

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.

-Observational research :(field research) is a social research techniques that involves the direct observation of phenomena in their natural setting.

-Documentation set of documents provided on paper or online or on digital or analogue media such as audio tape or cds...

-It is written information for a read, projection, or technical performing.

-sampling technique

-Group discussion /focused group

-Experimentation

-Measurement

-Mailing

3. Mention any five obligations of a trader

Answer

-Registering at the trade register

-Regularly and correctly be in possession of obligation trade document

-Paying due taxes, EBM

-Declaring legal marriage and divorce or separation contracts

-Use of legal measures and weights

-Declaring oneself legally bankrupts

-Avoid selling harmful/expired products

-Avoid unfair competition

Protect environment

-Avoid illegal activities/smuggling

4. Describe any four factors that influencing savings

Answer4:

-Future interest

-People attitude towards saving

-Inflation

-Level of income/revenue

-The rate of interest

-The level of income /revenue when income is null savings does not exist.

-The rate of interest: The high interest corresponding to a high remuneration of savings.

-Inflation: People prefer to buy from now what they will pay more expensively later .In

this time the part of saving decreased in other to buy goods.

-Government policy

-Availability of financial institutions

-Level of education

-Political climate/security

-Culture of savings

-Margin propensity to consumers

-Age structure

- Price level
- Level of advertisement
- season
- Level of monetarisation

5. List any five documents for declaration of goods in customs

Answer5:

- Packing list.
- Commercial invoice
- Air transport letter.
- Arrival note
- Vehicle transport document
- Transport letter
- Certificate of origin
- Vehicle inspection certificate
- Import license
- Analysis certificate
- Bill of lading/air way bill
- Transport Invoice

6. Explain briefly three types of commercial discount

Answer6:

-Trade discount: An amount or rate by which the catalog list or retail price of an item is reduced when sold to a seller's profit margin and usually varies directly with the quantity of the item purchased

Or

-A Discount on the list price granted by a manufacturer or wholesaler to buyer in the same trade.

Or

-Trade discount is the sum or percentage deducted from the list price of commodity allowed by manufacturer, distributor or wholesaler to retail or by one enterprise to another in the same trade.

Or

❖ Trade discount: a discount from the list price of a commodity allowed by a manufacturer or wholesaler to merchant

-Quality discount: An exceptional pre-agreed reduction on sale price in order to take account of quality defects and non conformity of the sold item.

-Periodic discount: This is a reduction of all operations carried out with certain customer during a determined period.

-Cash discount : It is a reduction by the creditor to the debtor or an incentive that a seller offer to a buyer in return for paid a bill owed before scheduled due date the seller will

usually reduce the amount owed by the buyer by a smaller percentage or a set dollar amount if used properly.

Cash discount improves the day's sales outstanding aspect of a business cash conversion cycle. For example a typical cash discount would be if then seller offered 2% discount on an invoice due 30 days if the buyer were to pay within the first 10 days of receiving the invoice.

-Prompt discount: This is reduction given to customer who their purchase before the normal payment deadline.

-Grace discount: A grace period is a period of time during which a payment can be made or late performance can occur without incurring any late penalties fees or interest.

For example: If I have a loan with a payment grace period of 5 days ,and payment was required by August 15 and you did not pay actually make the payment until August 19, then you would not be charged any late penalties of fees because you made the payment within the specified grace period.

7) List any four uses of a balance sheet

Answer

- It is a tool of planning.
- It shows the current status of the business.
- It reveals the amount of money owed by the business to other people and organization.
- It shows the amount of money invested in the business.
- It reveals the information required by the users of financial statement.
- It helps to decision making.
- It is a tool of indicting (Internal and External).
- It is a very of accountability.

8. Mention any reasons which it is important to have a calendar of activities

Answer8:

- It allows the proper use of limited time.
- It helps in exploiting and following up the attainment of objectives.
- It helps in specification of time and place in which the activities will take place.
- It reduces confusion in an enterprise.
- It helps rank activities according to priorities.
- It helps to show the person responsible for the work or activity or development /task.
- It helps in planning and budgeting in the business.
- It helps to be organized and perform well.

9. With examples explain any three sectors of production.

Answer

-Primary sector: Involves gathering the products in their raw form which can be used or they are or be produced further, e.g.: Agriculture, mining, fishing, etc.

-Secondary sector: It deals with products from the primary industry and transforming them into finished products, through processing Ex: handicrafts, industry, etc.

-Tertiary sector: Involves provision of services. Ex: Transportation, banking, insurance, etc

10. Outline any five elements of a delivery note

Answer10:

- The number of delivery note.
- The name of the supplier.
- The number of order.
- The article description.
- The quantity.
- The unitary price.
- The total price.
- Date and signature.
- Name of receiver/buyer/customer.
- Delivery condition.

11. Mention any four bank services

Answer11:

- Receiving deposit.
- Keeping current account.
- Keeping a saving account.
- Keeping a fixed account.
- Providing safe custody of valuable assets.
- Provision of credit facilities.
- Money transfer.
- Facilitates payments.
- Exchange currencies.
- Accepts withdrawals.
- Keeping correction accounts.
- Providing bank statements.
- Transfer or selling a financial assets.
- Providing evidence to shareholders.

SECTION B

12. A) List any three factors that influence consumption

Answer12:

- Population size.
- The price.
- Level of saving.
- Fashion.
- Anticipation/Expectation.

- The amount of income.
- The pressure of social group.
- Level of taxes.
- Government policy.
- Taste and preference.
- Habit/past level of consumer.
- Curiosity.
- Sex and Age.
- Political climate/Security.
- Social and regions factors.
- Seasons.
- Types of goods.
- Demand and Supply of goods.
- Geographical location.
- Level of education.
- Level of advertising.

b) Explain any six types of consumption.

Answer b:

- Individual consumption: Goods and Services are only consumed by one person.
- Collective consumption: Many consumers can consume the same goods or services at the same time without possibility of exclusion.
- Final consumption: Is the use of final goods and services aimed at direct satisfaction of needs.
- Intermediate consumption: concerns raw materials or semi-finished products that are used up transformed or incorporation the products process in order to manufacturer or new finished-product.
- Marketable consumption: concerns all goods that are marketable in nature, since are exchanged at a price covering at least their production cost.
- Non marketable consumption: concerns essentials services obtained freely or for inferior price to the production costs.
- Autonomous consumption.
- Induced consumption.

13. a.) State five business impacts on natural environment

Answer

- Bringing goods and services near people.
- Water pollution.
- Land pollution.
- Air pollution.
- Noise pollution.
- Deforestation.

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- Noise pollution.
- Deforestation.

- Vibration.
- Reforestation.
- Infrastructure.
- Soil degradation.
- Exhaustation of natural resources.
- Displacement of people.
- Soil erosion.
- Paying taxes.
- Employment opportunity.
- Ozone layer degradation.
- Global warming.
- Distraction of relief.

b. Explain briefly the term SMART which is related to characteristics of goal.

Answer b:

- Specific: a specific goal has a much greater chance of being accomplished than a general goal.
- Measurable: Establish concrete criteria for meaning progress towards the attainment of each goal you set.
- Attainable: when you identify goods that are most important to you, you begin to figure out ways you can make them same time. You develop the attitudes, abilities, skills and financial-capacity or realize them.
- Realistic: The goal must represent an objective towards which you are both willing and able to work. A goal can be both a high and realistic you are only one who can dedicate just how high your goal should be.
- Goal should be grounded within a time frame with no time frame tied does it? There is no sense of urgency

14) a. Differentiate between budgeting from planning.

Answer14:

-Budget: a budget is a process of preparing a provisional and restrictive state of expenses income to be realized during a given period for an economic unit. It is an accounting element that shows provisional income and expenses of an economic agent (household, the state, etc) during an accounting year to come

While

-Planning: is a made of resource management and allocation.

It covers the meaning of organization, the working out of global strategy to obtain them and creation of a complete hierarchy of plan in order to integrate and coordinate activities

b. State any six steps to successful project planning.

Answer

-Every project needs a road map with clearly defined goals that should not change after the first phase of the project has been completed. All shareholders benefiting from the outcome of the project should be named and their needs stated.