NAME…………………………………………ADM. NO……………………………

BUSINESS STUDIES

FORM 3

JULY / AUGUST 2016

TIME: 2 HOURS

FORM 3 COUNTY MULTILATERAL EXAMS

END OF TERM 2 2016 EXAM

BUSINESS STUDIES FORM 3

INSTRUCTIONS TO CANDIDATES

1. *Write your name and admission number in the spaces provided.*
2. *This paper has two sections A and B*
3. *Write the answers for section A in the spaces provided.*
4. *Write the answers for section B in the fulscaps provided*
5. *Answer all questions.*

SECTION A

1. State four characteristics of services.

a)

b)

c)

d)

2. Identify whether the following factors from external or internal environment by a tick (√) (4 mks)

|  |  |  |
| --- | --- | --- |
| **FACTOR** | **EXTERNAL** | **INTERNAL** |
| a) Political climate |  |  |
| b) Size of population |  |  |
| c) Organizational goals |  |  |
| d) Employees welfare |  |  |

3. Highlight four circumstances under which one may use signs in communication. (4 mks)

a)

b)

c)

d)

4. State four factors that determine size of the farm. (4 mks)

a)

b)

c)

d)

5. State four disadvantages of rail transport.

a)

b)

c)

d)

6. Highlight four features of a perfect competition market. ( 4mks)

a)

b)

c)

d)

7. Outline four characteristics of a good filing system in an organization. (4 mks)

a)

b)

c)

d)

8. State four characteristics of property insurance. (4 mks)

a)

b)

c)

d)

9. Explain the following types of demand. (4 mks)

a) Competitive demand

b) Joint demand

c) Composite demand

d) Derived demand

10. Fill in the blank spaces using the book-keeping equation. (4 mks)

|  |  |  |  |
| --- | --- | --- | --- |
| Business | Assets | Liabilities | Capital |
| P | 230,000 | 85,000 |  |
| Q | 420,500 |  | 323,225 |
| R |  | 483,600 | 312,800 |
| S | 124,750 |  | 85,800 |

11. Distinguish between the following types of goods. (4 mks)

a) Producer goods and consumer good

b) Free goods and economic goods.

12. Outline four ways in which the government provides an enabling environment.

(4 mks)

a)

b)

c)

d)

13. Show the effect of the following transactions on capital by indicating ‘increase,’ ‘decrease’ or ‘no effect.’

|  |  |
| --- | --- |
| Transaction | Effect on capital |
| a) Withdrew business cash for personal use |  |
| b) Profit earned by a business |  |
| c) Bought goods on credit |  |
| d) Converted a personal car into business asset. |  |

14. The following are statements describing different types of advertisement. Identify the types of advertisement described by the given statement. (4 mks)

|  |  |
| --- | --- |
| STATEMENT | TYPE OF ADVERTISEMENT |
| a) Stamps are sold here |  |
| b) Murang’a University is the centre of excellence |  |
| c) Omo washes brightest and it shows |  |
| d) Safaricom the better option |  |

15. Outline four causes of business success.

a)

b)

c)

d)

SECTION B

Answer all questions on the fulscaps provided.

16.(a) Identify and explain any five types of wholesalers. (10 mks)

b) Explain five measures that the Jubilee government may adopt to solve unemployment problem in Kenya. (10 mks)

17.(a) Explain five features of a partnership form of a business. (10 mks)

b) Explain five factors that may cause the national income of a country to fall.

(10 mks)