NAME………………………………………………………………ADM.NO……………….CLASS……….

565/1

FORM 3-2019

BUSINESS STUDIES

PAPER 1

TERM 2

2 hours

**MWAKICAN JOINT EXAM**

**BUSINESS STUDIES**

**PAPER ONE**

**TIME: 2 HOURS**

**INSTRUCTIONS.**

Answer all the questions in the spaces provided.

1. Outline **four** differences between goods and services. 4 marks

|  |  |
| --- | --- |
| Goods | Services |
| a) |  |
| b) |  |
| c) |  |
| d) |  |

1. State **four** advantages of an open office layout to an organization. 4 marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
2. State **four** types of complaints that a consumer organization may receive from consumers. (4 mks)
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
3. The following terms relate to communication. Vertical, horizontal, formal, informal. Write the appropriate term of communication associated with each of the following statement. 4 marks

|  |  |
| --- | --- |
| Statement | Term |
| 1. A manager gives instructions to a junior in her department. |  |
| 1. Rumors going around that the most disciplined worker will be rewarded. |  |
| 1. A circular issued to give instructions in an organisation |  |
| 1. Prefects discussing discipline in their school. |  |

1. Outline **four** features of a Re-insurance company. 4marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
2. A firm wishes to introduce a new product into the market. Outline **four** factors that should be considered in choosing an appropriate medium for promotion. 4 marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
3. The diagram below shows the current demand for petrol.

Po

Do

D0

Q0

1. What is the effect of a fall in the price of cars on the demand for petrol? 2marks

……………………………………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………………………………...

1. Draw a new demand curve on the diagram above to show the effect of a fall in price of cars. 2 mks
2. State **four** circumstances under which air transport may be used to ferry goods. 4 marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
3. Outline **four** benefits to a business that uses its own warehouse. 4 marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
4. State **four** circumstances under which one may decide to start a personal business. 4 marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
5. Outline four ways of reducing the level of unemployment in Kenya. 4 marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
6. Outline **four** reasons why a firm may remain small. 4 marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
7. Highlight **four** ways in which households contribute to national income of a country. 4 marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
8. Outline **four** circumstances under which a co-operative society may be dissolved. 4 marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
9. Highlight **four** external factors that may negatively influence the operations of a business. 4mks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
10. The following information relates to Karibu traders for the year ended 31st December 2008.

**Details Shs**

Fixed assets 1,840,000

Current assets 400,000

6 years bank loan 600,000

Current liabilities 150,000

Determine owner’s capital using the information given above 4 marks

1. State **four** basic features of a market. 4 marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
2. The following information relates to businesses Kweyu, Omariba, Juma and Mbithi. Determine the figures represented by x, y, z and w. 4 marks

|  |  |  |  |
| --- | --- | --- | --- |
| Business | Assets | Liabilities | Capital |
| Kweyu | 500,000 | X | 300,000 |
| Omariba | Y | 800,000 | 1,200,000 |
| Juma | 300,000 | 120,000 | Z |
| Mbithi | 700,000 | w | 500,000 |

1. Outline **four** positive effects that production activities may have on community health. 4mks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
2. Give the document issued by the trader under the following circumstances. 4 marks

|  |  |
| --- | --- |
| **Circumstance** | **Document** |
| To give customer a summary of transactions in a given period. |  |
| When replying a specific letter of inquiry. |  |
| To demand payment for goods supplied. |  |
| When a customer buys and pays at the same time. |  |

1. Give **four** reasons why the government requires that businesses acquire licenses before starting trading. 4 marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
2. For each of the following transactions, indicate with a tick in the space provided, whether it will **increase, decrease** or have **no effect** on the balance sheet totals. 4 marks

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Effect on the balance sheet** | | |
| **Transaction** | **Increase** | **Decrease** | **No effect** |
| Investing more cash into the business |  |  |  |
| Paying creditors in cash |  |  |  |
| Buying a piece of furniture in cash |  |  |  |
| Paying creditors using money from private sources |  |  |  |

1. List **four** ways in which an investor may benefit from the stock exchange. 4 marks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
2. Outline **four** differences between hire purchase and credit sales. 4 marks

|  |  |
| --- | --- |
| **Hire purchase** | **Credit sales** |
|  |  |
|  |  |
|  |  |
|  |  |

1. The following transactions were extracted from the books of Sarah Trader for the month of March 2006.

March 10: purchased goods on credit worth ksh 200,000 from Salim Traders.

March 25: sold goods on credit worth ksh. 420,000 to Shah Traders.

Record the above transactions in the relevant ledger accounts. 4 marks