



UNIVERSITY OF RUHUNA

FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration Degree Programme 3000 Level

Semester I Examination (November/December 2021)

Academic Year 2020/2021

ENT 3122 - Entrepreneurial Finance

Duration: Three hours

The Question Paper contains Five (5) questions.

Answer for all Five (05) questions.

Question No. 01

- I. A business plan is an essential written document that provides a description and overview of your company's future. For most new ventures, the business plan is a dual-purpose document.
- What do you mean the dual-purpose document?
 - Briefly explain the importance of a business plan for firm's employees and investors.
- (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 with illustrations.

(08 marks)

(Total 14 Marks)

Question No. 02

Dombawela (Pvt) Ltd is a venture that operates in Southern Province in Sri Lanka. The actual sales amount for the month of November 2021 is Rs 360,000.

Additional Details:

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

Month	Sales (Rs.)
December,2021	250,000
January,2022	300,000
February,2022	290,000
March,2022	320,000

- Dombawela (Pvt) Ltd' sales are 60% cash and 40% on accounts receivable collected in the following month.
- Inventory policy of Dombawela (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. 7,000. Dombawela (Pvt) Ltd also pays commissions amounting to 20% of the current month's sales.
- Wage and commission disbursements: 40% of last month's wage and commission expenses and 60% of the current month's expenses.

You are required to;

Prepare the following for Dombawela (Pvt) Ltd',

- a) Sales Schedule for December, 2021 to February,2022 (04 Marks)
 - b) Purchase Schedule for December, 2021 to February,2022 (06 Marks)
 - c) Wages Schedule for December, 2021 to February,2022 (04 Marks)
- (Total 14 Marks)**

Question No. 03

- I. "Most new ventures need to raise money during their early life."

Explain why the new ventures need finance especially during the early part of the 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 money for a new venture.

(08 marks)

(Total 14 Marks)

Question No. 04

- I. "Harvesting is a process of exiting the privately held business venture to unlock the owners' investment value"

Write down four types of harvesting strategies and provide two advantages and disadvantages for each strategy.

(06 marks)

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

Explain the stages of venture life cycle.

(08 marks)

(Total 14 Marks)

Question No. 05

Write short notes on any four (04) of the following:

- I. Bootstrapping method.
- II. Financial Intermediaries.
- III. Types of Business Plans
- IV. Role of Entrepreneurial Finance.
- V. Business Angels.

(3.5 marks for each)

(Total 14 Marks)