**SENIOR FIVE ENTREPRENEURSHIP MARKING SCHEME**

**SECTION A. Attempt all questions (55 Marks)**

1. Explain the following terms:/ **10 Marks**
2. Business: Business means the production, distribution, and sale of goods and services for a profit.
3. Business research : is the process of collecting and analyzing information for the purpose of initiating, modifying or terminating a particular business activity
4. Business ideas: can be referred to as the response of a person or persons, or an organization to solve an identified problem or to meet perceived needs, realize fantasies or dreams, improving on existing situations or products
5. Business opportunity: can be defined as an attractive business idea worth investing in or propositions that provide the possibility of a monetary return for the person implementing them or taking the risk of investing in them.
6. Tax: is a fee without direct exchange requested to the members of the community by the State according to the law, to support financially the execution of the government tasks.
7. Differentiate External communication from Internal communication**/(4 Marks)**

**Internal communication**: Occurs when information is shared by people within the same business enterprise.

**External communication**: is the transmission of information between a business and an external entity or person.

1. a)What is EBM in Economic Development of Rwanda? /**3 Marks**

**EBM:** Electronic billing machine refers to the electronic machine that used to collect tax in business.

b) Describe principles of tax /**6 Marks**

i) Simplicity

ii) Certainty

iii)Convenience

iv) Flexible

v) Equity

vi) Economy

vii) Diversity

viii) Elasticity

ix) productivity

4**.** Many people confuse the following terms “business growth” and “business development”. Differentiate the two terms. **(4marks)**

Business growthis astage where the business reaches the point for expansion and seeks additional options to generate more profit. Business growth is a function of the business lifecycle.

Business development can be summarized as the ideas, initiative and activities aimed towards making a business better.

5. a) Differentiate primary data from secondary data used in business research **/**

**(4 Marks)**

Primary sources are original sources from which the researcher directly collects data that have not been previously collected.

Secondary data refers to the data which have already been collected and analysed by someone else.

b)Outline the importance of business research/ **(6 Marks)**

1. Research, being a fact-finding process, significantly influences business decisions.

2. Research plays a significant role in the identification of a new project, project feasibility and project implementation.

3. Research helps the business management to discharge its managerial functions of planning, forecasting, coordinating, motivating, controlling and evaluating effectively.

4. Research facilitates the process of thinking, analyzing, evaluating and interpretation of the business environment and of various business situations and business alternatives so as to be helpful in the formulation of business policy and strategy like where to buy, when to buy, how much to buy, and at what price to buy .

5. Testing of new products. Business research helps in testing the possible success of fresh products. Businesses need to know what kind of services and products

6.Suppose you’re an executive secretary of RwandaRevenueAuthority and you are in the ‘’Umuganda’’ with your neighbor’s, explain to them following statement: without taxes there is no peace, no roads, no hospitals and no schools. / **(10 marks)**

**Tax has the following contributions:**

* There is reduced rates of poverty among the community due to a significantly equal distribution of income through various activities and projects set by the government
* Improved wellbeing among the vulnerable and elderly as they benefit from the different government programs financed through taxes.
* Reduced infant mortality rates and increased life expectancy due to improved access to health facilities and services.
* Increase in the percentage of the population that completes secondary and TVET education, reducing the literacy levels, improving on the peoples’ skills through programs such as 12YBE.
* Increased community/social solidarity, general happiness, life satisfaction, and a significant more trust among the community members and for public institutions.
* Taxes are charged on some products to discourage their production and usage hence controlling over-exploitation of resources as well as protecting the environment which is vital for the existence of the society.
* Taxes benefit the Rwandan government to meet its objectives and goals such constructing affordable houses to the citizens which helps improve the standards of living
* Taxes help government to finance its policies especially on poverty alleviation through programs such as “GIRINKA”, “VUP”, “UBUDEHE” among others
* Taxes enable the government to regulate the prices of goods and services in the country hence ensuring a low cost of living and maintaining the standards of living of the citizens
* Taxes enable the government to maintain a balance between the poor and rich. The government uses the taxes from business people to provide services needed by the poor, which otherwise the rich could not provide.
* Taxes enable the government to promote its policy industrialization through reducing products from other countries that would otherwise out compete the home industries.
* Taxes enable the government to ensure that the citizens have enough products. This can be through taxes charged to reduce products moving out of the country or removing taxes on goods needed in the country. This helps maintain a high standard of living.

**7.** a)Define term contract used in business/ **(2 Marks)**

Contract is a legally binding agreement between two or more persons.

b) Explain essential elements of valid contract/ **(6 Marks)**

Written contracts may follow a structure that can include, but are not limited to, the following elements:

• Details of the parties to the contract, including any sub-contracting arrangements

• Duration or period of the contract

• Definitions of key terms used within the contract. 32 Entrepreneurship Senior Five Student Book Entrepreneurship Senior Five Student Book 33

• A description of the goods and/or services that your business will receive or provide, including key deliverables

. • Payment details and dates, including whether interest will be applied to late payments.

• Key dates and milestones.

• Required insurance and indemnity provisions.

• Guarantee provisions, including director’s guarantees.

• Damages or penalty provisions.

• Renegotiation or renewal options

• Complaints and dispute resolution process.

• Termination conditions.

**SECTION B: ATTEMPT ONLY 3 QUESTIONS (45 Marks)**

8. a) Define term business dispute?/ **(3 Marks)**

A business dispute is a disagreement over the existence of a commercial legal duty or right, or over the extent and kind of compensation that may be claimed by the injured party for a breach of such a duty.

b) Suppose you are the director manager of Inyange industry. Outline skills you may need to resolve conflicts at your work. **(12 marks)**

The resolution of conflicts in the workplace typically involves some or all of the following processes:

i. Recognition by the parties involved that a problem exists.

ii. Agreement to address the issue and find some resolution.

iii. An effort to understand the perspective and concerns of the opposing individual or group.

iv. Identifying changes in attitude, behavior, and approaches to work by both sides that will lessen negative feelings.

v. Recognizing triggers to episodes of conflict.

vi. Interventions by third parties such as Human Resources representatives or higher level managers to mediate.

vii. Willingness by one or both parties to compromise.

viii. Agreement on a plan to address differences.

ix. Monitoring the impact of any agreements for change.

x. Disciplining or terminating employees who resist efforts to defuse conflicts.

9.Suppose that you want to open a small shop in your sector.

What factors would you consider in choosing the appropriate technology for your business? **(15 Marks)** The factors that should be considered before choosing an appropriate technology include the following:

Social benefit: The technology should have social benefits to the country, in terms of job creation, as well as not having a lot of social costs like pollution (air, water and noise),

Health impact on users: The technology should put into consideration the health of the users as well as the population around.

Some technology for example machines and mobile phones make vibrations which affect the health of the people leading them to get cancer related problems.

Ease of use and adaptability: The technology chosen should be simple to use and easy to learn and adopt.

It should be able to accommodate the skills of the available labor in a given country.

Productivity and profitability: The technology chosen should be able to yield profits for the business as well as efficient and effective use of resources to produce much output.

Cost effectiveness: The technology chosen should be affordable to the company and should be able to yield more returns for the capital invested. Institutional needs:

The technology should be able to address the needs of the institution or company where it is being used. For example, banks need more capital-intensive technology in form of information communications technology 180 Entrepreneurship Senior Five Student Book Entrepreneurship Senior Five Student Book 181 as compared to labor intensive technology.

Environmental friendly: The technology must comply with the environmental laws thus; it should not degrade the environment. This is very common with industries which use capital intensive technology.

**10**. a) What is e-commerce/ **(3 Marks)**

**E-commerce**: is a business model that lets firms and individuals buy and sell things over the internet.

**b)** Explain the contribution of ICT in business development **/(12 Marks)**

It is easy to start and manage an online business.

• A business can reduce the costs of handling sales inquiries, providing price quotes, and determining products availability by using electronic commerce. This means that the operational costs are low and better quality services.

• It helps consumers to buy products anywhere in the world.

• Electronic payments of tax refunds, public retirement, and welfare support cost less to issue and arrive securely and quickly when transmitted over the internet.

• Electronic payments can be easier to audit and monitor than payments made by cheque, providing protection against fraud and theft losses.

• Electronic commerce can also make products and services available in remote areas

. • Electronic commerce is faster in buying and selling of goods and services. This helps to avoid long queues if their where many buyers.

• Low operational costs and better quality of services.

• There is no need of physical company set-ups in terms of buildings.

• Buying and selling is done 24/7. This means buying and selling can be done twenty-four hours in seven days.

• It is cheaper. Sellers and buyers reach each other without the physical movement of the buyers to the shop.

• Virtual goods like music, electronic books can be delivered instantly.

**11. a)** what is business decline **/ (3 Marks)**

**Business decline:** refers to decrease of business productivity, level of profitability and size.

**b)** Examine the indicators of business growth **(12 Marks)**

1. Increased capital: If the capital of a business is increasing, then it is the indicator that the business is growing.

2. Increase of assets: Another indicator of business growth is the increase of assets like buildings, vehicles, bank deposits, etc. The total value of business assets can be revealed by the balance sheet of the business for a particular period of time.

3. Increase of business profit: When the business profits are growing, then it is an indicator of business growth.

4. Opening more branches: Opening more branches is an indicator that the business is covering more areas and is serving more customers. This is an indicator of business growth.

5. Increased market share: When the market share of the enterprise is growing, the enterprise is growing because it is serving more customers.

6. Increased sales revenue: Increased sales revenue for a business is an indicator of the business growth.

7. Increased number of employees: When the business grows, it normally increases the number of departments and employees. For example, a restaurant that started with four workers and expands into a hotel, it will need to recruit more employees than previously.

8. Use of advanced technology: Most businesses start with simple technology but as the business expands, they use more advanced technology.

12. The following figures relate to monthly salaries of Kavamahanga company employees for 2020

1. Director Kagara John earns 250,000 Frw
2. Accountant Mubiligi James earns 150,000 Frw
3. Security Semasaka Damien earns 30,000 Frw
4. Secretary Mukamana Joana earns 77,000 Frw
5. Casual labourer Kankindi Anitha earns 150,000 Frw

Calculate the total PAYE for the above employees that Kavamahanga company pays to RRA every month. **(15 marks)**

1. Director Kagara John earns 250,000 Frw

30,000x0= 0, 70,000x20/100 = 14,000, 250,000 x 30/100 =75,000 Total tax paid by director is **89,000 Frw**

1. Accountant Mubiligi James earns 150,000 Frw

30,000 x 0 = 0, 70,000 x 20/100 = 14,000, 150,000 x30/100 = 45,000 Total tax paid by Accountant is **59,000 Frw**

1. Security Semasaka Damien earns 30,000 Frw

Security is exempt since he is below 30,000 so he doesn’t pay tax at all or **0 Frw**

1. Secretary Mukamana Joana earns 77,000 Frw

30,000 x0 = 0, 47,000x20/100 = 9,400 Total tax paid by secretary is **9,400 Frw**

1. Casual labourer Kankindi Anitha earns 150,000 Frw

30,000 x 0 = 0, 70,000 x 20/100 = 14,000, 150,000 x30/100 = 45,000 Total tax paid by Casual labourer is **59,000 Frw**

Total **PAYE** paid by Kavamahanga company every month is 89,000+59,000+0+9,400+59,000 = **213,400 Frw**