**NAME………………………………………….……………… INDEX NO…………CLASS……….**

**ADM……………………….DATE…………................................................SIGN………….……….**

565/1

BUSINESS STUDIES

PAPER 1

JULY 2024

TIME 2 HOURS

**END OF TERM 2 EXAMINATION YEAR 2024**

**Kenya Certificate of Secondary Education (K.C.S.E)**

**INSTRUCTIONS TO CANDIDATES**

1. Write your name and index number in the spaces provided above
2. Write the date of examination and sign in the spaces provided above
3. Answer all the questions
4. All answers should be written in the spaces provided
5. Candidates should ensure that no questions are missing
6. 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** | **15** | **16** | **17** | **18** | **19** | **20** | **21** | **22** |
| **Marks** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Question** | **23** | **24** | **25** |
| **Marks** |  |  |  |

**TOTAL**

**MARKS**

1. Outline **four** causes of business failure (4 marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

2. Outline **four** circumstances under which goods can be transported using containers (4marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

3. Highlight **four** characteristics of money (4marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

4. State the type of product market described below (4 marks)

a**. Buyers and sellers have perfect knowledge of the market ………………………………………………………….**

**b. Only one seller in the industry ………………………………………………………………………………………..**

**c. Many sellers dealing with differentiated products which are close substitutes ……………………………………..**

**d. Few sellers and many buyers …………………………………………………………………………………………..**

5. Mention **four** characteristics of a good filing system (4 marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

6. Highlight **three** uses of ledger accounts (3 marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

7. State the term given to each of the following statements as used in business studies (4marks)

**Statement. Term**

a. **Movement of goods and services from the producer to consumer………………………………………………….**

**b. Creation of goods and services.……………………………………………………………………………………….**

**c. Using a good or service .………………………………………………………………………………………………**

**d. Satisfaction derived from using a good or service .…………………………………………………………………**

8. Highlight **four** circumstances under which a partnership may be dissolved. (4 marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

9. Taxation is the main source of public revenue. Highlight **four** demerits of taxation (4 marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

10 .The following information was extracted from the books of Wembe traders (5 marks)

Capital Ksh. 1,119,300

Long term liabilities Ksh. 1,807,000

Current Liabilities. Ksh 978,700

Determine Wembe traders rate of return on capital employed if the business made a net profit of Ksh. 438,945

11. Outline **four** channels of distribution of imported sugar (4marks}

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

12. Miundo Academy's bus was involved in an accident. Highlight **five** steps the school should take while claiming for compensation (5marks)

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

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

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

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

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

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

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

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

13. State **four** characteristics of capital as a factor of production. (4marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

14. Highlight **four** types of demand of a commodity. (4 marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

15. Sacco's have become very popular in Kenya today. Outline **four** reasons behind their popularity (4 marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

16. Outline **four** advantages of open office layout. (4 marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

17. The following information relates to Nyandarua stores as at 31/12/2023

Cash sh. 70,000

Creditors sh. 22,000

Bank overdraft sh. 5000

Furniture and fittings sh. 105,000

Premises sh. 50,000

Cash at bank sh. 33 000

AFC loan Sh. 120,000

Prepare a balance sheet as at 31/12/2023 (5 marks)

18. State the level of production that matches the following occupations

Occupation Level of production

**a.** Carpentry ..**………………………………………………………**

**b. Lumbering …………………………………………………………**

**c. Fishing …………………………………………………………**

**d. Banking** ……………………………………………………………

19. Outline **four** methods of government involvement in business. (4 marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

20. Outline **three** causes of unemployment in Kenya (3marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

21. State **four** classification of goods produced in an economy (4 marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

22. State **three** motives that would make a person retain part of his wealth in cash (3marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

23. State **four** sources of a business idea. (4 marks )

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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

24. State the account to be debited and credited from the following transactions (4 marks)

Transaction. Debit. Credit

a. Bought a motor van in cash sh. 700,000 …………………. ……………………………..

b. Paid Maina by cheque sh. 6,000 …………………… ……………………………..

c. Converted his house to a business premises ……………………. ……………………………..

d. Took sh. 7,000 from the bank for business use ……………………… ………………………………..

25. Highlight four internal diseconomies of scale to a firm as a result of expansion. (4 marks)

a. …………………………………………………………………………………………………………………………………

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

b. …………………………………………………………………………………………………………………………………

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

c. …………………………………………………………………………………………………………………………………

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

d. …………………………………………………………………………………………………………………………………

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