**BUSINESS STUDIES**

**FORM3**

**TERM 2 2017**

1. State four external factors that may negatively influence the operation of a business. (4mks)
2. Highlight four benefits of a business plan to an entrepreneur. (4mks)
3. Outline four circumstances under which a cooperative society may be dissolved (4mks)
4. State four factors that may cause the change below from diagram (i) to (ii).(4mks)

D1

DO DO

Price price

D1

DO DO

Quantity Quantity

Diagram (i) Diagram (ii)

|  |  |
| --- | --- |
|  |  |
|  |  |
|  |  |
|  |  |

1. 5. Highlight four reasons why small scale business may succeed despite competition it face large firms. (4mks)
2. Outline four features of a public limited company. (4mks)
3. From the following description state the type of utility that is created. (4mks)
4. Making milk powder
5. Selling fertilizer
6. Transportation of goods from the industry to a shop
7. Warehouse and whole selling.
8. The following information may be used to reflect what happens on Kenya’s roads in a given year.

|  |  |
| --- | --- |
| Causes of deaths | People |
| Matatus | 1500 |
| Careless pedestrians | 500 |
| Motorcycles | 300 |
| others | 900 |

1. What is the percentage deaths by matatus. (1mk)
2. Apart from accidents, what are the three problems caused by motor cycles? (3mks)
3. State four characteristics of general insurance. (4mks)
4. State four barriers to effective communication. (4mks)
5. Highlight four elements of a market. (4mks)
6. Outline four ways the Kenyan government is putting in place to attract investors in rural areas. (4mks)
7. Other than government intervention list four methods of determining the price of a product. (4mks)
8. State four features of perfect competition market. (4mks)
9. The following are types of advertising. Product advertising, institutional advertising, celebrity advertising and information advertising.

|  |  |
| --- | --- |
| Description | Types of advertising |
| (i)Aims at creating awareness of a new product to the market |  |
| (ii)The name of the business organization features persistently. |  |
| (iii)Where a famous person is used in the advertisement. |  |
| (iv)The brand name features prominently. |  |

Match each type of advertising with the correct description.

SECTION B

Attempt any two questions in this section.

1. (a) The table below represents supply schedule of bread to a local urban centre.

|  |  |
| --- | --- |
| Year | Quantity of bread |
| 2000 | 10,000 |
| 2001 | 9,000 |
| 2002 | 7,800 |
| 2003 | 5,000 |

Assuming the price remains constant, explain five possible reasons for the trend in the supply of bread. (10mks)

1. Explain five sources of monopoly power. (10mks)
2. (a) Explain five criteria used to determine the size of a firm. (10mks)

Palaceways is a business organization which wants to introduce machine in its operation. Explain five limitations they are likely to face. (10mks)

1. (a) Explain five benefits a customer would enjoy when he /she buys goods from a supermarket. (10mks)
2. Mutuku Traders wants to start operating a warehouse. Explain five factors he should consider to ensure smooth functioning of the warehouse.(10mks)