

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) .....

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

- a).....
- b).....
- c).....
- d).....

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

- a).....
- b).....
- c).....
- d).....

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

- a).....
- b).....
- c).....
- d).....

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

- a).....
- b).....
- c).....
- d).....

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

- a).....
- b).....
- c).....
- d).....

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

- a).....
- b).....
- c).....
- d).....

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

- a).....
- b).....
- c).....
- d).....

9. 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	

10. The following balance sheet belongs to Nyakwar Atiyo during the period ended 30<sup>th</sup> June 2000. (4 marks)

Nyakwar Atiyo Traders  
Balance sheet  
As at 30.06.2000

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

The following transactions took place on July 1 2000.

- (i) Paid creditors Sh 2000 by cheque.
- (ii) Nyakwar Atiyo took stock worth Shs 7500 from the business for his son's birthday.
- (iii) 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 2<sup>nd</sup> July 2000.

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

- a).....
- b).....
- c).....
- d).....

12. Distinguish between the following categories of government expenditure. (4 marks)

a) Recurrent expenditure

- .....
- .....
- .....

b) Capital expenditure

- .....
- .....
- .....

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

- a).....
- b).....
- c).....
- d).....

14. 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:

(i) Gross profit

(2 marks)

- .....
- .....
- .....

(ii) Purchases (3 marks)

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15. Distinguish between the following terms as used in National Income. (3 marks)

a) Gross Domestic Product

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b) Gross National Product

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.....

.....

c) Per capita Income

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16. Highlight **four** ways in which the government of Kenya promotes entrepreneurial development. (4 marks)

a).....

b).....

c).....

d).....

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

a).....

b).....

c).....

d).....

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

- a).....
- b).....
- c).....
- d).....

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

- a).....
- b).....
- c).....
- d).....

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

2015

- April 1 Janet Cosmetics started a business with K.sh. 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

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

- a).....
- b).....
- c).....
- d).....

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

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

23. Define the following terms as used in business studies. (4 marks)

- (i) Annuity
  - .....
  - .....
  - .....
- (ii) Proposer
  - .....
  - .....
  - .....
- (iii) Speculative risk
  - .....
  - .....
  - .....



(iv) Grace period

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24. 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.....

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

Year	Price
2010	300
2011	375

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