

Entrepreneurship

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



END OF TERM III EXAMINATIONS

GRADE / LEVEL: SENIOR FIVE (S5)

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. What is the difference between business idea and business opportunity?
(4 Marks)
2. Bilateral, Gratuitous and onerous contracts.
(6 Marks)
3. With any three advantages, justify why the government of Rwanda is encouraging business to use capital intensive technology.
(6 Marks)
4. Suppose you want to create a business after your studies, show any five ways how can you ensure good customer relations in your business?
(5 Marks)
5. Examine any three factors considered when selecting and purchasing equipment for an office.
(6 Marks)
6. Many people don't arrive to save their money for future use. Outline Any four barriers to saving.
(4 Marks)
7. List and ordering any steps for transaction analysis.
(6 Marks)
8. Suppose you are a businessman/woman who engages four workers to help you in your business. Develop any three responsibilities of your workers in the business.
(6 Marks)
9. Classify any five sources of power in leadership.
(5 Marks)
10. Name any seven institutions involved in inspection activities in Rwanda.
(7 Marks)

SECTION B. Answer any THREE questions (45 Marks)

11. UTEXRWA Industry bought cotton from a local farmer worth 4,800,000 frw to use in production of blankets. 200 blankets were manufactured and sold to wholesaler at a cost of 16,000,000 frw which he later supplied to Marriot Hotel at a value of 24,000,000 frw VAT included. Calculate the value of VAT paid by:

- i) Farmer (1 Mark)
- ii) UTEXRWA (3 Marks)
- iii) Wholesaler (4 Marks)
- iv) Marriot Hotel (4 Marks)
- v) Total VAT (3 Marks)

12. Interpret any five methods used while collecting primary data. (15 Marks)

13. Basing on your prior knowledge about business growth; Evaluate any five factors that lead to business growth. (15 Marks)

14. Desire had the following transactions in the month of January 2022.

1st Jan Cash at hand 200,000Frw,

Cash at bank 1,700,000Frw

5th Jan received a Cheque from Peter 300,000Frw.

7th Jan cash purchases 300,000Frw.

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Paid rent by Cheque 200,000Frw.

20th Jan received payment by Cheque from Aaron 600,000Frw.

30th Jan paid Gasirabo by Cheque 100,000Frw.

Required:

Prepare Desire's two columns cashbook with the above transactions and dully balance. (15 Marks)

END

MARKING GUIDE-SENIOR FIVE(S5)-ADVANCED LEVEL

SECTION A. Answer all questions (55 Marks)

1. What is the difference between business idea and business opportunity?

(4 Marks)

Answer

The meaning of business idea and business opportunity

A business idea is a thought about the possibility of a business. **Or A business idea** refers to any thought that an entrepreneur may come up with as a result of scanning the environment with the possibility of developing it into a business opportunity.

A business opportunity is an identified situation that can be turned into a real and profitable business.

2. Bilateral, Gratuitous and onerous contracts.

(6 Marks)

- **Bilateral contract:** Both parties are bound by the terms of the contract. It is made by both parties to a contract: offeror and offeree E.g.: A baker contracts to make breads for the school at a given price, the baker is bound by the contract to make the bread and the school is bound to pay the fees.
- **Onerous contract:** This refers to the contract in which the aggregate cost required to fulfill the agreement is higher than the economic benefit to be obtained from it.
- **Gratuitous contract:** This is a contract in which one party promises to do something without receiving anything in exchange. It lacks the consideration; it cannot be enforced by law. Gift is an example.

3. With any three advantages, justify why the government of Rwanda is

encouraging business to use capital intensive technology.

(6 Marks)

Answer

Merits(advantages) of Capital Intensive Technology

- It facilitates optimum exploitation of resources.
- Labor efficiency is enhanced
- Better quality products are produced.
- It facilitates mass production of goods and services.

- It minimizes the size of the wage bill in the process, plus the cost of providing for other social amenities.
 - It facilitates technological development and transfer from the developed countries.
 - It enhances the development of human skills.
 - Facilitates infrastructure development in the country,
 - It is appropriate where labor is scarce and expensive.
 - It is time saving as the process is quicker.
 - Reduces the dangers of labor unrests.
4. Suppose you want to create a business after your studies, show any five ways how can you ensure good customer relations in your business?

(5 Marks)

Answer

Some ways of treating customers well are: /6marks

1. **Providing good customer care to them:** This involves offering high quality service to the customers as a way of attracting them.
2. **Providing quality products or services:** This involves offering quality products or services to customers in order to satisfy their needs.
3. **Giving discounts to customers:** A discount refers to a reduction on the price of a commodity or service.
4. **Giving gifts to customers:** This involves giving them some gifts like sweets, T-shirts, caps, etc. This pleases customers and makes them come back.
5. **Giving them credit facilities:** Giving products on credit to customers is another way of treating them well. This helps the customers who have not enough money. When giving products on credit you have to make sure you know well the customers.
6. **Accepting returned goods in case they have defects:** Some time goods may be returned by customers due to some reasons like damaged goods, bad quality products, expired products, etc. In this case, when the customer returns goods due to those reasons you have to accept them.
7. Deliver goods on time.
8. Giving them goods, which are not expired.
9. Offer transport facilities to customers. This is application is some exceptional cases not all the time and it is done upon agreement with customers.

5. Examine any three factors considered when selecting and purchasing equipment for an office. (6 Marks)

Answer

Factors considered when selecting and purchasing equipment for an office

- **Ease of operation:** The best choice of office equipment should be one which is easy to use and operate. This results into faster operation of business activities, less fatigue, and errors are reduced.
- **Flexibility:** The choice of equipment should depend on the different types of work it can perform. It's always better to select an equipment which can be used for numerous kinds of work.
- **Durability:** Machines are used by different people under conditions that vary. The best equipment or office machine should be strong and long lasting.
- **Portability:** Office equipment's are frequently moved from one user to another user or from one place to another place in the same work environment. The choice of equipment's should put into consideration the ease to carry
- **Adaptability:** If a machine can be used without disrupting an existing system, it would be better to do so than go in for one which necessitates a considerable rearrangement of the forms and records involved of extensive recopying of information and of adjustments in procedures.
- **Service:** Reliable and continuous performance demands quick repairs and proper maintenance.
- **Cost:** The cost of an office machine is a major factor in buying it. The cost of a machine or equipment should be within the budget of the business.
- **Training facilities:** If facilities are available to train the staff of a firm to use computers and other types of latest technology equipment, then the organization will prefer the use of this type of equipment.
- **Quality and speed:** Office equipment should be of high quality and speedy in nature.
- **The need of the office equipment:** Before selecting any machine, its degree of need must be checked thoroughly. Make an analysis on the alternates of the machines available.
- **Safety:** The machines to be used must be safe to the users. Machines which are not safe should not be used in offices because they might harm and cause diseases to the workers. Such as cancer.

- **Standard and noiseless machine:** The standard machines are further developed as noise proof at action. Such noiseless machines are the most needed in a business environment.
- **Environment friendly:** Machines and office equipment used should be environment friendly although their price tag tends to be higher than those that are not environment friendly

6. Many people don't arrive to save their money for future use. Outline

Any four barriers to saving.

(4 Marks)

Answer

Obstacles to saving /4marks

- **Procrastination:** delaying savings or putting savings off for another time.
- **Poor spending habits:** includes spending on unnecessary items; impulse buying; hedonistic lifestyle.
- **Culture of dependency:** being over dependent on others.
- **Lack of financial literacy:** spending on liabilities or items that decrease in value over time, not knowing how your money will grow or work for you.

7. List and ordering any steps for transaction analysis.

(6 Marks)

Answer

Steps for transaction analysis/ 6marks

1. Is the transaction an accounting transaction?
2. Which ledger account does the transaction affect?
3. What account types does each of the accounts involved belong to?
4. Is the balance on each account going to increase or decrease as a result of the transaction?
5. Will this increase or decrease lead to each account being debited or credited?
6. What is the amount to be entered into each account?

8. Suppose you are a businessman/woman who engages four workers to help you in your business. Develop any three responsibilities of your workers in the business.

(6 Marks)

Answer

Responsibilities of workers in business:/ 5marks

According to the article 48 of Labour law in Rwanda, 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. 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 complete.

9. Classify any five sources of power in leadership. **(5 Marks)**

Answer

Sources of power in leadership include:/5marks

1. **Coercive power.** This comes from a belief that a person can punish others for non-compliance.
2. **Legitimate power.** This comes the right to make demands and to expect compliance.
3. **Expert.** This comes from one's superior knowledge.
4. **Reward.** This comes from one's ability to compensate another for compliance.
5. **Referent.** This is a result of a person's attractiveness and worthiness.

10. Name any seven institutions involved in inspection activities in Rwanda.

(7 Marks)

Institutions involved in inspection activities in Rwanda:/6marks

- Rwanda Standards Board (RSB)
- Ministry of Agriculture and Animal Resources agencies (MINAGRI)
- The Ministry of Health (MINISANTE)
- The Ministry of Infrastructure (MININFRA)
- Rwanda National Police (RNP)

- Rwanda Development Board (RDB)
(Answer must be in both abbreviation and in full, one institution is 1 Mark)

SECTION B. Answer any three questions (45 Marks)

11. UTEXRWA Industry bought cotton from a local farmer worth 4,800,000 frw to use in production of blankets. 200 blankets were manufactured and sold to wholesaler at a cost of 16,000,000 frw which he later supplied to Marriot Hotel at a value of 24,000,000frw VAT included. Calculate the value of VAT paid by:

- | | | |
|------|---------------|------------------|
| i) | Farmer | (1 Mark) |
| ii) | UTEXRWA | (3 Marks) |
| iii) | Wholesaler | (4 Marks) |
| iv) | Marriot Hotel | (4 Marks) |
| v) | Total VAT | (3 Marks) |

Answer

Step 1. A farmer does not pay VAT, Then VAT will be paid by UTEXRWA on 1st **Buying Price** **Price** **(BP)** .
(1 Mark)

Step 2. VAT paid by UTEXRWA Industry.

VAT = (SP-BP) x 18% where BP is Buying Price and BP is Selling Price

Or

VAT paid by UTEXRWA Industry: VAT= (FP-IC) x18% where FP is final product and IC is Intermediate Cost

Because a farmer does not pay VAT, Then VAT will be paid by UTEXRWA on 1st **Buying Price (BP)** as follows:

VAT paid by UTEXRWA Industry =4,800,000Frw*18% = **864,000 Frw**
(3 Marks)

Step 3. VAT paid by wholesaler.

Value added = (SP-BP) x 18%

= 16,000,000-4,800,000=11,200,000Frw

VAT paid by wholesaler =11,200,000*18%= **2,016,000 Frw**

(4 Marks)

Step 4. VAT paid by Marriot hotel.

$$\text{Value added} = (\text{SP}-\text{BP}) \times 18\%$$

$$= 24,000,000 - 16,000,000 \text{ VAT} = 8,000,000 \text{ Frw}$$

$$\text{VAT paid by Marriot hotel} = \text{Value added} \times 18\%$$

$$= (8,000,000 \text{ Frw} \times 18\%) = \mathbf{1,440,000}$$

Frw (4 Marks)

Step 5. Therefore, total VAT = $\mathbf{864,000 + 2,016,000 + 1,440,000 = 4,320,000 \text{ Frw}}$ (3 Marks)

Or

VAT is calculated on last Selling Price (SP)/Sales

$$\text{VAT} = \text{Last SP (Sales)} \times 18\%$$

Which is equal $24,000,000 \times 18\% = \mathbf{4,320,000 \text{ Frw}}$

12. Interpret any five methods used while collecting primary data. (15 Marks)

Answer

The methods of collecting primary data are:

- **Interviewing:** This refers to systematic conversation between an investigator and an informant.
- **Experiment:** An experiment is a controlled study in which the researcher attempts to understand cause and effect relationship.
- **Sample surveys:** a sample survey is study that obtains data from a selected population after estimation of population selected (attributes).
- **Observation:** is a systematic viewing of a specific phenomenon in its proper setting for the specific purpose of gathering data for a particular study.
- **Focus group discussion:** In this technique, the researcher explores the perceptions, experiences and understanding of a group of people who have same experience in common in regard to a situation.
- **Questionnaire:** It refers to the written document containing a research question ready to be administered to the respondents.

Or it is a pre-determined set of questions used to get information from a client.

- **Case study:** it refers to a fairly intensive examination of a single unit as a person, a small group of people or company.

13. Basing on your prior knowledge about business growth; Evaluate any five factors that lead to business growth. **(15 Marks)**

Answer

The factors that lead to business growth are:

- 1. Availability of market:** The market plays a big role in determining the success of a business. A big and reliable market helps a business to grow. More buyers will mean more sales and more revenue for the business.
- 2. Enough capital:** The amount of capital available to a business determines its growth. If more capital is available, then the business can easily grow but if it lacks enough capital, it will not easily grow.
- 3. Competent business management:** The quality and ability of the business management team determine the growth of a business. If the management is competent and hardworking, then the business will grow faster than if the management is not competent.
- 4. Proper location of the business:** A suitable location may determine the growth of a business. A business will grow if it is located near the customers. In addition, a business may succeed if it is located in a secured place without robbers.
- 5. Level of competition:** Competition may force a business to be more efficient and as a result it grows. At the same time, competition may be too aggressive and weak businesses may not be competitive and fail to grow.
- 6. Technology used by the business:** Technology as a method of production determines the quantity and quality of output. It is a factor that determines the growth of a business.
- 7. Favourable government policies:** Government policy may directly affect business growth. Favourable government policy like low taxes, tax holidays, subsidies, etc. determines the growth of a business.
- 8. Political stability and security:** The political environment affects business growth, a peaceful political environment enables a business to grow but when there is insecurity, it is hard for a business to grow. For example, if there is political instability, riots, war or general insecurity, businesses will find it hard to grow because they will lack markets, workers will leave and raw materials will be hard to find.

- 9. Quality of workers:** The quality of workers in terms of skills, trainings, experience and commitment is factor of business growth. If the quality of the staff is low, the business will find it hard to grow.
- 10. Proper business planning:** Business planning is also a factor which determines the growth of a business. Planning enables the business to set targets to be achieved and properly control its resources and time.
- 11. Favourable economic environment:** The economic environment in which the business operates in also determines its growth. Economic conditions like inflation, interest rates, and unemployment and income levels affect the rate at which the business can grow.
- 12. Presence of business support services** like banks, insurance companies, telecommunication companies, etc. This also determines the business growth.
- 13. Good entrepreneurial characteristics (traits)** like Self-confidence, risk taking, perseverance, creativity and innovation, etc. This also determines the growth of a business.

14. Desire had the following transactions in the month of January 2022.

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20th Jan received payment by Cheque from Aaron 600,000Frw.

30th Jan paid Gasirabo by Cheque 100,000Frw.

Required:

Prepare Desire's two columns cashbook with the above transactions and dully balance. **(15 Marks)**

Answer

Desire's two column cash book:

Two-Column Cash Book for the Month of Jan. 2013

Dr					Cr				
Date	Details	Folio	Cash (Frw)	Bank (Frw)	Date	Details	Folio	Cash (Frw)	Bank (Frw)
1 st	Balance b/d	L1	200,000	1,700,000	7 th	Purchase	L3	300,000	
					11 th	Musoni	L5		190,000
5 th	Peter	L2		300,000	15 th	Stationery	L6	40,000	
10 th	Sales	L4	400,000		15 th	Rent	L7		200,000
20 th	Aaron	L8		600,000	28 th	Gasirabo	L9		100,000
					31 st	Balance C/d		260,000	2,110,000
			600,000	2,600,000		Total		600,000	2,600,000
1 st Feb	Balance b/d		260,000	2110,000					

END