

KCB DEPARTMENT OF BUSINESS STUDIES

PRE MOCK EXAMINATIONS, 2019

S.4 ENTREPRENEURSHIP EDUCATION

PAPER 2 (845/2)

TIME: 2 ½ HOURS

**INSTRUCTIONS**

- Attempt only **four** questions
- Answer all questions in Section A. Give concise answers for this section.
- Attempt **three** questions in Section B.
- All questions in Section B carry equal marks.

**SECTION A (40 MARKS)**

1. (a) (i) What is meant by decision making? (01mk)  
(ii) State any three factors considered when making a decision. (03mks)
- (b) (i) Define unemployment. (01mk)  
(ii) State any three causes of unemployment in your country. (03mks)
- (c) (i) Define the term potential market? (01mk)  
(ii) Outline any three factors considered when assessing a potential market. (03mks)
- (d) State any four business requirements that affect the natural environment. (04mks)
- (e) (i) Distinguish between price and product as elements of a marketing mix. (02mks)  
(ii) Identify any two factors considered when determining price of a product. (02mks)
- (f) Distinguish between:  
(i) a Commercial bank and a Central bank (02mks)  
(ii) a Cheque and a Standing order (02mks)
- (g) (i) What is meant by a valid contract? (01mk)  
(ii) Under what conditions may a contract be terminated? (03mks)

- (h) State any four importance of insurance companies to the business environment. (04mks)
- (i) Outline any four financial products traded under the capital markets. (04mks)
- (j) Mr. Matovu Ali is an employee of MX Enterprises Ltd. He earns shs 790,000 per month. Calculate his pay as you earn given the PAYE rate structure below:
- |   |                      |   |         |         |
|---|----------------------|---|---------|---------|
| - | 1 – 235,000          | - | Tax NIL |         |
| - | 235, 000 – 335,000   | - | 10%     |         |
| - | 335,000 – 410,000    | - | 20%     |         |
| - | 410,000 <sup>+</sup> | - | 30%     | (04mks) |

**SECTION B (60 MARKS)**

*Attempt only **three** questions.*

2. (a) Explain the supportive skills required for different career options. (06mks)  
(b) Give the advantages and disadvantages of paid employment. (14mks)
3. (a) What is meant by the term market research? (02mks)  
(b) Explain the methods used to carry out market research. (08mks)  
(c) Why is it necessary to carry out market research? (10mks)
4. (a) Distinguish between a sole proprietorship business and a partnership business. (04mks)  
(b) Explain the advantages and disadvantages of sole proprietorship businesses. (16mks)
5. (a) Explain the principles of a good tax system. (12mks)  
(b) Give reasons why direct taxes are popular. (08mks)
6. (a) Outline the contents of a business plan. (06mks)  
(b) Explain the importance of preparing a business plan. (14mks)

**END**