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Paper 1

BUSINESS STUDIES

Mar. 2022 – 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. State **four** characteristics of a successful entrepreneur. (4 marks)

- (i)
- (ii)
- (iii)
- (iv)

2. List **four** types of business activities. (4 marks)

- (i)
-
- (ii)
-
- (iii)
-
- (iv)
-

3. Outline **four** challenges that may be faced in the satisfaction of human wants. (4 marks)

- (i)
-
- (ii)
-
- (iii)
-
- (iv)
-
-

4. Match **four** factors of production with their corresponding rewards. (4 marks)

(i)

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(ii)

.....

(iii)

.....

(iv)

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5. Highlight **four** factors that may be considered when choosing a means for transporting cash. (4 marks)

(i)

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(ii)

.....

(iii)

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(iv)

.....

6. State **four** ways in which the government may be involved in business.

(4 marks)

- (i)
- (ii)
- (iii)
- (iv)

7. Outline **four** benefits of a partnership.

(4 marks)

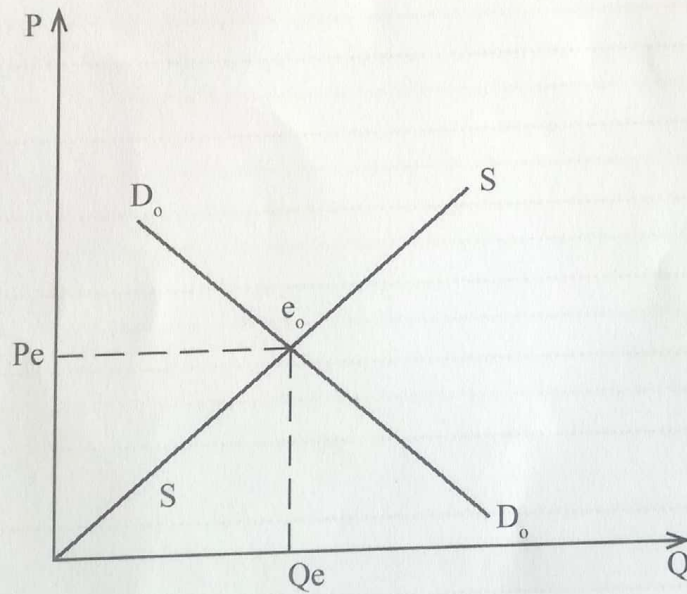
- (i)
- (ii)
- (iii)
- (iv)

8. List **four** mailing services that facilitate communication. (4 marks)

- (i)
- (ii)
- (iii)
- (iv)

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9. On the diagram below, show the effects of increased demand. (4 marks)



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10. Outline **four** factors that may influence a firm's decision on the type of goods to produce. (4 marks)

- (i)
- (ii)
- (iii)
- (iv)

11. Highlight **four** benefits of localisation of firms. (4 marks)

- (i)
- (ii)
- (iii)
- (iv)

12. Write the bookkeeping equation for the business whose transactions are given below. (4 marks)

- Started a business with Ksh 10,000 in cash.
- Acquired a loan of Ksh 50,000 which was directly banked.

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13. Outline **four** channels for distributing locally manufactured products to local consumers. (4 marks)

(i)

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(ii)

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(iii)

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(iv)

.....

14. Outline **four** limitations of barter trade. (4 marks)

- (i)
- (ii)
- (iii)
- (iv)

15. State **four** features of an efficient tax system. (4 marks)

- (i)
- (ii)
- (iii)
- (iv)

16. Identify the book of original entry prepared from each of the following source documents: (4 marks)

	Source Document	Book of original entry
(a)	Outgoing invoice.	
(b)	Received receipt.	
(c)	Copy of credit note.	
(d)	Original invoice.	

17. List **four** types of capital in a business. (4 marks)

- (i)
-
- (ii)
-
- (iii)
-
- (iv)
-

18. Record each of the following transactions into their relevant ledger accounts. (4 marks)

- 2nd March 2021; started a business with Ksh 10,000 in cash.
- 3rd March 2021; Bought goods worth Ksh 12,000 on credit from Mawa Enterprises.

Dr	Cr	Dr	Cr

Dr	Cr	Dr	Cr

19. Outline **four** reasons that would make an organisation prefer a landscape office over enclosed office layout. (4 marks)

- (i)
-
- (ii)
-
- (iii)
-
- (iv)
-

20. The following information was extracted from the books of Adow Traders on 31st December, 2020. (4 marks)

<u>Details</u>	<u>Ksh</u>
5 year loan	256,700
land	120,000
cash	24,600
Creditors	37,400
buildings	430,500

Prepare Adow Traders Balance Sheet as at 31st December, 2021.

21. Jane decided to take an insurance cover for her car against theft from Serufi Insurance Ltd. It was valued at Ksh 600,000 and she was required to make monthly payments of Ksh 6,000. Identify the appropriate insurance term for: (4 marks)

- (a) Ksh 600,000
- (b) Jane
- (c) Serufi Insurance Ltd
- (e) Theft

22. Outline **four** difficulties that a country with a young population may experience. (4 marks)

- (i)
- (ii)
- (iii)
- (iv)

23. Identify the retailers described in the statements given below. (4 marks)

	STATEMENTS	RETAILERS
(a)	Sells goods by displaying them along the streets	
(b)	Moves from one place to another on foot selling their goods	
(c)	Dispenses goods with the use of coin operated machines	
(d)	Meet on designated days in open grounds to sell their goods	

(4 marks)

24. Highlight **four** benefits of inflation to an economy.

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- (i)
- (ii)
- (iii)
- (iv)

25. Outline **four** benefits enjoyed by countries that participate in international trade. (4 marks)

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- (i)
- (ii)
- (iii)
- (iv)

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