**Name ………………………................................................ Index number………………………………..**

**School ……………………………………………………. Candidate’s Sign………………………………**

 **Date……………………………………………**

**565/1**

**BUSINESS STUDIES**

Paper 1

**December 2021**

**Time: 2 hours**

**BUNAMFAN CLUSTER EXAMINATION - 2021**

**Kenya Certificate of Secondary Education**

**565/1**

**BUSINESS STUDIES**

**2 HOURS**

**Instructions**

* Write your **NAME, SCHOOL** and **INDEX NUMBER** in the spaces provided.
* Answer **ALL** questions provided in the spaces provided.
* This paper consists of **10 printed pages** and **25 questions.**

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

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

1. Giving an example in each case, outline the difference between renewable and non-renewable resources. (4 marks)

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

 b) ……………………………………………………………………………………………………… c) ………………………………………………………………………………………………………

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

1. State **four** reasons why diagonal communication needs to be encouraged in an organization. (4 marks)

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

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

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

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

1. Mention **four** benefits enjoyed by a member of a producer cooperative society. (4 marks)

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

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

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

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

1. State **four** measures that the government can use to encourage increase in the country’s volume of exports. (4 marks)

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

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

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

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

1. Highlight **four** positive impacts of the physical environment on the operations of a business. (4 marks)

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

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

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

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

1. Highlight **four** problems associated with monopoly market structure. (4 marks)

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

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

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

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

1. Outline **four** roles of the mass media in promoting consumer protection. (4 marks)

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

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

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

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

1. Outline **four** services offered in agency banking as a trend in the banking sector. (4 marks)

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

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

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

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

1. State the best type of machine one would use to perform the following tasks. (4 marks)

|  |  |  |
| --- | --- | --- |
|  | **Functions** | **Name of machine** |
| i) | Used to trim papers into desired sizes |  |
| ii) | To post information to ledgers and to prepare payrolls |  |
| iii) | To transmit printed messages such as letters, maps, diagrams and photographs |  |
| iv) | To destroy sensitive but unwanted documents |  |

1. The following balance sheet belongs to Nyakwar Atiyo during the period ended 30th June 2000. (4 marks)

Nyakwar Atiyo Traders

Balance sheet

As at 30.06.2000

|  |  |  |  |
| --- | --- | --- | --- |
| Assets | Kshs | Capital + Liabilities | Ksh |
| Machinery | 45,000 | Capital | 65,000 |
| Current assets |  | Creditors | 45,000 |
| Stock | 7,750 | Short term liability |  |
| Debtors | 1,375 | Bank loan | 10,000 |
| Bank | 25,375 |  |  |
|  | 79,500 |  | 79,500 |

 The following transactions took place on July 1 2000.

1. Paid creditors Sh 2000 by cheque.
2. Nyakwar Atiyo took stock worth Shs 7500 from the business for his son’s birthday.
3. Motor vehicle previously owned by Nyakwar Atiyo values at sh 200,000 was converted into business vehicles.

Required: Prepare the balance sheet of Nyakwar Atiyo traders as at 2nd July 2000.

1. Highlight **four** roles of advertising agencies in product promotion. . (4 marks)

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

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

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

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

1. Distinguish between the following categories of government expenditure. (4 marks)
2. Recurrent expenditure

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

1. Capital expenditure

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

1. Highlight **four** differences between hypermarkets and departmental stores. (4 marks)

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

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

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

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

1. The information below was extracted from the books of Lemayian Traders for the year ended.

31. 12. 2015

Opening stock 45,000

Closing stock 15,000

Turnover 340,000

Margin 25%

Required:

1. Gross profit (2 marks)

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

1. Purchases (3 marks)

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

1. Distinguish between the following terms as used in National Income. (3 marks)
2. Gross Domestic Product

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

1. Gross National Product

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

1. Per capita Income

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

1. Highlight **four** ways in which the government of Kenya promotes entrepreneurial development.

 (4 marks)

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

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

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

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

1. State **four** channels of distribution for importation of agricultural produce. (4 marks)

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

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

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

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

1. Outline **four** trends in transport sector. (4 marks)

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

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

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

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

1. Outline **four** benefits of indirect production. (4 marks)

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

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

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

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

1. Enter the following transactions in the relevant ledger accounts. (4 marks)

2015

April 1 Janet Cosmetics started a business with Ksh. 150,000 cash

 ,, 3 Bought stock of goods for Sh. 40,000 and paid in cash

 ,, 6 Opened a bank account and deposited Sh. 60,000 from the cash till

 ,, 9 Purchased an office machine for Sh. 25,000 and paid by cheque

1. Give **four** reasons why a producer may need to have their own warehouse. (4 marks)

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

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

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

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

1. State the name of the source document used to record the following transactions. (4 marks)

|  |  |
| --- | --- |
| **Transaction** | **Source Document** |
| 1. Received goods returned by a buyer who bought them earlier on credit
 |  |
| 1. Making of payment to a casual worker at the end of the week
 |  |
| 1. Bought goods for sale from Gilanis Supermarkets on credit
 |  |
| 1. A customer, Adhiambo, send a cheque for goods she bought earlier on credit
 |  |

1. Define the following terms as used in business studies. (4 marks)
2. Annuity

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

1. Proposer

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

1. Speculative risk

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

1. Grace period

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

1. In the table below fill in the missing figures S, T, U and V. (4 marks)

|  |  |  |  |
| --- | --- | --- | --- |
| **Business** | **Assets(shs)** | **Capital(shs)** | **Liabilities(shs)** |
| A | 20,000 | S | 5,000 |
| B | 42,000 | 32,000 | T |
| C | U | 17,000 | 53,000 |
| D | 18,000 | V | 6,000 |

S……………………………………………………………………………………………

T……………………………………………………………………………………………

U……………………………………………………………………………………………

V……………………………………………………………………………………………

1. Compute the consumer price index (CPI) from the following data giving explanation of your outcome. (4 marks)

Year Price

2010 300

2011 375

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