**MURANG’A COUNTY EXTRA COUNTY SCHOOLS (MECS)**

**KENYA CERTIFICATE OF SECONDARY EDUCATION**

**NOVEMBER/DECEMBER 2021**

NAME ADM NO CLASS

BUSINESS STUDIES

PAPER 1

565/1

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 **10** pages.
4. Candidates should answer the questions in English.

For Examiners 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 | TOTAL |
| Marks |  |  |  |  |  |  |  |  |  |  |  |  |

1. Identify four importance of learning business studies to an individual. (4 Marks)
2. ………………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ………………………………………………………………………………………………
5. ………………………………………………………………………………………………
6. Identify four factors that influence entrepreneurial practices in Kenya. (4 Marks)
7. ………………………………………………………………………………………………
8. ………………………………………………………………………………………………
9. ………………………………………………………………………………………………
10. ………………………………………………………………………………………………
11. Identify four ways in which an office is important to a business. (4 Marks)
12. ………………………………………………………………………………………………
13. ………………………………………………………………………………………………
14. ………………………………………………………………………………………………
15. ………………………………………………………………………………………………
16. Outline four ways in which a well laid out business structure is likely to lead to success of the business. (4 Marks)
17. ………………………………………………………………………………………………
18. …………………………………………………………………………… ………………
19. ………………………………………………………………………………………………
20. ………………………………………………………………………………………………
21. Highlight four forms of economic integration (4 Marks)
22. ………………………………………………………………………………………
23. ………………………………………………………………………………………
24. ………………………………………………………………………………………
25. ………………………………………………………………………………………
26. Outline the importance of trade to a country. (4 Marks)
27. ………………………………………………………………………………………………
28. ………………………………………………………………………………………………
29. ………………………………………………………………………………………………
30. ………………………………………………………………………………………………
31. The quantity demanded and supplied of a certain commodity can be expressed as Qd=50+16p and QS= 20+20p respectively.

Find

 Equilibrium price (2 Marks) …………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

. Equilibrium quantity (2 Marks)

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

1. Highlight four disadvantages of direct production. (4 Marks)
2. ………………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ………………………………………………………………………………………………
5. ………………………………………………………………………………………………
6. List four circumstances under which the location of a warehouse can be inappropriate. (4 Marks)
7. ………………………………………………………………………………………………
8. ………………………………………………………………………………………………
9. ………………………………………………………………………………………………
10. ………………………………………………………………………………………………
11. State four circumstances that will make the standard gauge railway more desirable than road. (4 Marks)
12. ………………………………………………………………………………………………
13. ………………………………………………………………………………………………
14. ………………………………………………………………………………………………
15. ………………………………………………………………………………………………
16. Outline four characteristics of sole proprietorship form of business (4 Marks)
17. ……………………………………………………………………………………..
18. ……………………………………………………………………………………..
19. ……………………………………………………………………………………..
20. ……………………………………………………………………………………..
21. A business had the following record for the year ended 31st December 2018 (4 Marks)

 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. Give four limitations of consumer initiated methods in consumer protection. (4 Marks)
2. ……………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ………………………………………………………………………………………………
5. ………………………………………………………………………………………………
6. In the table below, indicate the type of advertising which fits the description. (4 Marks)
   Description                                                              Type
a) Create awareness about a product ………………………………
b) Promotes the name of the manufacturer ………………………………
c) Persuades a particular brand of a product ……………………………….
d) Promotes a particular brand of a product ……………………………….
7. Highlight four factors to be considered by a business when choosing a means of communication (4 Marks)
8. ……………………………………………………………………………………………
9. ………………………………………………………………………………………………
10. ………………………………………………………………………………………………
11. ………………………………………………………………………………………………
12. State the meaning of the following terms as used in insurance (4 Marks)
Indemnity

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………
Third party motor vehicle insurance

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………
 Contribution.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………
 Subrogation

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

1. State 4 features of a monopolistic market that differentiates it from a monopoly market (4 Marks)
2. ……………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ………………………………………………………………………………………………
5. ………………………………………………………………………………………………
6. Open relevant ledger accounts using the following information. (4 Marks)

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 principles that guide a government in spending public finance (4 Marks)
2. ………………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ………………………………………………………………………………………………
5. ………………………………………………………………………………………………
6. State four negative implications of ageing population in a country (4 Marks)
7. ………………………………………………………………………………………………
8. ………………………………………………………………………………………………
9. ………………………………………………………………………………………………
10. ………………………………………………………………………………………………
11. Identify four factors that may cause demand- pull inflation to occur in a country (4 Marks)
12. ………………………………………………………………………………………………
13. ………………………………………………………………………………………………
14. ………………………………………………………………………………………………
15. ………………………………………………………………………………………………
16. Identify the book of original entry associated with the following source documents given below. (4 Marks)

Source documents Book of original entry

1. Invoice received
2. Credit note received
3. Receipt issued
4. Credit note issued
5. The following information relates to Mumbua traders for the year ended 31st April 2020. 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) Purchases for the year (1Mark)

iv) Net profit (1Mark)

1. State any four money transfer facilities offered by commercial banks (4 Marks)
2. ………………………………………………………………………………………
3. ………………………………………………………………………………………
4. ………………………………………………………………………………………
5. ………………………………………………………………………………………
6. State four problems encountered at the plan implementation stage in economic planning and development (4 Marks)
7. ………………………………………………………………………………………
8. ………………………………………………………………………………………
9. ………………………………………………………………………………………
10. ………………………………………………………………………………………