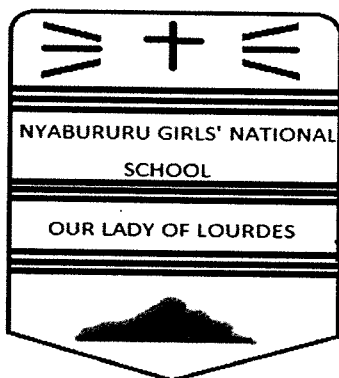


NAME .....CLASS ..... C/NO .....

Signature .....



**FORM 2 BUSINESS STUDIES**  
**CAT 1 TERM 1, 2017**  
**TIME: 2 HOURS**

<i>Date done</i>	
<i>Invigilator</i>	
<i>Date returned</i>	
<i>Date revised</i>	

**Instructions**

- Answer all questions in the spaces provided
1. Outline four reasons why people start businesses. (4mks)
    - (i)
    - (ii)
    - (iii)
    - (iv)
  2. State four economic environment factors that will affect the operations of a business. (4mks)
    - (i)
    - (ii)
    - (iii)

(iv)

3. Define the following terms as used in business studies. (4mks)

(i) A business

(ii) Economics

(iii) Commerce

(iv) Human wants

4. Outline four characteristics of economic resources. (4mks)

(i)

(ii)

(iii)

(iv)

5. State four characteristics of land as a factor of production. (4mks)

(i)

(ii)

(iii)

(iv)

6. Highlight four functions of an entrepreneur. (4mks)

(i)

(ii)

(iii)

(iv)

7. Distinguish between the following:

(i) Producer goods and consumer goods (2mks)

(ii) Intermediate goods and finished goods (2mks)

8. Outline four sources of business ideas. (4mks)

(i)

(ii)

(iii)

(iv)

9. Highlight four reasons why a business plan is important. (4mks)

(i)

(ii)

(iii)

(iv)

10. State four circumstances under which a market gap can exist. (4mks)

(i)

(ii)

(iii)

(iv)

11. State four causes of business failure. (4mks)

(i)

(ii)

(iii)

(iv)

12. Outline four advantages of photocopying. (4mks)

(i)

(ii)

(iii)

(iv)

13. Highlight four features of a good filing system. (4mks)

(i)

(ii)

(iii)

(iv)

14. Outline four factors to consider when selecting office equipment. (4mks)

(i)

(ii)

(iii)

(iv)

15. State four uses of a computer in an organization. (4mks)

(i)

(ii)

(iii)

(iv)

16. Define the following terms:- (4mks)

(i) Bilateral trade

(ii) Multi-lateral trade

(iii) E-commerce

(iv) Communication

17. Highlight four characteristics of small peddlers.

(4mks)

- (i)
- (ii)
- (iii)
- (iv)

18. State four features of chain stores.

(4mks)

- (i)
- (ii)
- (iii)
- (iv)

19. Define the following terms:-

(4mks)

- (i) Branding
- (ii) Sorting
- (iii) Blending
- (iv) Specialized wholesalers

20. State the business document that best fits each of the following descriptions. (10mks)

Description	Document
(i) Reply to a letter of inquiry that is specific in nature	_____

- (ii) Demand for payment for goods already delivered. \_\_\_\_\_
- (iii) Informs the buyer that goods have been dispatched \_\_\_\_\_
- (iv) Correct an overcharge \_\_\_\_\_
- (v) Correct an undercharge \_\_\_\_\_
- (vi) Shows goods packed in every container \_\_\_\_\_
- (vii) Contains summary of all transactions between the buyer and the seller \_\_\_\_\_
- (viii) Acknowledgement of a debt. \_\_\_\_\_
- (ix) Used to request for payment before goods are delivered \_\_\_\_\_
- (x) Used when the seller does not use his/her own means of transport. \_\_\_\_\_

21. Highlight four circumstances under which cash payment is appropriate. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

22. Highlight six circumstances under which a cheque will be dishonoured. (6mks)

- (i)
- (ii)
- (iii)
- (iv)

23. Outline four types of utilities. (4mks)

- (i)
- (ii)
- (iii)
- (iv)