



PAN AFRICA CHRISTIAN UNIVERSITY

END OF TERM EXAMINATION

BUS3313: SMALL BUSINESS FINANCE-VR

THURSDAY JULY 31ST, 2014

1800HRS – 2100HRS

INSTRUCTIONS

- This exam paper has **Six** Questions
- Answer **Any Five** Questions
- Write your **student number** on the answer booklet provided.
- Read all questions carefully before attempting.

Answer Any Five Questions. Each Question Carries 20 Marks

Question One

- a) Describe the nature of a small business organization in Kenya.(10mks)
- b) Discuss challenges in the growth and development of small scale business enterprises. (10mks)

Question Two

- a) Discuss the advantages and disadvantages of sole proprietorship form of business organization.(10mks)
- b) Discuss the arguments for and against corporate social responsibility.(10mks)

Question Three

- a) Explain the basic financial needs of a small business enterprise.(5mks)
- b) Analyse the factors required for determining the financial needs of a small business enterprise.(5mks)
- c) The principal objective of a business organization is to make maximum profits. Analyze the challenges that affect the firm's efforts in achieving the principal objective. (10mks)

Question Four

- a) Discuss five roles of a financial manager in a small business organization.(10mks)
- b) Discuss five sources of finance available to the small enterprises in Kenya.(10mks)

Question Five

- a) Explain the five factors that are considered by financial institutions before extending financial credit.(10mks)
- b) Explain the purpose of any five commonly used financial ratios in the operation of small business enterprises.(10mks)

Question Six

- a) Explain the importance of financial statements in a business organization. (10mks)
- b) Discuss three types of people who would be interested in a business plan. (6mks)
- c) Explain the importance of working capital in a small business enterprise.(4mks)