**NAME \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ADM NO \_\_\_\_\_\_\_**

**BUSINESS STUDIES**

**565**

**DECEMBER EXAMINATIONS 2021**

**TIME: 2 HOURS**

**FORM THREE**

**INSTRUCTIONS**

1. **Attempt all questions in Section A** **and** **any three questions** in **Section B**.

**SECTION A**

1. State the term given to each of the following disciplines. (3 marks)
2. Study of how man strives to satisfy his unlimited wants using limited resources.

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1. Study of the process of identifying a business opportunity and acquiring resources to start and operate a business.

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1. Refers to systematic way of recording business activities which are used for decision making.

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1. Outline four ways in which a good filing system may facilitate the operations in an office. (4 marks)



6. Highlight four factors that a trader may consider when choosing a means of transport. (4 marks)



11. Outline four qualities of a successful; salesperson. (4 marks)



16. Outline four effects of an ageing population. (4 marks)



21. Outline four circumstances in which a cheque may be used as a means of payment. (4 marks)



26. State four external factors that may negatively influence the operations of a business. (4 marks)



31. Outline four advantages of a systematic arrangement of goods in a warehouse. (4 marks)



36. Highlight four diseconomies of scale that a firm may experience in its expansion. (4 marks)



41. State four types of information that a manager may communicate to the juniors. (4 marks)



46. Highlight four circumstances in which the government may be involved in business activities. (4 marks)



51. Outline four problems faced by consumers as they try to satisfy human wants. (4 marks)



56. The following information was extracted from the books of XYZ traders as at 30th June 2011.

|  |  |
| --- | --- |
|  | **Shs.** |
| Debtors | 60,000 |
| Creditors | 60,000 |
| Cash | 40,000 |
| Bank loan | 120,000 |
| Stock | 50,000 |
| Machinery | 300,000 |

**Required:**

Prepare XYZ traders balance sheet as at 30th June 2011. (4 marks)

1. Highlight four circumstances under which a manufacturer may prefer to sell directly to the consumers. (4 marks)



6. Give four reasons why it would be advisable to take an endowment policy instead of whole life policy. (4 marks)



11. The participants in a two sector economy are households and firms. Identify the relevant participant in each of the following statements given below. (4 marks)

|  |  |  |
| --- | --- | --- |
|  | Statement | Participant |
|  | Payment for goods and services. |  |
|  | Sale of factors of production. |  |
|  | Payment for factors of production. |  |
|  | Sales of goods and services. |  |

1. In the spaces provided below indicate the types of utility created by each of the following commercial activities. (3 marks)

|  |  |  |
| --- | --- | --- |
|  | Commercial activity | Type of utility |
|  | Transporting goods. | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  | Selling goods to a consumer. | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  | Making chair from timber. | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

1. Outline four features of oliogopoly as a market structure. (4 marks)

**SECTION B**

***Attempt three (3) questions.***

1. Using a well labeled diagram, explain the effects of excess demand and excess supply on the market prices. (10 marks)
2. Explain **FIVE** principles that distinguish cooperative societies from other forms of business organizations. (10 marks)
3. Explain **FIVE** reasons why an entrepreneur would find it necessary to prepare a business plan when starting a business. (10 marks)
4. Explain **FIVE** ways in which the government of Kenya may reduce the level of unemployment. (10 marks)