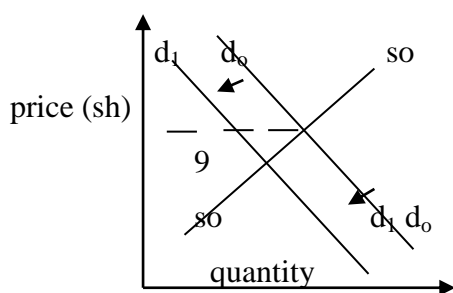


BUSINESS PAPER 1 FORM 3

1. Name the discipline described below that is part of the subject Business Studies (4mks)
 - a) Study of all activities that take place in an office
Office practice
 - b) Study of trade and aids to trade
Commerce
 - c) Study of the process of identifying business opportunities and starting a business
entrepreneurship
 - d) Study of the systematic ways of recording business transactions
Accounting
2. The diagram below shows a shift of the demand give of a commodity from d_0 to d_1 . Outline any four factors that could have led to the shift (4mks)



- a) Increase in taxes
 - b) Decrease in consumer's level of income
 - c) Decrease in population
 - d) Changes in consumer tastes and preferences against the product
 - e) Future expectation of decrease in price of commodity
 - f) Expectation that the quantities supplied will increase in future.
3. Highlight four factors that may make communication in an organization to be ineffective (4mks)
 - g) Use of inappropriate language/language barrier
 - h) Poor listening
 - i) Wrong timing of the message
 - j) Misinterpretation of non-verbal signals
 - k) Prejudice/prejudgment
 - l) Choice of wrong medium of communication
 - m) Emotional response
4. Give four circumstances under which a cooperative society may be dissolved (4mks)
 - If there is an order by the commissioner of cooperatives to dissolve
 - members voluntarily dissolve the cooperative
 - Where members withdraw leaving less than ten members

- If the cooperative society is declared bankrupt.
5. Outline any four characteristics of an imperfect competition market (4mks)
- There are many buyers and sellers
 - Product are differentiated
 - There is freedom of entry and exit
 - Sellers and buyers have perfect knowledge of the market
6. Write down the meaning of the following terms as used in business (4mks)
- a) Warehousing- process of storing goods until they are required.
 - b) Transport – process of moving goods or people from one place to another.
 - c) Product promotion –Communication/activities intended to inform, educate persuade or remind customers of a product
 - d) Communication – process of passing information from one person to another
7. Give four benefits of electronic filing in an office (4mks)
- It stores a lot of information
 - Its easier/quicker to retrieve information
 - Save a lot of space
 - Office looks tidy and neat
8. Give four reasons why business firms advertise their products (4mks)
- To inform customers e.g of changes in prices, availability of products
 - To persuade customers/expand their markets
 - To educate customers eg of uses and usage of products
 - To remind/ retain customers
9. Mr Kigen is the managing director of Mbau furniture ltd. Which has a large, well equipped workshop with expensive machines. The company handles large sums of money. Outline four insurance policies that the company may have (4mks)
- Fire insurance policy
 - Workmen compensation policy
 - Cash and goods on transit policy
 - Theft and burglary policy
 - Bad debts policy
 - Fidelity guarantee policy
10. Outline four benefits to a firm that uses modern technology in its production activities(4mks)
- It saves on labour costs
 - Improves quality of goods and services
 - Ensures comfortable working environment
 - Its efficient/saves time/work is done faster
11. Highlight four benefits to a retailer who uses a public warehouse to store goods (4mks)
- Can rent space if he/she doesn't have enough

- Can blend and repack goods before selling
- Can sell goods while they are still in the warehouse
- Goods in a public warehouse are insured.
- Doesn't have to construct a private warehouse

12. A business wishes to communicate the arrival of much waited stock of goods to its customers. Give four reasons why it might describe to write a short text message(sms) to the customers instead of a business letter (4mks)

- Its more economical/cheaper
- Its faster to write and send than a business letter
- Has an immediate feedback
- Can be sent to many business at the same time (bulk sms)

13. Outline any four advantages of using intermediaries in the chain of distribution (4mks)

- They break bulk
- They provide the much needed capital
- Some accumulate bulk
- They take risks on behalf of producer
- They pass information/engage in product promotion
- They provide variety of goods to consumer
- Reduce transaction between producers and customers.

14. List down four assumptions of the circular flow of income in a two sector economy (4mks)

- There are only two sectors in the economy i.e firms of households
- Households spend all their incomes in buying goods and services
- Firms spend all their incomes paying for factors of production
- There's no government intervention
- There is no foreign trade/closed economy

15. Give any four challenges faced by human beings in their endeavour to satisfy human wants (4mks)

- Human wants are unlimited
- Human wants recur therefore can't be fully satisfied
- Resources to satisfy human wants are scarce.
- Wants are competitive and have to be prioritized.

16. Highlight any four benefits that the recently launched standard gauge railway from Mombasa to Kisumu would bring to Kenya's economy (4mks)

- Will ease traffic on roads
- Will save time on movement of goods
- Will open up/widen product
- Will lead to development of areas it passes through
- Will reduce cost of transported goods.

17. Name any four occupations that are found at the extractive level of production (4mks)

- Farming

- Mining
- Lumbering
- Fishing

18. Outline any four advantages of small-scale retailers over large-scale retailers (4mks)

- Small scale retailers require small amount of capital
- Risks involved are smaller
- Small scale retailers are more flexible.
- Small scale business is simpler and easier to operate
- Small-scale retailers have low overhead costs e.g rent, wages etc.

19. Highlight any four methods used to determine prices of goods and services in the economy (4mks)

- Bargaining/haggling
- Government policies e.g price controls and price guidelines
- Price mechanism/interaction between demand and supply
- Tendering
- Auctioning

20. Outline any four challenges that entrepreneurs face in Kenya (4mks)

- High taxes charged
- Poor infrastructure e.g roads to transport raw materials and finished goods
- Long procedure of starting businesses
- Lacks access to cheap credit
- Stiff competition

21. Highlight four characteristics of free resources (4mks)

- They are gifts of nature
- They are provided and consumed freely
- They are plenty in supply/abundant
- They have no money value

22. Give four advantages of self employment (4mks)

- A person becomes own boss
- There is independence
- There is self satisfaction
- There's job security

23. Outline any four duties of an office receptionist (4mks)

- Supervision of messengers
- Receiving and directing visitors
- Keeping visitors record book
- Taking and passing messages

24. Name the types of advertising that are described below (4mks)

- ~~Brand name and other features of the brand features more prominently – product advertising~~

- ii. Advertising that aims at popularizing a new product – informative/primary demand advertising
- iii. Advertising that popularizes the business organization – institutional advertising
- iv. Used by organization that deals with similar products to convince potential customers to buy their products and not the other – competitive/persuasive advertising

25. Highlight any characteristics of subsistence production in Kenya (4mks)

- Goods are produced for personal use
- There is low output/carried out in small-scale
- Poor methods of production are used
- There is little or no specialization