

FORM 3

BUSINESS STUDIES

TIME: 1h 30min

Name: _____

Class: _____

FOR OFFICIAL USE ONLY

MARKS

| SECTION | A | B | C1 | C2 | D | TOTAL |
|---------------------------|-----------|-----------|-----------|-----------|-----------|--------------|
| MARKS | 20 | 20 | 20 | 20 | 20 | 100 |
| STUDENT'S MARK | | | | | | |

SECTION A**ANSWER ALL QUESTIONS IN THIS SECTION****Tick the correct answer in the space provided. Each question carries 2 marks each.**

1. The following can be classified as **basic needs**:
 - (a) education, medicine, sports ☐
 - (b) food, shelter, clothing ☐
 - (c) entertainment, alcohol, parties ☐
2. **Production** is that economic activity which
 - (a) provides us with goods and services. ☐
 - (b) helps us to spend a lot of money. ☐
 - (c) is done in order to make machines work. ☐
3. The following are examples of the **manufacturing sector**:
 - (a) woodwork factories, fishing, agriculture ☐
 - (b) tailoring, mining, the restaurant industry ☐
 - (c) textile factories, construction, carpentry ☐
4. An economy in which there are **both** a **public sector** and a **private sector** of almost equal importance is called
 - (a) a planned economy. ☐
 - (b) a free market economy. ☐
 - (c) a mixed economy. ☐
5. The main difference between a **public limited company** and a **private limited company** is that a public limited company
 - (a) can sell shares on the Stock Exchange while a private limited company cannot. ☐
 - (b) is owned by the state while a private limited company is privately owned. ☐
 - (c) is part of the public sector and a private limited company is part of the private sector. ☐
6. The department responsible of the **welfare of workers** in a firm is the
 - (a) production department. ☐
 - (b) human resources department. ☐
 - (c) marketing department. ☐
7. A **successful communication process** requires
 - (a) a chart, a report and a graph. ☐
 - (b) words, pictures and feedback. ☐
 - (c) clarity, concentration and correctness. ☐
8. **Delegation of authority** is mostly related to
 - (a) an autocratic style of management. ☐
 - (b) a democratic style of management. ☐
 - (c) a laissez-faire style of management. ☐

9. The **most suitable method of transporting fuel** from one country to another is
- (a) air transport.
 - (b) through pipelines.
 - (c) sea transport.
10. The order of a **personalised** wedding dress by a bride is an example of
- (a) job production.
 - (b) batch production.
 - (c) mass production.

☐
☐
☐
☐

SECTION B

20 MARKS

ANSWER ALL QUESTIONS IN THIS SECTION.

Each question carries 2 marks. Answer in the space provided under each question.

1. What do you understand by **direct production**?

2. What is the main difference between a **good** and a **service**?

3. What is a **chain of command**?

4. What do you understand by the term **working population**?

5. What is **structural unemployment**?

6. What is the **product life cycle**?

7. What is a **wholesaler**?

8. What is **field research**?

9. What is **limited liability**?

10. What do you understand by the term **land** as a factor of production?

SECTION C**ANSWER BOTH QUESTIONS IN THIS SECTION.****Answer these questions in the space provided under each question. Each question carries marks.****Question 1 – Read the following passage and then answer the questions that follow:**

John and Charles intend to start a new business producing office accessories such as pen holders, paper holders, etc. They wish to be sure they make the right decision about the selection of suppliers and stock control. They approached an adviser who suggested that they should have a purchasing department.

- (a) The main function of the purchasing department is _____

(2 marks)
- (b) **TWO** (2) things that should be considered when choosing suppliers are _____

(4 marks)
- (c) A **stock control card** (or a **stock record card**) is _____

(2 marks)
- (d) Define the following terms:
- (i) Maximum stock level _____

(2 marks)
- (ii) Minimum stock level _____

(2 marks)
- (iii) Re-order level _____

(2 marks)
- (iv) Just in time _____

(2 marks)
- (e) A disadvantage of over-stocking is _____

(2 marks)
- (f) A disadvantage of under-stocking is _____

(2 marks)

Question 2 – Read the following passage and then answer the questions that follow.

Mary and Carmen wish to start a new firm to import a new brand handbags. They know that they have to compete with other established brands. They intend to use a market penetration price strategy to increase demand. They intend to import enough handbags in order to be able to supply the market according to the demand level.

- (a) A brand name is _____
_____ (2 marks)
- (b) Firms use also trade marks besides brand names. A **trade mark** is _____
_____ (2 marks)
- (c) Define a market penetration pricing strategy. _____
_____ (2 marks)
- (d) Define a capturing the market pricing strategy. _____
_____ (2 marks)
- (e) Define a creaming the market pricing strategy. _____
_____ (2 marks)
- (f) Define demand. _____
_____ (2 marks)
- (g) Define supply. _____
_____ (2 marks)
- (h) The point where demand is equal to supply is called _____ (2 marks)
- (i) One factor that determines demand is _____
_____ (2 marks)
- (j) One factor that determines supply is _____
_____ (2 marks)

SECTION D

ANSWER ALL QUESTIONS IN THIS SECTION.

Answer in the space provided.

(a) What is **communication**?

(2 marks)

(b) Mention **FOUR (4) reasons** why communication may be used in a business organization.

(8 marks)

(c) What is **feedback** as used in communication?

(2 marks)

(d) Why is feedback important for a firm?

(2 marks)

(e) What do you understand by each of the following:

(6 marks)

(i) Written communication _____

(ii) Verbal communication _____

(iii) Visual communication _____
