**END TERM 1-2020.**

**FORM 3**

**BUSINESS STUDIES PAPER 1**

**TIME: 2 HOURS.**

**NAME ……………………………………………………**

**ADM NUMBER ………………………**

**DATE……………………**

**-***Write your name, admission number and exam date on the spaces above.*

*-This paper consists of 6 printed pages. Check the question paper to ascertain that all the pages are printed as indicated and that no question is missing.*

*-Answer ALL the questions in the spaces provided.*

*-Number your work and make sure your work is neatly presented.*

**For examiner’s use only**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **QUESTION** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15** |
| **SCORE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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| **16** | **17** | **18** | **19** | **20** | **21** | **22** | **23** | **24** | **25** |
|  |  |  |  |  |  |  |  |  |  |

**TOTAL SCORE**

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

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

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

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

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

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

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

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8. In the absence of a written partnership agreement, the provisions of the Partnership Act will apply. State **four** such provisions. (4 mks)

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9. Describe **four** ways in which the government creates an enabling business environment. (4 mks)

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10. State **four** elements of communication process. (4 mks)

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11. Mention **four** circumstances under which an insurance company may re-insure. (4mks)

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12. The following diagram shows a shift in demand curve. Outline **four** reasons that can lead to this shift.(4mks)



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13.State **four** characteristics of services. (4mks)

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14.Outline **four** disadvantages of division of labor. (4mks)

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15.Mention **four** advantages of using Automatic Vending Machines. (4mks)

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16.Give **four** benefits one gets from self-employment. (4mks)

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17.Outline **four** factors to consider when intending to buy office furniture. (4mks)

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18.Outline **four** principles of co-operatives. (4mks)

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19.State **four** advantages of transporting oil by pipeline rather than by road. (4mks)

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20.Outline **four** advantages of audio-visual communication. (4mks)

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21.Highlight **four** ways in which the production activities of firms in your country affect the environment. (4mks)

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22.Highlight **four** disadvantages of a private warehouse. (4mks)

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23.Ragati and Nzonge operates a business with a stock valued at ksh.350,000 and have interests of $\frac{3}{5}$ and $\frac{2}{5}$ respectively. Ragati decided to insure $\frac{3}{4}$ of the stock against fire. Sometimes later fire occurred at their business premises and destroyed stock worth ksh. 250,000. Calculate the amount of compensation Ragati would get from the insurance company. (4mks)

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24.Outline **four** sources of monopoly power. (4mks)

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25.Below are some factors that influence the operations of a business enterprise. Indicate with a ( √) tick in the appropriate column the business environment associated with each. (4mks)

|  |  |  |
| --- | --- | --- |
| Factors  | Internal  | External |
| Depreciation of Kenya shillings  |  |  |
| Drought  |  |  |
| Skilled managers |  |  |
| Increase in raw materials  |  |  |