**Name: …………………………………………………… Index no ……..…......................**

**Candidate’s sign ……………………....... Date: ………………………**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**DECEMBER, 2020**

**TIME: 2 HOURS**

**INSTRUCTIONS TO CANDIDATES:**

* *Write your* ***name*** *and* ***index number*** *in the spaces provided.*
* *Answer* ***all*** *the questions*
* *All answers* ***must*** *be written in the spaces provided in this booklet.*

***For Examiner’s Use Only:***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 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**

*This paper consists of 8 printed pages. Candidates should check to ascertain that all papers are printed as indicated and that no questions are missing*

1. In the spaces provided, state the type of insurance policy described in each case. (4mks)

**a) Premium are paid over a stated period with the sum assured payable when insured dues**

 **b) Covers a vehicle against all losses arising from its authorized use.**

 **c) Covers loss, damage or injury accidentally caused to other people by the insured, hrs**

**property, employees, pets or agents.**

 **d) Covers goods and money lost in private and commercial premises.**

 (a)………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

2. State **FOUR** circumstances under which a seller would require a buyer to pay cash with order C.W.O. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)……………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

3. State **FOUR** ways in which the nature of goods would influence the choice of transport. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

4. Highlight **FOUR** limitations of consumer initiated methods in consumer protection. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

5. Give **FOUR** difficulties faced by human beings in satisfying human wants. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

6. State **FOUR** services offered to commercial banks by the central bank of Kenya. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

7. List **FOUR** sources of public finances. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

8. Give FOUR reasons why an office is necessary in any organization. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)……………………………………………………………………………………………………………………………………………………………………………………

9. The diagram below shows a shift in demand for rice.

 

 Identify **FOUR** factors that could have made the demand curve shift from DoDo to D1D1. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

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

10. State **FOUR** ways in which the stock of a business may change. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

11. Outline **FOUR**  benefits of business ethnics. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

12. The following information related to businesses A, B, Cand D.

|  |  |  |  |
| --- | --- | --- | --- |
| **BUSINESS** | **ASSESTS** | **LIABILITIES** | **CAPITAL** |
| **A** | 250,000 | M | 150,000 |
| **B** | N | 400,000 | 600,000 |
| **C** | 150,000 | 60,000 | P |
| **D** | 350,000 | Q | 250,000 |

Determine the figures represented by M, N, P, and Q (4mks)

 M…………………………………………………………………………………………………………………………………………………………………………………………

 N……………………………………………………………………………………………………………………………………………………………………………………………

 P……………………………………………………………………………………………………………………………………………………………………………………………

 Q……………………………………………………………………………………………………………………………………………………………………………………………

13. Record the following transactions in a two column cash book of Manunga Traders and balance it off. (4mks)

 2012

 January 1 – Balance b/d - cash sh 10,000

 - bank sh 25,000

 January 2 – Bought stock in cash sh 6,000

 January 7 – Cash sales shs 2,500

 January 12 – With drew cash from bank for office use sh 4,000

 January 1st – Paid wages in cash sh. 3,000

 January 31st – Received sh 4,500 from Karanja, a debtor by cheque

**Manunga Traders**

**Two Column Cash book for the month of Jan 2012**

 **Dr Cr**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Particulars** | **Cash** | **Bank** |  | **Date** | **Particulars** | **Cash** | **Banks** |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

14. The following account balances were obtained from the books of Mahanda Traders on 30th June 2011.

 **Sh**

 Land and buildings - 200,000

 Current assets - 420,000

 Furniture - 60,000

 Motor car - 240,000

 Capital - 480,000

 Current liabilities - 440,000

 **Required**: Prepare a trial balance for Mahanda Traders as at 30th June 2011

15. The following information was extracted from the books of Gitau Retailers for the year ended 31st December, 2010.

 **Sh**

 Cost of sales 1,200,000

 Stock as at 1.1.2010 160,000

 Stock as at 31.12.2010 240,000

 Calculate the rate of stock turnover. (4mks)

16. The following balances were extracted from the books of Wambui Traders as at 31st December, 2009.

 **Sh**

|  |  |
| --- | --- |
| Capital | 620,000 |
| Motor van | 300,000 |
| Stock | 140,000 |
| Furniture | 100,000 |
| Debtors | 120,000 |
| Creditors | 60,000 |
| Bank | 20,000 |

 Additional information:

 On 31st December, 2009 Wambui Traders receiver cheques amounting to Sh 40,000

 From debtors as part payment of their accounts

 Prepare Wambui Traders balance sheet as at 31st December, 2009. (4mks)

17. Name the factor of production that each of the following resources relate to. (4mks)

|  |  |
| --- | --- |
| Resource | Factor of production |
| a) Accountant |  |
| b) Motor vehicle |  |
| c) Water |  |
| d) Owner |  |

18. State **FOUR** benefits that a government gets from a bonded warehouse. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

19. List **FOUR** features of effective communication. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

20. Give **FOUR** disadvantages of a long chain of distribution of goods to a buyer. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

21. Outline **FOUR** features of a sole proprietorship form of business organization. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

22. List **FOUR** causes of business failure. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

23. State **FOUR** reasons why a cheque may be dishonored by a bank. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)…………………………………………………………………………………………………………………………………………………………………………………………

24. State **FOUR** circumstances under which a trader would advertise his products over the radio instead of television. (4mks)

 (a)…………………………………………………………………………………………………………………………………………………………………………………………

 (b)…………………………………………………………………………………………………………………………………………………………………………………………

 (c)…………………………………………………………………………………………………………………………………………………………………………………………

 (d)………………………………………………………………………………………………………………………………………………………………………………………

25. On 1/8/2010, Kamau bought goods on credit quoted at sh 200,000.Terms of sale were 20% trade discount and 10% cash discount if payment was made on 29/8/2010

 Calculate the amount paid of payment was made on 26 /06/2010. (4 marks)

***END***