



UNIVERSITY OF EMBU

2016/2017 ACADEMIC YEAR

SECOND SEMESTER EXAMINATION

**FOURTH YEAR EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE
IN AGRICULTURAL EDUCATION AND EXTENSION**

AEC 408: MICROENTERPRISE DEVELOPMENT AND GROWTH

DATE: APRIL 6, 2017

TIME:8:30-10:30AM

INSTRUCTIONS:

Answer Question ONE and ANY Other TWO Questions.

QUESTION ONE (30 MARKS)

- a) Write brief notes on the following
- i) Small business (2 marks)
 - ii) Essentials of entrepreneurship (2 marks)
 - iii) Niche market (2 marks)
 - iv) Scope of economics of scale in small enterprise (4 marks)
 - v) Sources of information for launching small business (2 marks)
 - vi) Business plan (2 marks)
 - vii) Legal obligations (2 marks)
 - viii) The 4Ps of marketing mix by Philip Kotler vis-à-vis market planning (4 marks)
- b) Name four secrets of small business success (4 marks)
- c) Explain two causes of small business failure (2 marks)
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d) Given the following data for a young entrepreneur

Mr. Bidii Kareko as of 31st 2015

Assets	Ksh.
Fixed assets	355,000
Current assets	20,000
Cash in bank	8,000
Cash in hand	5,000
Liabilities	
Short term loans	50,000
Merry go round petty debt	4,000

Required.

- i) Prepare a balance sheet for this enterpriser (2 marks)
- ii) Calculate equity of the enterprise (1 mark)
- iii) Compute equity as a percentage of total assets (1 mark)

QUESTION TWO

- a) With reference to microenterprise business management, explain.
 - i) Planning (4 marks)
 - ii) Organizing (4 marks)
 - iii) Leading (4 marks)
 - iv) Controlling (4 marks)
- b) Describe the acronym SWOT vis-à-vis business management (4 marks)

QUESTION THREE

Differentiate between

- a) Franchisor and franchisee and benefit of each party (10 marks)
- b) Production economies of scale and production diseconomies of scale (5 marks)
- c) Sole proprietorship and limited partnership (5 marks)

QUESTION FOUR

- a) Discuss financial budget for microenterprise (8 marks)
- b) Explain the use of cash inflow and cash outflow for microenterprise (8 marks)
- c) Explain the importance of the phrase Caveat emptor and caveat Vinditi for small business vis-à-vis financial transactions (4 marks)

QUESTION FIVE

- a) Describe how the government is enhancing small business in Kenya (10 marks)
- b) Discuss the prospective role of small business in Kenya's vision 2030 incorporating demographic trends (10 marks)

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