad: Always have a notepad with you. Make it a habit not to live without it. Write down any interesting idea your mind comes up with in response to every situation you may be faced with or environment you find yourself in. Capture and preserve your ideas for later use when you truly want them.

g. List customers’ complaints: How many times have you complained about a bad service, poor or wrong timing hours, limitations of a product you have purchased, etc? If your complaint is not unique, then you have just found an area where you could help meet a need. For example, if you were searching for a good or service on the weekend, and the store or Service Company was closed, couldn’t you capitalize on that by offering expanded hours?

h.Read: Read virtually every newspaper, business magazine, marketing periodicals, entrepreneurship bulletins, etc that you can find. You may not get a winning idea from each issue, but always learn something new that you can use at a later date. The more information your mind has stored away, the greater the opportunity for creativity. Every time you read about an entrepreneur who is making it on his or her own, you should be processing the data from your mind on why such an entrepreneur is successful.

i. Tap your interests: Thousands of clever people have taken up hobbies and turned them into successful businesses. Unfortunately, a number of people never consider it as an important piece of work when they are doing something they love.

j. Travel: Traveling opens your eyes and increases the chances for you to generate business ideas. You will for example benefit greatly if you visit well known entrepreneurs or people so that you can listen to their experiences

**2. Kagaba is a Manager of City Hotel he wants to sign contract with Keza who wants to supply eggs and chickens to Hotel. Help them and describe any six necessary elements to be based on their written contract.(6 Marks)**

Written contracts may follow a structure that can include, but are not limited to, the following elements:

* Details of the parties to the contract, including any sub-contracting arrangements
* Duration or period of the contract
* Definitions of key terms used within the contract.
* A description of the goods and/or services that your business will receive or provide, including key deliverables.
* Payment details and dates, including whether interest will be applied to late payments.
* Key dates and milestones.
* Required insurance and indemnity provisions.
* Guarantee provisions, including director’s guarantees.
* Damages or penalty provisions.
* Renegotiation or renewal options
* Complaints and dispute resolution process.
* Termination conditions.
* Special conditions

**3. Differentiate business growth from business development. (5 Marks)**

**Business growth** refers to the process by which business enterprises increase their production, profitability and size. It is the expansion of the business enterprise. Business growth can also be defined as a stage where the business reaches the point for expansion and seeks additional options to generate more profit.

**Business development** is the business growth in terms of sales revenue, business expansion, increasing market and profitability. It can also be seen as the activity of pursuing strategic opportunities for a particular business or organization, for example by enforcing partnerships or other commercial relationships, or identifying new markets for its products or services. There is a relationship between business growth and business development since all involve growth in terms of revenues, business expansion, increasing market and profitability.

**4. Suppose your friend is any entrepreneur and he/she wants to open a company for making sugar cane juice, advise him on any three factors considered before choosing an appropriate technology. (6 Marks)**

The factors that should be considered before choosing an appropriate technology include the following:

Social benefit: The technology should have social benefits to the country, in terms of job creation, as well as not having a lot of social costs like pollution (air, water and noise).

Health impact on users: The technology should put into consideration the health of the users as well as the population around. Some technology for example machines and mobile phones make vibrations which affect the health of the people leading them to get cancer related problems.

Ease of use and adaptability: The technology chosen should be simple to use and easy to learn and adopt. It should be able to accommodate the skills of the available labor in a given country.

Productivity and profitability: The technology chosen should be able to yield profits for the business as well as efficient and effective use of resources to produce much output.

 Cost effectiveness: The technology chosen should be affordable to the company and should be able to yield more returns for the capital invested.

Institutional needs: The technology should be able to address the needs of the institution or company where it is being used. For example, banks need more capital-intensive technology in form of information communications technology as compared to labor intensive technology.

Environmental friendly: The technology must comply with the environmental laws thus; it should not degrade the environment. This is very common with industries which use capital intensive technology

**5. A customer relation is the relationship between the entrepreneur and customers and how customers are treated.Customer service is how we meet the needs of people who use our services. Knowing how customers treated in different entreprises explain any three levels of customer service. ( 6 Marks)**

 The three levels of customer service are:

• Poor service: Under this type, those giving service do not seem to care; do not make efforts to please customers. For example, a server in a restaurant who does not bring the menu, does not tell you when food is not available, does not ask if you need anything.

• Mediocre service: Under this type, service provided is good. Those providing service care about customers but might not be able to provide customers with their needs. For example, a server in a restaurant who is polite but cannot give information about the food.

• Exceptional service: At this level, the quality of service is always excellent, customer always feels happy and recommends the service to other people he/she knows. For example, a sever in a restaurant who shows up on the table with the menu, explains what is available, gives recommendations, explains why food is late, etc.

**6. Differentiate the debit note from credit note and give one reason on each for issuing them. (6 Marks)**

**The debit note**: It is a document prepared by the seller and sent to the buyer who has been undercharged on an invoice. It informs the buyer that his account is debited, increasing the amount that he owes.

Reasons for issuing a debit note.

i. If there has been an undercharge on an invoice

ii. If some charges like delivery, packing, loading, etc. have not been included in the invoice.

**The credit note**: It is a document prepared by the seller and sent to the buyer who has been overcharged on an invoice. It is sent to the buyer to deduct the over charged amount in the invoice. It informs the buyer that his account is credited, decreasing the amount that he owes.

Reasons for issuing a credit note

i. If there has been an overcharge on an invoice

ii. If damaged goods have been returned by the buyer.

iii. If the goods are short delivered to the buyer.

iv. If the buyer has returned gift vouchers or coupons to the seller

**7. Draw the financial plan process. (6 Marks)**

Scheme of financial plan process:

1.Determine current financial situation

2.Develop financial goals

Re-evaluate and revise financia plan

3.Identify alternative course of action

5.Create ate and implement financial action plan.

4.Evaluate alternative

**8. Describe any three activities would you do to insure any juice product meets the standard. (6 Marks)**  Activities they would do to ensure their product (juice) meets the standards:

 **IQC – In-coming Quality Control.** This will involve inspecting the raw and component materials from suppliers upon arrival.

 **IPQC - In-process Quality Control**. This refers to the quality control during the assembly process. It is very important because you can detect and handle the problem that occurs ahead of time.

 **OQC - Outgoing Quality Control**. This involves the inspection of products before taking to the market. This is a crucial step in ensuring the goods to the market are defect-free

Calculation on Trial balance.

Importance of conformity assessment.

**9. Suppose you are owner of any company. Write any two rights and any two responsibilities of your workers/employees. (4 Marks)**

Employees have the right to:

* Be given by the employer the agreed work and this, under those conditions, at the time and place as agreed;
* To implement the work contract signed with the employer;
* To be paid by the employer the agreed remuneration regularly and in due time;
* To be affiliated by the employer to the social security scheme;
* Enjoy the rights that are provided for workers with dependents by the law;
* To enter into a performance contract with the employer based on collective negotiation within the establishment;
* Work in a respectful, inclusive work environment free of discrimination;
* A safe and healthful workplace;
* Ask employer to correct dangerous conditions;
* Receive training from employer;
* To be given the needed means for the execution or completion of the work;
* To benefit from all legal provisions related to the work.

The worker has the following principal responsibilities :

* To personally carry out the duties of his/her position: The worker must personally execute the contract of employment in the time, place and under conditions agreed between the parties. He/she is not competent to request a third party to do his/her job or to assist him/her without the consent of the employer even when the remuneration of the third party will be paid by the employee or gratuitous.
* To respect the employer’s or his/her representative’s orders when given so as to have the work done.
* To abstain from all that might threaten his/her security or that of his/her companions or third party, or jeopardize his/her dignity and the one of his/ her colleagues.
* To respect workplace rules, regulations, policies and legislation prescribed by the establishment, its branch or the place where he/she is to do his/her work
* To keep in good conditions tools given to him/her and give them back to the employer at the time the work is completed.
* Treating clients, coworkers and the public with respect and dignity.

**10. Show and explain any two roles of ICT in business in the time of lockdown in year 2020. (4 Marks)**

Makes work easier: Technology simplifies work in all aspects. Work becomes so interesting, less stressing, enjoyable and fast.

 Quality products: Advanced technology is very accurate and tends to produce better quality products that fetch a lot of money for the enterprise.

Complicated tasks: Technology helps to perform complicated tasks fasterand with ease. For example, use of computerized accounting software like quick books, sage and pastel helps in accounting with ease.

Global marketing: Technology helps companies to sell around the world. People are able to buy and sell products online and receive payments electronically. This is possible through the use of E-commerce sites like E-Bay, Amazon, Jumia, etc. and payments can be made using Credit cards and visa electronics cards.

 Monitor buying habits: ICT helps firms to monitor the buying habits of their customers and be able to stock the right products in the right quantities at the right time. Speed Governors help to track drivers which supports a positive public image of employees who realize they can’t get away with poor behavior.

 Ability to process high volumes of information and at a high speed: Computers can perform a lot of work in the shortest time possible which would require a lot time if done manually. Examples include preparation of control accounts, financial statements and preparing payrolls etc.

Increases customer satisfaction: The use of ICT helps producers to produce goods and services which are of good quality and a variety. This therefore increases the customers demand and satisfaction of the commodities.

Communication: ICT enables businesses to communicate both nationally and internationally with clients and business partners. It also helps to improve communication within a company which helps managers to make good decisions.

Production and distribution of products: Technology plays a key role in the production and distribution of products by use of machines and transport means. 10. Technology has made it easy: for companies to handle large numbers of employee profiles as well as client profiles. 11. Technology cuts costs: For example, the costs incurred while transporting and delivery of goods can all be done using computers and the internet.

Advertising: Information Communication technology introduced new methods of advertising particularly through the Internet which helps businesses to be known and sell worldwide hence increasing producer’s income.

 ICT improves stock control: The use of barcode scanners and point of sale terminals within shops, enables firms to know immediately what their stock levels are, reducing the need for many manual checks.

Advertising: Information Communication technology introduced new methods of advertising particularly through the Internet which helps businesses to be known and sell worldwide hence increasing producer’s income.

Security: Information stored on computers is considered to be safer. This is because access to information can be restricted by using passwords. Also, in some accounting software which allows multi-users, it is easy to trace which user has performed a given transaction. This reduces the risk of fraud. For example, in banks.

Research tools: ICT helps businesses to carry out research easily about their competitors which helps them to survive. The Internet allows a business to virtually travel into new markets without the cost of an air ticket or the risks of creating a factory abroad. By doing this, businesses grow and acquire new opportunities.

Reduces the worker’s costs: An individual can be used to perform a giventask which can be done by many people by using a computer. Therefore, there is reduction of costs in terms of salaries and other fringe benefits that would be incurred.

**SECTION B.CHOOSE ANY THREE QUESTIONS( 45 Marks)**

**11. a. What is a business research. (1 Mark)**

Business research is the process of collecting and analyzing information for the purpose of initiating, modifying or terminating a particular business activity.

**b. Suppose your friend wants you to help him/her to do a business research. Ordering and explain to him/her any seven key steps that are involved in carrying out a business research.( 14 Marks)**

Steps that are involved in carrying out a business research

 1. Finding the topic of the research study. This is the title of all the research work that has to be done in the field. E.g. an evaluation of the influence of income levels of consumers to the growth of a business.

2. Defining the research problem. This enables the entrepreneur to find out how to deal with prevailing situation which consequently enables him to achieve his/her target.

3. Setting of objectives. Specifically show what the research wants to achieve at the end of the study. They should always be brief and SMART (systematic/ specific, measurable, achievable, realistic, time bound).

4. Selection of the basic data collection methods. (Observation, interview, questionnaire, field experiments, focus group etc.)

5. Determine the scope. The researcher determines the limitations of his/her study. That is to say, areas to be covered and what to be included or excluded. (Sample/population).

6. Designing a clear schedule for conducting the research or coming up with a clear plan of the whole research process. Consider the example below; An example of a research schedule of activities on a topic of study “Customer perception towards a new brand of product from a given company”

7. Collecting data: The researcher collects data on a number of things such as price, product, promotion, target market etc. This is normally done in the real field study.

8. Analyzing data: This is done during and after the real field study. It enables the researcher to know how the market will be especially in terms of demand.

9.Presenting data: After data analysis, the researcher presents his findings to the relevant authorities for action. The researcher should ensure that he presents empirical data and not estimates or hypothetical figures to those who are supposed to take the action.

12. The following balances were extracted from books of Kabeja enterprises as at December 2020. Extract the trial balance from these.

 Capital 9,280,000

Purchases 7,100,000

Stock 01-Jan 2020 1,650,000

Furniture 3,100,000

Debtors 1,150,000

Bank overdraft 850, 0000

Motor vehicles 5,300,000

Cash at hand 350,000

Return outward 250,000

Distribution expenses 500,000

 Sales 9,600,000

Creditors 950,000

Salaries 1,500,000

Commission received 340,000

General expenses 620,000

**Answer**

**KABEJA’S TRIAL BALANCE AS ON 31ST DECEMBER, 2020**

**Details/Particulars Debit Credit**

Purchases 7,100,000

Opening stock 1,650,000

Furniture 3,100,000

Debtors 1,150,000

Motor vehicle 5,300,000

Cash at hand 350,000

Distribution expenses 500,000

Salaries 1,500,000

 General expenses 620,000

Capital 9,280,000

Bank overdraft 850,000

Return out wards 250,000

Sales 9,600,000

Creditors 950,000

Commission received 340,000

Totals 21,270,000 21,270,000

13. Summarise what is SWOT Analysis. (15 Marks)

SWOT stands for:

 **Strengths** refer to the positive internal factors a business can draw from to accomplish its goals and objectives. For example:

• Skilled and motivated staff.

 • Modern equipment.

• High quality products.

• Customer friendly but profitable prices.

• Ability of the product to meet customers’ needs and preferences.

• Efficiency at serving customers.

• Good business location.

• Good and trained marketing staff.

• High and effective brand name, design, trademarks, packaging, etc.

• Efficient advertising and product promotion terms and strategies.

• Enough capital Tips to maintain your company’s strengths;

• Be truthful: It probably goes without saying, that if you’re not truthful during this process, the entire analysis won’t be effective.

• Allow for feedback: As you’re brainstorming strengths, make sure your employees are comfortable offering their feedback. You may not agree on some strength, but it’s best to talk to them through.

• Stay focused: You want to hear many viewpoints, but when you get several people in a room, time can get away from you. Keep the group on task.

• Keep your list of strengths handy:

Keep your list in an accessible spot. You’ll analyze all of the data that you collect over the next few days at the end of the week.

**Weaknesses** refer to the negative internal factors that inhibit a business’ ability to accomplish its goals and objectives. For example:

• Being new in the market.

• Weak marketing image and distribution image.

 • Narrow product line; location of selling points not convenient or accessible to customers.

• Inability to finance needed marketing changes.

• High overall unit cost compared to the key competitors.

• Marketing skills that are poor or below average.

**Tips to identify your business’ weaknesses**

• Be open-minded: As your employees suggest weaknesses, remain openminded. It’s likely that an employee will bring up a weakness that you hadn’t thought of, or disagree with. When it happens, don’t be judgmental.

• Be critical of your business: Now isn’t the time for rose-colored glasses, now is the time for pure honesty. Be prepared to look at your business inside and out critically.

• Remember, every business has weaknesses: When you’re finished talking about the negative aspects of your business, you might feel a bit deflated. Remember, every business has weaknesses. Today is just part of a larger process that will help you better access your business.

• Keep your list of weaknesses handy: Keep your list in an accessible spot. You’ll analyze all of the data that you collect over the next few days at the end of the week.

**Opportunities** refer to the positive external factors that a business can exploit to accomplish its goals and objectives.

For example;

• Possibilities of landing big orders say from government or big institutions.

• Sudden shift in tastes and preferences of consumers in favour of your products.

• Market trend changes due to new development like a school or large business in the area.

 • Faster market growth.

• Falling or removal of trade barriers in attractive markets whether foreign or domestic.

**Tips to exploit your business’ opportunities**

• Do your research: Finding answers to some of these questions might require some digging. Don’t be afraid to make some calls, set up meetings, and do some market research to gauge upcoming changes.

• Be creative: To find an opportunity where your competitors cannot will take skill and creativity. Don’t be afraid to think outside the box when you’re listing possible opportunities.

**Keep your list of opportunities handy**: We’ll add to your SWOT analysis tomorrow, so keep your list of opportunities in a safe spot.

**Threats** refer to the negative external factors that inhibit a business’ ability to accomplish its goals and objectives. For example

• Competitors reducing their prices. • New businesses getting started.

 • Entry of lower cost foreign competitors into the market. • Changing tastes and preferences of consumers.

 • Negative population changes/demographic changes. • Sudden negative change in government policies.

• Negative shift in for ex rates and trade policies.

• Rising sales of substitute goods.

• Declining availability of raw materials for the product. Tips to identify and manage threats

• Do market research: As you’re looking into possible threats, you will want to conduct market research to see how your target audience is shifting.

• List every threat you can think of: If you think of a threat, list it. Even if that threat has consequences that won’t be felt immediately, it’s still better to have it on your radar.

• Threats exist, don’t panic: Listing threats may cause some anxiety, but remember that all businesses have threats. It’s better to know about threats than it is to turn a blind eye to them.

**14. a. What is tax shifting ?**

Tax shifting is the transfer of either part or the whole amount of tax imposed on a taxpayer to another party (other taxpayer).

**b. If you are the one determining or imposing taxes to people and businesses, mention any seven things you would put into consideration or principles of taxation. (14 Marks)**

The following canons/principles

**Convenience**: Places, periods and seasons in which the tax dues are collected should be convenient to the taxpayer. For example, the convenient time to a trader is when s/he has made profit. For a farmer, is when s/she has sold his/her productivity.

**Simplicity**: The type of tax and the method of assessment and collection must be understandable by both the taxpayer and tax collectors. Complicated taxes may lead to disputes, delays and high costs of collection in terms of time and resources.

 **Certainty**: The taxpayer must know the nature, base and amount of a tax without doubt. Unpredictable taxes discourage investment and reduce work effort. Simply the tax should not be arbitrary.

 **Economy**: The cost of collection and administration of tax must be much lower than the tax collected

**Elasticity**: A tax should change directly with change in the tax base. If the tax base increases, the tax charged on the tax base should also increase.

**Productivity**: The fiscal authorities should be able to predict and forecast accurately the revenue a particular tax would generate and at what rate it would flow in.

**Equity**: Tax assessment should be in such a way that tax payers bear a proportionately equal burden. I.e. people who earn more income should be taxed more than those who earn less income.

**Diversity**: This canon requires that there should be a number of taxes of different varieties so that every class of citizen may be called up on to pay something towards the national priorities.