**FORM 3 TERM 1 OPENER(ENTRY)**

**BUSINESS STUDIES**

**FORM THREE**

**TIME:2 HOURS**

***NAME…………………………………………………………..CLASS……………ADM………..***

***Section A: Answer all questions in the spaces provided (80 marks)***

1. State four ways in which a government may regulate business activities (4mks)
2. …………………………………………………………………………………………..
3. …………………………………………………………………………………………..
4. …………………………………………………………………………………………..
5. …………………………………………………………………………………………..
6. State four reasons why office documents should be filed. (4mks)
7. ………………………………………………………………………………………….
8. ………………………………………………………………………………………….
9. ………………………………………………………………………………………….
10. ………………………………………………………………………………………….
11. Outline four reasons why a school in Kisumu may prefer to transport its sixty students to a music festival in Nairobi by train rather than by bus. (4mks)
12. …………………………………………………………………………………………..
13. …………………………………………………………………………………………..
14. …………………………………………………………………………………………..
15. …………………………………………………………………………………………..
16. State four problems that may interfere with the effectiveness of face to face

communication. (4mks)

1. …………………………………………………………………………………………..
2. …………………………………………………………………………………………..
3. …………………………………………………………………………………………..
4. …………………………………………………………………………………………..
5. Name four commercial services which are useful to the manufacturer. (4mks)
6. …………………………………………………………………………………………..
7. …………………………………………………………………………………………..
8. …………………………………………………………………………………………..
9. …………………………………………………………………………………………..
10. The table below contains descriptions relating to some types of warehouse. In the space

provided, write the type of warehouse to which each description refers.

 Description Type

 a) Used to store exports and imports …………………...

 b) Anybody can rent spaces in it for storing goods temporarily. …………………....

 c) Operated for the owner’s exclusion use. …………………...

 d) Owned and operated by manufacturers and farmers. …………………....

1. State four circumstances under which an insurance contract may be terminated. (4 mks)
2. ………………………………………………………………………………………....
3. …………………………………………………………………………………………
4. …………………………………………………………………………………………
5. …………………………………………………………………………………………
6. Highlight **four** reasons why a cheque can be dishonoured (4 mks)
7. …………………………………………………………………………………………
8. …………………………………………………………………………………………
9. …………………………………………………………………………………………
10. …………………………………………………………………………………………
11. Outline four steps involved in personal selling process. (4mks)
12. ………………………………………………………………………………………….
13. ………………………………………………………………………………………….
14. ………………………………………………………………………………………….
15. ………………………………………………………………………………………….
16. In the spaces provided name the type of business organization described by each of the following features.

|  |  |  |
| --- | --- | --- |
|  | Description  | Business organization |
| a) | Formed by an act of parliament |  |
| b) | Business enjoys perpetual succession |  |
| c)  | Owned and managed by one person |  |
|  | Each member may act on behalf of business |  |

1. Four advantages of using celebrities in product promotion. (4mks)
2. ……………………………………………………………………………………………
3. ……………………………………………………………………………………………
4. ……………………………………………………………………………………………
5. ……………………………………………………………………………………………
6. Classify each of the following goods as either producer or consumer (4 mks)

 Good Classification

 a) Factory

 b) Private car

 c) Iron ore

 d) Clothing

1. State four reasons why a government may find it necessary to nationalize some industries.(4mks)
2. ………………………………………………………………………………………….
3. ………………………………………………………………………………………….
4. ………………………………………………………………………………………….
5. ………………………………………………………………………………………….
6. State four essentials effective communication. (4mks)
7. ………………………………………………………………………………………….
8. ………………………………………………………………………………………….
9. ………………………………………………………………………………………….
10. ………………………………………………………………………………………….
11. High light four reasons why a business plan is necessary to an entrepreneur (4mks)
12. ………………………………………………………………………………………….
13. ………………………………………………………………………………………….
14. ………………………………………………………………………………………….
15. …………………………………………………………………………………………..
16. Give four factors that may determine the amount of premium payable in life assurance (4mks)
17. ………………………………………………………………………………………….
18. ………………………………………………………………………………………….
19. …………………………………………………………………………………………
20. ………………………………………………………………………………………….
21. Name four documents that may be required by the registrar of companies in order to register a public Limited Company (4mks)
22. …………………………………………………………………………………………
23. …………………………………………………………………………………………
24. …………………………………………………………………………………………
25. …………………………………………………………………………………………
26. Mention **four** pre requisites of transport (4mks)
27. ………………………………………………………………………………………….
28. ………………………………………………………………………………………….
29. ………………………………………………………………………………………….
30. ………………………………………………………………………………………….
31. Outline four circumstances under which a trader can issue a credit note to a customer. (4mks)
32. …………………………………………………………………………………………
33. …………………………………………………………………………………………
34. …………………………………………………………………………………………
35. …………………………………………………………………………………………
36. Match the following documents with their relevant uses. (4 mks)

|  |  |  |
| --- | --- | --- |
|  | Statement | Documents |
| (i) | This is a document which briefly describes the goods a seller stocks |  |
| (ii) | A documents sent by the seller to the buyer when an inquiry is specific in mature. |  |
| (iii) | A document sent to a prospective buyer to inform him/her that the order has been received and it is being acted upon. |  |
| (vi) | A document sent by the buyer when goods get damaged on the way and returned to the seller. |  |

***SECTION B: ANSWER ANY TWO QUESTIONS (20 MARKS)***

1. Explain the meaning of the following terms as used in insurance (10mks)

 i) Uberrimae fidei: ……………………………………………………………………………………………………………………………………………………………………………………………………………………

 ii)Indemnity

……………………………………………………………………………………………………………………………………………………………………………………………………………………

 iii) Third party motor vehicle insurance ……………………………………………………………………………………………………………………………………………………………………………………………………………………

 iv) Contribution………………………………………………………………………………………

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

 v) Subrogation………………………………………………………………………………………..

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

1. Give ***five*** differences between a public limited company and a public corporation. (10mks)
2. Explain ***five*** factors that influence demand for a product. (10 marks)