



**ROBERT MUGABE SCHOOL OF HERITAGE AND  
EDUCATION**

**DEPARTMENT OF SCIENCE AND TECHNICAL EDUCATION**

**MASTER OF EDUCATION IN CURRICULUM  
STUDIES/EARLY CHILD HOOD  
EDUCATION/PSYCHOLOGY/SOCIOLOGY/TECHNICAL  
EDUCATION/INCLUSIVE EDUCATION DEGREE.**

**LEVEL 2 SEMESTER 1**

**EXAMINATION QUESTION PAPER**

<b>MODULE CODE</b>	<b>FME520</b>
<b>MODULE NARRATION</b>	<b>FINANCIAL MANAGEMENT AND ENTREPRENEURSHIP</b>
<b>DATE</b>	<b>2024</b>
<b>DURATION</b>	<b>3 HOURS</b>

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**INSTRUCTIONS TO CANDIDATES:**

1. Answer all questions
2. Candidates are allowed to use silent, non-programmable calculators
3. Candidates are allowed reading time 15 minutes

### QUESTION 1

From the following information, you are required to enter the transactions in the appropriate accounts, then prepare a trial balance as at 30 April 2020.

- April 1 Started business with \$16 000 cash
- 3 Bought goods for cash \$2 200
- 7 Bought goods on credit \$6 000 from Fatso Ltd
- 10 Sold goods for cash \$860
- 14 Returned goods to Fatso Ltd \$2 300
- 18 Bought goods on credit \$1 200 from D. Exodus
- 21 Returned goods to D. Exodus \$520
- 24 Sold goods to B. Shumba \$1 460 on credit
- 25 Paid Fatso Ltd's account by cash \$4 800
- 30 B. Shumba paid us his account in cash \$1 460

**(Total 25marks)**

### QUESTION 2

- a) Critically evaluate the main sources of finance for an entrepreneurial venture clearly showing the difference between internal and external sources of raising funds. (10 marks)
- b) State the merits and demerits of public deposits and retained earnings as methods of business finance. (15 marks)

### QUESTION 3

Discuss the various stages involved in new venture development. **(25 marks)**

### QUESTION 4

N. Richards Industries is a local company owned by former GZU students who have identified a niche in the customised bottled water market. The projected cashflows of the project are as follows:

Year	Cash flows
0	-300,000
1	150,000
2	120,000

3	90,000
4	30,000

The cost of capital of the project is 10 %.

**Required:**

- a. if the payback period is three years, should the project be accepted based on the payback rule? (8 mks)
- b. If the discounted payback period of Glax Limited is 3.5 years, should the project be accepted based on the discounted payback period rule? (5mks)
- c. Based on the NPV rule, should the project be accepted? (6 mks)
- d. Based on the IRR rule, should the project be accepted? (6 mks) **(25 marks)**