



## UNIVERSITY OF SWAZILAND

### FINAL EXAMINATION PAPER

2<sup>nd</sup> SEMESTER 2009/2010

**PROGRAMME:** BSc. AGRIC. & BIOSYSTEMS ENGINEERING YR2 ✓  
BSc. AGRICULTURAL ECONOMICS & AGBMGT YR2 ✓  
BSc. AGRICULTURAL EDUCATION YR2 ✓  
BSc. AGRONOMY YR2 ✓  
BSc. ANIMAL SCIENCE YR2  
BSc. FOOD SCIENCE, NUTRITION & TECHN. YR2  
BSc. CONSUMER SCIENCE YR 2  
BSc. CONSUMER SCIENCE EDUCATION YR2  
BSc. HORTICULTURE YR2  
BSc. TEXTILE & APPAREL DESIGN & MNGMT YR2

**COURSE CODE:** AEM 203

**TITLE OF PAPER:** ENTREPRENEURSHIP

**TIME ALLOWED:** TWO (2) HOURS

**INSTRUCTIONS:** ANSWER ALL QUESTIONS. EACH QUESTION CARRIES A TOTAL OF 25 MARKS

**DO NOT OPEN THIS PAPER UNTIL PERMISSION HAS BEEN GRANTED BY THE CHIEF INVIGILATOR.**

**QUESTION 1**

**Section A**

Differentiate between entrepreneurship and intrapreneurship [5 marks]

**Section B**

**MATCH THE FOLLOWING STATEMENTS WITH THE WORDS BELOW: (10 Marks)**

**Use the following words to match the statements below**

- a) Threat of new entrants
- b) Bargaining power of buyers
- c) Bargaining power of suppliers
- d) Threats of substitute products or service
- e) Industry competitors

**(i) How can the product or service be substituted, especially cheaper**

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**(ii) How easy or difficult is it for new entrants to start to compete, which barriers do exist**

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**(iii) How strong is the position of buyers, can they work together to order large volumes.**

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**(iv) Is there a strong competition between the existing players, is one player very dominant or all equal in strength.**

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**(v) How strong is the position of sellers, are there many or only few potential suppliers, is the monopoly**

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**Section C**

**CHOOSE THE APPROPRIATE WORD (S) THAT BEST FIT THE STATEMENT, USING THE WORDS BELOW EACH STATEMENT (10 Marks)**

(vi) \_\_\_\_\_ is the ability to develop new ideas and to discover new ways of looking at problems and opportunities

- a) Innovation
- b) Creativity
- c) Entrepreneurship
- d) Brainstorming

(vii) \_\_\_\_\_ are positive internal factors that act as roadblocks in a company's quest to meet its mission, goals, and objectives

- a) Strengths
- b) Weaknesses
- c) Opportunities
- d) Threats

(viii) \_\_\_\_\_ are negative external factors that act as roadblocks in a company's quest to meet its mission, goals, and objectives

- a) Strengths
- b) Weaknesses
- c) Opportunities
- d) Threats

(ix) \_\_\_\_\_ partners that take an active role in the operation of a business, and if the business fails, they stand to lose both what they have invested in the company and their personal belonging.

- a) General
- b) Limited
- c) Master
- d) Insulated

(x) ----- is a non-cash expense for expenditures on plant and equipment included in an Income Statement.

- a). Inventory depletion.
- b). Depreciation.
- c). Capital expenditure.
- d). Accrued future expense.

**QUESTION 2****Section A**

Before launching a business venture, an aspiring entrepreneur would somehow be required to apply the 5 forces model at some stage of the venture process. Describe the 5 forces model  
**[5 marks]**

**Section B**

**CHOOSE THE ANSWER THAT BEST FITS EACH OF THE STATEMENTS IN THIS QUESTION (20 MARKS)**

**(i). An individual who develops a business idea and eventually starts and manages his business is called**

- a) A business developer
  - b) Sole proprietor
  - c) An entrepreneur
  - d) A business venture
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**(ii). An employee who uses innovative ways to improve the business of his employer can be called**

- a) An intrapreneur
  - b) A partner
  - c) A co-worker
  - d) An entrepreneur
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**(iii). Which of the following is not a typical characteristic of an entrepreneur?**

- a) Ability to seize opportunities
  - b) Persistent
  - c) Pessimistic
  - d) The desire to be a winner
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**(iv). Where there is legal separation between the assets and liabilities of a business, and the assets and liabilities of an individual, the business is**

- a) A sole proprietor
  - b) A corporation
  - c) A cooperative
  - d) A partnership
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**(v). A business arrangement where one party allows another party to use a business name and sell its products or services is known as**

- a) A cooperative
- b) An agent
- c) A franchise
- d) A limited company

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**(vi). One of the advantages of a franchise business for a franchisee is**

- a) Lack of independence
- b) Franchise businesses typically have a high failure rate
- c) Lack of brand identity
- d) Training is normally provided by the franchisor

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**(vii) Accounts receivable within the accounting period are called**

- a) Current assets
- b) Current liabilities
- c) Fixed liabilities
- d) Long term liabilities

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**(viii). A business plan should be produced**

- 1 At a new business start-up
  - 2 As part of an on-going review
  - 3 When the entrepreneur is faced with a major decision
  - 4 Every month
- a) 1 only
  - b) 2 and 3 only
  - c) 1, 2 and 3 only
  - d) 4 only

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**(ix). The Balance sheet shows the position of**

1. Assets and liabilities of a business entity as on a particular date.
  2. The profit of the business as on a particular date
  3. The net business equity
  4. The business operational costs
- a) 1 only
  - b) 1 and 2 only
  - c) 1 and 3 only
  - d) 2 and 3 only

**(x) Which of the following alternatives is a liability?**

- a) Goodwill
- b) Creditors
- c) Debtors
- d) Retained profits

**QUESTION 3**

- a) What is a sole proprietor? Discuss the advantages and disadvantages of operating as a sole proprietorship **[10 marks]**
- b) Develop a cash book for D&D Enterprises using the following transactions. All transactions are for the month of April 2010. **[15 marks]**

April, 2010

- |    |   |   |
|----|---|---|
| 1  | - | Business receives a loan of E10,940 through bank account  |
| 2  | - | Received cheque of E325 from V. Madonsela   |
| 5  | - | Made cash sales of E802   |
| 6  | - | Paid E135 for rent by cash  |
| 7  | - | Banked E150 of the cash held by the business  |
| 9  | - | M. Masimula (a debtor) pays E450 to the business by cheque having deducted 2.5 percent cash discount                                |
| 12 | - | The business pays E510 to W. Qwabe (a creditor) by cheque less 5% cash discount   |
| 15 | - | Cash sales of E690 paid direct into the bank  |
| 21 | - | Paid cheque of E277 to S. Maseko  |
| 22 | - | Received E300 cash from A. Mthembu on April 22 <sup>nd</sup> , followed by banking on March 23 <sup>rd</sup> of E110 of this amount |
| 27 | - | Withdrew E220 cash from bank for business use   |
| 29 | - | Paid wages of E728 in cash  |

*April*

**QUESTION 4**

- a) Using your knowledge of a balance sheet and ratio analysis, complete the following abbreviated balance sheet.

<u>Assets</u>	<b>(E)</b>	<u>Liabilities</u>	<b>(E)</b>
Tot. current assets	40, 000	Tot. current liabilities	_____
Tot. intermediate assets	_____	Tot. intermediate liabilities	20, 000
Tot. fixed assets	_____	Tot. long-term liabilities	_____
		Tot. liabilities	_____
		Net worth	_____
Tot. assets	_____	Tot. liabilities and Net worth	400, 000

Assume the following:

Current Ratio = 2:1

Net Capital Ratio = 4:1

Working Capital Ratio = 3:1

**[20 marks]**

- b) What is the difference between liquidity and solvency? Can a business be solvent but not liquid? Justify your answer.

**[5 marks]**