**MINISTRY OF EDUCATION SCHOOL YEAR: 2020/2021**

**SOUTHERN PROVINCE TERM: III**

**RUHANGO DISTRICT DATE: …/…. /2021**

**PROMOTION: S6 DURATION: 3HOURS**

**ENTREPRENEURSHIP EXAMINATION FOR ALL COMBINATIONS**

**Instruction: This paper has two sections A and B.**

 **SECTION A: Attempt all questions (55 marks)**

 **SECTION B: Attempt only 3 questions (45 marks)**

 **Calculators may be used where necessary**

**SECTION A: ATTEMPT ALL QUESTIONS/ 55 MARKS**

1. Suppose that you want to start a restaurant and that you will employ some workers, you need to select the best employees that you will work with, outline and explain different steps involved in selection process. **/5marks**
2. Given the business that you want to start of your choice, develop a Quality Management System (QMS) of the above business. (underline the key steps)/**5marks**
3. Financial market in Rwanda plays a key role in the economy; explain any five roles on how financial market stimulates economic development. **/5marks**
4. Explain the following concepts as used in metrology / **5marks**
5. Quality assurance ii) Quality compliance iii) Quality management iv) Quality management system v) Accreditation

 **5**. Why do we need to conserve our environment as a source of business ideas and

Opportunities / **3marks**

**6**. Why do you think government, investors, customers, employees and the community would need accounting formations? / **5marks**

**7**.Assuming you have been invited to give a talk to the community on the roles of SACCOs, what value would you attach to the SACCOs in the community? / **3marks**

**8**. Basing on your background knowledge on conformity assessment; Explain the key issues you will focus on to ensure the products meet the required competition standards. / **4marks**

**9**. AKALIZA is a new entrepreneur who runs a business of producing sugar cane which is liked by many local people with this opportunity she thought how she can expend the market by supplying her product to the neighbouring country Kenya. From the above case answer to the following questions**:/10marks**

1. What are the documents required in Clearance of goods on truck examination (5 of them)?
2. Indicate the institutions will be involved in the above procedures (5 of them)

**10**. Each of these 3 projects below involves an initial investment of 1million and produce the net cash flow as shown.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| PROJECT | YEAR1 | YEAR2 | YEAR3 | YEAR4 | YEAR5 |
| A | 0 | 500000 | 500000 | 500000 | 500000 |
| B | 500000 | 500000 | 500000 | 0 | 0 |
| C | 0 | 0 | 500000 | 1000000 | 1000000 |

a. Show the total cash inflows of each project**/3.5marks**

b. Which project will be selected by the investor if his cut off period is 2 years? /**3.5marks**

c. Indicate 3 limitations of payback period. **/3marks**

**SECTION B: ATTEMPT ONLY 3 QUESTIONS/ 45 MARKS**

**11.** Describecreative thinking process. / **15 marks**

**12**. a) Define "skills /**1 mark**

 b) Explain any seven skills that a good manager should have **/14 marks**

**13**. Suppose your mother wants to start a hotel business, based on your knowledge and skills gained from entrepreneurship subject, Prepare for her the following plans:

a) Production plan **/7 marks**

b) Action plan **/8 marks**

**14**. The following information was obtained from the books of MANIRAREMA general trader for the year ended 31 July 1999.

|  |  |
| --- | --- |
| Details | Frw |
| Opening stock | 8 0,000 |
| Closing stock | 6 0,000 |
| Purchases | 2 60,000 |
| Sales | 6 00,000 |
| Expenses | 1 20,000 |
| Capital | 5 00,000 |
| Current assets | 1 00,000 |
| Current liabilities | 4 0,000 |

Calculate the following ratios and make a report for the management that show your observations/ constatations of business ‘performance from obtained ratios and recommendations for improving their business performance:

a) Gross profit mark-up percentage **/3 marks**

b) Acid test ratio **/2 marks**

c) Current ratio /**2 marks**

d) Gross profit Margin **/2marks**

e) Net profit margin **/2marks**

f) Stock turnover ratio /**2marks**

g) Return on capital employed **/2marks**

**15.** The following balances were extracted from books of Claudine enterprises as at December 2008. Extract the trial balance from these**/15 marks**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Capital 8,880,000 | Furniture 3,000,000 | Moto vehicle 5,200,000 | Distribution expenses 400,000 | Salaries 1,400,000 |
| Purchase 7,000,000 | Debtors 1,050,000 | Cash at hand 250 ,000 | Sales 9,500,000 | Commission received 240,000 |
| Opening stock 1,550,000 | Bank overdraft 750,000 | R.O.W 150,000 | Creditors 850,000 | General expenses 520,000 |

 **-END-**

**MINISSTRY OF EDUCATION SCHOOL YEAR: 2020/2021**

**SOUTHERN PROVINCE TERM: III**

**RUHANGO DISTRICT DATE: …/…. /2021**

**PROMOTION: S6**

**MARKING GUIDE OF ENTREPRENEURSHIP EXAMINATION FOR ALL COMBINATIONS**

**SECTION A ANSWERS**

1.Steps involved in selection process of candidates:

 -Identify vacant position

 -Job analysis

 - Attracting candidates(advertisement)

 -Screening candidates

 -Shortlisting

 - Selection process

 -Appointment

 -Induction

 -Evaluation appraisal

2. following is a quality management system that can be used by business to promote and ensure quality of their products or services:/5marks

i. Define and document necessary components of quality management system:

 ii. Define the quality policy

 iii. Quality objectives must be communicated to the team and well understood

iv. Define the product defect

v. Develop the documents for the system

vi. Define the quality process

vii. Determine the training needs

viii. Use the system.

ix. Measure and monitor performance

x. Take action that improves performance

3.The role of financial markets in economic development

The roles of financial markets are explained:

1. Financing trade:

Money markets encourages financing both internal as well as international trade. Commercial finance is made available to the traders through bills of exchange. The acceptance houses and discounts markets help in financing foreign trade.

1. Financing industry

Money markets contribute to the growth of industries in two ways:

* Money market helps the industries in securing short term loans to meet their working capital requirements through the system finance of bills, commercial papers, etc.
* Capital markers provide industries with long term loans
1. Stimulate Profitable investment

Money markets enable the commercial banks to use their excess reserves in profitable investment. The excess of reserves of commercial banks are invested in near- money assets ( e.g.: Short term bills of exchange) which can easily be converted into cash and yield profits to commercial banks in returns.

1. Helps in mobilizing savings

Capital markets help in mobilizing savings and channeling them into productive investments. Consequently, it encourages capital formation and promotes the economic growth of the country.

1. Promotes economic growth of a country

The various constituents of capital markets direct funds into productive investment channels.

1. Help to the Central bank

Money market helps the central bank in two ways:

* The short-run interest rates of the money market serves as an indicator of the monetary and banking conditions in the country and guide the central bank to adopt an appropriate banking policy.
* Money market helps the central bank to secure quick and widespread influence on the sub- markets helping to achieve effective implementation of its policy.

The capital markets bring together the savers as lenders and investors as borrowers

4.Explain the following concepts as used in metrology

a) Quality assurance

Quality assurance is the systematic effort by a business to ensure that its end product (s) satisfies its intended use, meets customers ‘expectations, and is produced consistently with zero defects.

b) Quality compliance

Quality compliance is either a state of being in accordance with established guidelines or specifications, or the process of becoming so. Businesses in Rwanda, for example in their production processes have to comply with specifications created by a standards body (Rwanda Standards Board).

c) Quality management

Quality management can be defined as the managing structure, responsibilities, procedures, processes, and management resources to implement the principles and action lines needed to achieve the quality objectives of an organization.

d) Quality management system

A quality management system (QMS) is a formalized system that documents processes, procedures, and responsibilities for achieving quality policies and objectives. Quality Management System includes quality planning, quality improvement initiatives, the establishment of a set of quality policies and objectives that will act as guidelines within an organization.

e) Accreditation

Accreditation is the process used by countries ‘regulatory body (RSB for Rwanda) to ensure that businesses/organizations maintain minimum standards of quality and integrity regarding measurement and certification requirements governing trade.

5.Why do we need to conserve our environment as a source of business ideas and

opportunities?

Because without the environment, there cannot business ideas. Environment includes all

that surrounds us such as existing businesses, information, existing products, community

needs, local resources, situations, among others which are the sources of business ideas.

For business ideas to be turned into business opportunities and hence profitable business

need a conducive environment such as natural, legal, economic, political, and therefore

all kinds of environment are important for ideas and opportunity generation.

6.Why do you think government, investors, customers and the community would need accounting formations?

1. Investors (in case of companies) will want to know that their investment in the business is secure and what the returns are likely to be.

|  |
| --- |
| Government departments, such as Rwanda Revenue Authority may use accounting information to determine the tax liability of the business. Customers: These will want to be sure that the business can meet their supply requirements such that the supplies will be sustained in the future. Community: The public may want to know the extent to which the business is concerned with their welfare, possibility of providing employment, pricing of products to decide whether there is need to help. 7.Assuming you have been invited to give a talk to the community on the roles of SACCOs, what value would you attach to the SACCOs in the community?They play an important role in facilitating access to credit, procurement and storage, distribution of input and marketing of products. In the process of playing these roles, cooperatives create employment opportunities, particularly in rural areas, and allow disadvantaged groups to be organized for social andeconomic benefit.Cooperatives play an important role in mitigating risks and solving pressing social problems by; improving living and working conditions of farmers and factory workers; providing members with financial services to help them respond to unexpected problems. |

8.Basing on your background knowledge on conformity assessment, explain the key issues you will focus on to ensure the products meet the required competition standards.

Depending on the responses by the learner, consider the following issues:

Certification of the product

Management systems

Personnel

Testing

Inspections

9. a.The documents required in Clearance of goods on truck examination/5marks

are the following:

1. Arrival notice of a commodity;
2. A commercial invoice;
3. Transport invoice;
4. Certificate of origin;

v. Certificate of quality;

vi. Waybill.

vii. Certificate of inspection for a car;

viii. Identification of the importer.

1. Indicate the institutions will be involved in the above procedures (5 of them)

-Customs administration

 -Warehouse

 -Customs warehouse

 -Rwanda Standards Board RSB

 -Transport Companies

 -Customs Agent also called declarant

 -Rwanda National Police

10.a. Show the total cash inflows of each project/3.5marks

Total cash inflow for project A= 2,000,000RWF; B= 1,500,000RWF; C= 2,500,000RWF

 b. which project will be selected by the investor if his cut off period is 2 years? /3.5marks

* PBP A= 3 years
* PBP B= 2 Years
* PBP C= 3year and (1,000,000-500,000) x12/1,000,000= months= 3years and 6months

Project B will be selected

 c. Indicate 3 limitations of payback period. /3marks

* It doesn’t show the return on investments
* Slow project may be rejected while it could generate high return in long run
* It may lead to poor decisions making

**SECION B ANSWERS**

**11.** creative thinking process has various stages such as:

Stage 1: Idea germination

It is a seeding stage. Most ideas can be traced to an individual's interest in or curiosity about specific problem or even area of study. In entrepreneurship it-is much like being curious about why there is no such and such a product or service.

Stage 2: Preparation (the conscious state)

In this stage the aim is to acquire more information about the problem that you already possess. You might brainstorm, read, collaborate with others, and gather your own past experiences, anything that can help you move towards solving the problem at hand. The stage of preparation may vary in length from a few minutes, as in the case of a brainstonning session, to months or years, as in the preparation for an invention or crucial experiment where more research need to be done. This is actually the stage of defining the problem and getting all the facts about it.

Stage 3: Effort

After facts have been gathered about the problem, say by market research, creative people would now do deliberate thinking and analysis of the information gathered. An effortful divergent thinking may occur leading to solutions or even frustration.

Stage 4: Incubation (the subconscious state)

Stop thinking of the problem and turn your attention to anything else. Do anything that stimulates your mind, but does not involve solving your problem. You are going to give your unconscious mind time to digest all the material you gathered in the preparation stage. After incubating, go back to your problem and being crafting a solufon or idea. At the end of this stage, the idea, which has been incubating, is more clearly defined than it was at the beginning. The stages of preparation and incubation might overlap, but that's ok. 

Stage 5: Illumination or insight

This is where the idea, which has been incubating, assumes definite form. This is the feeling you get when you have been struggling with your thoughts and can't quite put your finger on what is missing. The idea will appear suddenly and comes with a feeling of certainty. You will typically have an emotional reaction ofjoy, knowing you have found an idea, a solution.

Stage 6: Verification

This is where you challenge the idea that came to you in the illumination stage. Does your solution work and / or does it need revision? For example, a musician plays his composition on the appropriate musical instrument to see what notes and chords should be changed. Verification is the development stage of refining knowledge into application

**12**. a) Define "skill' (1 mark)

Answer

Skill is the ability or capacity to do any thing

b) Explain any seven skills that a good manager should have (14 marks)

Answer

-Technical skills  Conceptual skills

- Interpersonal skills Time management skills

 -Communication skills

 -Motivation skills

 Leadership skills

Decision making skills

Controlling skills

 Risk management skills Conflicts management skills

 Team building skills, etc

**13**.a) production plan

-Location of the business: Kigali city

-Type nature and capacity of the business

-Required inputs and raw materials: furniture, curtains, carpets,

-Labor requirements of the business: skilled labor, unskilled labor

-Required utilities: electricity, water, telephone bills

-Expected output: accommodate more than 1000 people

-Quality management: day today monitoring of the business

-Capacity of improvement: expect to expand the business by having branches across the

country.

b.

|  |  |  |  |
| --- | --- | --- | --- |
| No of items | Activity | Time | Implementation |
| 1 | Carry out the feasibility study todetermine the viability of the project | 1 month | Entrepreneur/marketresearch firm |
| 2 | Formulation of a business plan | 2 months | Entrepreneur |
| 3 | Loan application process | 1 month | Entrepreneur |
| 4 | Selection of the business site andpurchase of land | 1month | Entrepreneur |
| 5 | Purchase of machinery and equipments | 2months | Entrepreneur/purchasingofficer/engineer |
| 6 | Installation of machinery | 2month | engineer |
| 7 | Construction of premises and offices | 8months | Construction firm |
| 8 | Recruitment of human resource | 2moth | Human resource manager |
| 9 | Training of employees | 2month | Human resource manager |
| 10 | Production testing | 1month | Production manager |
| 11 | Commercial production | 1month | Production manager |

**14.**

(i) Markup percentage= (Gross profit/ Cost of sales) \*100= (320,000

Frw/280,000) \*100=**114.3%**

Form the above answer, gross profit markup is 114.3% which is very high for a business.

This ratio means that the business is earning more 1.143 Frw in per 1 Frw invested which

is a good deal for the business? The business is in good position considering its trading

activities

(ii) Acid test ratio/ quick assets ratio= (current assets- stock) : current liabilities)= (100,000-

60,000)/40,000= 40,000/40,000= **1:1**

The recommended acid test ration is 1:1. Therefore, this business is performing well

because its acid test ratio is equal to the recommended one. The business need to maintain

this position or improve

(iii) Current ratio= current assets/ current liabilities=100,000/40,000=**2.5:1**

The recommended acid test ration is 2:1. Therefore, this business is performing well with

its 2.5:1 ratio which is above the normal/ recommended one. The business need maintain

this position or improve

(iv) Gross profit margin= (Gross profit/sales) \*100= (320,000/600,000) \*100= **53.3%**

This ratio indicates the amount of gross profit per sales. From the above data, per 100 Frw

of sales, there are 53.3 Frw in gross profits which looks good for the business

(v) Net profit ratio= (Net profit/total sales) \*100= (200,000/600,000) \*100= **33.3%**

The business net profit is 33.3% of sales which is a good indication for business ‘

profitability

(vi) Stock turnover ratio= Cost of sales/average stock

Average stock= (opening stock+ closing stock)/2= (80,000+60,000)/2= 70,000

Stock turnover= 280,000/70,000= **4 times**

This shows the number of how the stock is be used up to reflect the extent to which the

capital is being tied up. The higher the stock turnover, the higher the cash flows from

sales, means more cash to settle liabilities, in holding stock for long (lower stock

turnover) then the business is not able to get cash from stock. If this is an annual stock

turnover then it would be lower stock turnover which is risky for the business but if this is

a monthly stock turnover then it looks good for the business ‘performance.

(vii) Return on capital employed = (Net profit/capital employed) \*100=

(200,000/500,000) \*100= **40%**

From the above figure, we observe that the per 100 Frw invested; the business is get 40

Frw as net profit. This is a good sign for a good business

In nutshell, based on all calculation; it is remarkable that the business is performing well

in terms of profitability, liquidity and debt management.

**15**.

The trial balance of Claudine as at December 2008

|  |  |  |
| --- | --- | --- |
| Particular/ Details | Debit(Rwf) | Credit(Rwf) |
| Furniture | 3,000,000 |  |
| Moto vehicle | 5,200,000 |  |
| Purchases | 1,400,000 |  |
| Debtors | 7,000,000 |  |
| Cash at hand | 250,000 |  |
| Opening stock | 1,550,000 |  |
| Distribution expenses | 400,000 |  |
| Salaries | 1,400,000 |  |
| General expenses | 520,000 |  |
| Capital |  | 8,880,000 |
| Sales |  | 9,500,000 |
| R. O .W |  | 150,000 |
| Creditors |  | 850,000 |
| Bank overdraft |  | 750,000 |
| Commission received |  | 240,000 |
| Totals | 20,370,000 | 20,370,000 |

 **-END**