**TERM TWO**

**565- BUSINESS STUDIES**

**FORM TWO**

**Time: 2½ Hours**

**Name …………………………………………….……… Admission Number …………….**

**Candidate’s Signature ………………….…...……….. Date ……………………………**

**INSTRUCTIONS TO CANDIDATES**

1. Write your name and Index number in the spaces provided above.
2. Write the date of examination in the spaces provided above.
3. Answer **ALL** the questions.
4. **ALL** answers must be written in the spaces provided in this booklet.

**FOR EXAMINER’S USE ONLY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| **Marks** |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **14** | **15** | **16** | **17** | **18** | **19** | **20** | **21** | **22** | **23** | **24** | **25** | **TOTAL** |
| Marks |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Answer all questions**

1. From the following list of items, classify them to their internal or external business environment by ticking (√) (4mks)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Item** | **Internal** | **External** |
| (i) | Invested funds |  |  |
| (ii) | Technology applied |  |  |
| (iii) | Employees |  |  |
| (iv) | Cultural factors |  |  |
| (v) | Tools |  |  |
| (vi) | Entrepreneur |  |  |
| (vii) | Government laws and regulation |  |  |
| (viii) | Taxes |  |  |

1. State **four** advantages of an open office plan. (4mks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
2. State **four** distinctive features of a parastatal. (4mks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
3. Highlight four disadvantages of multiple stores (4 marks).
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
4. Highlight **four** disadvantages of government involvement in business activities. (4mks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
5. Give **four** basic characteristics of a business idea. (4mks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
6. The following features relate to warehousing. Indicate the most suitable type of warehouse described. (4mks)
   * 1. Used to store locally produced goods until custom duty is paid.

……………………………………………………………………………………………….

* + 1. Mostly situated at accessible points and are available at a fee.

……………………………………………………………………………………………….

* + 1. Warehouse used to store non-dutiable goods originating from within or outside

the country

.………………………………………………………………………………..

* + 1. Warehouse designed to suit one’s particular needs.

………………………………………………………………………………………………

1. Highlight **four** advantages a seller will have by changing from counter service to self-service for customers. (4mks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
2. Outline **four** current trends in the transport sector in Kenya. (4mks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
3. Highlight **four** measures consumers may take to satisfy their unlimited wants using limited resources. (4mks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
4. State four characteristics of a good entrepreneur (4 marks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
5. State four roles of the stock exchange as a market for securities (4 marks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
6. State the line of communication involved in each of the following situations. (4 marks)

1. The manager of Safaricom Company Ltd talking to the manager of Airtel Company Ltd.

………………………………………………………………………………………………….

1. A messenger asking for time off from her boss.

…………………………………………………………………………………………………..

1. Rumors going around that the company will be closing down due to harsh economic conditions

………………………………………………………………………………………………......

1. The production manager discussing the company prospects with the sales manager

…………………………………………………………………………………………………..

1. State **four** ways of classifying partners in business enterprises. (4marks)
   * 1. …………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
2. Give four differences between a private limited company and a public limited company (4 Marks)
3. ………………………………………………………………………………………………
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
4. Name the business document that each of the following descriptions refers. (4 Marks)

|  |  |
| --- | --- |
| **Description** | **Document** |
| 1. It is used to correct an overcharge in an invoice |  |
| 1. It is used to alert the buyer that ordered goods are on the way |  |
| 1. Summarize all monthly credit transactions between regular buyer and seller. |  |
| 1. It is a reply to an inquiry that contains descriptions, illustrations, terms of sale, and prices of goods |  |

1. Outline four reasons why a business person may prefer written communication to verbal communication. (4 Marks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
2. Outline four circumstances when the government may introduce regulatory measures to protect consumers from exploitation by business people. (4mks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
3. Outline four benefits that consumers get from warehousing. (4mks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
4. Highlight four limitations associated with water transport. (4 Marks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
5. Outline four barriers to effective communication. (4 Marks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
6. State four circumstances under which cheque as a means of payment would be appropriate. (4 Marks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
7. Highlight four possible sources of capital for a co-operative society. (4 Marks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
8. Highlight four types of utility in the production and consumption of goods and services. (4 Marks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………
9. State four essential elements of transport. (4 Marks)
   * 1. ………………………………………………………………………………………………
     2. ………………………………………………………………………………………………
     3. ………………………………………………………………………………………………
     4. ………………………………………………………………………………………………