

# ENTREPRENEURSHIP/A.

Q1. SULO-Rwanda industries invest 345,025,000 RWF into a project of making perfumes and this projects 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.

10.5 marks each definition and correlation.

Q3: Explain the needs required for the protection legal of innovation.  
advantages:

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- 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) first firm to serve the market.
- And this protection can be done through patents, copyrights, trade marks, trademarks.

Any four points, 1 mark each. (4 marks)

Q4: 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 management</u>
- looks about leadership quality of company's leader	- looks about resource related.
- looks about rules and regulations governing leaders.	- look about heavy personal.
- looks about leadership system.	- Is about risk minimization.
- looks about leadership vision.	

Any clear differences 3 marks

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Explain why start-up company may fail

- 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

Q6: 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

Q7. Give any five factors which influence the level of saving in a society.

- 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

Q8: Explain any three methods of improving profits.

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- 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)

Q9: 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

1) What elements should be studied

a) business plan?

- 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.

Q11: What is cost minimization?

2/ It is a process of reducing the cost of production.

2 marks for good definition.

### SECTION B

Q12: Bank popular of Rwanda offers to Kanyarwanda a loan of 25,000,000 Rwf worth to set up a medium washing coffee plant.

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

Items	Amount. (Rwf)
Fixed assets	3,000,000
+ 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	4,00,000
Coffee supplies	4,00,000
Total expenses	9,00,000
General total	25,00,000

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Any relevant drafted budget 10 marks

10 marks

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 create customer loyalty (friends relationship)
  - It makes diversification of the product; <sup>ship</sup> 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 marks

Any five points well explained 2 marks each.

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

- R/-
- Required capital
  - liability to be born by the owner.
  - Requirement to commencing 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. 10/10

Q 15: Market research is one of the components that an entrepreneur must rely on. What contrast the realization of M.R. 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 10/10

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 - 1

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

R/ Yes, it controls the business because:

- It needs to check the quality of goods through RBS.
- It needs to protect customer's health eg: through RURA.
- It has to make control so that it can know social business which need government assistance, eg: through RSB.
- It needs to make control so that it can find out if business laws and regulations are respected.  
eg: through RQB and RDB.
- It makes control so that it can be able to determine how much a business should pay tax eg: through RRA.
- It makes control so that business can protect environment in which it works  
eg: through REMA.
- 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.

R/ Internal factors are:

- pricing policy
- quality of product.
- level of advertising
- general appearance of the premises



- 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.

R/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

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