

P230/2
ENTREPRENEURSHIP
EDUCATION
PROPOSED
MARKING GUIDE
Paper 2
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Uganda Advanced Certificate of Education
ENTREPRENEURSHIP EDUCATION MOCK EXAMINATIONS
Paper 2

PROPOSED MARKING GUIDE

NB:

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SECTION A

1(a) (i) Defining

Performance Appraisal – Is judgment of an employee's performance/ effectiveness on his/her job basing on certain attributes or terms of reference of the company.

OR

Is a method by which the job performance of an employee is evaluated generally in terms of quality, quantity, cost and time.

(01 mark)

(ii) Methods used by entrepreneurs to appraise performance of their workers.

- Ranking method.
- Grading method.
- Rating scale method.
- Behavioral expectation scale/Behaviorally Anchored Rating Scale.
- Open ended method.

Any 3×1 = 03 marks

(b) (i) Distinguishing:

Quality Policy refers to the overall intentions and direction of a business/an organization with regard to quality as prescribed by the top management.

while/but/whereas

Quality Control refers to the measures undertaken by an entrepreneur to ensure that high quality products are produced.

OR refers to operational techniques and activities which are used to fulfill the requirements of quality.

NB: Definitions without distinguishing words, no mark.

(ii) Factors which influence the general quality standards of an enterprise

- Selection of raw materials that are used as inputs in production.
- Packaging of the product.
- Technical specifications regarding quality and quantity.
- Storage of raw materials and finished goods.
- The limits of deviation from set standards.
- Machinery used in production.
- Availability of the necessary skills for production of a product.
- Production design and development.
- Selection of the channel of distribution for the product.
- Cleanliness of the environment under which the product is being developed/produced.
- Monitoring and supervision of workers.
- Instructions given to workers.
- Etc.

Any 2×1 = 02 marks

(c) (i) Definition

Environmental degradation—is the process of continued lowering of quality of the surroundings though man’s activities such as deforestation, bush burning, excess use of chemicals, industrialization etc.

01 mark

(ii) Three ways though which enterprises can protect the environment

- Recycling of used products.
- Conserving of sources of raw materials for instance reforestation.
- Looking for alternative packing materials such as paper bags that can easily decompose.
- Ensuring proper garbage disposal through construction of proper disposal sites.
- Conserving of the soil through terracing, mulching, planting of trees and other types of plants.
- Treating of industrial wastes.
- Looking for alternative sources of power for instance the use of electricity, biogas etc.
- Avoiding the use of chemicals which are dangerous to plants, animals and human life.
- Use of silent machines, equipment and tools
- Etc.

Any 3×1 = 03 marks

(d) Calculating the:

(i) Net Purchases = Purchases – Returns Outwards.

$$= 1,950,000 - 90,000$$

$$= \text{Shs.}1,860,000$$

(ii) Turn Over = Sales – Returns Inwards .

$$= 2,555,000 - 55,000$$

$$= \text{Shs.}2,500,000$$

(e) (i) Distinguishing:

Paid employment—is where a person gets employed by another person, business, government, non-governmental organization etc. and is paid a salary or wage periodically.

01 mark

whereas/but/while

Self-employment—is where a person or group of people start their own income generating activity where they work for survival.

01 mark

(ii) 2 benefits of paid employment

- Specific duties and responsibilities are performed by the worker.
- Steady income is enjoyed by the worker as amount earned is fixed by the employer or negotiated.
- There is a chance for the worker to enjoy fringe benefits like transport, medical care, meals, terminal benefits etc.
- The hours of work tend to be fixed and may even be favorable to the worker
- The employee normally works under set and well organized systems of control or administration.
- The worker may be assured of promotion and a certain future as long as the employer is operating well.
- Minimum risks of loss on the paid worker because the employer bears most of the risks.
- Etc

Any 2×1 = 02 marks

SECTION B

2 (a) Essentials of a valid contract

- **Offer and acceptance.** There must be a “lawful offer” and a lawful acceptance of the offer thus resulting in an agreement.
- **Intention to create legal relation.** There must be an intention among the parties that the agreement should be attached by legal consequences and create legal obligations.
- **Lawful consideration** i.e. price paid by one party for the promise of the other. Hence each party must give in something and gets something.
- **Capacity of parties.** Parties to an agreement must be competent to contract i.e. age of 18 years and above, sound mind and must not be disqualified from contracting by any law to which they are subject.
- **Free consent.** Consent means that the parties must have agreed the same things in the same sense and thus there is absence of free consent if the agreement is induced by coercion, undue influence, fraud, misrepresentation or mistake.
- **Lawful object.** The object for which the agreement has been entered into must not be fraudulent or illegal or immoral or opposed to public policy or must not imply injury to the person or property of another.
- **Possibility of performance.** A valid contract is that it must be capable of performance. If the act is impossible in itself, physically or legally the agreement cannot be enforced at law.

Any 5×2 = 10 marks

NB: For each point:

Stating – 01 mark

Explanation – 01 mark

2 (b) Ways through which parties discharge contracts

- By agreement of the parties to it.
- By performance.
- By breach of the contract.
- By frustration.
- Through destruction of the subject matter.
- By operation of the law.
- Lapse/expiry of time.

Any 5×2 = 10marks

NB: (i) Qualifiers are “By” or “Through”

(ii) Stating – 01 mark

Explanation – 01 mark

3 (a) Salient features/characteristics of manpower planning

- Involves forecasting of the future manpower needs so that adequate and timely arrangements can be made to meet the manpower needs of the enterprise.
- It determines the right number and type of workers required for effective accomplishment of the tasks and goals of the enterprise.
- Is a continuous process since the demand and supply of labor changes frequently.
- Includes accurate determination of the current manpower in an enterprise in order to determine its status, identify available untapped talents in the enterprise and future manpower needs.

- Leads to the development of policies, programs and procedures for the acquisition, development, preservation and utilization of the manpower employed by an enterprise.
- Involves both quantitative (i.e. determination of the number of workers needed) and qualitative (i.e. determination of the appropriate skills needed for various jobs) planning.

Any 4×1 = 04 marks

3(b) Objectives of manpower planning.

- To ensure that the right workers are available at the right time to perform different tasks efficiently.
- To forecast/predict the type of skills required by the business in the future.
- To promote the development of the existing personnel for better performance.
- To ensure optimum utilization of the existing manpower in the organization.
- To ensure constant availability of manpower and control measures in an enterprise so that manpower is available when needed.
- To help in identifying the manpower gaps that need to be filled in the organization.

Any 4×2 = 08 marks

NB: Qualifier is “To” hence without it no mark

3(c) Importance of human resource management in an enterprise

- Helps in recruitment, selection and placement of workers.
- Helps in staff training and development through organizing various training programs, which keeps employees knowledgeable of current developments in their respective fields.
- It improves working conditions and provides a good working environment and this motivates employees to work to the best of their talents for the success of the enterprise.
- It eliminates wastage or improper utilization of resources as it allows the workers to put together their efforts and properly use the materials/resources to achieve the objectives of the business.
- It facilitates quick, efficient and effective achievement of the set targets of the organization.
- Promotes good staff relations between employer and employees, hence success of business.
- It promotes good image of the business to the public.
- It aids in evaluating the performance of employees in all departments of an enterprise.

Any 4×2 = 08 marks

4 (a) Elements of a work place

- | | |
|--|------------------------------|
| – Material handling and storage. | – Work organization. |
| – Work station. | – Premises/workplace design. |
| – Productive machine handling and storage. | |
| – Control of hazardous substances. | |
| – Lighting facilities. | |
| – Welfare facilities. | |

Any 4×2 = 08 marks

NB: Mentioning – 01 mark
Describing – 01 mark

4(b) Factors considered when selecting raw materials to be used in an enterprise

- **Source of raw materials.** Raw materials that are nearer the business are preferred.
- **Cost of raw materials.** Cheaper quality raw materials are preferred.
- Quality of raw materials.
- Terms of purchase.
- **Lead time.** I.e. how long it takes for the supplier to deliver raw materials demanded.
- Amounts of units of raw materials used per production cycle. Businesses prefer using raw materials that yield more output than the inputs used
- Amount of raw materials to be maintained in inventory.
- **Risk of damage.** Businesses usually prefer using raw materials that have fewer damages to those with heavy damages.
- **Amount of waste.** Businesses prefer raw materials that produce fewer wastes to those that produce many wastes.

Any 6×2 = 12 marks

5 (a) Channels of distribution.

- Manufacturer to customer/consumer.
(Short/Direct Channel)
- Manufacturer to retailer to consumer.
(Medium Channel)
- Manufacturer to wholesaler to retailer to consumer.
(Long Channel)

Any 3×2 = 06 marks

5(b) Factors considered in choosing a chain of distribution

- Nature of the product.
- Marketing risks.
- The scale of production.
- Nature and size of the market.
- Nature of the business.
- The cost of the distribution channel/marketing costs.
- Nature of middlemen.
- The value of the product.
- Availability of storage facilities .
- The level of competition in the market.
- Urgency of the product.
- Distribution policies of an enterprise.
- Nature of customers/the amount of goods to be bought by the customer.

Any 9×1 = 09 marks

5(c) Role of the retailer in the distribution channel of a product.

- Providing credit facilities.
- Stores goods until they are needed by consumers.
- Providing variety of choice/stocks a variety of goods to consumers.
- Breaks bulk i.e. sells in small quantities to consumers.
- Extends valuable advice to consumers.
- Advertises products of manufacturer.
- At times offers after sales services.
- Gives feedback to manufacturers on consumers tastes and preferences.
- Transports and brings goods nearer to the consumer.

Any 5×1 = 05 marks

6 (a) Reasons for proper inventory management in an enterprise.

- To maintain adequate inventory.
- To avoid excessive investment in inventory.
- To reduce stock losses while in stores through theft, expiry of products, damage etc.
- To relieve management of excessive supervision of inventory.
- To minimize storage costs in terms of rent.
- To encourage proper accountability for goods which have been purchased and issued.
- To provide safeguard for variations for deliveries and raw materials (lead time).
- To allow flexibility in production scheduling as well as marketing.
- To ensure timely replacement of raw materials for **production of production** or goods for sale.
- To ensure efficient use of raw materials.
- To meet demand fluctuations and avoid expensive and embarrassing stocks out.
- To avoid overstocking and under stocking.

Any 8×1 = 08 marks

NB: Qualifier is “To”/“In order to”/ “need to”

6(b) Tools used in the management of inventory and stores for an enterprise

- | | |
|--------------------------------------|---|
| – Re-order level. | – Stock counting/physical stock counting. |
| – Lead time. | |
| – Working capital. | – Stock reconciliation. |
| – Stores management. | – Stores ledger. |
| – Stores management. | – Stock taking and valuation. |
| – Stock cards/bin cards/order form. | |
| – Stock requisition and issue forms. | |

Any 5×2 = 10marks

END.