

KIBABII UNIVERSITY COLLEGE

[A Constituent College of Masinde Muliro University of Science and Technology]

FIRST YEAR FIRST SEMESTER UNIVERSITY EXAMINATIONS, JUNE 2013

FACULTY OF SOCIAL SCIENCES

DIPLOMA IN CRIMINOLOGY AND SOCIAL WORK

COURSE CODE: DCR 051

COURSE TITLE: INTRODUCTION TO ENTREPRENEURSHIP, BUSINESS AND ACCOUNTING

INSTRUCTIONS TO CANDIDATES

- ✓ **ONE** is compulsory and
- ✓ Answer any other **THREE** Question

QUESTION ONE, COMPULSORY

- a) Define the term “entrepreneurship” **(2marks)**
- b) To develop your understanding of entrepreneurship as a concept, you visited a website on the internet and read keenly about the characteristics of a potential entrepreneur. Explain any **Five** of these characteristics **(10 marks)**
- c) Describe any **Seven** political and socio-economic factors that affect the entrepreneurship development in Kenya **(7 marks)**
- d) Define accounting and outline any **Four** of its limitations **(5mark)**

QUESTION TWO

A business plan is a formal statement of a set of business goals, the reasons why the goals are believed attainable and the plan for reaching those goals. The board of directors of company XYZ that deals in the production of sugar is keen on diversifying its operations and start producing ethanol as well. They have approached you to assist the company come up with a business plan.

- a) Outline and briefly discuss the contents of your business plan for the production of ethanol by company XYZ **(8 marks)**
- b) What is the importance of preparing a business plan to any company? **(7 marks)**

QUESTION THREE

Amalwa Breweries founded by one entrepreneur in 1988 is among the nation’s largest beer producer. The company has recently opened a subsidiary in the rural of Kibabii region to manufacture its brands of beer locally.

- a) Explain briefly the role this entrepreneurial activity will play in the political and socio-economic development of Kibabii region **(7 marks)**
- b) Discuss the steps taken by the national government in promoting entrepreneurship within the country **(8 marks)**

QUESTION FOUR

- a) Describe the **Three** basic financial statements and show how they reflect the activity and financial conditions of the business **(6 marks)**
- b) The following information relates to the books of Kibabii enterprises.

January 1st, commenced business with ksh.50, 000 cash and ksh 150,000 in the bank

January 2nd, Purchased fixtures and fittings for Ksh 20,000 by cash,

- Also Paid rent of Ksh.12, 000 by cheque

January 3rd, bought goods valued at Ksh 80,000 from Biashara suppliers paying Ksh 30,000 by cheque and the rest on credit

January 4th, Paid rates for the months, of ksh 24,000 by cheque

January 15th, Made cash sales of ksh 4750 after giving and discount of 5%

January 18th, Bought goods ksh paying ksh 46,250 by cheque after receiving 2.5% discount

January 20th, Sold goods valued at ksh 70,000 receiving a cheque of 68,500 for full value

January 25th, Settled Biashara account by a cheque of ksh 49,500

January 28th, Bought goods from akati at ksh 40,000 on credit

January 30th Sold goods valued at ksh15, 000 to Jua kali receiving 10,000 cash and the rest on credit

January 31st received ksh 3,000 on Jua kali account.

- Also he paid shop assistance wages by cash of ksh 4,000

Required

Post the above transactions in a journal account **(9 marks)**

QUESTION FIVE

a) Describe what is referred to as a small business in Kenya **(2 marks)**

b) Discuss the importance of small businesses in the development of national economy **(5 marks)**

c) Briefly explain any **Four** basic reasons that are typically cited to explain why smaller businesses succeed in any country **(8 marks)**

QUESTION SIX

a) A sole proprietorship is a business run by an individual, where the owner is the business and the business is the owner. Discuss this statement in relation to the characteristics of sole proprietorship **(5 marks)**

b) Identify **Five** merits of partnership over sole proprietorship **(5 marks)**

c) Explain **Five** reasons why one should start-up a business in an economic depression season **(5 marks)**