



UNIVERSITY COLLEGE TATI (UC TATI)

FINAL EXAMINATION QUESTION BOOKLET

COURSE CODE	: BTE 3633
COURSE	: ENTREPRENEURIAL FINANCE
SEMESTER/SESSION	: 1 - 2023/2024
DURATION	: 3 HOURS

Instructions:

1. This booklet contains 5 questions. Answer **ALL** questions.
2. All answers should be written in answer booklet.
3. Write legibly and draw sketches wherever required.
4. If in doubt, raise your hand and ask the invigilator.

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO

THIS BOOKLET CONTAINS 3 PRINTED PAGES INCLUDING COVER PAGE

QUESTION 1

- a) Explain the distinct scopes of finance in accounting and economics. Provide an example to illustrate the contrast. (6 marks)
- b) Discuss the differences between necessity-based and opportunity-based entrepreneurship. (4 marks)
- b) Describe appropriate **types of financing** at the following venture life cycle:
- i) Development Stage
 - ii) Startup Stage
 - iii) Survival Stage
 - iv) Rapid-Growth Stage
- (12 marks)

QUESTION 2

- a) Describe the key different between venture capital and private equity. (4 marks)
- b) Explain **SIX (6)** characteristics of venture capital (18 marks)

QUESTION 3

- a) Explain the scope of financial strategy. (5 marks)
- b) Discuss **FOUR (4)** potential limitation on future financing options that can arise from financing choices. (12 marks)

QUESTION 4

Call options are financial contracts that give the option buyer the right, but not the obligation, to buy a stock, bond, commodity, or other asset or instrument at a specified price within a specific time period. Discuss **FOUR (4)** factors that affect the call option value. (16 marks)

QUESTION 5

A company has developed a new product for electronic industry. To implement the plan, three alternative courses of action are available:

- a) Increase advertising campaign with estimated cost of RM20,000 per month.
- b) Undertake a research program which would cost RM11,000 per month.
- c) Rent a machine at the rate of RM35,000 per month.

Variable cost associated with the above three alternatives are RM9, RM7 and RM8 per unit respectively. The price per unit of new product is RM155. The expected demand for the new product is as given below:

- 11,000 pieces with a probability of 50%
- 23,000 pieces with a probability of 30%
- 50,000 pieces with a probability of 20%

Required: Use decision tree to find the most profitable alternative the company should adopt to manufacture the new product.

(23 marks)

----- End of question -----

