F1 TOPICAL REVISION

BUSINESS

A SERIES OF KCSE TOPICAL REVISION QUESTIONS IN BUSINESS STUDIES.

An Intensive Analysis of Past KCSE Questions. Candidates are Hereby Advised to Keep attention to this Crucial Quick Revision Kit.

For Marking Scheme/Answers

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INRODUCTION TO BUSINESS STUDIES

The topic entails;

Emphasis on the meaning and importance of Business studies to day-to-day activities around school and society in general.

1. State **four** importance of business activities to an economy

BUSINESS AND ITS ENVIRONMENT

The topic entails;

(i) Meaning and purpose of a business

(ii) Explain Business environment with clear distinction between internal and external business environments.

(iii) Understanding of what makes up a healthy business environment.

1. Identify the importance of the following types of environment to a business.
   i) Intermediaries
   ii) Technological
   iii) Demographic
   iv) Competitors
2. State **four** environmental effects that may result from the depletion of Kenya's forest cover
3. Name the internal environments whose effects are described by the following statements:

	EFFECT	**INTERNAL ENVIRONMENT**
(a)	Allows duties to be allocated to the right people thus resulting in higher productivity	
(b)	Helps the business achieve its objectives e.g. higher production level of goods and services	
(c)	Makes employees to acquire norms and code of conduct that is acceptable to all	

4. Outlin**e four** ways in which the government creates enabling environment for business
5. Mr. Mirugi has opened a retail outlet at Lukoye Trading centre. Advise him on **four** ways of creating an enabling business environment for the prosperity of his business
6. Mention **four** benefits of recycling waste production
7. Outline **four** adverse effects of production activities on environment and community health
8. Outline **four** elements that may comprise the internal environment of a business
9. The table below contains various categories of members of the society. In the spaces provided indicate the activity of social responsibility that a firm should undertake to each group

Category	**Activity of social responsibility**
a) Employees	
b) Customers	
c) Community	
d) Owners	

10. Give **four** ways in which Arid lands can be made more productive in any given country

SATISFACTION OF HUMAN WANTS

The topic entails:

- **Meaning and characteristics of human wants with clear distinction between wants.**
- **Discussion of the meaning and characteristics of economic resources.**
- **Clear distinction among wants should be emphasized.**
- **Define and explanation of the concepts of scarcity, choice and opportunity cost.**

1. State **four** factors that may limit an individual ability to satisfy his basic wants
2. Identify **four** sources of energy available in Kenya
3. Indicate whether the following resources are renewable or non-renewable

Resource	**Classification**
1. Limestone	
2. Natural rubber	
3. Solar energy	
4. Biogas	
5. Rivers	
6. Wildlife	
7. Soda ash	
8. Forest	

4. Outline **four** benefits that accrue to a company by using a prize winning competition to promote its products
5. State **four** reasons why choice should be made in satisfying human wants
6. Outline **four** circumstances under which some human wants can fully be satisfied
7. Highlight **four** reasons why human wants are not easily satisfied

8 State **four** characteristics of basic human wants

9. Classify the following items into either basic wants or secondary wants

ITEM	WANT
(a) Furniture (b) Medical care (c) Sausages (d) shelter	

10. Highlight **four** problems faced in the satisfaction of human wants

PRODUCTION

The topic entails:-

- **Definition of production.**
- **Definition of utility and give the various types of utilities**
- **Identifying types and levels of production and stating the rewards.**
- **Differentiation between division of labour and specialization in production process**
- **Discuss the concept of mobility and factors of production process**
- **Discuss the concept of mobility and factors that influence mobility of factors of production.**
- **Attempt , classification and distinction between goods and services.**

1. For each of the following production activities, indicate whether it is direct or indirect type of production

2.

Activity	**Type of production**
i) An individual washing his own clothes	
ii) An individual supplying beef in an area	
iii) An individual operating a food kiosk	
iv) An individual producing maize for his family consumption	

Write in full the following abbreviations:

i) Franco
ii) O.N.
iii) C.W.O
iv) I.O.U

3. Explain the factors that have led to dominance of subsistence production despite development in technology in Kenya.
4. Identify the type of utility created in the following circumstances

Activity	**Utility**
a) Carpentry	
b) Selling bread to students	
c) Warehousing of goods imported	
d) Carriage of cargo to the market	

5. Outline **four** ways in which the productivity of land can be improved
6. State **four** ways in which a society benefits from indirect production
7. Outline **four** disadvantages of division of labour and specialization
8. Distinguish between the following types of utilities:-

   (a) Form utility

   (b) Place utility

9. A worker has been working as a mechanic for two years. However, he thinks of changing to another occupation
10. List **four** features of land as a factor of production
11. Highlight **four** factors that could influence mobility of capital as a factor of production

12 Highlight **four** types of utility and identify how each is created by production

13. Give **four** characteristics of indirect production

14. Outline **five** differences between direct production and indirect production

ENTREPRENEURSHIP

The topic entails:

- **Understanding the meaning and importance of entrepreneurship.**
- **Discussing the characteristics a successful entrepreneurs must have.**
- **Discussing the factors that inhibit enterpreneual development.**
- **Discussing the possible causes of business.**

1. What are the factors that have contributed to the growth of entrepreneurship in Kenya.
2. Outline **four** reasons for establishment of a business enterprise

3. State **four** reasons to consider when evaluating a viable business opportunity
4. A surgeon set up a clinic in a distant rural centre. The business was closed after six months. Identify **four** possible causes for the failure
5. State **four** reasons why the government of Kenya is encouraging entrepreneurial knowledge in schools
6. Identify **four** benefits of entrepreneurship to the developing economies such as Kenya
7. The government of Kenya though the Ministry of Trade and Industry has developed policies to promote entrepreneurship. Explain **five** importance of such initiative to the economy of Kenya

8 Entrepreneurship is becoming the driving force behind most economies in the world and most governments support it. Explain why entrepreneurship is important to these economies

9. Explain **five** factors that may hinder entrepreneurship development in Kenya
10. Discuss **five** causes of the persistent balance of payment disequilibrium in East African countries
11. Explain any **five** reasons why a new business may fail

MANAGING A BUSINESS

The topic entails:

- **Definition of management and how it can be applied to day to day lives**
- **Discussion of management functions and how they contribute to the success of a business.**

1. The manager of Kusimba stores has vowed to improve his yields by 50% through labour motivation. State **five** ways by which he can achieve this
2. Outline **four** non-monetary incentives that an organization may use to motivate its employees
3. Controlling is an important part of management. State **four** roles of controlling as a tool of management

THE OFFICE

The topic entails:

- **The meaning and importance of an office.**
- **Discussion of functions of an office and how they influence business activities.**
- **Discussion of various office layouts and circumstances under which each is appropriate. The advantages and disadvantages of each layout should be brought out.**
- **Identification of different equipments in an office and how they are used to enhance the running of an enterprise.**
- **The advantages and disadvantages of each equipment is discussed.**
- **The role of a good filing system in an office for effective running of business enterprises is discussed.**
- **The office staff is also discussed n terms f categories and essential qualities the various office staff.**
- **Trends in office management is discussed especially the use of information and communication technology.**

1. Name **four** equipment that can be available in the accounts office
2. Identify four qualities of a personal secretary
3. Give **four** characteristics of a good memo
4. Outline **four** duties of a company secretary
5. Mwita has introduced computers in his business operations, outline **four** benefits that he may experience
6. Highlight **four** ways in which an open office lay-out can contribute to efficiency in office operations
7. State **four** reasons why an organization should keep stock records for its office stationery
8. State **four** limitations of adoption of new technology by a business
9. Highlight **four** factors to be considered when selecting a method of re-producing documents
10. State **four** factors to consider when choosing an office layout
11. Outline **four** modern trends in office management
12. Enumerate **four** demerits of an open plan office

13 Explain **five** importance of filing documents in an organization

14 Explain **five** factors that an organization should consider when buying an office machine /equipment

15 Most companies have a closed office layout. Explain **five** problems that are faced by such companies

16 Discuss **four** benefits of using the electronic filing system in an organization

17 Explain **five** factors to be considered when buying office equipment and machines

HOME TRADE

The topic entails:-

- **Explanation of the meaning of trade and importance of trade.**
- **An attempt of classification of trade and why its done.**
- **Discussion of type sand functions of various retailers and wholesalers.**
- **Meaning, importance, source, destination and functions of various documents used in home trade are discussed.**
- **Meaning and main terms of payment used in home trade**
- **Meaning, various and merits and demerits of means of payment.**

1. Write in full the following abbreviations:

   i) Franco
   ii) O.N.
   iii) C.W.O
   iv) I.O.U

2. Outline the difference between the following types of wholesalers:

   i) Rack jobbers and drop shippers
   ii) Specialized and generalized wholesalers.

3. State **four** circumstances under which a customer would prefer to be paid by a banker's cheque
4. Give **four** contents of a statement of account
5. State **four** limitation of hawking
6. State **four** disadvantages a person may experience when using credit cards
7. Name **four** commercial services which are useful to a manufacturer
8. Give **four** disadvantages of barter trade

9. Show how the following transactions may affect the items of balance sheet, stating whether it is an increase , decrease or no effect

Transaction	**Assets**	**Capital**	**Liabilities**
(a) Additional investment in cash			
(b) Purchase of stock by credit			
(c) Pre-paid loan in cash			
(c) Took a loan to pay another loan			

10. Identify the type of wholesaler described in each of the following cases in the table below:

Description	**Type of wholesaler**
(a) They sell a wide range of goods within one line of products	
(b) They stock their products in vehicles and move around selling to other traders	
(c) They stock particular types of goods and sell to other specialized traders	

(d) They operate on a self-service basis where other traders pick, pay and transport goods on their own	

11. Differentiate between the following documents used in home trade:

    (a) Consignment note and delivery note
    (b) Credit note and Debit note

12. A trader sold a bag of sugar at Kshs.4000. The buyer was allowed a trade discount of 10%. If he pays the debt in two weeks and cash discount of 3% if payment is made within one month. Calculate the amount the trader received if the buyer paid within 15days

13. In the spaces provided below, state the business document, to which each of the following statement relates

Statement	**Document**
a) Gives a description of the goods and the prices at which the seller can supply the goods to the buyer	
b) Accompanies the goods and it contains the list of goods delivered	
c) To inform the buyer that goods have been dispatched	
d) To correct an under- charge	

14. State **four** circumstances under which a proforma invoice can be used

15. State **four** benefits of selling goods on hire purchase terms

16. List **four** advantages of hire purchase to the buyer

17. List **four** essentials of a bill of exchange

18. State **four** factors that determine the period for which documents should be stored

19. Identify **four** essentials of a valid bill of exchange

20. Mama Cindy purchased 100 packets of sweets worth kshs1625.if she was allowed a 5% quantity discount and 2 ½% cash discount, calculate the price she paid per packets of sweets

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