

Name \_\_\_\_\_ Adm.No. \_\_\_\_\_ Class \_\_\_\_\_

Teacher \_\_\_\_\_

**ALLIANCE HIGH SCHOOL  
END OF TERM 1 2016  
FORM 3 BUSINESS STUDIES EXAM**

**Instructions:** This paper contains two sections. Attempt all questions in section A in the spaces provided and any four questions in section B in the foolscaps.

**SECTION A. (ATTEMPT ALL QUESTIONS, 60 MKS)**

1. State two differences between joint demand and competitive demand. (4mks)

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2. For each of the economic activities given in the table below, state in the spaces provided the level it represents. (4mks)

Occupation	Level of production
(a) House building	
(b) Mining	
(c) Oil refining	
(d) Teaching	

3. List **four** duties of a Kenyan Commercial attaché in a foreign country. 4mks)

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4. Outline **four** aspects of behavior that a good office worker should display while at work. (4mks)

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5. Outline **four** bases upon which the size of a firm can be determined.(4mks)

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6. Highlight **four** circumstances under which a trader would prefer to transport goods by sea other than air transport. (4mks)

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7. Mention **four** factors that determine the imperfection of the market for a product. (4mks)

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8. Outline **four** factors that may influence the location of a small-scale retail business. (4mks)

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9. Outline **four** ways in which the government may create an enabling environment for business. (4mks)

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10. State **four** negative effects that may arise from fixing the price of a commodity below equilibrium price by the government. (4mks)

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11. Outline **four** components included in measuring national income using the expenditure approach. (4mks)

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12. Mention **four** factors that influence the choice of the chain of distribution of manufactured goods. (4mks)

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13. Mention **four** advantages that a hypermarket has over a small scale retail shop. (4mks)

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14. D.G. Kariuki Furniture Ltd. is a firm that produces high class specialized domestic furniture. Outline **four** factors that a firm should consider when selecting the product promotion medium to use in promoting the furniture. (4mks)

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15. State **four** negative effects of a declining population on an economy. (4mks)

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**SECTION B (Attempt any four, 40mks)**

1. Explain five reasons for the existence of small scale firms in an economy. (10mks)
2. Explain five ways in which the consumer associations may carry out their consumer protection activities. (10mks)
3. Explain five factors that determine the distribution of income in a country. (10mks)
4. Explain five problems faced by public corporations in Kenya. (10mks)
5. With an aid of a diagram explain the circular flow of income in a two sector economy. (10mks)