



# **MACHAKOS UNIVERSITY**

University Examinations for 2021/2022 Academic Year

**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**FIRST YEAR FIRST SEMESTER EXAMINATION FOR**

**BACHELOR SCIENCE (MATHEMATICS AND COMPUTER SCIENCE)**

**BACHELOR OF SCIENCE (STATISTICS AND PROGRAMMING)**

**UCU 104: INTRODUCTION TO ENTREPRENEURSHIP MANAGEMENT**

**DATE: 27/1/2022**

**TIME:8:30 – 10:30 AM**

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## **INSTRUCTIONS**

- i. The paper has five questions*
- ii. Question I is compulsory 30 marks.*
- iii. Answer any TWO questions each 20 marks*

### **QUESTION ONE (COMPULSORY) (30 MARKS)**

Read the case study below and answer the questions that follow it.

#### **Case Study on Bill Gates**

Bill Gates was born in Seattle on October 28, 1955 to his parents, Mary and William Gates II. Bill Gates is a CEO and a chairman of the software company "Microsoft". He is best known as an entrepreneur in personal computer area and he is one of the wealthiest people in the world. He is also referred to as philanthropist and investor due to the demands of the environment he works in. The main reason that Bill Gates has a big influence in the computer industry is because he was the inventor of Microsoft. By seventh grade he had big interests in personal computers and had a dream to become a Professor. When Bill Gates and his school mate Paul Allen were studying in high school, Mother's Club of Lakeside School collected money to buy computer for school's students. This event changed the life of Bill Gates. He and Allen were fascinated with programming process and were spending all of the time on the computer writing programs for various purposes. Gates and Allen stepped into the world of entrepreneurship at the age of 15. They wrote a program to regulate traffic and formed a company to spread this software. On this project with the name "Traf-O-Data" they earned 20.000 US dollars. Gates has named his partnership "Micro-soft".

In 1990 "Microsoft" released its first version of Windows. Microsoft's vision is "A computer on every desk and Microsoft software on every computer". Bill is a visionary person and works very hard to achieve his vision. His belief in high intelligence, passion and hard work has put him where he is today. He does not believe in mere luck or God's grace, but just hard work and competitiveness. Gates maintained Microsoft's success over rivals such as Oracle and IBM was simply the result of smart, strategic decision making. Gate's early experiences with computers included debugging (eliminating errors) from programs for the computer center corporation's PDP-10, helping computerize electric power grids for the Bonneville Power Administration. While working with the Computer Center's PDP-10, Gates was responsible for what was probably the first computer virus, which is a program that copies itself into other programs and ruins data.

Gate's competitive drive and fierce desire to win have made him the most powerful entrepreneur in the software industry. According to the record, the industry has taken a lot of his personal life, for example in the six years between 1978 & 1984 he took a total of only two weeks' vacation. Some years back, he visited Chicago's Einstein Elementary School and announced grants benefiting Chicago's schools and museums where he donated a total of \$110,000, a bunch of computers, and provided internet connectivity to number of schools. Secondly, Bill Gates donated 38 million dollars for the building of a computer institute at Stanford University. Gates plans to give away 95% of all his earnings when he is old and gray.

**Required:**

- a) In reference to the case study describe FIVE entrepreneurial characteristics that can be associated to Bill Gates. (10 marks)
- b) Using the information from the case study explain FIVE factors that has propelled Bill Gates to success. (10 marks)
- c) Bill Gates has contracted you to write a business plan for the Micro-soft Company, highlight any FOUR qualities of such a business plan. (4 marks)
- d) Explain clearly to Bill Gates any THREE challenges the business venture may face in future. (6 marks)

**QUESTION TWO (20 MARKS)**

- a) Suggest any FIVE ways of creating an environment suitable for the nourishing of creativity in an enterprise. (10 marks)
- b) With reference to new idea generation, development and communication, describe the creative process. (10 marks)

**QUESTION THREE (20 MARKS)**

- a) Describe FIVE functions of the entrepreneur in the society. (10 marks)
- b) Discuss any FIVE qualities of a good business opportunity. (10 marks)

#### QUESTION FOUR (20 MARKS)

- a) Explain any FIVE myths on entrepreneurship. (10 marks)
- b) Discuss FIVE Factors that an entrepreneur should put into consideration before deciding on the form of business ownership. (10 marks)

#### QUESTION FIVE (20 MARKS)

- a) Briefly explain the following terms as used in a business plan;
- i) Pre-operational costs (2 marks)
  - ii) Working capital (2 marks)
  - iii) Profit and loss account (income statement) (2 marks)
  - iv) Balance sheet (2 marks)
  - v) Cash flow statement (2 marks)
- b) Wambua made the following transactions in his business.

Opening stock	kshs. 240,000
Closing stock	kshs. 300,000
Purchase	kshs. 1,860,000
Sales	kshs. 2,250,000
Bills	kshs.200,000

#### Required

Calculate the following from the above transactions;

- i) Gross profit (2 marks)
- ii) Cost of sales (2 marks)
- iii) Net profit (2 marks)
- iv) Gross profit margin (2 marks)
- v) Mark-up percentage (2 marks)