**NAME……………………………………………INDEX NUMBER………………………….**

**BUSINESS STUDIES**

**PAPER ONE**

**MARCH 2019**

**2 HOURS**

**MOMALICHE 2 CYCLE 6**

**BUSINESS STUDIES**

**PAPER ONE**

**KENYA CERTIFICATE OF SECONDARY EDUCATION (K.C.S.E)**

**INSTRUCTIONS**

1. *Write your name and index number in the space provided above*
2. *Answer all the questions*
3. *All answers must be written in the space provided in this bookle*
4. *This paper consists of 8 printed pages*
5. *Candidate should check the question paper to ascertain that all the pages are printed and no questions are missing*

1. State four functions of management directed towards the attainment of objectives. (4mks)

a)……………………………………………………………………………………………………b)……………………………………………………………………………………………………c)……………………………………………………………………………………………………d)…………………………………………………………………………………………………..

2. Outline four reasons for collapse of small scale business units (4mks)

a)……………………………………………………………………………………………………b)……………………………………………………………………………………………………c)……………………………………………………………………………………………………d)………………………………………………………………………………………………

3. Highlight four disadvantages of news papers as a means of advertising (4mks)

a)……………………………………………………………………………………………………b)……………………………………………………………………………………………………c)……………………………………………………………………………………………………d)…………………………………………………………………………………………

4. State the mailing service that fits the following descriptions. (4mks)

|  |  |
| --- | --- |
| **Descriptions** | **Name of the mailing service** |
| 1. Offered to travelers who may wish to receive correspondence away from their post office box |  |
| 1. Used for sending correspondence and parcels to a destination in the shortest time possible |  |
| 1. Offered to those sending articles of value for which security in handling is required. |  |
| 1. Usually in form of letters and parcels including light parcels delivered by hand, rail or by air. |  |

5. Give four benefits that Kenya would get if the government encourages the location of businesses in rural areas. (4mks)

a)……………………………………………………………………………………………………b)……………………………………………………………………………………………………c)……………………………………………………………………………………………………d)……………………………………………………………………………………………………

6. State four factors that lead to business mergers. (4mks)

a)……………………………………………………………………………………………………b)……………………………………………………………………………………………………c)……………………………………………………………………………………………………d)…………………………………………………………………………………………………..

7. State four emerging issues in the banking industry. (4mks)

a) …………………………………………………………………………………………………...

b) …………………………………………………………………………………………………..

c) …………………………………………………………………………………………………..

d) …………………………………………………………………………………………………..

8. Highlight four reasons why a country would rely more on primary level of production. (4mks)

a)……………………………………………………………………………………………………b)……………………………………………………………………………………………………c)……………………………………………………………………………………………………d)…………………………………………………………………………………………………..

1. In the absence of a written partnership agreement, the provisions of the Partnership Act will apply. State **four** such provisions. (4 mks)
2. ……………………………………………………………………………………….
3. …………………………………………………………………………………………
4. ………………………………………………………………………………………..
5. ………………………………………………………………………………………….
6. Describe **four** ways in which the government creates an enabling business environment. (4 mks)
7. ………………………………………………………………………………………….
8. …………………………………………………………………………………………..

c) …………………………………………………………………………………………….

d) ……………………………………………………………………………………………

1. State **four** elements of communication process. (4 mks)
2. ……………………………………………………………………………………………
3. ……………………………………………………………………………………………
4. ……………………………………………………………………………………………
5. ……………………………………………………………………………………………
6. Mention **four** circumstances under which an insurance company may re-insure.(4mks)
7. ……………………………………………………………………………………………
8. ……………………………………………………………………………………………
9. ……………………………………………………………………………………………
10. ……………………………………………………………………………………………
11. State the book of original entry used to record information from the following source documents. (4 mks)

|  |  |
| --- | --- |
| **Source document** | **Book of original entry** |
| 1. Received invoice |  |
| 1. Copy of credit note |  |
| 1. Payment voucher |  |
| 1. Issued invoice |  |

1. Highlight **four** adverse effects of production activities on the environment and community health. ( 4mks)
2. ……………………………………………………………………………………………
3. ……………………………………………………………………………………………
4. ……………………………………………………………………………………………
5. ……………………………………………………………………………………………
6. State **four** ways of determining prices for commodities in the market. (4 mks)
7. ……………………………………………………………………………………………
8. ……………………………………………………………………………………………
9. ……………………………………………………………………………………………
10. ……………………………………………………………………………………………
11. Outline **four** factors that influence the level of national income in a country.(4 mks)
12. ……………………………………………………………………………………………
13. ……………………………………………………………………………………………
14. …………………………………………………………………………………………..
15. ……………………………………………………………………………………………
16. The following information relates to Poleni Traders for the year ended 31st December, 2017.

Sales Ksh. 300,000

Opening stock Ksh. 50,000

Purchases Ksh. 260,000

Profit Margin 20%

Preapre a trading account for the year ended 31st December, 2017.

18. Highlight four essential features of an efficient transport system. (4mks)

a)……………………………………………………………………………………………………

b)………………………………………………………………………………………………….

c) …………………………………………………………………………………………………

d)..………………………………………………………………………………………………….

19. Cite four possible ways through which consumers protect themselves from exploitation. (4mks)

a) ………………………………………………………………………………………….

b) ………………………………………………………………………………………….

c) ………………………………………………………………………………………….

d) ………………………………………………………………………………………….

20. The following diagram shows a shift in demand curve. Outline **four** reasons that can lead to this shift.

(4mks)

**Price**

**(shs)**

**D 1**

**D 0**

**O**

**D 0**

**D 1**

**Quantity**

1. ……………………………………………………………………………………………
2. ……………………………………………………………………………………………
3. …………………………………………………………………………………………………
4. ………………………………………………………………………………………………

21. Outline four problems faced in an attempt to compare the national incomes of different countries.

a) ………………………………………………………………………………………….

b) …………………………………………………………………………………………...

c) …………………………………………………………………………………………...

d) ………………………………………………………………………………………….

22. The diagram below shows the circular flow of income in a two sector economy

**D**

**C**

**A**

**B**

**HOUSEHOLDS**

**FIRMS**

Identify the movementslabelled**A, B, C** and **D** (4mks)

**A** …………………………………………………………………….

**B**…………………………………………………………………….

**C**…………………………………………………………………….

**D**…………………………………………………………………….

23. Highlight **four** implications of a rapidly growing population in a country (4mks)

a)…………………………………………………………………………………………………….

b)…………………………………………………………………………………………………….

c)…………………………………………………………………………………………………….

d) ……………………………………………………………………………………………………

24. Name four types of payment under cash terms. (4mks)

1. …………………………………………………………………………………………. .
2. ……………………………………………………………………………………………
3. ……………………………………………………………………………………………
4. …………………………………………………………………………………………….

25. Highlight **four** benefits that a subsistence producer may get by participating in the exchange of goods. (4mks)

1. ……………………………………………………………………………………
2. ………………………………………………………………………………………
3. ………………………………………………………………………………………
4. ……………………………………………………………………………………..