**NAME ………………………………..…… DATE ………………………………..………**

**INDEX NO. …………….……….……..…..… CANDIDATE’S SIGNATURE ………..…………..**

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

**GOLDEN ELITE EXAMINTIONS 2020**

***Kenya Certificate of Secondary Education***

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

**INSTRUCTIONS TO CANDIDATES**

**Answer all the questions in spaces provided.**

**FOR EXAMINERS USE ONLY**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTIONS** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** |
| **MARKS** |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |
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| **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** | **18** |
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| **19** | **20** | **21** | **22** | **23** | **24** | **25** |
|  |  |  |  |  |  |  |

**TOTAL MARKS**

***This paper consists of 6 printed pages.***

***Candidates should check to ensure that all pages are printed as indicated and no questions are missing***

1. State four factors that you would consider before extending credit facilities to a customer. (4 **Marks**)
2. ...……………………………………………………………………………………………….……
3. ……………………………………………………………………………………………….…..….…
4. …………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. Give four characteristics of human wants. (4 **Marks**)

(i) ...………………………………………………………………………………………………….……

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. The following information relates to businesses W, X, Y and Z. (4 **Marks**)

**BUSINESS ASSETS LIABILITIES CAPITAL**

W 350,000 b 150,000

X a 160,000 240,000

Y 800,000 450,000 d

Z 700,000 c 280,000

Determine the figures represented by a, b, c and d. (4 **Marks**)

1. ..…………………………………………………………………………………………………..……
2. ……………………………………………………………………………………………….…..….…
3. …………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. State any four principles that govern the operations of co-operative societies in Kenya. (4 **Marks**)

(i)...……………………………………………………………………………………………….;;……

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. Highlight four limitations posed by the use of national income statistics as a way of comparing the living standards of people for different countries. (4 **Marks**)

(i)....………………………………………………………………………………………………………

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. State four merits associated with internal borrowing. (4 **Marks**)

(i)...…………………………………………………………………………………………………………

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. What four measures would you advice the government of Kenya to apply so as to curb the inflationary tendencies the country is currently experiencing? (4 **Marks**)

(i)...…………………………………………………………………………………………………..……

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. State four factors that may influence the price elasticity of demand of a commodity. (4 **Marks**)

(i)...…………………………………………………………………………………………………..……

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. State four possible factors that may contribute to a case of an abnormal demand curve. (4 **Marks**)

(i)...…………………………………………………………………………………………………..……

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. The data below relates to Kimeu’s business as at 31st Dec 2010. (4 **Mark**)

Shs

Capital as at 1st Jan 2010 100,000

Additional investment in the year 40,000

Profit realized in the year 25,000

Drawings made in the year 45,000

Determine Kimeu’s capital as at 31st Dec 2010

1. State four features of labour as a factor of production (4 **Marks**)

(i)..…………………………………………………………………………………………………………

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. The table below shows descriptions relating to some documents used in home trade. Name the document fitting the description. (4 **Marks**)

|  |  |
| --- | --- |
| DESCRIPTION | DOCUMENT |
| 1. Used to correct an undercharge error |  |
| 1. Seeking information on items stocked   and their prices |  |
| 1. Inform the buyer that the goods ordered have been dispatched |  |
| 1. Requests payment for goods before they are sent to the customer |  |

1. Outline four reasons why governments participate in business. (4 **Marks**)

(i)...…………………………………………………………………………………………………..……

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. State four features of an oligopolistic type of Market. (4 **Marks**)

(i)..…………………………………………………………………………………………………………

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. The following information relates to Blue star traders in the year 2009.

Jan 1 started business by depositing Shs. 150, 000 in the business’ bank account

Jan 2 bought stock worth shs. 10,000 by cash.

Enter these transactions in the relevant ledger accounts.

1. State four possible errors that may not be detected by a trial balance.

...……………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Under what four circumstances would a producer opt to sell his goods directly to his customers? (4 **Marks**)

(i)..…………………………………………………………………………………………………..……

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. The balances below were extracted from the books of Kazu traders as at 30th June 2010.

ITEM KSHS

Furniture 20,000

Debtors 30,000

Creditors 42,000

Cash in hand 25,000

Cash at bank 60,000

Delivery van 280,000

Capital 348,000

Bank van 120,000

Net loss 45,000

Prepare Kazu’s balance sheet as at 30th June 2010.

1. State four gaps in the market that may provide an opportunity to an entrepreneur. (4 **Marks**)

(i)..…………………………………………………………………………………………………………

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. State four reasons why an insured may not be compensated despite an insured risk occurring. (4 **Marks**)

(i)..…………………………………………………………………………………………………………

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. Under what four circumstances would an office manager think of replacing an existing machine with a modem one? (4 **Marks**)

(i)..…………………………………………………………………………………………………………

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. State four ways through which a consumer may be exploited. (4 **Marks**)

(i)..…………………………………………………………………………………………………..……

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………

1. Give four differences between an ordinary share and a preference share.

|  |  |
| --- | --- |
| ORDINARY SHARE | PREFERENCE SHARE |
| 1. ……………………………………………..   (ii)…………………………………….………  (iii)……………………………………………  (iv)…………………………………………… | 1. ……………………………………………..   (ii)……………………………….……………  (iii)…………………………….………………  (iv)…………………………….……………… |

1. Kim insured his motor vehicle value at shs.1,000,000 for shs. 800,000. The motor vehicle was involved in an accident and declared a write off. Calculate the amount Kim should get from the insurer. (4 **Marks** )
2. State four ways through which the piece of a commodity may be determined. (4 **Marks**)

(i)..……………………………………………………………………………………………..…….……

(ii)……………………………………………………………………………………………….…..….…

(iii)…………………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………………