**BUSINESS PAPER 1 FORM 3**

1. Name the discipline described below that is part of the subject Business Studies (4mks)
2. **Study of all activities that take place in an office**

**Office practice**

1. **Study of trade and aids to trade**

**Commerce**

1. **Study of the process of identifying business opportunities and starting a business**

**entrepreneurship**

1. **Study of the systematic ways of recording business transactions**

**Accounting**

1. The diagram below shows a shift of the demand give of a commodity from dodo to d1d1. Outline any four factors that could have led to the shift (4mks)

 d1 do so

 price (sh)

9

so d1 do

 quantity

1. **Increase in taxes**
2. **Decrease in consumer’s level of income**
3. **Decrease in population**
4. **Changes in consumer tastes and preferences against the product**
5. **Future expectation of decrease in price of commodity**
6. **Expectation that the quantities supplied will increase in future**.
7. Highlight four factors that may make communication in an organization to be ineffective (4mks)
8. **Use of inappropriate language/language barrier**
9. **Poor listening**
10. **Wrong timing of the message**
11. **Misinterpretation of non-verbal signals**
12. **Prejudice/prejudgment**
13. **Choice of wrong medium of communication**
14. **Emotional response**
15. 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.**
1. 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**
1. Write down the meaning of the following terms as used in business (4mks)
2. **Warehousing- process of storing goods until they are required.**
3. **Transport – process of moving goods or people from one place to another.**
4. **Product promotion –Communication/activities intended to inform, educate persuade or remind customers of a product**
5. **Communication – process of passing information from one person to another**
6. Give four benefits of electronic filing in an office (4mks)
* **It stores a lot of information**
* **Its easer/quicker to retrieve information**
* **Save a lot of space**
* **Office looks tidy and neat**
1. 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**
1. 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**
1. 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**
1. 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**
1. 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)**
1. 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.**
1. 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**
1. Give any four challenges faced by human beings in their endevour 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.**
1. 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.**
1. Name any four occupations that are found at the extractive level of production (4mks)
* **Farming**
* **Mining**
* **Lumbering**
* **Fishing**
1. 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.**
1. Highlight any four methods used to determine prices of goods and services in the economy (4mks)
* **Bargaining/haggling**
* **Government polices e.g price controls and price guidelines**
* **Price mechanism/interaction between demand and supply**
* **Tendering**
* **Auctioning**
1. 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**
1. 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**
1. Give four advantages of self employment (4mks)
* **A person becomes own boss**
* **There is independence**
* **There is self satisfaction**
* **There’s job security**
1. Outline any four duties of an office receptionist (4mks)
* **Supervision of messengers**
* **Receiving and directing visitors**
* **Keeping visitors record book**
* **Taking and passing messages**
1. Name the types of advertising that are described below (4mks)
2. Brand name and other features of the brand features more prominently **– product advertising**
3. Advertising that aims at popularizing a new product – **informative/primary demand advertising**
4. Advertising that popularizes the business organization **– institutional advertising**
5. Used by organization that deals with similar products to convince potential customers to buy their products and not the other **– competitive/persuasive advertising**
6. 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**