

ENTREPRENEURSHIP EXAMINATION PAPER 2015

SECTION A: Answer all questions

1. Differentiate Commercial from Trade.
2. Identify any five uses of a budget for an entrepreneur.
3. Explain the interrelation between saving and credit in any bank.
4. Identify any four factors affecting choice
5. Explain any three factors affecting supply of item.
6. a. What is discount?
b. Distinguish between trade discount and cash discount.
7. Explain any three types of the ledger.
8. Explain any two types of books of original entry.
9. Explain any two documents related to management and valuation of stock.
10. State any three qualities of a good tax system.
11. Identify any four factors that determine business success.
12. a. describes any two reasons why setting of priorities in the business is important.
b. Explain any two types of capital used in any enterprise.

SECTION B. Answer any three questions

13. With example on each, explain how any five aids to trade supports the trading Activity in Rwanda.
14. a. Differentiate tax from fees.
b. Explain any six principles of a good tax system.
15. Identify the types of goods according to their classification.

ANSWERS TO EXAMINATION PAPER 2016

SECTION A

1. Differentiate Commercial from Trade.

Answer:

Commerce or commercial activities is the means which raw materials and finished goods are distributed to those people or organizations who have need for them and the money to pay for them.

- commerce includes the trade and various aids to trade
- Commerce is concerned with the exchange of goods and services for money.
- Commerce is the study of the trade and aids to trade.
- Commerce is an activity of those that exercise acts qualified as commercial by the law.
- It is a set of economic activities occurring at the certain point /points between production and consumption of the product.
- It is the study of business in world operates.

While:

- Trade is the process of buying and selling of goods and services to make profits.

- Trade is buying and selling goods and services with aims to make a profits.
- Trade is the exchange of goods and services for profits.
- Trade concerned activity qualified as profession.
- Key words transfer of ownership for money.

2. Identify any five uses of a budget for an entrepreneur.

Answer:

A budget helps entrepreneur:

- Identify the sources of the income during a given periods.
- Identify expenses in certain period.
- To determine whether there is need for external funds.
- To coordinate the activities the entire business by integrating the plans of various departments.
- To identify what financial resources will be needed to achieve the objectives.
- Helps in the decision making.
- To set goal s.
- Facilitate the proper allocation of available resources.
- Helps in supervising the daily expenses and receipts.
- Helps to plan ahead.
- Helps to prioritize the expenses of the enterprise.
- To reminds the entrepreneur in setting debts.
- Helps in tax assessment.
- It acts as a tool for auditing.
- It measures the performance of the business.
- It is a requirement of getting loan.
- It shows where the business financially.

3. Explain the interrelation between saving and credit in any bank.

Answer:

The people save their money into the banks on current account a saving account banks utilize that money to give credits to businessman for gaining profit and banks give interest to people and receives interest from business.

- The great the saving s, the greater the loan able funds.
- N o savings no credit.
- Interest obtained from credit increase on the savings in the bank.

4. Indentify any four factors affecting choice

Answer:

- The goods being transported, Types, volume, size, shape, value.
- The distance goods and raw materials need to be transported.
 - Size of goods being transported.
 - The weights of goods being transported.
 - The time scale of delivery and frequency of the deliveries.

-The cost of transport.

- The value of goods being transported.
- The level of the income of users.
- Flexibility of the available means of transport.
- Government policy.
- Accessibility of the means.
- Safety.
- Geographical location.
- Speed/punctuality.
- Weather or climate.
- Personal wish.

5. Explain any three factors affecting supply of item.

Answer:

The operation cost: The cost of materials fuels, rent, salaries, and advertising...

-The higher are the costs the incentive the lower the incentive to supply because there is no interesting profit.

-The price that can be reached within the market price. If the product is enough attractive to consumers, they will be willing to pay a high price. So this will result in higher potential profit per unit in which case the supplier will offer many products in order to gain much money or profit.

-Physical constraints, such war, security, world price for same different products. All these issues affect the supply for any product:

-Number of product/ supplier

-Level of technology

-Government policy

-Gestation period

-Seasonal factors E.g.: Trading season, climate season

-Level of demand

-Price of other goods

-Level of investment

-Tastes and preference

-Size of market.

-Goals and objectives

-Degree of entry strategies.

6. a. What is discount?

b. Distinguish between trade discount and cash discount.

Answer:

-Discount is an allowance given to a trader on a good purchase.

Discount refers to the amount of money deducted from the price of goods and services allowed to customers encouraging them to pay prompt or buy more.

-The reduction on the price of goods.

Key words:

- Deduction, reduction, allowance.

-Subtraction, decrease.

-Bonds, percentage reduction.

b. - Trade discount is an allowance given to a trader for buying in large quantity.

-Cash discount is an allowance given to a debtor for paying his debts on time or before time.

Key words of trade discount

Key words of cash discount

-Many goods	-Prompt payment
-Buying in bulk	-Quick payment
-More goods	-Spot cash
-Large quantity	-Immediate payment
-Profession of the customer	-Timely payment
	-Before deadline

N.B: These key words in (b) must be supported by key words in 6(a).

7. Explain any three types of the ledger.

Answer:

Purchase ledger or creditor's ledger is used to keep all creditors accounts. It used to records credit note (if any) and outs going cheques.

-Sales ledger or debtor's ledger is used to keep all debtors account. It contains only account with customer (debtors).

-General ledger is used to keeps the costs of the account not entered in either purchase or the sales ledger.

-Sometimes this ledger is divided into two parts such as impersonal ledger and private ledger.

Alternatives: - general ledger (private and impersonal)

- subsidiary ledger :
- -Sales ledger
- purchase ledger
- Cash book
- Return inwards
- Return outwards

8. Explain any two types of books of original entry.

Answer 8:

-Cash book: is used to records all dealings which are for cash or cheque received or paid.

-Petty cash book: is a kind of minor cash book used to records in cash payment.

-Purchase day book: records the details and amount of all goods purchased on credit.

-purchase return book or return outwards journals: records the details and amount of goods returned by a debtors.

-Sales return book or return inwards journals: records the details and amount of goods returned by debtors.

Journal: records transaction which can not entered in any other subsidiary book. Some of the uses are to records the purchases or sales of a fixed asset on credit to correct errors to record the opening and closing entries.

-sales day

9. Explain any two documents related to management and valuation of stock.

Answer 9:

-Goods received note or receiving slip: this is duplicate of delivery order which must be signed by the customer to confirm that goods have been accepted and delivery to him/her.

-Purchase requisition note: This document within an organization by the headquarter administration specifying needs for the possible purchase.

-Return out wards note.

-Return in wards note.

-Stock ledger/stock records cards/bin cards

-Order note

-Issue note Goods transfer note

10. Explain any two documents related to management and valuation of stock

Answer:

A good tax should be:

-Comprehensive ex: having a variety of taxes and covering all tax basis.

-Flexible

-Certainty

-Simple.

-Diversified

-Neutral

-Elasticity

-Convenient

-Compulsory contribution

Equitable

-Reflect to the person's ability to pay

-Economical

-Supposed by state on the public

-Productive

-Meant of public expenditure

11. Identify any four factors that determine business success

Answer:

-Business location

-Pricing level

-Level of competition

-Profitability of the business

-Market size

-Entrepreneurs attitude

-Availability of business customer

- Managerial skills/ability
- Adequacy of capital and time of finance.
- Public relation
- Political climate
- Skills and experience of employees
- Good will/ reputation of the business
- Level of advertising
- Infrastructure development
- Clear definition of objectives
- Effective and efficient planning
- Customer care...

12 A. describes any two reasons why setting of priorities in the business is important.

b. Explain any two types of capital used in any enterprise.

Answer:

- Helps in planning and using resources correctly
- Shows how to exploit and supervise of objective
- Helps how to rank objectives according to their priorities in the business.
- Helps an entrepreneur to make wise decisions and keep on the steady course towards his goals.
- It helps the entrepreneur to determine which activity is more important to the enterprise.
- Helps the entrepreneur avoiding confusion.
- Minimize unnecessary conflicts.
- Helps to meet and satisfy customer's needs
- Helps to minimize risks.

B. -Human capital: is the people who work with an organization (enterprise) for production process.

- Technical capital
- Financial capital
- Real capital
- Fixed capital
- Circulating capital/Working capital
- Borrowed capital/Loan capital
- Liquid capital/ current capital
- Seed capital
- Start-up capital.
- Mezzanine capital/Expansion capital
- Bridge capital
- Sunk capital
- Capital owned/net worth.

SECTION B

13. With example on each, explain how any five aids to trade supports the trading Activity in Rwanda.

Answer:

Aids to trade are:

- Banking and finance: banks and financial organization make it possible for trading to obtain finance (may be in form of bank, mort ages or over drafts) so that they can purchase raw materials, equipment buildings that are need to produce goods and services.
- Advertising: The number of goods sold by the trader depends on how they have advertised or marketing.eg: news paper
- Transport and distribution: About getting materials and goods to the right place, e.g.: Import car from Japan
- Insurance: protect against any risks, e.g.: fire, accident, etc
- Communication: provide information needed delivery details.
- Stock/ ware house: Businessman used stock for his/her goods.

14 a. Differentiate tax from fees.

b. Explain any six principles of a good tax system

Answer:

Tax is financial deduction by the state on natural persons or legal entities according to their contribution capacity through definitive a constraint and without compensation. While, Fees is a compensation for the utilization of a service of public work, of an obligatory character which is due once the tax payer in a situation of benefiting from a services.

Tax key words

- Compulsory contribution
- Imposed by the state
- Source of income
- Financial contribution
- Amount of money paid to Government
- Non proquo payment

Fee key words

- Payment for different service
- Compensation for a services

b. Simplicity principle: The tax should be simple and easy to understand and administer, It should be clearest language understood in both the taxpayer and collect tax.

- Flexibility principle
- principle of equality or equity
- Principle of economy
- Principle of convenience
- principle of elasticity
- principle of comprehensibility
- principle of accountability
- principle of specificity

- principle of fairness
- principle of certainty
- principle of productivity

15. Identify the types of goods according to their classification

Answer:

The following are types of goods according to their classification:

-According to origin

Tangible goods

Intangible goods

-According to destination

Capital goods

Consumer goods

-According to duration

Durable goods

Non- durable goods

Semi-durable goods

-According to degree of completion

Raw materials

Semi finished goods

Finished goods According to link between them

Complementary goods

Substitute goods

-According to the cost

Economic goods

Free goods

According to the ownership

Public goods

Private goods

Semi-public goods

According to consumed income

Giffen goods

Inferior goods

Luxury goods

Normal goods

- According to the effect

Merit goods

Demerit goods

Necessary goods

Answer 16.

Version 1

	Cash a/c	
Dr		Cr
Dr	25000	
Cash a/c	16600	
Cr		
61200		
Dr	Sales a/c	Cr
	61200	
	7600	
Dr	Purchase a/c	Cr
	12900	
	34500	
Dr	Kamana a/c	Cr
	12900	
Dr	Bunani a/c	Cr
	7600	
Dr	Rent a/c	Cr
	25000	
Dr	Bwiza a/c	Cr
	34500	
Dr	Wages a/c	Cr
	16600	

Details/ Particular	Debit	Credit
Sales	-	68800
Cash	19600	-
Purchase	47400	-
Kamana	-	12900
Bunani	7600	-
Bwiza	-	34500
Rent	25000	-
Wages	16600	-
Total	116200	166200

Version 2

Dr Cash a/c Cr

Sales 61800	Wages 16600
Bal 61800	Rent 25000
	Bal 19600
	19600

Dr Trainers a/c Cr

34500	Bal c/d 34500
Bal b/d 61800	34500

Dr Kamana a/c Cr

Bal c/d	Jean 12900
12900	12900
12900	Bal b/d 12900

Dr Shirt and Jeans a/c Cr

Bal c/d 7600	Bunani 7600
7600	Bal b/d 7600

Dr Wages a/c Cr

Cash 16600	Bal c/d 16600
16600	16600
Bal b/d 16600	

Dr Sales a/c Cr

Bal b/d 61800	Cash 61800
61800	61800

Dr Jeans a/c Cr

12900	Bal c/d 12900
12900	12900
Bal a/c 12900	

Dr Bwiza a/c Cr

Bal a/c 34500	Trainers 34500
34500	34500
	Bal a/c 34500

Dr Bunani a/c Cr

Shirt and Jeans 7600 7600	Bal c/d 7600 7600
Dr Rent a/c Cr	
Cash 25000 25000 Bal b/d 25000	Bal c/d 25000 25000

Kankwanzas trial balance

Details/particulars	debit	credit
Cash	19600	
Bunani	7600	
Jeans	12900	
Rent	25000	
Trainers	34500	
wages	16600	
sales		61800
kamana		12900
shirt and jeans		7600
bwiza		34500
TOTAL	116800	116800

VERSION3

Dr	cash a/c	Cr
Sales 61200	Jeans 12900	
Shirt and jeans 7600	Rent 25000	
	Wages 16600	
	Bal cd/19800	

Dr	sales a/c	Cr
	Cash 61200	

Dr	Jeans a/c	Cr
Cash 12900	Bal cd 12900	

Dr	Shirt and jeans	Cr
	Cash 7600	

Dr	Rent a/c	Cr
Cash 25000		

25000	25000
Dr Bwiza a/c Cr	
Bal c/d 34500	Purchase 34500
34500	34500

Trial Balance

Details/ Particular	Debit	Credit
Cash	1430	
Purchase	47400	
Sales		68800
Bwiza	25000	34500
Rent	16000	
Wage		
Total	103300	103300

17. VERSION 1

Dr Gakwanda a/c Cr	
1/8 bal b/d 2800	22/8 Bank 2660
	22/8 Discount
	140
	2800

Dr Bank a/c Cr	
22/8 Gakwandi 2660	Bal c/d 3082
29/8 Jeanne 342	
1/9 Eduard 80	
3082	3082
1/10 bal b/d 3082	

Dr Eduard Cr	
1/8 bal b/d 80	10/9 bal c/d 80
80	80

Dr Jeanne a/c Cr	
1/8 bal b/d 360	Bank 342
360	Discount 10
	360

Dr Discount allowed Cr	
22/9 Gakwandi	30/9 bal c/d 158
140	158
29/9 Jeanne 18	
158	
1/10 bal b/d 158	

VERSION 2

Calculation of Discount

Gakwandi = $2800 \times 5 / 100$

Jeanne = $360 \times 5 / 100$

Eduard (no discount)

END!!!

ENTREPRENEURSHIP EXAMINATION PEPER 2016

SECTION A

1. A) what is meant by vision 2020 Umurenge program?
b) Differentiate demand from supply.
2. Explain three techniques of collecting information
3. Mention any five obligations of a trader
4. Describe any four factors that influencing savings
5. List any five documents for declaration of goods in customs
6. Explain briefly three types of commercial discount
7. List any four uses of a balance sheet
8. Mention any reasons which it is important to have a calendar of activities.
9. With examples explain any three sectors of production.
10. Outline any five elements of a delivery note.
11. Mention any four bank services.
12. a) List any three factors that influence consumption.
b) Explain any six types of consumption.
13. a.) State five business impacts on natural environment.
b. Explain briefly the term SMART which is related to characteristics of goal.
- 14) a. Differentiate between budgeting from planning.
b. State any six steps to successful project planning.
- 15) a. What is capital?
b. Below is the balance sheet of KAMANA Enterprise drawn on 31st December 2012:

Kamana Enterprise Balance sheet as of 31st dec.2012

Rwf			
Fixed Assets		Capital	1,610,000
Premises	1,000,000	Add: Net Profit	<u>5,000</u>
Fittings	<u>120,000</u>		1,615,000
	1,120,000	Less: Drawings	<u>6,000</u>
Currents Assets			1,609,000
Stock	380,000	Current Liabilities	
Debtors	25,000	Creditors	40,000
Cash	20,000		
Bank	<u>104,000</u>		
	529,000		
	1,649,000		1,649,000

You are required to Calculate:

- (i) Capital employed.
- (ii) Capital owned.
- (iii) Liquid Capital.
- (iv) Working Capital.

ANSWERS TO EXAMINATION PAPER 2016

SECTION A

1. A) what is meant by vision 2020 Umurenge program?

Answer

A. Vision 2020 Umurenge program (VUP) is an integrated local Development program to accurate poverty eradication rural growth, social protection.

❖ Key words:-poverty reduction

- Social protection
- job creation
- financial accessibility

b) Differentiate demand from supply

Answer.b:

-Demand is the quantity of a product that the consumers are willing and able to buy in the market at a given period of time.

-Key words: -willing and able to buy

- quantity of product asked
- goods and services

While

-Supply is the quantity of product that suppliers are willing and able to bring to the market at a given price.

-Key words:-to bring

- to offer
- the seller/producer
- put/deliver/distribute
- to supply/to sell/to give
- product

2. Explain three techniques of collecting information

Answer2:

-A Questionnaire: is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from the respondents

-Interview: is a conversation between two or more people. Where questions are asked by the interviewer to elicit facts or statements from the interviewee

- Observation: is a way of getting data by watching behavior events or noting physical characteristics in their natural setting.