



MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY (MMUST)

DEPARTMENT OF MECHANICAL ENGINEERING

DME 059: ENTREPRENEURSHIP

FIRST YEAR SECOND SEMESTER 2021/2022 REGULAR EXAM

DATE: 27/04/2022

TIME: 12:00-2:00 PM

Instructions to candidates

- a) This paper contains FOUR questions
- b) **Question one is compulsory** and carries 30 marks
- c) Attempt any other Two questions
- d) Question 2, 3,4 each carry 20 marks

PART A (30MARKS) COMPULSORY

- a) From the following trial balance of P Boones draw up a trading and profit and loss account for the year ended 30 September 2002, and a balance sheet as at that date. (20 marks)

	Dr	Cr
	£	£
Stock 1 October 19x8	23,680	
Carriage outwards	2,000	
Carriage inwards	3,100	
Returns inwards	2,050	
Returns outwards		3,220
Purchases	118,740	
Sales		186,000
Salaries and wages	38,620	
Rent	3,040	
Insurance	780	
Motor expenses	6,640	
Office expenses	2,160	
Lighting and heating expenses	1,660	
General expenses	3,140	
Premises	50,000	
Motor vehicles	18,000	
Fixtures and fittings	3,500	
Debtors	38,960	
Creditors		17,310
Cash at bank	4,820	

Drawings	12,000	
Capital		126,360
	<u>332,890</u>	<u>332,890</u>

b) Explain the following accounting concepts

- | | |
|--------------------------------------|--------------------|
| (i) <i>The Going concern concept</i> | <i>(2.5 marks)</i> |
| (ii) <i>Business entity concept</i> | <i>(2.5 marks)</i> |
| (iii) <i>Materiality</i> | <i>(2.5 marks)</i> |
| (iv) <i>Realization</i> | <i>(2.5 marks)</i> |

PART B: ANSWER ANY TWO QUESTIONS

QUESTION 2

(a) Differentiate between the following:

- | | |
|---|------------------|
| i) Internal and external entrepreneurial motivation | (2marks) |
| ii) Personnel management and human resource management | (2marks) |
| iii) Innovation and invention | (2 marks) |
| iv) Entrepreneurship and Entrepreneurship | (2 marks) |
| v) Financial planning and production management | (2 marks) |

b) Look around your area and identify the entrepreneurs whose businesses have changed the area. Identify some of the qualities they possess. (10 marks)

QUESTION 3

(a) You have been approached by upcoming retirees to advise them on how they can get business ideas. Suggest to them the various sources they can consider. (10 marks)

(b) Can creativity be learnt/ taught or it is an inherent trait? Explain. (2 marks)

(c) Risk is inevitable and business quagmire. Explain the panacea to an entrepreneur in response to risk. (8 marks)

QUESTION 4

(a) Discuss the procedure of starting a business. (15 marks)

(b) State Any FIVE reasons why it is necessary to prepare a business plan. (5marks)