NAME:.................................................................................ADM........................CLASS……….

565/1

FORM THREE

BUSINESS STUDIES

PAPER 1

SEPTEMBER 2021

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

- Write your name admission number and class in the spaces provided.

- Answer all questions in the spaces provided.

1. State **four** reasons why land is considered a prime factor of production. (4mrks)

 (i) …………………………………………………………………………………………

 (ii) …………………………………………………………………………………………

 (iii) …………………………………………………………………………………………

 (iv) …………………………………………………………………………………………

2. Outline **four** measures being used by the government to control high rate of unemployment in Kenya. (4mrks)

(i) …………………………………………………………………………………………

 (ii) …………………………………………………………………………………………

 (iii) …………………………………………………………………………………………

 (iv) …………………………………………………………………………………………

3. Highlight **four** reasons why the owner of a small business enterprise would prefer to a advertise his goods using posters (4mrks)

(i) …………………………………………………………………………………………

 (ii) …………………………………………………………………………………………

 (iii) …………………………………………………………………………………………

 (iv) …………………………………………………………………………………………

4. State **four** challenges that a business with no plan will encounter in its operations. (4mrks)

(i) …………………………………………………………………………………………

 (ii) …………………………………………………………………………………………

 (iii) ………………………………………………………………………………………

 (iv) ………………………………………………………………………………………

5. The diagram shows equilibrium price and quantity

**D0**

**S0**

**Pe**

**O**

**Do**

**SO**

**Quantity**

**Price**

 Draw a new demand curve on the diagram above showing a decrease in demand and the

 Effect on (4mks)

(i)Equilibrium price

(ii) Equilibrium quantity

(iii) Equilibrium point

6. Mention **four** roles played by intermediaries in the chain of distribution (4mks)

 (i)...........................................................................................................................................

 (ii)..........................................................................................................................................

 (iii)..........................................................................................................................................

 (iv)..........................................................................................................................................

7. Give **four** factors that may determine the amount of premium payable in life assurance (4mks)

 (i)...........................................................................................................................................

 (ii)...........................................................................................................................................

 (iii)..........................................................................................................................................

 (iv)..........................................................................................................................................

8. Outline **four** features of oligopoly (4mks)

 (i)...........................................................................................................................................

 (ii)...........................................................................................................................................

 (iii)..........................................................................................................................................

 (iv)...........................................................................................................................................

9. Mention **four** pre requisites of transport (4mks)

 (i)...........................................................................................................................................

 (ii)...........................................................................................................................................

 (iii)..........................................................................................................................................

 (iv)..........................................................................................................................................

10. State **four** principles that govern the operation of cooperative societies in Kenya. (4 marks)

 (i)...........................................................................................................................................

 (ii)...........................................................................................................................................

 (iii)..........................................................................................................................................

(iv)..........................................................................................................................................

11. Outline four criteria used in determining the size of the firm. (4 mks

 (i)…………………………………………………………………………………………...

 (ii)...........................................................................................................................................

 (iii)..........................................................................................................................................

(iv)..........................................................................................................................................

1. Highlight four problems encountered in measuring national income using the output approach method. (4 mks)

 (i)……………………………………………………………………………………….....

 (ii)...........................................................................................................................................

 (iii)..........................................................................................................................................

(iv)..........................................................................................................................................

1. Outline four reasons why there is need for ethical practices in business. (4 mks)

i)…………………………………………………………………………………………….

ii)……………………………………………………………………………………………

iii)…………………………………………………………………………………………..

iv)…………………………………………………………………………………………..

1. Outline four roles played by the stock exchange market as a market for securities. (4 mk)

i)………………………………………………………………………………………………………………………………………

ii)………………………………………………………………………………………………………………………………………

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. Give **four** malpractices against which consumers may need protection. (4 marks)
2. ……………………………………………………………………………………………………………………………
3. ……………………………………………………………………………………………………………………………
4. ……………………………………………………………………………………………………………………………
5. ……………………………………………………………………………………………………………………………
6. Outline **four** circumstances under which gaps in the market may be identified. (4 marks)
7. ……………………………………………………………………………………………………………………………
8. ……………………………………………………………………………………………………………………………
9. …………………………………………………………………………………………………………………….......
10. ……………………………………………………………………………………………………………………………
11. State **three** injections into the circular flow of income. (3 marks)
12. ………………………………………………………………………………………
13. ………………………………………………………………………………………
14. ………………………………………………………………………………………
15. Outline **four** reasons why a cheque may be dishonored . (4 marks)
16. ………………………………………………………………………………………
17. ………………………………………………………………………………………
18. ………………………………………………………………………………………
19. ………………………………………………………………………………………
20. Highlight **four** measures which a firm may take to improve its human resource productivity. (4 mark)
21. ……………………………………………………………………………………..
22. ……………………………………………………………………………………..
23. ……………………………………………………………………………………..
24. ……………………………………………………………………………………..
25. Outline **four** circumstances under which verbal communication may be used. (4marks)
26. ……………………………………………………………………………………………………………………………
27. ……………………………………………………………………………………………………………………………
28. …………………………………………………………………………………………………………………………...
29. ……………………………………………………………………………………………………………………………
30. State **four** essentials for a warehouse. (4 marks)
31. ……………………………………………………………………………………………………………………………
32. ……………………………………………………………………………………………………………………………
33. ……………………………………………………………………………………………………………………………
34. ……………………………………………………………………………………………………………………………
35. State **four** types of internal economies of scale to a firm. (4 marks)
36. ……………………………………………………………………………………………………………………………
37. …………………………………………………………………………………………………………………………
38. …………………………………………………………………………………………………………………………
39. ……………………………………………………………………………………………………………………………
40. Highlight four reasons for making choices between competing wants. (4mks)
41. ……………………………………………………………………………………………………………………………
42. ……………………………………………………………………………………………………………………………
43. ……………………………………………………………………………………………………………………………
44. ……………………………………………………………………………………………………………………………
45. State four advantages of using credit cards as a means of payment. {4 marks}
46. ……………………………………………………………………………………………………………………………
47. ……………………………………………………………………………………………………………………………
48. ……………………………………………………………………………………………………………………………
49. ……………………………………………………………………………………………………………………………
50. Indicate in the table below the office machine used to perform the following functions. (5 marks)

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| --- | --- | --- |
|  | Function | Machine |
| a. | Folding documents, placing them in envelopes and sealing the envelopes. |  |
| b. | Making short hand dictations and recording information on tapes. |  |
| c. | Posting information to ledgers and preparation of pay rolls. |  |
| d. | For trimming documents into required shapes and sizes. |  |
| e. | Used to destroy unwanted papers |  |