



UNIVERSITY OF RUHUNA
FACULTY OF MANAGEMENT AND FINANCE

No. of Pages : 03
No. of Questions: 05
Total Marks :70

05

ENT 3122 - Entrepreneurial Finance

Old Syllabus Repeat

BACHELOR OF BUSINESS ADMINISTRATION HONOURS DEGREE

Three Hours

3000 LEVEL FIRST SEMESTER END EXAMINATION - AUGUST/SEPTEMBER 2022

Instructions

- ➡ Answer all questions.

Question No. 01

- I. "Entrepreneurial finance is the process of making financial decisions for new ventures".

Discuss the above statement.

(06 marks)

- II. A business plan helps the company to develop a "road map" to follow in executing its strategies and plans. For most new ventures, the business plan is a dual-purpose document.

- a) What do you mean by the dual-purpose document?

(03 marks)

- b) Briefly explain the importance of a business plan for firm's employees and investors.

(05 marks)

(Total 14 Marks)

Question No. 02

ABC (Pvt) Ltd is a venture that operates in Galle District in Sri Lanka. The actual sales amount for the month of July 2022 is Rs 300,000.

Additional Details:

- Following details are the projected sales figures for the next four months of 2022,

Month	Sales (Rs.)
August	220,000
September	250,000
October	220,000
November	320,000

- ABC (Pvt) Ltd' sales are 60% on cash and 40% on accounts receivable collected in the following month.
- Inventory policy of ABC (Pvt) Ltd is to begin a month with sufficient inventory to cover 60% of the sales for the month plus a Rs.60,000 cushion. Previous inventory balances have conformed to the current policy, and sales forecasts have been accurate. The cost of goods sold amounts to 70% of sales.
- Purchases disbursements: 70% of purchase at the month of purchase and the rest in the following month.
- Fixed projected monthly wages and commissions are projected to at Rs. 6,000. ABC (Pvt) Ltd also pays commissions amounting to 20% of the current month's sales.
- Wage and commission disbursements: 50% of last month's wage and commission expenses and 50% of the current month's expenses.

You are required to;

Prepare the following for ABC (Pvt) Ltd',

- I. Sales schedule for August 2022 to October 2022 (04 Marks)
 - II. Purchase schedule for August 2022 to October 2022 (06 Marks)
 - III. Wages schedule for August 2022 to October 2022 (04 Marks)
- (Total 14 Marks)**

Question No. 03

- I. Explain why the new ventures need finance, especially during the early part of the life cycle. (06 marks)
- II. "A financial environment is a part of an economy with the major players being firms, investors, and markets". **Financial manager** is one of the key components in financial environment.

Explain the role played by a financial manager when investing a firm's funds to capitalize on potential opportunities.

(08 marks)

(Total 14 Marks)

Question No. 04

I. When running a business, understanding business cycles is essential to success.

Explain the stages of venture life cycle.

(06 marks)

II. Finding finance is crucial for most businesses and it's important to make the right choice. Few businesses have funds to develop without some external support.

Explain the sources available for raising funds for a new venture.

(08 marks)

(Total 14 Marks)

Question No. 05

Write short notes on the following:

- I. Business angels
- II. Financial intermediaries
- III. Types of business plans
- IV. Bootstrapping method

(3.5 marks for each)

(Total 14 Marks)

.....