The mark scheme gives guidance about the requirements of each answer and a list of probable answers which will earn marks. There may be other acceptable answers phrased differently but giving the same meanings or ideas as those in the mark scheme.

Students can earn marks for such answers or examples which should be given credit, provided that they are not a repetition of previous points made.
Question 1

(a) Give one mark each to any two of the following correct answers:  [1 x 2 marks]

- Innovative designs;
- Quality products;
- Competitive products.
- Selling at good / affordable prices.

(b) Give one mark each to any two of the following correct answers:  [2 marks]

Problem 1 : Working alone
Problem 2 : Lack of capital
Problem 3 : Lack of idea and /advice
Problem 4 : Losses
Problem 5 : Unlimited liability

(c) Give three marks to the following correct answer:  [3 marks]

It is a legal document / a contract (1 mark) between two persons / partners / parties (1 mark) with essential details about the partners / terms and conditions / sharing of profits and losses / termination of the partnership (1 mark for any one of these details).

(d) Give six marks to any three of these differences in the answer:  [6 marks]

Relevant points may include:

<table>
<thead>
<tr>
<th></th>
<th>Sole trader</th>
<th>Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of owners</td>
<td>One person</td>
<td>Two or more persons</td>
</tr>
<tr>
<td>Agreement</td>
<td>No agreement</td>
<td>An agreement is essential</td>
</tr>
<tr>
<td>Capital</td>
<td>Contributed by the owner</td>
<td>Contributed by partners</td>
</tr>
<tr>
<td>Sharing of profits</td>
<td>No sharing of profit or losses</td>
<td>Profit and loss shared by customers</td>
</tr>
<tr>
<td>Control / Management</td>
<td>By one person</td>
<td>By partners</td>
</tr>
</tbody>
</table>
(e) Give two marks to the correct answer:
A franchisor – An entrepreneur who sells his product or brand name to another entrepreneur.  

Give one mark to the following answer:
An entrepreneur sells the product of another one.  

Give two marks to the correct answer:
A franchisee – An entrepreneur who buys a franchise enterprise.  

Give one mark to the following answer:
An entrepreneur who buys or markets the product of another one.

Question 2
(a) Give one mark to each correct answer:  [8 marks]

<table>
<thead>
<tr>
<th>Term</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Answer</td>
<td>G</td>
<td>F</td>
<td>H</td>
<td>I</td>
<td>B</td>
<td>C</td>
<td>E</td>
<td>D</td>
<td>A</td>
</tr>
</tbody>
</table>

(b) Give one mark each to any two correct answers:  [2 marks]

Relevant points may include:
- Creative
- Intelligent
- Enthusiastic
- Energetic
- Innovative
- Self-confident
- Risk taker
- Skillful
- Trustworthy

(c) Give two marks each to any three of the following correct answers:  [2 x 3 marks]

Relevant points may include:

Risk 1: Compliance  
Explanation: Losses to an enterprise that may arise due to failure to abide by laws and regulations to run the business.  [2 marks]
Risk 2: Financial (1 mark)
Explanation: Losses to an enterprise that may arise due to lack of adequate finance or inability to manage finance properly. (2 marks)

Risk 3: Strategic (1 mark)
Explanation: Losses to an enterprise due to poor decisions taken by the entrepreneurs that might threaten the existence of the business. (2 marks)

Risk 4: Operational (1 mark)
Explanation: Losses to an enterprise that may arise due to unsuccessful day to day running of the business. (2 marks)

Give one mark only to losses to an enterprise without stating the reason.

(d) Give three marks each to any two of the following correct answers:

Identification of responsibilities:

Responsibility 1: Orders stock of raw materials
Responsibility 2: Decides where to sell shoes
Responsibility 3: Recruits and train workers
Responsibility 4: Keeps accounting records
Responsibility 5: Advertises the product
Responsibility 6: Finances the business

A brief explanation on any 2.

Example: Responsibility: orders raw materials (1 mark)
Explanation: to plan or control stock of raw materials (1 mark) / for proper inventory / control of stock / production (1 mark)
Question 3

(a) Give one mark to each correct answer. [3 marks]

<table>
<thead>
<tr>
<th></th>
<th>Email marketing</th>
<th>Web marketing</th>
<th>Social marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>FitsU uses Amazon and Ebay websites to offer its shoes to its customers.</td>
<td></td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>FitsU sends mail to its regular customer to inform them of different promotion offers.</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FitsU uses social networking sites to advertise and market its shoes.</td>
<td></td>
<td></td>
<td>✔️</td>
</tr>
</tbody>
</table>

(b) Give one mark to each correct answer. [6 marks]

(i) True
(ii) True
(iii) False
(iv) False
(v) True
(vi) False

(c) Give one mark to each correct answer. [5 marks]

<table>
<thead>
<tr>
<th></th>
<th>Internal Communication</th>
<th>External Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicating information about training sessions in an enterprise</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Using TV and radio to create awareness of new products</td>
<td></td>
<td>✔️ (1 mark)</td>
</tr>
<tr>
<td>Sending emails to potential customers</td>
<td></td>
<td>✔️ (1 mark)</td>
</tr>
<tr>
<td>An employer clarifies the different objectives set for a project to the employees</td>
<td>✔️ (1 mark)</td>
<td></td>
</tr>
<tr>
<td>Meetings with employees on a business issue</td>
<td>✔️ (1 mark)</td>
<td></td>
</tr>
<tr>
<td>Advertisements on a billboard</td>
<td></td>
<td>✔️ (1 mark)</td>
</tr>
</tbody>
</table>
(d) **Give three marks to the correct answer.** [3 marks]

- **Cost plus pricing** – Adding up cost per unit to % of profits. (1 mark)
- **Promotional pricing** - Low prices to attract customers (1 mark)
- **Premium pricing** - High prices for unique brands (1 mark)

(e) (i) **Give two marks to:** [2 marks]

- Disagreement over production / sharing of tasks / control / finance etc.
- Have different opinions on the way to conduct the business.
- Problems are left unattended / unresolved.

(ii) **Give two marks each to any two of the following correct answers related to the example given on part (i).** [4 marks]

**Specific to the example given:**

1. Measures for better sharing of tasks / better control, etc.
2. Arbitration of disagreement or dispute by a separate body / another person etc. / settlement by law or agreement.

**General:**

1. Agreement of the problem.
2. Willingness to resolve the conflict.
3. Develop a win-win approach.
4. Turn problems into opportunities.
5. Develop communication skills / improve communication.
6. Learn to manage emotions.
7. Develop strategies to reach agreement (e.g. a financial strategy if related to finance).
8. Design strategies to solve the problems and not to attack the person.
Question 4

(a) Give two marks to: [2 marks]

Quality is about meeting customers’ requirements / expectations.

Give one mark to:

A good product. [1 mark]

(b) Give two marks to any one of the following correct answers. [2 marks]

- More customers / will attract more customers.
- To be better than other shoe making enterprises.
- More competitive.

Give one mark to:

Meet their needs / requirements / tastes / expectations. [1 mark]

Give no mark to:

More sales.

(c) Give one mark to each correct answer. [3 marks]

1. Labour Productivity
2. Capital Productivity
3. Value-added

(d) Give one mark each to any three of the following correct answers: [3 marks]

Muda 1 : Overproduction/ producing more than needed.
Muda 2 : Waiting
Muda 3 : Transportation
Muda 4 : Over processing
Muda 5 : Motion
Muda 6 : Inventory
Muda 7 : Defects
(e) **Give two marks each to any two of the following correct answers.** [4 marks]
- Promote 2-way communication in the enterprise between management and employees.
- Improve the abilities of the employees.
- Employees are rewarded for good suggestions.
- Employees may win respect of their colleagues.

(f) **Give one mark each to any two of the following correct answers:** [2 marks]
- Waste minimisation.
- Work organisation.
- Continuous improvement.
- Small group activity.

(g) **Give four marks to the following correct answers:** [4 marks]
Give one mark for use of correct formula / calculation.
Give one mark for the correct answer.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of pairs of shoes produced (output)</th>
<th>Labour hours (input)</th>
<th>Labour productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>450</td>
<td>100</td>
<td>4.5</td>
</tr>
<tr>
<td>2015</td>
<td>500</td>
<td>100</td>
<td>5</td>
</tr>
</tbody>
</table>

**Question 5**

(a) **Give two marks to the following correct answer:** [2 marks]
The process of collecting and recording information (1 mark) which will help the enterprise to understand its market. (1 mark)

(b) **Give one mark to each correct answer.** [4 marks]

Element 1 : Price
Element 2 : Place
Element 3 : Promotion
Element 4 : Product
(c) Give two marks each to any two of the following correct answers: [4 marks]

Relevant points may include:

Method 1 : Advertising.
Method 2 : Personal selling.
Method 3 : Public relations.
Method 4 : Direct marketing.
Method 5 : Sales promotion.

A brief explanation on each method is required to get 2 marks.

(d) Give one mark each to any two of the following correct answers: [2 marks]

Component 1 : Name of the enterprise.
Component 2 : Date of plan presentation.
Component 3 : Contact details of owner(s) (telephone/email/address).
Component 4 : Address of the enterprise.
Component 5 : Name of owner.

(e) Give three marks each to any two of the following correct answers:

One mark for a correct reason. [2 x 3 marks]

Two marks for a relevant explanation.

Reason 1 : Obtain loan easily. (1 mark)
Explanation: Business plan help entrepreneurs to get money easily from banks (1 mark) to start/expand their business as / and it provides information how the money will be invested/used. (1 mark)

Reason 2 : Test business idea. (1 mark)
Explanation: Writing up a business plan is the most appropriate way to determine whether or not the idea for starting up the enterprise (1 mark) is realistic rather than going out and doing it. (1 mark)
**Reason 3**: Attract investors. *(1 mark)*
Explanation: Investors want to be on the safe side *(1 mark)* and a business plan help them to decide whether the enterprise is profitable for them to invest. *(1 mark)*

**Reason 4**: Ability to make decision. *(1 mark)*
Explanation: Business plan help entrepreneurs to clarify the purpose *(1 mark)* and direction of the enterprise for future growth. *(1 mark)*

**Reason 5**: Effective planning. *(1 mark)*
Explanation: Business plans need to be reviewed when the enterprise is expanding and growing. Thus entrepreneurs can see clearly the goals *(1 mark)* that have been achieved and the changes that need to be made for the future growth of the enterprise. *(1 mark)*