KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2014/2015

DIGITAL SCHOOL OF VIRTUAL AND OPEN LEARNING

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE

BAC 412 (N): ENTREPRENEURSHIP FINANCE

DATE: Thursday, 30th April 2015 **TIME:** 2.00 p.m. – 4.00 p.m.

INSTRUCTIONS:

Answer all questions

Question One

Explain with illustrations the following sources of entrepreneurship finance.

(i) Women Enterprise fund (5 marks)

(ii) Operating leases (5 marks)

(iii) Bank loans (5 marks)

(iv) Angel investors (5 marks)

Question Two

(i) Poe Fellows is attempting to categorize several items from his company's financial statements so he can determine his working capital. Joe notices the following categories of accounts and amounts: cash, sh 3,500; accounts payable, sh 10,200; accounts receivable, sh 15,000; sales taxes due the city of Phoenix, sh 750; sales taxes due the Arizona Department of Revenue, sh 3,450; inventory, sh 17,500; wages payable, sh 5,350; taxes payable (federal), sh 2,570; money market fund, sh 12,300; and computer, sh 3,400.

(a) List accounts classified as current assets and as current liabilities.

(b) Determine the amount of gross working capital.

(c) Determine the amount of net working capital.

(d) What is Joe's current ratio? (12 marks)

(ii) If you have sh 50,000 in an interest-bearing savings account that pays 5 percent annual interest, how much interest will you earn during a 30-day month? (8 marks)

Question three

(a) Define loan restructuring and explain the loan restructuring methods that can help an entrepreneur to repay his loans without stress, as he gets any required funds for business expansion. (3 marks)

(b) Discuss loan portfolio management for MFIs. (8 marks)

Question Four

(i) Discuss the venture capital process. (9 marks)

(ii) Illustrate the risk management process that MSMEs should adopt to preserve the business assets and business earnings potential. (6 marks)