UNIVERSITY OF KWAZULU-NATAL, PIETERMARITZBURG
SCHOOL OF MANAGEMENT, HONOURS PROGRAMME
EXAMINATIONS: November 2008

COURSE: Honours
MODULE: Entrepreneurship and Small Business Development
CODE: ENTR7COP2

DURATION: THREE (3) HOURS TOTAL MARKS (100)

Internal Examiner: Prof Charles O’Neill

External Examiner: Mr. Jos Welman

NB:
STUDENTS ARE REQUESTED IN THEIR OWN INTEREST TO WRITE LEGIBLY AND IN INK.

INSTRUCTIONS:

1. ENSURE THAT YOUR STUDENT NUMBER APPEARS ON EACH ANSWER BOOK/SHEET IN THE SPACE PROVIDED
2. ANSWER ANY FOUR QUESTIONS
3. ALL EXAMINATION QUESTION PAPERS ARE TO BE HANDED IN WITH THE ANSWER BOOK(S)

THIS EXAMINATION PAPER CONSISTS OF 3 PAGES (INCLUDING THIS COVER PAGE). PLEASE ENSURE THAT YOU HAVE ALL OF THEM.
Question 1 (25 Marks)

a) Explain the levels of failure in business ventures as dealt with by Nieman (10)

b) The entrepreneur has to be alert to certain signs of trouble in a business in order to enable him to act proactively. Name these signs of trouble and explain them briefly. (10)

c) What are the factors that determine the turnaround process in a business? (5)

Question 2 (25 Marks)

a) It is the objective of most, if not all businesses, to grow. Is this a bad thing? What growth related advice would you offer to businesses? (15)

b) Discuss the internal growth strategies that are available to businesses. (10)

Question 3 (25 Marks)

a) Compare debt and equity financing as source for start-up capital for a new business. (12)

b) Discuss the pitfalls of a business plan and explain how these pitfalls could be avoided. (13)

Question 4 (25 Marks)

a) Explain how market research could benefit the small business owner. List some possible secondary sources of market information. (10)

b) Discuss the five C's of credit and explain why entrepreneurs should pay special attention to them. (10)

c) Why should an entrepreneur develop a business plan? (5)
Question 5 (25 Marks)

a) Explain the functions and value of the following components of the financial plan (as part of the business plan):

- The capital budget
- Budgeted Income Statement
- Budgeted Balance Sheet
- Budgeted Cash Flow Statement
- Total finance needed and financing plan

b) Provide the formulas for the two profitability ratios and explain what they mean.