

# BUSINESS STUDIES

## FORM 4

TERM 3 2025

### OPENER EXAMINATION

TIME: 1 ¼ HOURS

*Answer all the questions*

1. State any four advantages of large-scale business organization (4marks)
  - i) **Obtains discounts because of bulk buying**
  - ii) **Able to advertise**
  - iii) **Incurs low cost of production**
  - iv) **Offers better management because of specialization**
  - v) **Allows diversification in order to reduce of specialization**
  - vi) **Able to cater for staff welfare**
  - vii) **Large output due to many channels**

Any 4 correct answers 1x4=4mks
2. Outline four reasons why an increase in per capita income may not necessarily lead to a rise in the standard of living (4marks)
  - i) **Per capita income is an average and hence a mere statistics**
  - ii) **Per capita figures may be high income may be unevenly distributed**
  - iii) **Those not involved in the generation of the national income area also included in the calculations**
  - iv) **Generations rise in the price of commodities. Inflation may affect the purchasing power of the purchasing power of the citizen.**
  - v) **High taxes may erode the real value of per capital income**
  - vi) **May be obtained through a strain on people's health.**
3. State four sources of monopoly powers (4marks)
  - i) **Ownership/control of an important input in production**
  - ii) **Size of the market**
  - iii) **Merging of two or more firms**
  - iv) **High initial capital layout**
4. Give four reasons why a manufacturing firm would be located in an area well served by good road network (4marks)
  - i) **To facilitate easy delivery of raw materials**
  - ii) **To ease workers movement to and from work**
  - iii) **To facilitate movement of finished goods**
  - iv) **To gain easy access to auxiliary services e.g banks**
  - v) **To reduce cast of transport**
5. State four principles of insurance (4marks)
  - i) **Indemnity**
  - ii) **Utmost good faith (uberima fidei)**
  - iii) **Subrogation**
  - iv) **Insurable interest**
  - v) **contribution**

6. State four factors that may accrue an increase in the supply of product

- i) **Reduced taxation of production**
- ii) **Favorable weather conditions**
- iii) **Reduced in price of product**
- iv) **Increase in price of product**
- v) **Increase in demand**
- vi) **Increase in production**
- vii) **Specialization**
- viii) **Favorable government policies**
- ix) **Future expectation of fall in prices of outputs**

7. State four ways in which a society benefits from direct production

(4marks)

- i) **Better quality goods**
- ii) **Avails a variety of goods**
- iii) **High production capacity/mass production**
- iv) **Better utilization of resources**
- v) **Facilitate trade/exchange of goods and services**
- vi) **Goods become cheaper**
- vii) **Leads to high standards of living**
- viii) **Create employment**

ix) **Leads to specialization/better skills**

8. Highlight four qualities of an effective office manager

(4marks)

- i) **Should be able to lead his/her staff**
- ii) **Should be able to make wise/decisions**
- iii) **Should have a strong character**
- iv) **Should be disciplined person**
- v) **Should be polite and pleasant**

9. Explain four reasons for taxation

(8marks)

- i) **Raising government revenue**
- ii) **Discouraging consumption of particular products**
- iii) **Discouraging importation of particular products into the country**
- iv) **Reducing inequality in income distribution**
- v) **Controlling inflation**
- vi) **Influencing location of business**
- vii) **Correcting the unfordable balance of payments (B.O.P)**

10. Explain five negative effects of inflation

(10marks)

- i) **Reduction in profits**
- ii) **Wastage of time**
- iii) **Conflicts between employers and employees**
- iv) **Decline in standards of living**
- v) **Loss of creditors**
- vi) **Retardation of economic growth**
- vii) **Adverse effects on the balance of payments**
- viii) **Loss of confidence in the monetary system**
- ix) **Discourages savings**