**Confidential**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

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**AMUKURA CATHOLIC PARISH JOINT EXAM.**

**KENYA CERTIFICATE OF SECONDARY EDUCATION**

**BUSINESS STUDIES**

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1. **Advantages of a partitioned office layout to the office staff**.

* There is confidentiality
* Self-esteem/ status symbol is upheld
* Minimal distraction of work
* Security of personal belongings is guaranteed
* Contagious diseases can be easily controlled
* Is not crowded/is easy to clean /look tidy
* Idle take/ gossiping is avoided 4@1=4

1. **Resource factor reward**

* Farmyard rent
* Farm guards wage
* Farm owner profit
* Livestock interest 4@1=4

1. **Principles of insurance violated**

* Principle of indemnity
* Principle of insurable interest
* Principle of proximate cause
* Principle of subrogation 4 @1 = 4

1. **Reasons why business firms participate in conservation of the environment**

* It’s a government requirement
* It’s a corporate responsibility
* It enhances safety of employees
* It earns a positive public image
* It enhances the natural beauty of the land
* It guards raw materials against rapid depletion 4@1=4

1. **Measures that a county government may take to improve the quality of its services to the residents of the county**

* Close supervision of the workforce
* Fair remuneration of employees
* Adequate staffing/hiring enough workers
* Hiring/ using qualified (trained) staff
* Dismissing errant staff
* Providing equipment/machine for use by the staff
* Drafting a code of conduct for staff
* Prompt remuneration of staff
* Outlawing corruption/fraud 4@1=4

1. **Reasons that make human wants difficult to satisfy**

* some are habitual/addictive
* They vary with time
* They are competitive
* They are complementary
* They occur repeatedly
* They require resources which are scarce
* They are unlimited 4@1=4

1. **Types of small scale retail business that can be operated without shop**

* Itinerant trading/hawking/peddling
* Use of automatic vending machine
* Roadside selling
* Open air market trading 4@1=4

1. **NET PROFIT= CC-IC-I+D**

=980,000-600,000-300,000+120,000

=110,000-900000

=Ksh. 200,000 6 @ ½ =3

1. **a. Economic agents marked A and B**
2. A---firms
3. B---households

**b. expenditures represented by arrows X and Y**

1. X---expenditure on finished goods
2. Y---factor reward/payments to factors 4@1=4
3. **Advantages of a private warehouse to a manufacturer**

* Any type of goods may be stored
* User is in full control of its use
* Procedure for receiving and releasing goods can be relaxed
* Is designed to appropriately suit the user
* No storage fee is paid
* Is located close to the user
* Goods are kept for as long as the user wishes 4@1=4

1. **Disadvantages of using mobile phones for communication in an organization**

* Are prone to abuse/misuse
* Are easily lost/ misplaced due to small size
* Have high maintenance cost
* Are prone to signal failure
* Are prone to power failure
* Massages can be tracked/spied 4@1=4

1. **Differences between monopoly and oligopoly**

|  |  |
| --- | --- |
| **Monopoly** | **Oligopoly** |
| 1. Has only one seller (firm) 2. Has barriers to entry and exit 3. Product promotion is absent/low 4. The firm is independent in its actions 5. Product sold has no close substitute 6. Has no competition for buyers | 1. Has a few firms (sellers) 2. May have freedom to entry and exit 3. Product promotion is vigorous/intensive 4. Firms are interdependent in their actions 5. Products sold have close substitutes 6. There is competition for buyers |

**3@ =3**

1. **Measures that the central bank can take to reduce inflation in the country**

* Selling government securities to the public
* Extending/postponing maturity period for government securities held by the public
* Increasing the size of legal cash reserves of banks
* Increasing the size of collateral/security for loans
* Raising the cash/liquidity ratio of banks
* Lowering the credit ceiling for borrowers
* Instructing banks to issue loans for only specified enterprises/ purpose
* Persuading banks to avoid being too generous to borrowers
* Raising the rate of interest on loans 4@1=4

1. **Reasons why government impose revenue on incomes**

* To raise its revenue
* To redistribute income/wealth equitably
* To discourage unnecessary/ harmful consumption
* To reduce inflation/ purchasing power
* To suppress monopoly in production 4@1=4

1. **Circumstances under which a supply curve would shift from S1S1to S2S2 (decrease in supply)**

* When technology used is obsolete/lower
* When there is an outbreak of natural calamities (drought/diseases/pests)
* When the cost of farming increases
* When the price of alternative product is higher
* When the number of farmers decreases
* When the government policy is unfavorable
* When the market is not easily accessible 4@1=4

1. **DR. CR.**
2. Drawings a/c purchases a/c
3. Debtors a/c sales a/c
4. Rent a/c bank a/c
5. Cash a/c bank a/c 8@1/2 =4
6. **Disadvantages of pipeline transport**

* It cannot convey solid goods
* Its unidirectional/ has no reverse journey
* Initial cost/ cost of construction is high
* Leakages cannot be detected easily
* Its inflexible in terms of route
* Only a single commodity can be transported at a time
* It reduces chances of employment
* It’s an easy target by enemies during war 4@1=4

1. Sales …………………………shs.……1,500,000

Opening stock………………… shs ….... 250,000

…….Purchases…………...………… shs …..1,300,000

…….Mark up ………………………….………..25%

1. Mark up 25

100

Margin 25 25

100+25 125

Gross profit 25 × 1,500,000 6 @1/2 = 3

125

=Ksh. 300,000

1. Cost of sales =net sales- gross profit

1,500,000-300,000 4@1/2 =2 max 5

=Ksh 1,200,000

1. **Methods that can be used by Mrs. Obote to increase the volume of sales**

* Attractive display of stock
* Handling customers well
* Giving discounts to customers
* Selling to customers on credit
* Providing after sale services
* Providing free gifts
* Providing free samples 4@1=4

1. **Types of unemployment described**

* Hidden unemployment
* Frictional unemployment
* Residual unemployment
* Disguised unemployment4@1=4

1. **Population characteristics of a country that is economically under-developed**

* High birth rate
* High death rate
* High population growth rate
* Low life expectancy
* Rapid rural-urban migration
* Low literacy level
* Low standards of living
* A declining type of population 4@1=4

1. **Reasons why some producer firms carry out production close to the product market**

* It lowers the cost of distributing the product
* It reduces breakages for fragile products
* It reduces spoilage for perishable products
* It enable the producer to exert influence on the market 4@1=4

1. **Circumstances under which a manufacturer would not require the services of middlemen**

* When the products are highly fragile
* When the products are highly perishable
* When the manufacturer has own retail outlets
* When production is carried out close to the market
* When products are sold through tender
* When products are produced on order (have a ready market)
* When production is on a small- scale
* When the products are technical in nature 4@1=4

1. **Ways used to classify partners in a business**

* Age of the partner
* Participation/activities of the partner
* Contribution of capital
* Liability borne by the partner 4@1=4

1. P Ksh. 250,000
2. Q Ksh. 180,000
3. R Ksh. 150,000
4. S Ksh. 400,000
5. T Ksh. 40,000 5@1=5