**JINJA JOINT EXAMINATION BOARD 2019**

**MOCK EXAMINATIONS**

**ENTREPRENUERSHIP 845/2**

**MARKING GUIDE**

**SECTION A (40 marks)**

**Question 1**

1. ***Define the term “price” (02 marks)***

This refers to a monetary value of a product.

1. ***State any three methods used in pricing products. (03marks)***

* Demand oriented pricing
* Cost oriented pricing
* Value oriented pricing
* Government oriented pricing
* Fashion oriented pricing
* Resale price maintenance
* Auctioning
* Haggling or bargaining
* Competition oriented pricing.

***(Any 3 pts x 01@ = 03 marks)***

1. ***Who is a wholesaler? (02marks)***

Is a trader who normally buys goods from a manufacture in large quantities and sell to retailers in affordable quantities.

1. ***What are pre-operating expenses? (02marks)***

These are expenses that are incurred by a business before it starts its operations.

1. ***Explain the following insurance principles***
2. ***Utmost good faith (02marks)***

This principle requires a person applying for an insurance policy to disclose all relevant material facts about the property or business being insured.

1. ***Proximate cause (02marks)***

This principle states that there must be a fairly close connection between the cause of the loss and the actual risk insured against to enable the insured to seek compensation.

1. ***Distinguish between Tax avoidance and Tax evasion. (02marks)***

Tax avoidance is the legal refusal by a tax payer to pay the tax assessed by exploiting loopholes in the tax system.

While/whereas

Tax evasion is the deliberate refusal of a tax payer to pay taxes and it is illegal e.g through smuggling goods.

1. ***Explain the following;-***

***(i). Memorandum of Association (02marks)***

This is a document which stipulates the fundamental conditions upon which the company was incorporated.

***(ii). Articles of Association. (02marks)***

Is a document which contains rules and regulations governing the internal management of a company.

1. ***Give any reasons for carrying out a market survey. (03marks)***

* To find out whether there are similar businesses in the market/competitors
* To find out who the customers of the business are likely to be (Target market)
* To find out what the customers want, where and when they want it i.e customers tastes & preferences.
* To find out customers complaints
* Find areas for expansion of current products to fill customers’ demand.
* To find or identify trends that may affect sales & profit levels of the business being planned.
* To help in determining the method of sales promotion that should be used by the business.

***(Any 3 pts x 01@ = 03marks)***

1. ***Clearly distinguish between sales promotion and personal selling. (04marks)***

Sale promotion refers to various behaviours or activities that any entrepreneur uses to influence customers to buy more of his/her products e.g giving free samples, being polite to customers etc.

While

Personal selling is where teams of sales persons are employed to sell products directly to customers e.g sales agents, hawkers etc

1. ***(i) What is Depreciation? (02marks)***

***(ii). Give any two methods used to calculate depreciation. (02marks)***

Depreciation refers to a continues reduction in value of fixed assets or a **fall** in value of a fixed assets.

***(ii). Methods used include the following;-***

* Fixed installment method
* Reducing balance method
* Revaluation method

***Any 2pts x 01@ = 02 marks***

1. ***Give at least three characteristics of people who prefer to consume most of their income. (03marks)***

* They are extravagant
* Lead luxurious life
* Have low desired to save
* Have no investment plans for future
* Their income normally tend to be used to pay debts
* When they get money, become unstable wanting to spend it

***Any 3 pts x 01@ = 03marks***

1. ***(i) What is an action plan? (02marks)***

***(ii). Give any three uses of an action plan to an entrepreneur. (03marks)***

Action plan refers to a sequence of activities that act as a time table for the implementation of the planned business activities, in order to achieve business goals and objectives.

***Uses of action plan to the entrepreneur***

* Used as a guide to help the entrepreneur remain focused when implementing business activities.
* Used to give information on the progress of the firm/gives a feed back.
* It helps the entrepreneur to find business barriers in advance so that appropriate steps can be taken.

***Any 3 pts x 01@ = 03marks***

1. ***Explain the term Job description. (02marks)***

Is a written record which describes the major duties and responsibilities of a worker.

OR

A written summary or statement a worker is supposed to do on a specific job.

**SECTION B**

**Question 2**

1. ***What is Advertising? (02marks)***

Is the giving of information about a pdf or service to prospective customers to make them more informed and interested in buying a product or service.

1. ***Explain the benefits of Advertising to an entrepreneur. (10marks)***

* Increase sales or market for a product or service.
* Facilitates or helps to overcome competition.
* Educates customers about the use of a product.
* Helps the entrepreneur to retain market for the product
* Bridges the gap between the entrepreneur and the customers.
* Persuades customers or consumers to buy products or services.
* Helps an entrepreneur to stabilize sales.
* Informs the public about the availability of goods or services.

***Any 5 pts x 02@ = 10marks***

1. ***Give factors which influence a choice of an advertising medium. (08marks)***

* Nature of target customers e.g age, income, education level, sex etc.
* Availability of the advertising medium.
* Cost of using the advertising medium.
* Coverage of the advertising medium.
* Nature of the product being advertised.
* Channels of distribution used the entrepreneur
* Impact created by the advertising medium.
* Advertising medium used by other competitors.

***8pts x 01@ = 08marks***

**Question 3**

1. ***Give functions of commercial banks in Uganda. (10marks)***

* Accepting saving deposits from customers and safe guarding cash deposited.
* Assisting in making payment and settlements by using cheques, payment orders etc
* Assisting in transferring money by using Bank drafts, standing orders, travelers cheques, credit transfers.etc
* Providing finance to customers in form of loans and Bank overdrafts.
* Buying and selling foreign currency on behalf of their customers.
* Assisting customers in international trade by selling travelers cheques, Bank draft, letters of credit etc.
* Providing night safe custody services to their clients.
* Assisting customers to access their money, any time they want it, through Automatic Teller Machines (ATM)
* They provide financial advice to their customers.
* Helps to distribute property of the deceased among the children.

***10 pts x 01@ = 10marks***

1. ***Explain any six reasons, why at times cheques may be dishonoured by Banks. (05marks)***

* When a cheque is post dated.
* When a cheque has stayed for more than 6 months (expired cheque)
* When a cheque has an error e.g figures and word are different.
* When a signature on the cheque is different from the specimen signature provided to the Bank.
* When the drawer instructs his Bank not to pay a particular cheque.
* When a cheque has alterations which are not countersigned.
* When the drawer is dead, insane or Bankrupt.
* Insufficient funds on the drawer account.

***Any 6 pts x 01@ = 06marks***

1. ***Distinguish between a “Standing order” and a “Bank draft”. (04marks)***

Standing order refers to a written instruction from an account holder to the Bank to pay a fixed amount of money to a named person or Business at specific intervals, until the order is stopped. (02marks)

While/yet/whereas

A Bank draft is a cheque issued by one bank to another Bank. (02marks)

**Question 4**

1. ***Explain the following forms of trade;-***
2. ***Retail trade***

These are businesses that sell their products in small quantities to the final consumers. (02marks)

1. ***Wholesaler trade;-***

These are businesses that sell goods in large quantities especially to retailers. (02marks)

1. ***Give the benefits of retail trade business to society.***

* Bring goods nearer to the customers in society.
* They help to break bulk and sell in affordable quantities to their customers.
* They can extend credit to trust worthy customers in society.
* They provide information and advice to customers in society.
* They provide a variety of goods to customers, enabling them to make choice.
* Stores goods until when demanded by consumers.

***Any 3 pts x 02@ = 06marks***

1. ***As a Retailer, explain the challenges you are likely to face, when carrying out your Business. (10marks)***

* Inadequate capital to purchase the requirements or stock.
* Competition from other retailers or businesses.
* Fluctuation in demand/market.
* High taxes charged by local Authorities.
* High cost of operating expenses e.g water, rent, electricity
* Bad debts resulting from credit given to customers
* Risks like fire, theft etc

***Any 5pts x 02@ = 10marks***

**Question 5**

1. ***Explain the factors considered by Entrepreneurs in Uganda, when choosing a mode of transport to use. (10marks)***

* Cost of transport
* Nature of product to be transported i.e perishability
* Distance to be covered
* Flexibility of the means of transport
* Urgency of the means
* Availability of the means of transport
* Value of goods being transported

***Any 5pts x 02@ = 10marks***

***Mentioning = 01mark***

***Explanation = 01mark***

1. ***Why do most Entrepreneurs prefer transporting their goods by using road transport? (05marks)***

* It is cheap compared to other means of transport.
* Readily available (i.e not timetabled)
* It is flexible (easily change route)
* Goods can be sold enroute
* Availability of good road network.

***Any 5pts x 01@ = 05marks***

1. ***Problems Associated with road transport in Uganda (05marks)***

* Expensive especially for long distance and fuel.
* Road accidents are common.
* High way robbery especially through thick forests.
* It is affected by weather conditions especially on murram roads.
* Some areas have poor road networks especially rural areas.

***Any 5pts x 01@ = 05marks***

**Question 6**

1. ***As an Entrepreneur, explain the essentials of an effective communication in a business. (06marks)***

* It should be complete i.e the message should include all facts the receiver needs to know about the subject matter.
* It should be concise – the sender should give the message in the fewest words possible.
* It should be courteons i.e the sender should be as sincere as possible when giving the message and avoid hurting the receiver.
* It should be correct i.e the message given should be as correct as possible.
* It should be considerate i.e the sender should have the receiver in mind. Positive words are better than using negative sentences.
* The receiver should be interested in the message.
* The message should be concrete i.e concrete by being specific and not vague.
* Use appropriate channel of communication.

***Any 6pts x 01@ = 06marks***

1. ***Give the importance of communication to an Entrepreneur. (14marks)***

* Helps entrepreneurs to recruit and select workers for the business by publishing advertisements.
* Helps entrepreneurs to implement policies by giving instructions to subordinates.
* Helps to negotiate with customers so as to get the best bargain.
* Helps in keeping good relationship with old customers and creating new ones.
* Helps entrepreneurs to be understood by their employees.
* Helps entrepreneurs to co-ordinate operations of their business that are executed by different departments.
* Helps the business to disseminate information to those who need it.

***Any 7pts x 02@ = 14marks***