NAME \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ INDEX NO. \_\_\_\_\_\_\_\_\_ SIGN\_\_\_\_\_\_\_\_\_\_\_\_\_

SCHOOL\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_CLASS \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

565/1

BUSINESS STUDIES

PAPER 1

 2021

2 HOURS

**INSTRUCTIONS TO CANDIDATES**

1. Write your name, admission number and class in the spaces provided.
2. All questions should be written in the spaces provided.
3. This paper consists of **9** pages.
4. Candidates should answer the questions in English.

For Examiners use only

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

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Question  | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Marks |  |  |  |  |  |  |  |  |  |  |  |

 **TOTAL MARKS**

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1. Outline four elements of demographic environment that may influence the operation of a business. (4 marks)

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1. In the spaces provided below, indicate the type of utility created by each of the following business activities

Business activity Type of utility (4marks)

Selling face masks to customers –

Transporting onions-

Storing onions in a granary-

Making a camera-

1. Highlight **four** importance of consumer protection. (4 marks)

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1. Highlight four disciplines of business studies. (4 mks)

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1. State four benefits of “pooling of risks” to insurance company. (4marks)

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1. State four reasons why the concept of choice is important in economics. (4mks)

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1. The diagram below shows a shift in demand curve of a commodity from DoDo to D1D1.



Outline four factors that may have contributed to the above shift. (4 mks)

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1. Identify the book of original entry associated with the following sources documents given below. (4 marks)

Source documents Books of original entry

1. Invoice received
2. Credit note received
3. Receipt issued
4. Credit note issued
5. State the unit of carriage for each of the following modes of transport 4mks)

Mode of transport unit of carriage

Porterage \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Cartage \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Sea \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Air \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Highlight four characteristics of money as a means of payment. (4mks)

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1. State four ways of improving service delivery in parastatals and state corporation. (4marks)

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1. State four circumstances under which a trader may require less warehousing space (4mks)

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1. The use of electronic boards is becoming increasingly popular as a mean of product promotion. State **four** advantages derived from their use. (4 marks)

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1. Outline four contributions of the households to the national income of a country. (4marks)

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1. Outline four factors that an entrepreneur will consider when determining the most viable business opportunity. (4 mks)

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1. List **four** factors that may discourage the use of pipeline as a means of transporting petroleum products in a country. (4 marks)

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1. Open relevant ledger accounts using the following information. (4 mks)

1/2/2011 started business with sh. 10,000 in cash and sh. 50,000 at bank.

2/2/2011 Bought goods on credit from LK traders worth sh.5000

4/2/2011 Withdrew sh. 2000 from bank for office use.

1. Outline four circumstances under which deffered payment may be used (4marks)

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1. The following information relates to Mumbua traders for the year ended 31st April 2015. Shs.

Cash at bank 30,000

Cash in hand 40,000

Current liability 500,000

Sales 920,000

Opening stock 150,000

Closing stock 230,000

Margin 25%

Expenses 15% of sales

Determine

i) Gross profit (1mark)

ii) cost of sales (1mark)

iii)Purchase for the year (1mark)

iv)Net profit (1mark)

1. Identify four benefits of international trade to a country (4marks)

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1. State four basic features of a market. (4 mks)

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1. State four circumstances under which a business firm may use photocopying as a means of reproducing documents. (4 marks)

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1. A business had the following record for the year ended 31st December 2018 (4mks)

sh.

capital as at 31/12/18 64,000

net profit for the year 14,000

capital as at 1st Jan 2018 42,000

Monthly drawings 1,500

Calculate the additional investments made during the year

1. Highlight **four** circumstances under which the heads of sales department may need to communicate with the head of production department in a business. (4 marks)

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1. Hekima private limited company would like to open up a subsidiary branch in Mombasa. Outline factors it would consider before setting up the manufacturing unit (4mks)

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