

565/1 **BUSINESS STUDIES** – Paper 1



Apr. 2021 – 2 hours

Name Index Number

Candidate's Signature Date

Instructions to candidates

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of examination in the spaces provided above.
- (c) Answer **all** the questions in the spaces provided in the question paper.
- (d) Non-programmable silent electronic calculators may be used.
- (e) **This paper consists of 12 printed pages.**
- (f) **Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**
- (g) **Candidates should answer the questions in English.**

For Examiner's Use Only

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

| | | | | | | | | | | | | |
|----------|----|----|----|----|----|----|----|----|----|----|----|----|
| Question | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Score | | | | | | | | | | | | |

**TOTAL
SCORE**



1. List **four** external environmental factors that may influence the operations of a business. (4 marks)

- (a)
- (b)
- (c)
- (d)

2. State **four** characteristics of direct production. (4 marks)

- (a)
- (b)
- (c)
- (d)

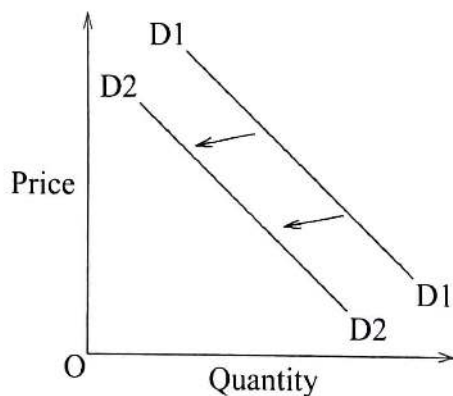
3. Name the document described in each of the following statements: (4 marks)

- (a) Used to demand for payment before goods are delivered.
.....
- (b) Used as a reply to a specific letter of inquiry.
.....
- (c) Informs the buyer that goods ordered for have been dispatched.
.....
- (d) Used to correct an overcharge.
.....

4. Highlight **four** reasons for government involvement in business. (4 marks)

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

5. State **four** factors that may lead to a shift in demand as shown in the diagram below. (4 marks)



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

6. Outline **four** circumstances under which a trader would prefer to transport goods by air. (4 marks)

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- (a)
-
- (b)
-
- (c)
-
- (d)
-

7. The following information was obtained from the books of Sindo Limited on 31 December 2015:

| <u>Details</u> | <u>Ksh</u> |
|----------------|------------|
| Capital | 24,000 |
| Stock | 1,500 |
| Debtors | 2,000 |
| Machinery | 20,000 |
| Cash | 4,000 |

Determine the total liabilities of the business. (3 marks)

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8. Highlight **four** services that commercial banks offer to their customers. (4 marks)

- (a) **PDF Compressor Free Version**
-
- (b)
-
- (c)
-
- (d)
-

9. Outline **four** reasons that may make Kenya restrict trade with other countries. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

10. Classify the following resources as natural, man-made or human: (4 marks)

| | Resource | Classification |
|-----|-----------|----------------|
| (a) | Architect | |
| (b) | Boat | |
| (c) | Soda ash | |
| (d) | Driver | |

11. List **four** sources of capital that may be available to a sole proprietorship. (4 marks)

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

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12. Highlight **four** circumstances under which a firm may be located near the source of raw materials. (4 marks)

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

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13. The following information was extracted from the books of Kombo Traders on 30 April 2018:

| Details | Ksh |
|--------------------|---------|
| Land and buildings | 150,000 |
| Creditors | 1,500 |
| Motor car | 120,000 |
| Cash | 25,500 |
| Capital | 311,000 |
| Bank | 4,000 |
| Sales | 5,000 |
| Purchases | 18,000 |

Required

Prepare Kombo Traders Trial Balance.

(5 marks)

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14. Outline **four** reasons that would make an entrepreneur prepare a business plan. (4 marks)

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- (a)
-
- (b)
-
- (c)
-
- (d)
-

15. Identify the office equipment described in each of the statements below: (4 marks)

| | Description | Equipment |
|-----|---|-----------|
| (a) | Used to make postage stamp impressions on envelopes | |
| (b) | Used to transmit verbal messages | |
| (c) | Used to store confidential documents and valuable items | |
| (d) | Used to record and store information in audio tapes | |

16. State **four** sources of government revenue. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-



17. Outline **four** measures which may be taken by a government to address the problem of underdevelopment. (4 marks)

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- (a)
-
- (b)
-
- (c)
-
- (d)
-

18. Highlight **four** benefits of personal selling to a trader. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-



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19. Outline **four** channels that may be used for distributing imported goods. (4 marks)

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- (a)
-
- (b)
-
- (c)
-
- (d)
-

20. State **four** merits of a bonded warehouse to the government. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

21. Identify the source documents from which the information posted in the following journals would be extracted: (4 marks)

| | Journal | Source Document |
|-----|-----------------------|------------------------|
| (a) | Sales Returns Journal | |
| (b) | Purchases Journal | |
| (c) | Cash Receipts Journal | |
| (d) | Sales Journal | |

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22. State **four** ways through which leakages of national income may happen in a four-sector economy. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

23. State **four** benefits of using computers in an office. (4 marks)

- (a)
- (b)
- (c)
- (d)

24. Identify the factor of production that relates to each of the following resources: (4 marks)

| | Resource | Factor of Production |
|-----|-------------|----------------------|
| (a) | Supervision | |
| (b) | Tractor | |
| (c) | Trees | |
| (d) | Owner | |

25. List **four** sources of business ideas.

(4 marks)

- (a)
- (b)
- (c)
- (d)

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