

Entrepreneurship

Date: 29/06/2022
Period: 14H00-17H00



END OF TERM III EXAMINATIONS

GRADE / LEVEL: SENIOR FOUR (S4)

COMBINATIONS: ALL COMBINATIONS

DURATION: Three hours

MARKS: / 100

INSTRUCTIONS

- 1) Write your names and index number on the answer booklet as written on your registration form and **DO NOT** write your names and index number on additional answer sheets if provided.
- 2) Do not open this question paper until you are told to do so.
- 3) This paper consists of **TWO** sections: **A** and **B**.
SECTION A: Answer **ALL** questions. (55 marks)
SECTION B: Answer **any THREE** questions. (45 marks)
- 4) Calculators may be used where necessary.
- 5) Show clearly all the working. **No marks will be given for answers which do not have all working steps.**
- 6) Use a **blue** or **black** pen

SECTION A. Answer ALL questions (55 Marks)

1. Describe any five features of a good goal. (5 Marks)
2. Outline any six sources of career guidance. (6 Marks)
3. Examine any three qualities of a successful entrepreneur. (6 Marks)
4. State any six importance of standards to the government (6 Marks)
5. During product development in the process of production, the producer must observe all the stages of quality control that must be followed in order to produce a quality product to be put on the market. Interpret any five advantages of quality control to the business. (5 Marks)
6. Indicate any five reasons why is it important to form departments in a business organization. (5 Marks)
7. Determine any six factors you should consider when selecting your business partner to work with. (6 Marks)
8. What is the difference between compound interest on 50,000Frw for 2.5years at 8% at annum compounded yearly and half-yearly? (6 Marks)
9. List any five functions of a commercial bank to an individual in the community. (5 Marks)
10. Explain any three importance of book keeping and accounting to an enterprise. (5 Marks)

SECTION B. Answer any THREE questions (45 Marks)

11. Bushombe JMV and Kankwanzi Susan are partners who want to jointly run a Beauty Shoes Fashion company in Rutsiro District (Their company contacts are Cell phone: +250-788888888/0722222222, Website: www.beautyshoesfashion.com, Email: info@beautyshoesfashion.com) next month. Prepare a partnership deed for them. (15 Marks)
- 12.a) What is financial management? (1 Mark)
b)Assess any seven functions of financial management in an organisation. (14 Marks)
13. Analyse any five functions of the National Bank of Rwanda (BNR). (15 Marks)
14. a) What is the meaning of accounting cycle? (1 Mark)
b) State any seven users of accounting information and how they use it? (15 Marks)

END

MARKING GUIDE-SENIOR FOUR(S4)-ADVANCED LEVEL

SECTION A. Answer ALL questions (55 Marks)

1. Describe any five features of a good goal. (5 Marks)

Features or characteristics of a good goal

Specific: A goal should be clearly defining what you are going to do.

Measurable: A good goal should have indicators to prove or show how and at which level it is to be achieved.

Achievable: A good goal should be possible and acceptable within an area where it is being pursued.

Realistic: A good goal should be within the abilities of the goal setter.

Time-bound or time framed: A goal should have a starting and an ending point of time.

2. Outline any six sources of career guidance. (6 Marks)

Answer

Sources of career guidance are as follow:

- Teachers
- Parents
- Career guidance counsellors
- Government officials
- Mentors
- Role model

3. Examine any three qualities of a successful entrepreneur. (6 Marks)

Answer

Qualities of a good entrepreneur are:

- **Capacity to find opportunities:** the entrepreneur should be able to find and identify new business opportunities and converting (changing) them into achievable businesses.
- **Capacity to seek information:** the entrepreneur should have the desire to look for required information in order to make the right decisions.
- **Persistence and determination:** the entrepreneur should be determined to do the job well at any cost even if it needs personal sacrifice.
- **Creativity and innovation:** the entrepreneur should have the ability to come up with something new basing on the local available resources.

- **Planning:** the entrepreneur should have the ability to develop plans that will be used to monitor and control the business.
- **Risk taking:** the entrepreneur should have the ability to take moderate and calculated risks. This involves accepting responsibility for loss from unforeseen circumstances in future.
- **Flexibility:** the entrepreneur should have the ability to change decisions basing on changing business situations so as to achieve the set goals.
- **Hard work and love for your job:** the entrepreneur should work better and more than others even if it is working for long hours so as to achieve the set goals.

4. State any six importance of standards to the government

(6 Marks)

Answer

Importance of standards to the government are as follows :

- It helps to meet the requirements of the purchasers.
- It strengthens and harmonizes national metrology systems.
(**Metrology:** scientific process of measurement).
- It develops culture of quality management in public and private institutions.
- It facilitates the access of Rwandan goods and services to external markets.
- It leads to better public health, consumer and environmental protection, economic growth, poverty reduction, better quality of life.
- It protects its citizens from buying poor quality products.
- Standardization is a source of security.
- It promotes good relationship among countries.

5. During product development in the process of production, the producer must observe all the stages of quality control that must be followed in order to produce a quality product to be put on the market. Interpret any five advantages of quality control to the business.

(5 Marks)

Answer

Advantages of Quality control to the business include:

- It reduces competition: Production of quality products helps a business to outcompete other businesses that produce the same commodities like theirs.
- It promotes brand loyalty: Customers will be attracted to a product of better quality hence the product and the entrepreneur will earn a better public image.
- It is a way of complying with the standards prescribed by Rwanda Bureau of Standards.

- It reduces on the costs of production thereby helping the firm to generate more profits.
- It minimizes conflicts between the producers and the consumers because consumers will not often times find defaults on products.

6. Indicate any five reasons why is it important to form departments in a business organization. **(5 Marks)**

Answer

Importance of forming departments in a business organization include:

- It eases management with each departmental head managing a reasonable number of staff instead of all employees.
- In encourages specialization so that departments specialize in a particular activity or role.
- Makes coordination and flow of information more organized and systematic.
- It reduces the work load of the top management as different activities are done by different sections.
- It enables the organization to employ specialists so that each department is headed by someone specialized in a given area.
- It ensures accountability since each department is tasked to perform a specified function.

7. Determine any six factors you should consider when selecting your business partner to work with. **(6 Marks)**

Answer

The following are the general considerations to look out for in a business partner

- Financial capacity.
- Skills needed and qualifications.
- Character of a person.
- Other business interest (Choose the one whose business may not conflict with the new business) (Rival).
- Vision of the partner.
- Experience in business.
- Honesty and integrity.
- Beliefs and traditions.

8. What is the difference between compound interest on 50,000Frw for 2.5years at 8% at annum compounded yearly and half-yearly? **(6 Marks)**

ANSWER

Data:

$$P = 50,000 \text{ Frw}$$

$$T = 1.5 \text{ years}$$

$$R = 8\%$$

AMOUNT PER ANNUM

$$\text{Formula: } A = P (1+r)^n$$

$$A = 50,000 (1+0.08)^{2.5}$$

$$= 50,000(1.08)^{2.5}$$

$$= 50,000(1.21215843)$$

$$= 60,608$$

$$CI_1 = A - P = 60,608 - 50,000 = 10,608 \text{ Frw (2 Marks)}$$

AMOUNT IN HALF YEARLY

$$\text{Formula: } A = P (1+r/n)^{t \cdot n}$$

$$A = 50,000 (1+0.08/2)^{2.5 \times 2}$$

$$= 50,000 (1+0.04)^5$$

$$= 50,000(1.04)^5$$

$$= 50,000(1.21665290)$$

$$= 60,833$$

$$CI_2 = A - P = 60,833 - 50,000 = 10,833 \text{ Frw (2 Marks)}$$

$$\text{Difference; } CI_2 - CI_1 = 10,833 - 10,608 = 225 \text{ Frw (2 Marks)}$$

9. List any five functions of a commercial bank to an individual in the community. (5 Marks)

Answer

Functions of a commercial bank to an individual in the community/5marks

- Money transfer services.
- Buying and selling foreign currencies.

- Safe custody of deposits.
- Financial advice.
- Protection of valuable items.
- Lending money (loan overdrafts) and Credit facilities.

10. Explain any three importance of book keeping and accounting to an enterprise. (5 Marks)

Importance of book keeping and accounting to an enterprise include: /8marks

- It helps in tax assessment. Taxes like customs duty, income tax, excise duty, etc., are levied by government depending on the records. To ensure proper assessment of taxes, book keeping records must be maintained properly to avoid under or over taxation by government.
- Book keeping acts as a tool for planning. This is because most entrepreneurs base their financial decisions according to sales, purchase, profits and investments.
- It acts as a tool of control. Book keeping enables entrepreneurs to keep records of all properties of the business, which helps to eliminate the possibility of theft and misappropriation.
- Book keeping helps an entrepreneur to ascertain whether the business has realized a profit or it has incurred a loss.
- It helps an entrepreneur in credit transaction. Most business transactions are carried out on credit basis i.e., buying or selling on credit.
- Book keeping acts as a proof of financial position of a business. Knowing the assets (properties of the business) and liabilities (debts of the business) the entrepreneur can easily establish profitability or losses.
- It helps to solve disputes among business members, for example, partnerships co-operatives etc.
- It acts as a center for reference whenever information about the business is required.
- It works for comparison purposes. For example, to compare the performance of business over time.

SECTION B. Answer any THREE questions (45 Marks)

11. Bushombe JMV and Kankwanzi Susan are partners who want to jointly run a Beauty Shoes Fashion company in Rutsiro District (Their company contacts are Cell phone: +250-788888888/0722222222, Website: www.beautshoesfashion.com, Email: info@beautyshoesfashion.com) next month. Prepare a partnership deed for them.

(15 Marks)

Answer

A PARTNERSHIP DEED (15 Marks)

This deed of partnership is made on 22nd day of November, 2021 by and between

Mrs. Kankwanzi Susan hereinafter referred to as party the FIRST PART (which expression shall deem and include his heirs, executors, administrators, representatives, assigns and agents), and

Mr. Bushombe JMV party of the SECOND PART (which expression shall deem and include his heirs, executors, representatives, assigns) and

WHEREAS the above named partners have decided to start the partnership business of fashion in the name and style of Mrs/Mr with effect from 1st day of December 2019, on the terms and conditions here in after mentioned and have desired to reduce the terms and conditions into writing.

NOW THIS DEED IS WITNESSED AS FOLLOWS:

1. The business name

THAT the parties referred above shall carry on the business of Fashion in the partnership firm under the name and style of Mrs/Mr hereinafter referred to as the BEAUTY SHOES FASHION COMPANY, but by their mutual consent may start and carry on any other business under any other name or names at any other place or places.

2. The business location:

The headquarter of a company is near RUTSIRO District in Rwanda.

3. Names and addresses of partners

Cell phone: +250-788888888/0722222222

Website: www.beautshoesfashion.com

Email: info@beautyshoesfashion.com

4. The line of business

We are designers who sell new clothes (which you design) to people. We can offer a sewing service to the general public.

5. Nature of partnership (temporary / permanent)

Our partnership is permanent

6. The beginning and duration of the business

THAT the business of the PARTNERSHIP pursuant to this DEED OF PARTNERSHIP shall be deemed to have commenced with effect from 1st day of December 2021. That the duration of Partnership shall be at WILL subject to clause

7. Amount of capital contributed by each member

Beauty Fashion is a Partnership company incorporate at the registrar of companies through the foresight and vision of two partners with equal shares, 50% each partner.

8. Name of bank account and other details

Business Bank Account: 000001233444 in UMURENGE SACCO-RUBAVU

9. How withdrawals will be made

That the partner can open the bank account of the firm, in Bank and Bank account shall be operated by the partners jointly or individually, as the case may be.

10. How profits and losses will be shared

That the profits or losses, as the cases may be, of the partnership shall be divided among the partners as under:

NAME OF WORKING PARTNER	SHARE OF PROFIT	SHARE OF LOSS
a) Mukamwiza Joy	50%	50%
b) Karekezi John	50%	50%

11. Salary and wages to active partners if there will be any

That all the WORKING PARTNERS may be paid salary from 2nd day of January 2019, for the work of the FIRM as may be agreed mutually from time to time between the PARTIES in accordance with the provisions of the income tax laws as well as business necessities and other factors, subject however, that the monthly salary to each partner shall not exceed as under:

NAME OF WORKING PARTNER	MAXIMUM BASIC SALARY NOT TO EXCEED
a) Mukamwiza Joy	200,000 Rwf per month
b) Karekezi John	200,000 Rwf per month

12. Duties and rights of partners

That the partners shall not take any loan from any person / financing company, Bank or any other government department in any case, without the written consent of each other.

13. The procedures of settling disputes among members

That in the case of any dispute arising out of this DEED between the parties of this DEED; it shall be decided by arbitration as provided for under the Rwandan arbitration Act.

14. Preparation of business books of accounts

Upon mutual understanding, each partner or his duly authorized agent shall have free access to the account books of the partnership and shall be entitled to take copies or extracts from any or all such books and records of the partnership business.

That all such books of accounts kept shall be closed on 30th November every year or in the case of any necessity on any other date as the partners may mutually decide.

That all the business expenses shall be borne by the FIRM.

15. Procedures of dissolving the business

That any partner may retire from partnership after giving a notice to the other partner of not less than one month in writing and at the expiry of such notice period he shall be deemed to have retired.

That no partner shall have the right to sell, mortgage or transfer his shares of interest in the FIRM to anyone else except to his heir or heirs or any one of the existing partners or to their heir(s).

Witnesses

1. AKIMANA WIN

Ms. Joy (party of the first part)

2. UWINEZA JAMES

Mr. John (party of the second part)

12.a) What is financial management?

(1 Mark)

b) Assess any seven functions of financial management in an organisation.

(14 Marks)

Answer

a) **Financial Management** : Financial Management is mainly concerned with all aspects of acquiring and utilizing financial resources for firms activities. Financial Management is the application of general principles of management to the financial possessions of an enterprise. Or Financial management is the business function concerned with **profitability, expenses, cash and credit**, so that the "organization may have the means to carry out its objective as satisfactorily as possible;" the latter often defined as maximizing the value of the firm for stockholders.

b) **The functions of financial management include;**

- Assessment and valuation of investment opportunities to ensure that the generated resources are invested effectively.
- Assessment of the optimum amount of **asset mix** required including the determination of fixed assets, current assets and liquid resources needed by the business.
- Ensuring that stocks of raw materials, finished goods and work in progress are kept at optimum levels consistent with business efficiency.

- Determining the volume of financial resources required at any given period of time and the acquisition of the required financial resources.
- Ensuring that suitable control systems are employed for authorization of expenditures.
- Ensuring that all risks capable of being calculated are covered by insurance.
- Ascertain that cash available in the business is used as fully as possible throughout the year.
- Consideration of the needs of the providers of finance.
- The maintenance of an optimum mix of funding bearing in mind the potential impact of the capital structure on the market value of the business, etc.

13. Analyse any five functions of the National Bank of Rwanda (BNR).

(15 Marks)

Answer

Functions of the National Bank of Rwanda (BNR) include:/5marks

- Control the inflation and identify its level.
- Lending money means inter commerce banks.
- **Credit control:** It regulates the amount of credit that the commercial banks are able to give out to the public.
- **Controls foreign exchange:** It controls the demand and supply of foreign currencies.
- **Advisor to government:** It collects information and after analysis, provides advice to government on the management of the economy.
- **Printing money and money reform** (Issues a country's currency and replaces old notes and coins) etc.
- It regulates and control activities of commercial banks.
- It holds and manages the country's gold and foreign exchange reserves, etc.

14. a) What is the meaning of accounting cycle?

(1 Mark)

b) State any seven users of accounting information and how they use it?

(15 Marks)

a) Accounting cycle refers to the complete process of recording business transactions and processing accounting data to generate useful financial information.

b) Accounting information helps users to make better financial decisions. Users of financial information may be both internal and external to the organization include:

***Internal users (Primary users) of accounting information include the following:**

- 1. Managers:** The managers use accounting information to help in making decisions for the organisations.

2. **Entrepreneur:** The entrepreneur uses accounting information to determine whether the business is making profits or losses and make appropriate decisions for the success of the business.
3. **Accountants:** They use accounting information to prepare financial statements.
4. **Employees:** For assessing company's profitability and its consequence on their future remuneration and job security.
5. **Internal auditors:** For detecting and preventing any fraud which may happen in accounting records.

***External users (Secondary Users) of accounting information include the following:**

1. **Banks:** For making decision on whether to give or not to give a loan to the organization.
2. **Competitors:** They use financial information to determine the performance of the firm. This enables them to effectively manage their own business in order to remain competitive on the market.
3. **Creditors/ suppliers:** For determining the credit worthiness of the organization. Credits and loans are given by creditors according to the assessment of their customer's financial health. Creditors include suppliers as well as lenders of finance such as banks.
4. **The government (Tax authorities):** For calculating the amount of tax based on the information which is obtained from financial statements or reports issued by the firm/organization.
5. **Shareholders or investors:** For analyzing profitability of the business in order to invest their money in that business or take it somewhere else.
6. **Customers:** For assessing the position of its suppliers which is necessary for them to maintain a stable source of supply in the long term.
7. **External auditors:** For detecting and preventing any fraud which may happen in accounting records.
8. **Donors:** These want to know the financial position of the business to see whether they can come in for help.

END