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APPENDIX -A

Funding a start-up enterprise: Problems faced& a way out

Questionnaire

This questionnaire is distributed in order to gather information regarding problems of funding a startup enterprise. Through your participation the study will be able to make possible recommendations to overcome them.

Please answer the questions as honestly as possible. Thank you very much for your cooperation.

Demographical Data

- Company Name
(optional):..........
- Owner's Age (years).....
- Business category eg: Tourism/Travel/Garment etc:
.....

Please circle the appropriate answer.

- What is your highest level of educational qualification?

- | | | |
|---|-------------------------------------|-------------------|
| I. Below G.C.E O/L? | II. G.C.E O/L | III. G.C.E A/L |
| IV. Professional /vocational
qualification (ex: ACS, C&G,
AAT | V. Diploma / University
Graduate | VI. Post graduate |

- Nature of your company/business?

- | | | |
|--------------------|---------------------------------|--------------------------------|
| I. Sole Proprietor | II. Partnership | III. Limited Liability Company |
| IV. Franchise | V. Others (please specify)..... | |

- How long your business has been in operations?
 - I. Less than 1 year
 - II. 1-2 years
 - III. 2-3 years
 - VI. 3-4 years

Section [A]:

- 1.) What is your preferred method of financing in your business?
 - I. Loan
 - II. Equity(Own Capital)

- 2.) With regard to “loan” above,
 - 2.1) Have you faced delays in processing your loan application?
 - I. Yes
 - II. No

 - 2.2) How many months/weeks did it take to process the loan application?
 - I. 0.5 month
 - II. 1 month
 - III. 1.5 months
 - IV. 2 months

 - 2.3) Do you feel that your financial institution is requesting for unnecessary documentation?
 - I. Yes
 - II. No

 - 2.4) Was there a legal bond?
 - I. Yes
 - II. No

 - 2.5) If “yes” in question (2.4) what are they? (eg: exit clause, penalty fees etc.)

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.....

 - 2.6) What is the interest rate applicable on your loan?

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- 2.7) Was the staff helpful and responsive toward your loan requirements?
- I. Very much II. Some what III. Neutral
- IV. Not at all

- 2.8) Please select the category of Institution/Bank.
- I. Finance company II. Foreign Bank III. Local Bank
- IV. Development Bank

3.) With regard to the Equity (own capital) question (1);

3. 1.) How many months did it take to convince your shareholders?
- I. 0.5 month II. 1 month III. 1.5 months
- IV. 2 months

3.2) Were there any demanding major shareholders?

- I. Yes II. No

3.3) What was the cost of the new share issue (percentage)? $\frac{\text{cost of the issue}}{\text{Capital raised}} \times 100$

.....

3.4)What is the dividend payout ratio promised your shareholder (percentage)?

.....

3.5) Did you obtain services of an issuing house to facilitate your share issue?

- I. Yes II. No

4.) Do you think issuing shares is more cost efficient comparing to loan financing?

- I. Yes II. No

Section [B]

5.) Do you have a business plan?

- I. Yes II. No

6.) What is the head count in your company?

- I. Less than 5 II. 6-10 III. 11-15
IV. More than 15

7.) Do you have a separate department to handle financial matters?

- I. Yes II. No

7.1) How many people are there in your finance department?

- I. 1 II. 2 III. 3

IV. More than 3



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7.2) What is their highest level of qualification?

- I. Professional membership II. Graduate III. Diploma
IV. None

8.) How long the company has been dealing with banks/financial institutions for daily requirements?

- I. Less than 1 year II. 1-2 year III. 2-3 year

IV. More than 3 years

9.) Do you maintain proper accounts for recording transaction?

- I. Yes II. No

10.) Do you obtain your accounts certified by an Auditor?

- I. Yes II. No

18.) Have you ever ask for a financial facility (loan) in the past?

I. Yes

II. No

19.) If yes, in question No (18) has the bank rejected your request?

I. Yes

II. No

19.1) what were the reasons for rejection? (Please circle all that apply)

I. Insufficient collateral

II. Poor documentation


III. Too small equity base

IV. Lack of experienced management

V. Project proposal not accepted

VI. Previous credit record

VII. Other (please specify).....

20.) Do you consider "a loan" as a burden?
I. Yes  II. No

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21.) What are the reasons if you are not applying a financial facility (loan) from a financial institution? (Please circle all that apply)

I. I'm scared of loans.

II. I can't trust them.

III. Short Duration

IV. High monthly repay amount

V. High interest rate

VI. Low turnover

VII. Difficulty in obtainin loans

VIII. Others (specify)

22.) Do you consider new shareholders/partners as a burden?

I. Yes

II. No

23.) Say you are having a financial facility (loan), and what are the risks that you foresee in case of a business downturn?

- I. Unable to service debt II. Litigation III. Solvenc

IV. Other (Please specify 1 or more)

.....

24.) What is your general opinion towards loans?(Positive/Negative ,Explain)

.....
.....
.....

25.) Do you consider “loans” will dilute your control in your business?

- I. Yes II. No

26.) Do you consider new partners/shareholders will dilute your ownership central in your company?

- I. Yes II. No



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27.) Between ownership vs growth, what do you consider as more important in growing your business?

- I. Retain Current ownership and slow growth II. Dilute current ownership and rapid growth

27.1) justify your answer above.

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Thank you for your support!