



Scott Christian UNIVERSITY

SCHOOL OF PROFESSIONAL STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

UNIT CODE/NAME: BAE 400: SMALL BUSINESS DEVELOPMENT

September- December 2019/2020 End Semester Exam - Time: 2 Hours

Instructions: Answer Question ONE (Compulsory) and any other TWO questions.

QUESTION ONE

Mr. John and Mr. Mark are in business partnership operating a distribution chain for stationery materials - Joemax Ltd. They have operated the business for over five years and have ten branches currently. They have a three year strategic plan where they intend to open five more branches and also diversify their business to typesetting and printing.

- Briefly discuss what a strategic plan is and who develops it. (4 Marks)
- In your opinion, will you advise Joemax Ltd to implement the three year strategic plan? Why or why not? (6 Marks)
- If you were to develop a marketing plan for this business, what will be your major issues of consideration? (8 Marks)
- Discuss the possible challenges this business is likely to be facing in general and how to mitigate the same. (6 Marks)
- Partnership one of the forms of businesses. Discuss its advantages and disadvantages. (6 Marks)

QUESTION TWO.

Small businesses' progress is highly dependent on the availability of finances. It is important for businesses to be vast with various sources of funds and the how to acquire the same.

- Briefly discuss the need for a business to always have ready funds. (5 Marks)
- What are some of the sources of financing a business can explore? (5 Marks)
- Apart from financial challenges, discuss other reasons why businesses fail (5 Marks)

QUESTION THREE.

Business advisors are of the opinion that when launching a business, it should be preceded by a feasibility study.

- Why is it important to carry out a feasibility study (3 Marks)
- Clearly bring out the steps involved in conducting a feasibility study. (8 Marks)
- Briefly discuss some of the limitations of a feasibility study. (4 Marks)

QUESTION FOUR.

Mr. Willian started in small retail shop a year ago. He has been advised that he needs to keep good financial records. He has to undertake basic financial training to be able to keep the necessary financial records.

- a) Discuss the possible challenges small business face in keeping business records (6 Marks)
- b) Discuss the relevance of the following financial records to small businesses;-
 - i. Income statements (3 Marks)
 - ii. Balance sheet (3 Marks)
 - iii. Cash flow statements (3 Marks)

QUESTION FIVE.

A small business is faced by a myriad of challenges and as such one needs to be careful and minimize the challenges by carefully choosing the business name and location.

- a) Briefly bring out the features of a good business name. (6 Marks)
- b) Briefly discuss the factors to consider when choosing a business location (6 Marks)
- c) Why is it important for a small business to be registered? (3 Marks)