F2 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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FORMS OF BUSINESS UNITS

The topic entails:

- **The basis of classification of business units e.g. sole proprietorship.**
- **Classification of business units on the basis of meaning, features, ownership, formation, sources of capital, merits and demerits, circumstances under which each form will be dissolved.**
- **Trends in business ownership.**

1. State **four** requirements necessary to secure a loan from the SACCO's
2. Give **four** hitches faced by the government of Kenya in the endeavor to privatize state firms
3. Outline **five** benefits of becoming a member of a savings and credit cooperative society (SACCO)
4. In the spaces provided below, write the type of partner described by each of the following statements

   (i) One who is below 18years of age

   (ii) One who has unlimited liability

   (iii) One who gets involved in the daily running of the business

   (iv) One who allows his/her name to be used in the business
5. Otwoma intends to start a business. Give **four** reasons why it is advisable for him to start a retail business shop instead of buying shares in a public limited company
6. State **four** circumstances that may lead to the dissolution of a partnership
7. State **four** features of incorporated business units
8. List **four** documents that are required before a public limited company is allowed to operate in the country
9. List **four** documents that are required before a public limited company is allowed to operate in the country
10. Highlight **four** ways in which the running of public corporations is ineffective in this country
11. You have been charged with a duty of preparing an article of Association for your company; state **four** items that you will include in your article of Association
12. Honey intends to join a consumer Co-operate society; Highlight **four** benefits she would get by being a member of the society
13. State **four** features of multinational corporation
14. State **four** type of partnership businesses

15 Explain **five** advantages that Melinda could derive by investing in shares of a public limited

16 The following information was extracted from books of Chunga Traders for the period ending 31/12/2000:-

Fixed assets – 350,000
Drawings – 50,000
Creditors – 50,000
Cash – 60,000
Discount received 4,000
Rent – 12,000
Bank overdraft – 10,000
Debtors – 20,000
Stock (31/12/2000)-30,000
Commission received – 6,000
Gross profit – 80,000
Electricity – 3,000
Stock (11/1/2000) – 50,000
Salaries – 20,000

Calculate:- (i) Working capital
(ii) Capital employed

17 Distinguish between a public corporation and a public ltd company

18 Describe the procedure that a shareholder would follow in selling share through the stock exchange.

19 Challenges faced by the savings and credit cooperative societies

20 The Kenya Government has been privatizing its parastatals to would be investors.

Explain any **five** benefits of the privatization process to the government

21. Explain **five** differences between private limited companies and public limited companies

22 Discuss **five** benefits that the Kenyan government may get by privatizing a state corporation

23 Describe **five** circumstances under which limited liability companies may be liquidated

24 Describe **five** distinctions between a public ltd company and public corporation

25 Distinguish between a public limited company and a private limited company

26 Katwaa is a member of Bidii savings and credit Co-operative. (SACCO). What benefits does she enjoy for being a member of the SACCO

GOVERNMENT AND BUSINESS

The topic entails:-

- **Reasons to why the government involves in business and various ways through which**
- **Merits and demerits of government in business activities**
- **Discussion of meaning of consumer protection, the rationale for it and the various methods by which consumers may be protected.**

1. State **four** reasons why the government issues licenses to businesses
2. State any **four** limitation of consumer initiated methods in compating exploitation.
3. Highlight **four** services offered by the local authorities in Kenya
4. Outlin**e four** ways in which the government creates enabling environment for business
5. Local leaders would like to see more business enterprises established within Ugenya.
   Outline **four** measures the government can take to encourage investments in this region
6. Limitations of consumer initiated methods of consumer methods
7. State **four** reasons why some local authorities in Kenya find it difficult to provide public utility
8. List **four** types of complaints that a consumer organization may receive from consumer
9. State **four** reasons why some local authorities in Kenya find it difficult to provide public utilities
10. State **four** ways in which the government is involved in business activities
11. Explain **four** methods used by the government to protect consumers
12. Explain **four** methods used by the government to protect consumers
13. Name and explain **four** ways in which the government gets involved in business activities
14. Discuss **five** ways in which the Kenyan government can provide an enabling business environment to encourage the young upcoming entrepreneurs
15. Outline **five** ways in which the department of external trade promotes a country's external trade

TRANSPORT

The topic entails:

- **Definition/meaning and importance of transport**
- **Discussing the various essential elements of transport**
- **Differentiate between mode and means of transport**
- **Discussing the advantages and disadvantages of the various means of transport**
- **Identifying factors considered in choice of an appropriate means of transport and implication of each factor to business.**
- **Trends in transport in relation to business.**

1. State **four** circumstances that make rail transport more desirable than road
2. Highlight **four** measures that the government can take to make road transport in our country to be more efficient
3. Marine transport is one of the important means of transport is Kenya. Give **four** disadvantages of this form of transport
4. Outline **three** features of tramps that distinguish them from other sea transporters
5. Outline **four** factors that have limited adoption of containerization in Kenya
6. G4S Limited Company offer courier services to provide safe transportation services. Highlight **four** other services offered by G4S Limited
7. Outline **four** differences between liners and tramps as in sea transport
8. Bucket ltd is an international pharmaceutical company. Under what circumstances can the firm send its products to customers by air transport?
9. Explain **five** benefits that will accrue to a country due to use of pipeline in transporting oil products

10 Highlight **five** circumstances under which a trader may choose to transport goods by rail.

11. Discuss the factors that influence the choice of distribution channel
12. Kenya and Uganda are making efforts to improve their railway transport system. What are the benefits of this form of transport
13. Discuss the advantages of pipeline as a mode of transporting oil products

COMMUNICATION

The topic entails;

- **Meaning of communication**
- **Discussion of how communication contributes towards the success of business.**
- **Distinguishing between form and means of communication**
- **Various means of communication and circumstances under which they are used.**
- **Advantages and disadvantages of the various means.**
- **Discussion of factors that hinder effective communication.**
- **Discussion of factors to consider in choice of a means of communication.**
- **Identifying services that facilitate communication and circumstances under which they are used.**
- **Identifying trends in communication e.g. cell phones, internet etc.**

1. The following are special delivery services provided by the post office:-**post rest ante, speed post, business reply service, express delivery**. Match each description with the term
   a) The arrangements to deliver the mail starts at the sender's post office
   b) The arrangement to deliver the mail starts at the addressees post office
   c) Services offered to travelers who wish to receive correspondence while away from home
   d) Service that relieves the customer of postage expenses
2. State **four** advantages of sending parcels using courier firms
3. Outline **four** reasons why communication may not be effective
4. State **four** essential components for communication to take place
5. List **four** forms of communication
6. State **four** circumstances under which verbal communication may be preferred to written communication in a business enterprise
7. State any **four** current trends in communication in Kenya today
8. Explain **five** positive effects of introducing mobile phones in communication industry in Kenya.
9. Explain any **five** benefits that may accrue to an organization that uses effective communication
10. Outline **five** disadvantages of sirens as a form of communication that is popular with ambulances and the police
11. Discuss **five** advantages of mobile phones in communication
12. Explain five factors which may hinder effective communication

WAREHOUSING

The topic entails;

- **Meaning and importance of warehousing to business**
- **Outline the essentials of a good warehouse**
- **Distinction between the various types of \warehouses as well as the advantages and disadvantages of each type of warehouse.**

1. State **four** functions of warehousing
2. Under what circumstances can the location of a warehouse be seen to be inappropriate
3. State **four** reasons why it is suitable to locate a bonded warehouse at the point of entry of a country
4. Outline **four** benefits of a bonded warehouse to the government
5. Outline **four** circumstances that would hinder a warehouse form functioning effectively
6. State **four** reasons why goods may delay in a warehouse
7. State **four** functions of the purchases department of a ware house
8. State **four** advantages of warehousing to a retailer
9. Discuss **five** ways of improving the efficiency of a warehouse

INSURANCE

The topic entails;

- **Meaning, purposes and principals of insurance.**
- **Discussion of classes of insurance and the basis of the classification**
- **Distinction between Re-insurance and contribution and circumstances under which each may be necessary.**
- **Explain the procedure for obtaining an insurance policy and claiming of compensation**.

1. Kazi moto insured a motor vehicle against fire with MotoMoto company by paying Kshs.300.000. later the car was destroyed at a garage and a compensation of Kshs. 400,000 were paid. Using insurance terms, state what each of the following stand for ;

   a) Kazi Moto

   b) Fire

   c) Kshs 300,000

   d) Moto Moto Company

2. Give the significance of the following principles to both the insurer and insured

   i) Utmost good faith
   ii) Indemnity.....
   iii) Contribution
   iv) Insurable interest..

3. The following are description of various insurance policies. Identify the name of the policy described by the statement:

	Description	**Policy**
1	Covers an organization against losses which might arise as a result of debtors failure to pay their debts	
2	Covers for the loss of profit due to interruption of business activities as a result of fire	
3	Covers employees who may suffer injuries while on official duties	
4	Covers partial or total physical disability caused to a person due to injury	

4. State **four** reasons why few Kenyan take out life assurance policy
5. Define the following types of marine insurance losses:-

   (a) Total constructive loss

   (b) General average loss

6. State **four** conditions necessary for the operation of the principle of indemnity in insurance
7. Highlight **four** characteristics of an insurable scheme
8. Outline **four** benefits of the "Pooling of risks" to an insurance company
9. Describe the procedure of acquiring an insurance policy

10. A private warehouse owner insured his warehouse valued at Kshs.400, 000 for Kshs600, 000 against risk of fire. The warehouse was later destroyed completely by fire including goods worth shs 100,000.

Required:

i) Determine the amount of compensation paid by the insurance company

ii) Give a reason for your answer in **(i)** above

11. Under what circumstances can an insurance company fail to compensate the insured in the event of occurrence of the insured risk?

12. Describe the procedure for taking up an insurance policy

13. Your father wants to insure his life with British American Insurance Company. As a Business Studies student, explain to him **five** benefits of life assurance

14. Explain **five** principles of insurance

PRODUCT PROMOTION

The topic entails:

(i) Meaning and purpose of product promotion and its impact on the business performance.
(ii) Discussion of the various methods of production with characteristics of each method; advantages and disadvantages of each method.
(iii) Discuss factors that influence choice of a product promotion medium as well as advantages and disadvantages of each.
(iv) Discuss ethical issues in product promotion and how these issues affect the business.
(v) Discuss the emerging issues and explain their impact on the business.

1. Below are terms used in sales promotions:-

   -Competitive advertising

   -Product advertising

   -Informative advertising

   - Institutional advertising

   -Primary demand advertising

   Identify the most appropriate term described in each of the following case,

   i) Aims at increasing the sales volume of the company's entire range of products
   ii) Provides relevant information about producers products
   iii) Seeks to popularize the business enterprise offering goods for sale
   iv) Seeks to promote the sale of a new variety of a company's creations

2. Outline **four** benefits that accrue to a company by using a prize winning competition to promote its products
3. Outline **four** steps involved in personal selling
4. State any **three** forms of after sales services offered to customers
5. State the functions of advertising agencies to the producers
6. Elgon industries a producer of sweets and chocolates wants to launch its products in the market. Outline **four** factors the firm should consider when choosing an appropriate medium for promotion
7. List **four** after sale services that a seller may offer to attract more buyers for his products
8. Highlight **five** benefits that a firm gets from the use of customers care services as part of its operation
9. Highlight **five** circumstances under which persuasive advertising may be used
10. Explain **five** benefits that consumers are likely to enjoy from product differentiation
11. Jogoo business enterprise has been using salesmen to market their products. Highlight **five** benefits of this strategy to the company
12. Explain **five** circumstances under which personal selling would be the most appropriate

method of promoting a product

13. A manufacturer exhibited his goods in a local trade fair. However, his sales didn't Increase significantly thereafter. Outline **five** reasons that may have led to lack of significant sales increase

14. Highlight **five** sales promotional methods which may be used by traders to increase their sales

15. Advertising in the newspapers is one way of promoting sales of goods. Highlight **five** limitations of advertising goods in newspapers

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