UNIVERSITY EXAMINATIONS: 2025/2026

EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN INFORMATION TECHNOLOGY

BIT303/ BSIT 303

ENTREPRENEURSHIP/ ENTREPRENEURSHIP AND BUSINESS PLANNING

END TERM EXAMINATION

DATE: THURSDAY 11TH DECEMBER 2025 TIME: 2.00PM-4.00PM
DURATION: 2 HOURS

INSTRUCTIONS: Question One is Compulsory, Choose Three Other Questions

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SECTION A (COMPULSORY)

QUESTION ONE (15 Marks) Compulsory

Read the case below and answer the following questions:

Digital Ltd is a private limited company. It supports clients to create marketing materials that can be used in a wide range of digital communications. This includes online advertising, web design, and digital data analysis to ensure clients are getting the most from their digital communications. It also offers training to businesses on how they could use social media and digital communication to improve their marketing.

The use of social media is something Digital Ltd believes is becoming a major influence on how customers interact with businesses. It manages marketing campaigns across Facebook, Twitter, Instagram, Snapchat and LinkedIn. This allows its clients to target a wide range of consumers and to analyse these communications on social media to give businesses a competitive advantage over their rivals.

In February 2019, Digital Ltd announced a three-year expansion plan which involved doubling its workforce to 40 employees and moving to new offices. The business believed that this move would allow it to employ people with the most up-to-date knowledge and to become one of the main digital marketing companies in the UK and beyond.

a) State TWO sources of revenue at Digital Ltd. **(1 marks)**
b) Figure 2 shows the number of social media accounts in 2019. Using the information in Figure 2, identify which social media platform was the second largest in 2019. **(1 marks)**

Number of social media accounts (millions)

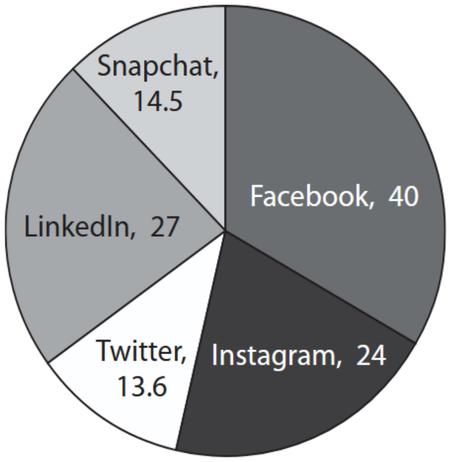

Figure 2

c) Explain THREE advantages of Digital Ltd registered as private company limited. **(6 marks)**
d) In order to help improve digital marketing for PAC university, Digital Ltd is considering two options:

    Option 1: improve the design of the university website

    Option 2: design a social media campaign to target new students.

    Justify which one of these two options Digital Ltd should choose. **(4 marks)**

e) Discuss the impact that changes in technology may have on Digital Ltd. **(3 marks)**

SECTION B: (ANSWER ANY THREE (3) QUESTIONS IN THIS SECTION)

QUESTION TWO (15 marks)

a) Discuss FIVE methods through which an entrepreneur can be creative and innovative according to Joseph Schumpeter. **(10 marks)**

b) Vincent decided to start his own venture and was looking into various ideas. Highlight to him FIVE sources from where he can get some good business ideas. **(5 marks)**

QUESTION THREE (15 marks)

GlowBar is a newly opened skincare business run by two friends. The business offers handmade soaps and facial products using natural ingredients. To keep staff motivated, they offer flexible working hours and training.

a) Describe the structure of business at GlowBar. **(2 marks)**
b) Discuss THREE advantages of the organizational structure in (a) above. **(6 marks)**
c) Identify THREE situations when training is needed in a business. **(3 marks)**
d) Explain two benefits to GlowBar of having a motivated workforce. **(4 marks)**

QUESTION FOUR (15 marks)

Peter owns a car repair business which operates in the private sector. It is a small business with 2 full-time employees. Peter wants to find out the best way for a business to increase added value. Peter's business needs finance for many reasons. Peter wants to know how an economic recession might affect his business.

a) Describe THREE reasons why a business might remain small. **(3 marks)**
b) Explain reasons why Peter might need each of the following types of finance
   i. Short-term finance: **(4 marks)**
   ii. Long-term finance **(4 marks)**
c) Discuss two ways an economic recession might affect Peter's business. **(4 marks)**

QUESTION FIVE (15 marks)

a) BBR is a private limited company. The Finance manager has been analysing BBR accounts and an extract is shown in the table below.

Table 4.1: Extract from BBR's Income statement for year ending 2025(Ksh000's)

	Last year	Current year
Revenue	X	300
Cost of Sales	180	150
Gross Profit	120	150
Expenses	90	Y
Profit	30	15

i. Calculate X and Y. (Show your workings). **(4 Marks)**
ii. Explain the decrease in profits for BBR in the current year. **(2 marks)**

b) Describe the advantages of each of the following sources of finance for a start-up
   i. Venture Capitalist **(3 marks)**
   ii. Business Angles **(3 marks)**

c) Explain how offering discounts for early payment may improve a business's cash flow and reduce working capital. **(3 marks)**

QUESTION SIX (15 marks)

a) Discuss THREE circumstances under which an entrepreneur would prepare a business plan. **(6 marks)**
b) Explain THREE reasons why it is important to include financial information in a business plan. **(6 marks)**
c) Explain how a business can act in a sustainable way. **(3 marks)**