



MACHAKOS UNIVERSITY

University Examinations for 2020/2021 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING BANKING AND FINANCE

SECOND YEAR FIRST SEMESTER EXAMINATION FOR

MASTER IN BUSINESS ADMINISTRATION (FINANCE OPTION)

BAC 822: ENTREPRENEURIAL FINANCE

DATE: 17/8/2021

TIME: 2:00 – 4:00 PM

INSTRUCTIONS:

Answer question ONE and any other THREE questions

QUESTION ONE (40 MARKS)

- a) Examine four distinct principles of entrepreneurial finance and their relevance to success of entrepreneur venture. (6 marks)
- b) The U.S. Census Bureau's Business Information Tracking Series found that sixty- six percent enterprise survived two years and fifty percent were still in existence after four years.

Required:

- i. Discuss life cycle of successful venture and evaluate the opportunities and threats in each stage. (8 marks)
 - ii. Discuss three strategies that entrepreneurs could adopt to overcome business failure in initial stages of venture. (6 marks)
- c) Maji moto ltd have obtained approval from Kenya Bureau of Standards (KEBS) to produce reusable nano facemask. As a new appointed finance manager, you have been tasked with the role of sourcing for new form finance from venture capitalist, to meet the projected financial need for mass production

Required:

- i. Prepare a business plan for presentation to the venture capitalist. The document should be between 2 -5 pages. (12 marks)
- ii. Justify the importance of a business plan to management team of Maji moto Ltd. (5 marks)

- iii. Assess five drawbacks of employing venture capital financing and advice the management. (5 marks)

QUESTION TWO (20 MARKS)

- a) Using suitable examples, examine the likely importance of entrepreneur's character and reputation in the success of a venture. (6 marks)
- b) With suitable examples for each megatrend sources or categories for entrepreneurial opportunities, discuss major innovation that have occurred. (8 marks)
- c) Evaluate three of the best marketing and management practices of high-growth, high-performance firms and their relevance to entrepreneur ventures. (6 marks)

QUESTION THREE (20 MARKS)

- a) Evaluate five implications of principal methods that venture capital firms employ to exit their investments in entrepreneurial ventures. (10 marks)
- b) Using appropriate examples, discuss four reasons for slow development of venture capital sector in Africa. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Assess five challenges encountered by entrepreneurial companies in financing and suggest strategies that can be employed to overcome the challenges. (10 marks)
- b) Discuss how SWOT analysis can be used to conduct a first-phase assessment of whether an idea is likely to become a viable business opportunity. (10 marks)

QUESTION FIVE (20 MARKS)

- a) "Conflicts may arise when incentives diverge as new venture matures." Identify and assess four types of conflicts that arise as venture matures and mechanism that could be adopted to avoid or minimize the conflict. (12 marks)
- b) Evaluate the relevance of liquidity- stage financing in successful entrepreneur ventures in your country. (8 marks)