

REMEMBER!!! constructive feedback is needed!!

MARKING GUIDE: NATIONAL EXAMINATION 2021

SUBJECT: ENTREPRENEURSHIP I

SECTION A: Attempt all questions (55marks)

1. Give any three reasons why diversity in business was less important a hundred years ago than it is today. (3marks)

In the past most people did not travel far and only knew people from their own culture so, diversity was less important because we relied on our own culture or own resources

Diversity was less important because we didn't need to interact with people who are different to us compared to today

Our world was not a global village compared to that of today, there was not a global market like today

People were not different in their regions that why they enjoyed their own culture

Business could sell their products at a local market

There was no competition with other people from other countries

2. Advise your family on how they can reduce expenses. (4marks)

Only buying things they need

Repaying debt as soon as possible to avoid having to pay a lot of interest.

Saving on electricity by always turning off the light when you leave the room and by turning off water heater during the day.

Making use of inexpensive entertainment such as the library or public parks

Cooking home rather than eating at a restaurant.

Growing their own fruits and vegetables and raising chickens for meat and eggs

Etc.

3. Justify, with any five reasons why it is important for you to study entrepreneurship subject in ordinary level. (5marks)

to study entrepreneurship in ordinary level will:

- ☒ Enable me to obtain the required knowledge and skills to start up, operate and sustain a business successfully
- ☒ Enable me to identify opportunities for promoting business investment to achieve economic development
- ☒ Help to improve entrepreneurial skills of existing micro and small industrialists
- ☒ Encourage creativity and self-sustenance so as to accept risks and being independent
- ☒ Enable me to effectively and appropriately use the available resources in my country
- ☒ Enable me to develop job creation attitude aimed at self employed
- ☒ Instill self-confidence and self-awareness
- ☒ Help to develop positive attitudes and culture towards work, business, entrepreneurship, self-employment and other carriers in Rwanda

4. With specific examples, describe any three types of markets. (6marks)

☒ **Domestic market/internal market or local market:** this is a market within a country's borders. The supply and demand of goods or services happens within the country. Under such market the firms face similar sets of competitive, political, economic, social, market and technological issues. Domestic market is done in two ways: 1) **wholesale trade** which is purchasing goods from manufacturer in bulk and selling them to intermediate such as retailers and **Retail trade** which is purchasing goods from wholesaler in bulk and selling them to consumers in small quantities Eg. GOICO PLAZZA (MUSANZE MORDERN MARKET)

☒ **Regional market/ international markets:** an international market is one outside the international borders of a country it may also mean a regional market in the sense that it is a market in a defined regional trading bloc where members countries have agreed to enhance co-operation through common institutions and rules. Eg EAC (East African Community), COMESA (Common Market for Eastern and Southern Africa) CEPGL (Economic Community of the Great Lakes Countries)

5. Differentiate tax avoidance from tax evasion. (4marks)

Tax avoidance is the modification of an individual's financial situation in order to lower the amount of tax owed. It is the lawful minimization of the tax liability through sound financial planning such as phasing the sale of assets over a period long enough to effect maximum exemption from tax **whereby tax evasion** is an unlawful attempt to minimize tax liability through fraudulent techniques meant to find a way around or frustrate tax laws. It is illegal practices whereby a person, organization, or corporation intentionally avoid to pay his, her or its taxes, willful non-payment of due tax

Fails to report income or report income inaccurately (under-statement of taxable income)

6. What is the main goals of Rwanda's 2020 vision? Summarize how it can be completed on time. (6marks)

Macroeconomic stability and wealth creation to reduce aid dependency

Structural economic transformation

Creating a productive middle class and fostering entrepreneurship

Or

Fundamentally transform Rwanda into a middle-income country by the year 2020. This requires achieving annual per capita income of US \$ 900

Taking into account Rwanda's extremely scarce resources, prioritization and sequencing will be crucial

In the short run the key issues of stabilizing the economy, reducing aid dependency and developing export will be vital

it can be completed on time by

⇒ Mobilize and allocate resources to vision 2020 priority areas

⇒ Regular report to cabinet on the status of achievement of the vision 2020 objectives and targets

⇒ Ensure the establishment of monitoring and evaluation framework for vision

⇒ Support the planning organs and others institutions in charge of implementation of the vision

⇒ Ensure that the vision 2020 based sector strategic plans and districts development are prepared and linked to the medium term expenditure framework and annual budget

7. Kagoyire Noella is a new entrepreneur who produces and sells tomato sauce indifferent restaurant. But she is hesitant when it comes to having her business registered into the tax system. Educate her on the importance of having her business registered. (5marks)

Having her business registered will help her in the following ways

- ☒ She will be able to take part in business as this is a requirement for continuing in business
- ☒ She will be issued with a certificate of compliance which is a proof they she is carrying out a business legally
- ☒ She will be proud that she is contributing to the national building
- ☒ She will avoid unnecessary penalties and fines that result from non-subscription to the tax system
- ☒ She will enjoy public confidence for being seen to operate legally. This may result in increased sales of her products
- ☒ She will enjoy efficiency as a result of good record keeping for the purpose of tax declaration

8. Akaliza immaculate is the owner of a fashion shop in nyakaliro village. she has invested in delivery of different tissues and five sewing machines. She saved 1 500 000 Frw and borrowed 4 50 000 frw from BPR

- a. Identify the possessions of Immaculate's business. (1mark)
 - b. What are Immaculate's liabilities? (1mark)
 - c. What is meant by Owner's equity. (1mark)
 - d. Draw up the accounting Equation for Immaculate's business (2marks)
- a. Capital = 1 500 000 Frw and bank loan = 4 500 000 Frw
 - b. Immaculate liabilities equal to 4 500 000 Frw
 - c. Owner's equity is money or assets contributed by the business owner from money borrowed(liabilities). It is the difference between assets and liabilities
 - d. Accounting equation of immaculate business

Given: capital = 1 500 000 Frw

Liabilities= 4 500 000 Frw

Accounting equation is expressed as follow

Assets= capital (owner's equity) + Liabilities

Assets= 1, 500, 000 Frw + 4, 500, 000 Frw= 6, 000, 000 Frw

9. Fill in the required information in the empty space. (7marks)

| | Prime books | Transaction type |
|---|--------------------------|------------------------------------|
| 1 | General journal | All transactions |
| 2 | Sales journal | Sales of items purchased on credit |
| 3 | Cash receipt journal | cash received |
| 4 | Sales returns journal | Returns of goods on credit |
| 5 | Purchase journal | Purchase of goods on credit |
| 6 | Cash payment journal | Cash paid |
| 7 | purchase returns journal | Returns of goods to the supplier |

10. With an example for each explain any four types of resources. (4marks)

✘ **Financial resources:** This refers to money and other resources that can be converted into money, for example, selling of assets. Example: Money, Loans, Grants

✘ **Raw materials resources:** These are the basic materials from which goods and products are made. example: Lan, Desks, Water

✘ **Human resources:** Are people who use their skills to produce goods, provide a service or run a business enterprise. Example Teachers, Cooks, Drivers

✘ **Information:** This is data and information used by an entrepreneur in an enterprise. example: Suppliers' information Customers', information, Internet

✘ **Technology resources:** Technological resources basically refer to systems and tools required to effectively produce or create a product or services. Example: computer, School Bell, School car

11. With any three reasons defend why customs procedures are important between Rwanda, Democratic Republic of Congo and Uganda. (6marks)

✘ Those countries share borders where it is possible for people to export and import goods and services, so customs procedures are important to reduce **tax evasion** among the traders.

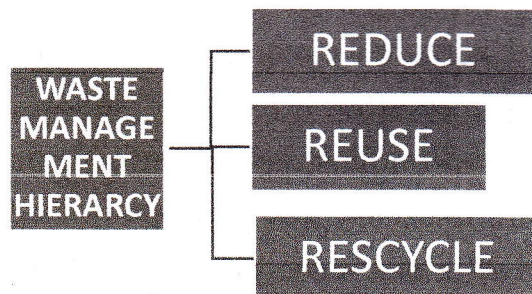
✘ Those countries do importation and exportation between them, customs procedures can help them to **gain revenue** on imports and exports from their borders

✘ Customs procedures will help them to regulate trade between them so as to reduce **dumping** because some of the traders may export goods at lower cost to another country, this will help them to ensure protection of economic interest.

✘ Customs procedures will help the traders to observe laws governing trade like laws on taxes, quality standards of goods and services imported are observed by the customs authorities

SECTION B: Choose any three questions (45marks)

12. Explain the waste management hierarchy. (15marks)



✘ **Reduce** – only buy the things that you need. Use durable items rather than disposable items. •

✘ **Reuse** – find new uses for items, for example, a glass jar can be used to store other items.

✘ **Recycle** – tin, glass and many other products can be converted back into usable material. Tin cans, for example, are melted and shaped into new sheets of tin.

13. **Mugabo sells different types of furniture in Town and has an account in Umurenge Sacco where he keeps his money. Uwizeye bought some furniture from him and paid a half in cash and another half on credit after fifteen days, they agreed that she would send a cheque to Mugabo. Specify any five documents that would be used in this business. (15marks)**

☒ Invoice: this is a document prepared by a seller and sent to a buyer (who bought on credit) requesting for payment

☒ Cash Receipt: a written acknowledgement that a specified amount of money in terms of payment has been received. It issued by the supplier to the business or by the business to its customers for cash transactions or whenever actual settlement of a debt is done

☒ Payment voucher: it is prepared to be signed by the person receiving the money (payment)

☒ Cheque: is a document that authorizes a bank to pay a specific amount of money from a person's account to the person in whose name the cheque has been issued.

☒ **Delivery note.** This is issued by the seller and sent along with the goods as proof that goods have been delivered

☒ **Deposit slips:** We use a deposit slip when we want to deposit money into a bank account and a withdrawal slip when we want to take money out of a bank account. To deposit money, we fill out the form to show how much money we deposit

☒ **Bank withdrawal slip: it is filled by a person when she/ he wants to withdraw cash from the bank account.**

14. **a) Giving two examples, explain what interpersonal skills are. (5marks)**

b) show why interpersonal skills are needed by every person. (10marks)

a) Interpersonal skills are life skills you use every day to communicate and interact with other people both individually and in groups. Interpersonal skills are people skills.

Examples of interpersonal skills include: Verbal/oral skills – what you say and how you say it like Giving and receiving instructions, Being clear, brief and to the point.

Non-verbal body communication signals are intended to make an impact on the listener. They include signals such as nodding) clapping) rolling eyes and smiling

Listening skills – how we interpret both the verbal and non-verbal messages communicated to us by others.

Writing skills – how you present a message in written form. **Negotiation skills** – working with others to find a mutually agreeable outcome.

Problem solving skills – working with others to identify, define and solve

b) Interpersonal skills are needed by every person in the following ways:

- ✘ To improve relationships amongst people.
- ✘ To improve the working environment.
- ✘ To improve leadership skills.
- ✘ To improve productivity.
- ✘ To improve liking by others
- ✘ To improve company's performance
- ✘ To improve life skills
- ✘ To improve all round success

15. Discuss how sectors of production are important to the Rwandan economy. (15marks)

Sectors of production are important to the Rwandan economy in the following ways:

- ✘ Production of goods and services
- ✘ Creating job opportunities for the people
- ✘ Facilitating international trade through exportation of goods and services
- ✘ Increasing government revenue from the taxes paid by businesses
- ✘ Reducing poverty among the people who are employed in those sectors
- ✘ Promoting security as people are busy in business activities
- ✘ Reducing over-dependency on other countries
- ✘ Encourages exploitation of natural resources found in the country

16. Suppose you sell different utensils from home to home using your bicycle. How would a business plan be helpful to you? (15marks)

Business plan would be helpful in the following ways:

- ✘ It will be used to plan for the business by providing timetable of activities to be done by the business so to mobilize and coordinate the resources.
- ✘ It will guide me to focus on planned activities and avoid focusing on unplanned activities and expenditures

- ☒ It will be useful to laydown marketing strategies that are very crucial in promoting sales
- ☒ It will be a guide for decision making for any business dealing
- ☒ It will be used to decide whether or not to continue with this business
- ☒ It will be used to identify the sources of fund to increase the delivery of utensils
- ☒ It will be used to plan the future expansion of this business to reach to many customers
- ☒ Business plan will help to define goals and objectives of my business which read to constantly monitoring the progress of the business

17. Specify any five strategies taken by the government of Rwanda on the business activities that negatively affect the environment. (15marks)

- ☒ Engage in agro-business capitalizing on quality not quantity by adopting alternative methods of rearing animals like paddocking to conserve the environment
- ☒ Monitor business operations to ensure that they comply with the environmental regulations
- ☒ Banning the use of non-biodegradable plastic bags and packaging materials
- ☒ Development of hydro and solar energy
- ☒ Improving energy efficiency in industrial processes
- ☒ Introducing vehicles emission standards
- ☒ Setting rules governing environmental protection where every business should conduct environment impact assessment (EIA)
- ☒ Encouraging industries to apply waste management system (reduce, reuse and recycle)
- ☒ Setting industries in special economic zone out of productive soil
- ☒ Educating people on how to protect environment through mass media
- ☒ Setting fines to the business intentionally affect negatively the environment
- ☒ Putting labels and signpost to warn people to conserve the environment