

ENTREPRENEURSHIP/A.

Q1. SULO-Rwanda industries invest 345,025,000 Rwf into a project of making perfumes and this project generates a profit of 25,750,300 Rwf. Calculate its return on capital and interpret your answer.

$$R/\text{Return on capital} = \frac{\text{Profit}}{\text{Initial investment}} \times 100$$

$$= \frac{25,750,300}{345,025,000} \times 100 = 7.46\%$$

Interpretation of the answer;

- Each one hundred invested generate 7.46%.
- According to this return on capital, the project is profitable.
- The project is good.

Comment: - the correct calculation 3 marks
- Interpretation 2 marks.

Q2: Describe the correlation between the following invention, innovation, and design.

R/ * Invention: is act of creation or creating a new product or service.

+ Innovation: is the implementation of an idea to improve on the existing idea or product.

+ Design: is a format or shape that is given to a product.

Therefore, the correlation among invention, innovation and design is that they depend on each other.

1.5 marks each definition and correlation.

Q 3: Explain the needs required for the protection legal of innovation, advantages.

Do not write in this margin

- To prevent duplication of product
 - To make it easier for customers to distinguish a company's product with another.
 - To protect disclosure of company's trade.
 - To encourage specialization (entrepreneurs can do the work better)
 - To protect the (first) firm to serve the market.
- And this protection can be done through patents, copyrights, trade marks, trade names

Any four points a mark each. (4 marks)

Q 4: Corporate governance is not just corporate management, comment.

R/ Corporate governance is a system in which company's leadership is determined but corporate management is a system in which company directs and controls its activities.

Characteristics.

<u>Corporate govern.</u>	<u>corporate managements</u>
- looks about leadership quality is of company's leader	- looks about resource & it's related.
- looks about rules and regulations governing leaders.	- looks about heavy personal
- looks about leadership system.	- is about risk minimization.
- looks about leadership vision.	

Any clear differences 3 marks

6 Marks

Q. 5: Explain why start-up company may fail

- R/ Lack of good management skills.
- poor location.
- poor infrastructure.
- lack of enough capital.
- Inaccessibility to finance.
- lack of enough market.
- high taxation.
- failure to cope up with stiff competition.
- lack of qualified and experienced employees.
- lack of credit worthiness on the side of suppliers.
- poor planning.

Any six points, 1 mark each.

6 MKS

Q. 6: make a clear distinction between creativity and innovation.

R/ Creativity is the ability of bringing something new into existence while innovation is the ability of improving existing product.

2 marks each

4 MKS

Q. 7. Give any five factors which influence the level of saving in a society.

- R/ - culture of the society.
- desire to meet future investment.
- individual confidence about the future.
- level of interest rate.
- level of political stability.
- level of income.
- Rate of inflation.
- Availability of financial institutions.
- Government policy.
- level of consumption.

Any five points 1 mark each.

5 marks

Q 8: Explain any three methods of improving profits.

Do not write in this margin

- R/ - proper storage of raw materials
- production of good quality of products
- satisfaction of customer needs.
- Production of great quantity.
- Minimize the cost of production.
- Research about the price of the product
- Sale promotion.
- proper use of resources.

Any 3 points, 2 marks each (6Mks)

Q 9: Explain with examples the role of social factors in the analysis of the external environment of a business.

R/ Religion: some societies have religious beliefs which do not allow them to use certain products like muslim community do not accept pork or alcohol but catholic community do accept them.

- Norms and beliefs: some societies do have beliefs which prevent them from taking certain things.

eg: Milking or slaughtering an animal for roasting

- Age: some goods can be sold to a certain age.

eg: Alcohol is not for sale to persons under 18 years.

- Sex: some goods can be sold to a certain sex.

eg: Cotex for girls and women.

Any 3 points, 2 marks.

6Mks

Q 10. What elements should be studied in business plan?

- R/ - general description of the business
 - setting the mission, goods, and objectives.
 - Marketing plan.
 - production plan.
 - financial plan.
 - organization plan.
 - action plan.

Any 5 points, 1 mark each.

5 MKS

Q 11. What is cost minimization?

- R/ It is a process of reducing the cost of production.
 2 marks for good definition.

2 MKS

SECTION B.

Q 12. Banks popular of Rwanda offers to Kanyarwanda a loan of 25,000,000 Rwf worth to set up a medium washing coffee plant.

R/ Draft Budget for Kanyarwanda for worth 25,000,000 Rwf (2 marks)

Items	Amount. (Rwf)	1mk.
Fixed assets	3,000,000	} 6 marks
+ land	3,000,000	
+ Equipment	7,000,000	
* Premisse	4,000,000	
+ Coffee washing machine	2,000,000	
Total assets	16,000,000	
* Operation expenses:		
- Salaries and wages	3,000,000	
- Transport	600,000	
- Electricity & water	400,000	
- Taxation	600,000	

Insurance	400,000
Coffee supplies	4,000,000
<u>Total expense,</u>	<u>9,000,000</u>
<u>General total</u>	<u>25,000,000.</u>

Do not
write in
this margin

Any relevant drafted budget 10 mks

10 mks

Q 13: Explain clearly an five reasons which show the importance of advertising to a company.

- R/-
- it leads to increase sales.
 - it improve the quality of the product.
 - it provide educative information about the product.
 - It create good-will for the company.
 - It creates customer loyalty (friendship relation).
 - It makes diversification of the product, ^{ship} in the market.
 - It stimulates demand create more need for the product.
 - It minimize the cost of marketing.
 - It encourage market research.
 - It stabilizes value of the product.

10 mks

Any five points well explained 2 marks each.

Q 14: What are the key considerations you may refer on when choosing a business organization?
Explain them clearly.

- R/-
- Required capital
 - liability to be born by the owner.
 - Requirement to commerce the business
 - the continuity of the business.
 - the need for control.
 - the ability to pay tax.

- Nature of business.
- Area of operations.

Any 5 points well explained, 2 marks each. 10/15

Q 15: Market research is one of the components that an entrepreneur must rely on. What contrast the realization of MRC research in some firms? Explain why.

R/ It is costly

- language barrier.
- inflexibility of respondents
- lack of experience market research.
- geographical constraints.
- limited time.
- poor interpretation of data.
- lack of first hand information.
- Insecurity.
- Epidemic diseases.
- lack of resources.

Any five points well explained, 2 marks 10/1

Q 16 Distinguish a marketing plan from a production plan.

b) Describe any six factors which should be considered when designing a marketing plan.

R/ a) A marketing plan is an analysis of the position and opportunities of a business being planned in the present market situation whereas production plan is an analysis of the projected needs for manufacturing. The proposed goods and services.

→ Any correct definition 2 marks - (

17. Is obvious that the government controls business activity? What is your opinion about this? Explain using examples of India.

P/ Yes, it controls the business because:

- it needs to check the quality of goods through BIS.

- it needs to protect customer's health eg: through FSSAI.

- it has to make control so that it can know local business which need government assistance. eg: through SIDBI.

- it needs to make control so that it can find out if business laws and regulations are respected.

eg: through RBI and SEBI.

- It makes control so that it can be able to determine how much a business should pay as tax eg: through Income Tax Act.

- It makes control so that business can protect environment in which it works eg: through EPA.

- It makes control of some business to find out if there is proper management of funds. eg: through National Bank.

Any 5 points including yes or no 3 marks each.

(Any 5 points well explained and relevant examples, 3 marks each.)

Q 18. Explain the internal and external factors that might affect the effectiveness of a factory's marketing.

P/ Internal factors are:

- pricing policy

- quality of product.

- level of advertising

- Packaging and design of the product.
- Window display.
- Giving of three samples, gifts and prices.
- Marketing skills of employees.
- Sponsorship
- Capital.

External factors.

- level of competition.
- availability of advertising media.
- level of income of customers.
- Security level.
- Government policy.
- Infrastructure
- Technology
- Climate

Time required to prepare advertisement. Any 10 points well explained 1.5 mark each.

Q 19: Describe the factors that can influence the value of a business.

B/seller's view / perception.

- Tangible assets
- Intangible assets value.
- perception of buyers.
- Number of employees.
- level of technology.
- level of competition
- Good customer relation or customer care.
- Quality of product.
- level of capital.
- Nature of the product.
- level of market or customers
- Ability to fulfil legal requirement.
- Social responsibility.

Any 10 points well explained 1.5 mark each

= X =