



BACHELOR OF COMMERCE
END OF SEMESTER EXAMINATION
BUE 3313: SMALL BUSINESS FINANCE

AUGUST 2022
BLENDED CLASS

Instructions

- (i) This exam paper contains SIX questions containing 10 marks each.**
 - (ii) Answer Question 1 (COMPULSORY) and any other THREE questions**
 - (iii) Read each question carefully before attempting.**
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Question one

Explain with an example, the following terms as used in small business finance;

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|---------------------------|-----------|
| (a) Business Finance | (2 marks) |
| (b) Small business | (2 marks) |
| (c) Competitive advantage | (2 marks) |
| (d) Sensitivity analysis | (2 marks) |
| (e) Cost of capital | (2 marks) |

Question two

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| (a) Describe capital formation as an activity of small businesses. | (2 marks) |
| (b) Discuss any FOUR functions showing the importance of small businesses to the economy of a country. | (8 marks) |

Question three

- (a) Explain FOUR internal sources of finance for small business. (4 marks)
- (b) Describe any SIX external sources of finance for small business. (6 marks)

Question four

- (a) Define credit standards also known as credit guidelines. (2.5 marks)
- (b) Discuss the 5 C's of credit. (7.5 marks)

Question five

- (a) Explain financial ratio analysis. (2 marks)
- (b) Giving an example for each, describe FOUR classifications of financial analysis ratios. (8 marks)

Question Six

- (a) Describe capital budgeting. (2 marks)
- (b) Discuss the steps in investment decision procedure. (8 marks)