



KIBABII UNIVERSITY COLLEGE

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UNIVERSITY REGULAR EXAMINATIONS

2013 /2014 ACADEMIC YEAR

1ST YEAR 2ND SEMESTER EXAMINATIONS

(MAIN EXAMINATION)

DEPARTMENT OF BUSINESS MANAGEMENT OF ECONOMICS

COURSE CODE: DCR 051

COURSE TITLE: INTRODUCTION TO ENTREPRENEURSHIP, BUSINESS AND
ACCOUNTING

DATE: 16TH APRIL, 2014

TIME: 2.00 P.M – 4.00 P.M

INSTRUCTIONS TO CANDIDATES

- Answer Question ONE (Compulsory) and any other Three
- Question one attracts (25mks)
- All other questions attract equal marks (15mks)
- Time allowed is 3 hours

QUESTION ONE COMPULSORY

- (a) Kuona Mbele, a young entrepreneur is planning to set up a garbage collection centre. The centre will be coordinated from the Bungoma central Business District (CBD). As a youth there are common challenges that he is likely to go through given that he has no experience in running of a business before. Discuss any FIVE of these challenges that he may face. (10mks)
- (b) In the course of setting up this business, Kuona Mbele needs to follow certain basic steps in order to successfully start up the business venture. Explain EIGHT of these steps (8mks)
- (c) In prudent operation of his business, Kuona Mbele knows that he has to be accountable for his actions and activities. Outline ways in which his accounting information is going to be of use to the business firm. (7mks)

QUESTION TWO

- (a) Outline the measures an entrepreneur would take to gain competitive edge over her competitors. (10mks)
- (b) Explain any FIVE tips to a successful business startup for an entrepreneur in any society in Kenya. (5mks)

QUESTION THREE

- (a) Define the term accounting as used in business circles (1mk)
- (b) Describe the THREE basic financial statements and show how they reflect the activity and financial conditions of the business. (6mks)
- (c) The following information relates to the books of Kanduyi enterprises.
- January 1st commenced business with Kshs.50,000 cash and Kshs.150,000 in the bank
- January 2nd Purchased fixtures and fittings for Kshs.20,000 by cash, also paid rent of Kshs.12,000 by cheque
- January 3rd bought goods valued at Kshs.80,000 from Biashara suppliers paying Kshs.30,000 by cheque and the rest on credit
- January 4th Paid rates for the months, of Kshs.24,000 by cheque
- January 15th Made cash sales of Kshs.4,750 after giving and discount of 5%
- January 18th Bought goods kshs. Paying Kshs. 46,250 by cheque after receiving 2.5% discount
- January 20th Sold goods valued at kshs.70,000 receiving a cheque of 68,500 for full value
- January 25th Settled Biashara account by a cheque of Kshs.49,500
- January 28th Bought goods from akati at Kshs.40,000 on credit

January 30th sold goods valued at Kshs.15,000 to Jua Kali receiving 10,000 cash and the rest on credit

January 31st received kshs.3,000 on Jua Kali account also he paid shop assistance wages by cash of kshs.4,000

Required

Post the above transactions in a journal account (8mks)

QUESTION FOUR

Amalwa Breweries founded by one entrepreneur in 1988 is among the nation's largest beer producers. The company has recently opened a subsidiary in the rural area of Kibabii 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 area. (7mks)
- (b) Discuss the steps taken by the national government in promoting entrepreneurship within the country. (8mks)

QUESTION FIVE

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 (8mks)
- (b) What is the importance of preparing a business plan? (7mks)

QUESTION SIX

- (a) What considerations should business persons put into mind before they enter into partnerships. (8mks)
- (b) What are the advantages of sole proprietorship over partnerships (7mks)