



**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
2019/2020 ACADEMIC YEAR**

FIFTH YEAR FIRST SEMESTER ONE EXAMINATIONS

**FOR THE DEGREE
OF
BACHELOR OF SCIENCE IN CIVIL AND STRUCTURAL,
MECHANICAL ENGINEERING, ELECTRICAL ENGINEERING
(FOURTH YEAR)**

COURSE CODE: ECC 503

COURSE TITLE: ENTREPRENEURSHIP FOR ENGINEERS

DATE: TUESDAY 14TH JANUARY 2020 TIME: 8.00 – 10.00 AM

INSTRUCTIONS:

1. This paper contains FIVE questions
2. QUESTION ONE IS COMPULSORY
3. Attempt any TWO questions from the remaining.
4. Question ONE carries 30 marks and the REST 20 marks each.
5. Examination duration is 2 (TWO) HOURS

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 4 Printed Pages. Please Turn Over.

QUESTION ONE (30Marks)

The development and preparation of a business plan can entail many obstacles, and it takes a strong and committed entrepreneur to complete and implement it. No one knows this better than Mwende Mbaka the MD of Limwengu Ventures. Her company supplies pest control products to various organizations including schools and hotels. Although today Mwende is a successful entrepreneur, the journey has been long and challenging with a number of high and low moments. After graduating from a prestigious university in the country with a degree in Veterinary Medicine, she began working for a local drug manufacturer in the animal health division as a field assistant. She moved up the ladder and after only four years she became the Director of the pest control division. Like many others she arrived at work one morning to find a note on the door indicating that the business had closed down and she was jobless. At this point Mwende made up her mind to start her own business. She took some risk and sold her house, and embarked on a business plan. Once it was complete, she tried using it to raise some startup capital, but being a woman she could not get any bank to lend her the Kshs 5 million that she needed. Many prospective clients also turned her away arguing that she did not have the sufficient capacity to service their pest control requirements. However, her persistence and hard work paid off, and by the end of the first year she had attained revenue of Kshs 2.9 million. Other successes followed and soon she was pursuing pest control contracts with major organizations. Her reputation for being independent minded and a strong leader spread throughout the industry. Her entrepreneurial skills have spilled over to many people who have had a chance of working for her, and her commitment to her course has inspired many others. In the year 2009, she was voted as the best Business planner of the year.

Required

- a) After reading the above case what factors (both positive and negative) do you think affect women entrepreneurs? **(10 marks)**.
- b) Identify five key characteristics that Mwende has, that have helped her to succeed **(5 marks)**.
- c) Provide five reasons that influence individuals into entrepreneurship **(5mark)**.

d) The driving forces for entrepreneurship can be divided into two categories. Discuss these two categories **(10 Marks)**.

QUESTION TWO (20Marks)

- a). There is widespread agreement that entrepreneurship is composed of six elements. Briefly discuss these elements **(6 Marks)**
- b) Enumerate and discuss the Economic Entrepreneurship Theories **(6 Marks)**
- c) Name and explain barriers to Entrepreneurship **(8 Marks)**

QUESTION THREE (20Marks)

- a) There are different routes an Entrepreneur might take to start a business; starting a new business from scratch, Buying or joining an existing business, or Buying a Franchise. Discuss the advantages and disadvantages of buying a franchise. **(10 Marks)**
- b) Discuss the various criteria used to define a small business. **(4 Marks)**
- c) Debt financing involves borrowing funds from creditors with the stipulation of repaying the borrowed funds plus interest at a specified future time. The reward for providing the debt financing is the interest on the amount lent to the borrower. Debt financing may be secured or unsecured. Discuss the sources of Debt Financing. **(6 Marks)**

QUESTION FOUR (20Marks)

- a) Discuss the three broad categories of finance **(6 Marks)**
- b) Discuss the importance of proper bookkeeping to a business **(2 Marks)**
- c) Explain the term 'Posting' as used in financial business. **(2 Marks)**
- d) Enumerate and discuss the "Yard Stick used in Financial Ratio Analysis" **(8 Marks)**
- e) Briefly discuss two methods of analyzing the viability of a business investment **(2 Marks)**

QUESTION FIVE (20Marks)

- a) Assume a project costs KShs.800,000 and will generate the following cash inflows:

Cash inflows

Inflows year 1	=	90,000
Inflows year 2	=	250,000
Inflows year 3	=	300,000
Inflows year 4	=	200,000
Inflows year 5	=	150,000
Inflows year 6	=	100,000

Money Market interest rate is 15% annually.

- i) Calculate the Simple Payback Period in Years and Months of the project. **(3 Marks)**
- ii) Calculate the Net Present Value of the business project. **(7 Marks)**
- iii) Calculate the Internal Rate of Return of the business. **(8 Marks)**
- iv) Advice if the business venture should be undertaken basing your reasoning on findings in ii and iii. **(8 Marks)**