

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
ENTREPRENEURSHIP AND ENTERPRISE MANAGEMENT**

BEEM 324: SMALL BUSINESS FINANCING

STREAMS:

TIME: 2 HOURS

DAY/DATE: THURSDAY 06/12/2018

2.30 P.M – 4.30 P.M

INSTRUCTIONS

- **Answer question one and any other two questions**

- (a) Why is equity financing considered appropriate for start-up business. [7 marks]
 - (b) Suggest five strategies that small businesses can apply to minimize financing risks. [5 marks]
 - (c) Discuss factors that entrepreneurs need to consider before selecting a source of finance. [7 marks]
 - (d) John's business is performing poorly. He intends to apply for a commercial bank loan so that he can turnaround the business. What advice would you give him. [5 marks]
 - (e) Explain why venture capitalists finance selected businesses. [6 marks]
- (a) Explain why the Grameen banking and financing system is still popular among small business entrepreneurs in developing countries. [12 marks]
 - (b) What are some of the shortcomings of the cooperative financing model. [8 marks]
- With the aid of a diagram discuss the business life cycle stages and the financial requirements at each growth stage. [20 marks]
- (a) Briefly explain the effect of economic factors on small business financing in Kenya. [10 marks]

(b) Assume you are a commercial bank manager and an entrepreneur has approached your bank for a loan to buy stock and a car. What considerations would you make before disbursing the loan? [10 marks]
