**MINISTRY OF EDUCATION**

**RUHANGO DISTRICT**

**ENTREPRENEURSHIP EXAM OF THE THIRD TERM 2021 FOR SENIOR THREE.**

**DURATION: 3 HOURS**

**INSTRUCTIONS:**

1. This test has **TWO** sections **A** and **B.** Answer **ALL** questions in **SECTION A**

and **THREE** questions of your choice in **SECTION B.**

1. Calculators may be used where necessary.
2. Show all the workings clearly. **No marks will be given for answers which do not have all working steps.**
3. Use only **blue** or **black pen**
4. Answer questions as instructed in section **A, B** and **C.**

**SECTION A: ANSWER ALL QUESTIONS (55Marks)**

1. Define the following terms:

a. Entrepreneur **(2marks)**

b. Tax **(2marks)**

c. Budget **(2marks)**

d. Resource **(2marks)**

e. Career. (**2marks)**

1. Explain the types of work done in the community  **(4marks)**
2. Suppose you want to buy school materials. Using examples explain two different types of transactions you can use. **(4marks)**
3. A farmer is looking for a market to sell her tomatoes. Explain the benefits and disadvantages of selling on a domestic market. **(6marks)**
4. As a business person who imports and exports goods from different countries. Give any five documents used in the declaration of goods at customs. **(5marks)**
5. Your Uncle wants to start a fruit processing business in your home area. He has come to you for some advice before starting the business. Using your knowledge of entrepreneurship, advise your uncle about:

a) The kind of resources he will need for his business (starting and operating) **(4marks)**

b) Likely sources of those resources you have identified in (1) above. **(4marks)**

1. Calculate tax on an annual income of 9 600 000 Frw. **(6marks)**
2. Mugisha runs a new bakery business for making different cakes where she has the capacity to make 10,000cakes per month. As an inspector of Rwanda Standards Board, explain why you would carry out the quality test of those cakes. **(6marks)**
3. Mr. Gasana John is a businessman whose business has been registered with Rwanda Development Board (RDB) and Rwanda Revenue Authority (RRA) for two years. After gaining the profit he refused to pay taxes. As a Rwandan citizen, advise Mr. Gasana on the importance of paying tax. **(6marks)**

**SECTION B: Attempt any Three questions (45marks)**

1. Describe the importance of practicing good ethics in a business **(15marks)**
2. Ella Kakuze lives in Umuhuza Village, Kageyo Sector in Nyaruguru District, his phone number is +250711110000. She has a small cantine near the main street where she sells fresh roasted peanuts and boiled eggs.

Prepare a general descriprion of Ella’s business. **(15marks)**

1. On the 1st January 2021 Manzi started business with the following assets and liabilities:

-Furniture: 76,000Frw

 -Stock: 16,800Frw

-Bank overdraft: 12,000Frw

-Machinery: 80,000Frw

-Debtors: 22,8000Frw

-Creditors: 30,000Frw

-Prepare the balance sheet for Manzi. **(15marks)**

1. A timber company makes children’s furniture and usually sells its products to a distributor. In December 2020 their accounts show the following balances:

-Sales: 500,000Frw

-Purchases of wood: 70,000Frw

-Purchases of varnish and small materials: 24,000Frw

-Water and electricity: 6,000Frw

-Salaries: 140,000Frw

-Divers: 20,000Frw

-VAT: 18%

Prepare a well budget for this company. **(15marks)**

***.GOOD LUCK!!!!!!!!***

**MINISTRY OF EDUCCATION**

**SOUTHERN PROVINCE**

**RUHANGO DISTRICT**

**MARKING GUIDE OF DISTRICT EXAMINATION OF THIRD TERM, 2021**

**SUBJECT: ENTREPRENEURSHIP**

**CLASS: SENIOR 3**

**SECTION A: ANSWER ALL QUESTIONS**  **(55Marks)**

1. **a) Entrepreneur:** is a person who takes risks of creating a new business. **(2marks)**

**b) Tax**: is a compulsory contribution imposed by the government so as to raise the revenue for public expenditure. **(2marks)**

**c) Budget**: is a plan or a record of an estimate of the revenue and expenses over a specified future period of time. **(2marks)**

**d) Resources**: is a stock of money, materials, staff, knowledge and other assets that can be drawn on by a person or enterprise to function effectively. **(2marks)**

**e) Career:** is the type of work that someone does for a long period of their life and which they hope to gain advancement. **(2marks)**

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1. **Work is classified into four types: (4marks)**
* **Agriculture**: farmers grow and sell cash crops and products for export
* **Manufacture:** making products on a large scale using machines
* **Trading**: buying and selling goods and services. It can be wholesale, retail and online
* **Service provision**: selling services such as transport, banking, health care, teaching and repairs

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1. **Type of transactions:**

**Cash transaction**: pays directly. **(2marks)**

**Credit transaction**: payment is made by later date **(2marks)**

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1. **The benefits of selling on a domestic market are: (3mrks)**
* The money goes to the local business, which helps the local market to grow
* It creates employment because local businesses employ people from the local community
* The products do not need to be transported for long distances and pollution is therefore reduced
* Food grown locally is fresher than food that has been transported from somewhere else.

 **The disadvantages of selling on a domestic market are: (3marks)**

* A local market is small, so it can be difficult for the business to expand.
* If the local economy is not going well, customers may not buy many products.
* Businesses that import products or services may be able to offer these products cheaper.
* Locally made goods can be more expensive than mass produced goods

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1. **Documents used in declaration of goods at customs are:** (5marks)
* Commerce invoice.
* Transport letter
* Packaging list.
* Import license
* Origin certificate.
* Certificate analysis.
* Arrival notice.
* Insurance certificate.
* Warehouse handling invoice
* Assessment notice.

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1. a) **Resources he will need include**: **(4marks)**
* Financial
* raw materials,
* human,
* information,
* time and
* Technology (machines)

b) **Likely sources of resources include**: **(4marks)**

* Personal savings,
* Loans from banks,
* Recruitment of staff from universities,
* Buying machines from factories.

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1. Step 1: Calculate the 0% of 360 000 360 000 × 0% = 0 Frw **(1mark)**

Step 2: Subtract 360 000 from the original amount: 9 600 000 – 360 000 = 9 240 000 Frw **(1mark)**

Step 3: Calculate 20% of 840 000 (Annual taxable amount on 20%): 840 000 × 20% = 168 000 Frw **(1mark)**

Step 4: Subtract 840 000 from 9 240 000 9 240 000 – 840 000 = 8 400 000 Frw **(1mark)**

Step 5: Calculate 30% of 8 400 000 8 400 000 × 30% = 2 520 000 Frw **(1mark)**

Step 6: Add up all the calculated taxes to get the total tax to be paid. 0 + 168 000 + 2 520 000 = **2,688,000 Frw (1mark)**

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1. **Reasons why as an inspector of Rwanda Standards Boards to carry out the quality test of cakes(6marks)**
* To avoid harmful product
* Elimination of poor quality products
* To promote international trade
* To increase product competition on the market
* To verify conformity set by RSB
* To protect the rights of consumers
* To reduce human errors in production (Poor measurement)
* To check the quality of materials (ingredient used)
* To get certification
* To promote innovation and creativity
* To reduce the conflicts between the consumers and sellers.

**Any 6 elementsx1mark=6marks**

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1. **Importance of paying taxes (6marks)**
* Paying government workers
* Infrastructural development (schools, hospitals, etc.)
* It redistributes revenue in an economy where the rich are taxed highly than the poor hence reducing income inequality.
* It raises more income revenue to the government and this plays a big role in the economy.
* It encourages hard work. Sometimes the poor are encouraged to work harder in order to sustain their way of life.
* It reduces consumption of harmful commodities in excessive amounts since it increases their price and hence reduction in the consumption.
* Sometimes reduces imported inflation since it raises prices of imports hence reducing their demand.

**Any 6 elementsx1mark=6marks**

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**SECTION B: Attempt any Three questions (45marks)**

1. **The importance of practicing good ethics in a business**
	* **Increase on employee productivity.** Employees make better decisions in less time with business ethics as a guiding principle; this increases productivity and overall employee morale. When employees complete work in a way that is based on honesty and integrity, the whole organization benefits. Employees who work for a corporation that demands a high standard of business ethics in all facets of operations are more likely to perform their job duties at a higher level and are also more inclined to stay loyal to that organization.
	* **Attract customers to business products**, thereby boosting sales and profits make employees want to stay with the business, reduce labor turnover and therefore increase productivity. Attract more employees wanting to work for the business, reduce recruitment costs and enable the company to get the most talented employees. Attract investors and keep the company’s share price high, thereby protecting the business from takeover.
	* **Increases positive public image:** With consistent ethical behavior comes increasingly positive public image, and there are few other considerations as important to potential investors and current shareholders. To retain a positive image, businesses must be committed to operating on an ethical foundation as it relates to treatment of employees, respect to the surrounding environment and fair market practices in terms of price and consumer treatment.
	* **Develop investor, customer and employee loyalty:** Companies perceived by their employees as having a high level of honesty and integrity are more profitable than companies with a low level of honesty and integrity
	* **Ethical climates in organizations provide platform for**: Efficiency, Productivity, Profitability Business ethics are important because they help to develop customer and employee loyalty and engagement and contribute overall to a company’s viability.
	* **Lead to customer satisfaction**. Consumers respond positively to socially concerned businesses– Being good can be extremely profitable• Customer satisfaction dictates business success• A strong organizational ethical climate places customers’ interests first. Research shows a strong relationship between ethical behaviour and customer satisfaction leads to expansion of the market Business ethics leads to expansion of the market. Business ethics towards customers attracts new customers and creates trust in the business by the customers.
	* **Help a business win a competitive advantage.** An integrity approach to business can yield strengthened competitiveness: it facilitates the delivery of quality products in an honest, reliable way. This approach can enhance work life by making the workplace more fun and challenging. It can improve relationships with stakeholders and can instil a more positive mindset that fosters creativity and innovations among the stake holders. The purpose of ethics is to enhance our lives and our relationships both inside and outside of the organization.
	* **Contribute to employee commitment.** Comes from employees who believe their future is tied to the organization’s. Are willing to make personal sacrifices for the organization. The more dedication on the part of the company, the greater the employee dedication concerns include a safe work environment, competitive salaries and benefit packages, and fulfilment of contractual obligations.
	* **Reduces risks:** A company which sets out to work within its own ethical guidelines is also less at risk of being fined for poor behaviour, and less likely to find themselves in breach of one of a large number of laws concerning required behaviour.
	* **Help in protection of the environment:** The natural world can be affected by a lack of business ethics. For example, a business which does not show care for where it disposes its waste products, or fails to take a long-term view when buying up land for development, is damaging the world in which every human being lives, and damaging the future prospects of all companies.
	* **Increases business profits:** Businesses guided by ethics and values are profitable in the long run, though in the short run they may seem to lose money.

**5 explained points x 3marks=15marks**

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1. **General Description of the Ella’s Business: (15marks)**

 This section summarizes the following:

**a.** **Name of the business:** Fresh peanuts and eggs Company

**b.** **Location of the business:** UMUHUZA Village

 Kagere Sector in

 Nyaruguru district

**c.** **Contact address of the business**: +250711110000

**d.** **Legal form of the business:** Sole proprietorship

**e.** **Services/goods to be supplied or produced:** Fresh roasted peanuts and boiled eggs

**f.** **Uniqueness of the business from existing businesses:** The goods are fresh rather than others.

**g.** **SWOT analysis** of the business

* **Strengths** of the business
* **Weaknesses** of the business
* **Opportunities** of the business
* **Threats** to the business

 **Any 6 points x2marks=12marks**

 **SWOT (Any 3x1mark=3marks)**

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1. Balance sheet. **(15 marks)**

|  |  |
| --- | --- |
| **ASSETS** | **LIABILITIES** |
| **FIXED ASSETS. (4marks)**Furniture: 76,000Machinery: 80,000**CURRENT ASSETS (4marks)**Stock: 16,800Debtors: 22,800 | **CAPITAL**: 153,600 **(1mark)****LIABILITIES (4marks)**Overdraft: 12,000Creditors: 30,000 |
| **TOTAL: 195,600 (1mark)** | **TOTAL: 195,600 (1mark)** |

1. Budget.**(15marks)**

|  |  |  |  |
| --- | --- | --- | --- |
| **EXPENSES** | **AMOUNT** | **INCOME** | **AMOUNT** |
| Purchases wood.Purchases varnishWater and electricitySalariesDiversVATProfit | 70,000 **(1mark)**24,000 **(1mark)**6,000 **(1mark)**140,000 **(1mark)**20,000 **(1mark)**43,000196,800 | Sales | 500,000 **(2marks)** |
| **TOTAL** | **500,000 (1mark)** | **TOTAL** | **500,000 (1mark)** |

-Total expenses before tax=260,000Frw

- Profit before tax=500,000-260,000=240,000Frw

**- VAT=240,0000X18/100=43200Frw (3marks)**

- General total=260,000+43,200=303,200Frw

- **Profit=500,000-303,200=196,800Frw. (3marks)**

 ***GOOD LUCK!!!!!!!!!!!!!!!***