**FORM THREE BUSINESS STUDIES**

**TERM 1 2022**

**NAME……………………………………………………….……CLASS………ADM………**

**TIME: 2 HOURS (100MKS)**

***Instructions***

* This paper consist of two sections; **A**&**B**
* Answer **ALL** questions in section **A** *(60MARKS)*
* Answer any **TWO** questions in section **B** *(40MKS)*

**SECTION A**

1. State whether the following activities would satisfy basic or secondary wants. (4mks)

|  |  |
| --- | --- |
| Activity | Want |
| 1. Buying clothes for the family |  |
| 1. Reading books |  |
| 1. Entertaining the Governor |  |
| 1. Building a house |  |

2.State the type of partner described in each of the following statements. (4 mks)

1. Under 18 years of age\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Does not take active part in running of the business \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Has unlimited liability\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. Allows his/her name to be used as if he/she is a partner\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. Name **four** methods of determining price of a product in a market. (4 mks) ………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

4.State **four** roles of Nairobi Stock Exchange market. (4mks)

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5. State **four** factors influencing an increase in demand of a product. (4 mks)

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6. Give **four** channels for distributing locally manufactured goods. (4 mks

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7. Highlight **four** advantages of a bonded warehouse to the government. (4 marks)

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8. State **four** negative implications of overpopulation. (4mks)

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9. State **four** factors that an entrepreneur would consider before investing in a business opportunity (4mks)

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10. The following information was obtained from the books of Prime Suppliers for the year ended 31st Dec 2021.

Drawings 70,000

Profit 150,000

Additional investment 50,000

Capital 01/01/2020 240,000

Calculate Prime Supplier’s capital as at 31st Dec 2021. (4mks)

11. State **four** factors to consider when giving credit to a customer. (4mks)

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12. State **four** advantages of joining Savings and Credits Co-operative Society(SACCO). (4mks)

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13. Roho Safi Merchants had the following balances for the end of the trading period on 31st Dec 2020.

Cash 40,000

Creditors 140,000.

Premises 400,000

Fixtures 180,000

Bank loan 160,000

Vehicles 100,000

Debtors 70,000

Prepare Roho Safi Merchants balance sheet as at 31st Dec 2020. (4mks)

14. State four factors that determine the size of a firm. (4mks)

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15. State four essential elements of communication. (4mks)

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**SECTION B**

16 (a) Explain five roles of the Nairobi stock exchange market. (10 mks)

(b)Explain five factors to consider when selecting means of transport. (10mks)

17. (a) Explain five factors that lead to an increase in national income. (10mks)

(b) Describe the procedure of taking an insurance policy. (10mks)

18. (a) Explain five roles of intermediaries in the chain of distribution. (10mks)

(b) Explain five advantages of sole proprietorship form of business. (10mks)

19. (a) Explain five external environment factors that positively affects business operations. (10mks)

(b) Explain five ways in which the government of Kenya may reduce the level of unemployment. (10mks)