

NAME.....ADM NO: .....

SCHOOL..... INDEX NUMBER.....

565/1

**BUSINESS STUDIES**

**PAPER 1**

**DECEMBER, 2020**

**TIME: 2 HOURS**

# **LANJET CLUSTER JOINT EVALUATION**

***Kenya Certificate of Secondary Education***

**565/1**

**BUSINESS STUDIES PAPER 1**

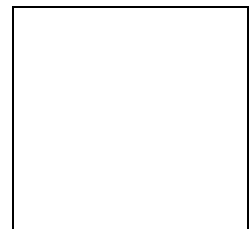
**DECEMBER, 2020**

## **INSTRUCTIONS TO STUDENTS**

- a) Write your name admission number in the spaces provided above
- b) This paper contains 25 questions. Check the question paper to ascertain all pages and questions are there. Write your answers in the spaces provided
- c) Answer all questions in English

QUESTION	1	2	3	4	5	6	7	8	9	10	11	12
MARKS												

13	14	15	16	17	18	19	20	20	22	23	24	25



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

1. Amina complains to her friend that these days she is finding it increasingly hard to satisfy her needs. Give four reasons why she may be facing such a situation.
  - a) .....
  - b) .....
  - c) .....
  - d) .....
2. A resource is something that is used by a business to achieve an objective. Identify **four** resources available in a business. (4mks)
  - a).....
  - b).....
  - c).....
  - d).....
3. State **four** factors that an entrepreneur would consider before investing in a business opportunity
  - a).....
  - b).....
  - c).....
  - d) .....
4. The quantity demanded and supplied of a certain commodity can be expressed as  $Q_d=50+20p$  and  $Q_s= 20+16p$  respectively.
 

Find

  - i)      Equilibrium price (2marks)
  - ii)     Equilibrium quantity ( 2 marks)

5. The table below shows the growth rate of Gross Domestic product (GDP) of a certain Country for two years

Year	G.D.P
2003	4.0%
2005	6.5%

Highlight **four** circumstances under which the standards of living of the citizens of the country referred to above may not necessarily have been higher in 2005 than 2003.  
(4mks)

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

6. Outline **four** sources of monopoly power. (4 marks)

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

7. State any four money transfer facilities offered by commercial banks (4mrks)

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

8. State four benefits of warehousing to consumers (4mrk)

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

9. Indicate the source document and the book of original entry in which each of the following transaction should be recorded (4 mrks)

No.	transaction	source	Book of original entry
a	Purchase of goods on credit		
b	Payment of cash to a creditor		
c	Sale of goods on credit		
d	Sale of fixed asset on credit		

10. The cost of consumer goods and services for a representative basket of an average family is given below.

Year	2012	2013
Prices	Kshs. 1200	Kshs .1600

Determine the increase in consumer price index using 2012 as the base year

11. Write down four differences between ordinary shares and preferential shares ( 4mrks)

12. Mango Traders had the following ledger account balances as at 31<sup>st</sup> December 2019.

	Ksh.
Sales	100,000
Purchases	170,000
Returns inwards	10,000
Returns outwards	20,000
Salaries	30,000
Capital	40,000
Bank loan	50,000

Prepare the business trial balance as at 31 December 2019. {4marks}

13. Outline four positive implications of a youthful population to an economy.

{4 marks}

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

14. Outline four barriers to verbal communication

4 marks}

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

15. Highlight four positive impacts of physical environment on operations of a business

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

16. Sherry traders had the following assets and liabilities as at 1<sup>st</sup> January 2004  
shs

Furniture	350,000
Debtors	45,000
Cash	7,000
Creditors	48,000

For the year ended 31<sup>st</sup>December 2004,

- i) Additional capital was shs 24,000
- ii) Drawings were shs 20,000
- iii) Net profit was shs34,000

Determine capital at 31<sup>st</sup> December, 2004

17. Give four basic characteristic features of a business idea ( 4 mrks)

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

18. State four reasons why a producer may involve wholesaler in distributing products  
( 4 mrks)
- a) .....
  - (b) .....
  - (c) .....
  - (d) .....
19. State four factors that determine the premiums charged by insurance companies for life policies( 4 mks)
- (a) .....
  - (b) .....
  - (c) .....
  - (d) .....
20. State four methods used in trade restrictions. ( 4 mrks)
- (a) .....
  - (b) .....
  - (c) .....
  - (d) .....
21. Highlight four ways in which emergence of COVID- 19 infections negatively affected business operations in Kenya ( 4 mrks)
- (a) .....
  - (b) .....
  - (c) .....
  - (d) .....

22. Write the account to debit and credit in the following transactions (4 mrks)

	transaction	a/c to debit	a/c to credit
a	Returned damaged goods to supplier		
b	Received rent by cheque		
c	Took cash for personal use		
d	Customer returned ordered goods		

23. Highlight four characteristics of labour as a factor of production (4 mrks)

(a) .....

(b) .....

(c) .....

(d) .....

24. Mention four adverse effects of inflation (4 mrks)

(a) .....

(b) .....

(c) .....

(d) .....

25. The following information relates to Kamautraders for the month of December 2019

Dec 1: sold goods for shs. 45,000 less 10% cash discount

Dec 5: bought goods worth shs 40,000 in cash and was allowed a discount of 5%

Dec 7: a debtor paid shs 20,000 in settlement of a debt of shs. 23,000 by cheque

Dec 15: sold goods shs. 20,000 on credit to Jambo traders

Dec 26: paid rent shs. 16,000 by cheque

Post the above transactions in relevant journals