

NAME.....ADM.NO.....CLASS.....

565/1

FORM 3-2021

BUSINESS STUDIES

PAPER 1

2 hours

NOVEMBER 2021 EXAMINATION

BUSINESS STUDIES

PAPER ONE

TIME: 2 HOURS

INSTRUCTIONS.

Answer all the questions in the spaces provided.

1. Outline **four** differences between goods and services. 4 marks

Goods	Services
a)	

2. State **four** advantages of an open office layout to an organization.

4 marks

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

3. State **four** types of complaints that a consumer organization may receive from consumers. (4 mks)

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

4. The following terms relate to communication. Vertical, horizontal, formal, informal. Write the appropriate term of communication associated with each of the following statement. 4 marks

Statement	Term

a) A manager gives instructions to a junior in her department.	
b) Rumors going around that the most disciplined worker will be rewarded.	
c) A circular issued to give instructions in an organisation	
d) Prefects discussing discipline in their school.	

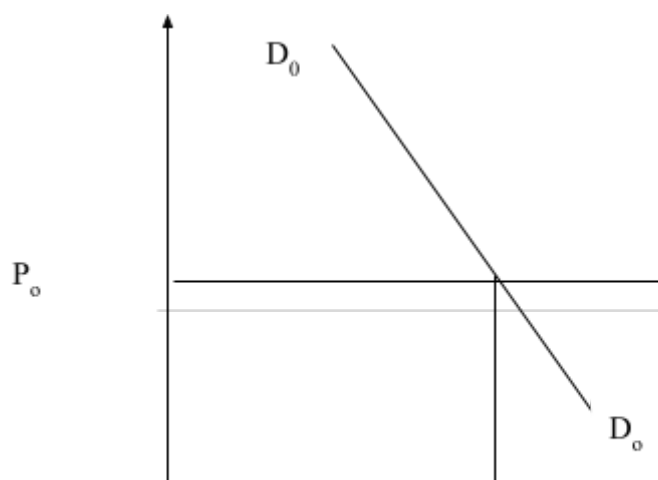
5. Outline **four** features of a Re-insurance company. 4marks

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

6. A firm wishes to introduce a new product into the market. Outline **four** factors that should be considered in choosing an appropriate medium for promotion. 4 marks

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

7. The diagram below shows the current demand for petrol.



a) What is the effect of a fall in the price of cars on the demand for petrol? 2marks

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b) Draw a new demand curve on the diagram above to show the effect of a fall in price of cars. 2 mks

8. State **four** circumstances under which air transport may be used to ferry goods. 4 marks

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

9. Outline **four** benefits to a business that uses its own warehouse. 4 marks

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

10. State **four** circumstances under which one may decide to start a personal business. 4 marks

- a.
- b.
- c.

d.

11. Outline four ways of reducing the level of unemployment in Kenya. 4 marks

a.

b.

c.

d.

12. Outline **four** reasons why a firm may remain small. 4 marks

a.

b.

c.

d.

13. Highlight **four** ways in which households contribute to national income of a country. 4 marks

a.

b.

c.

d.

14. Outline **four** circumstances under which a co-operative society may be dissolved. 4 marks

a.

b.

c.

d.

15. Highlight **four** external factors that may negatively influence the operations of a business. 4mks

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

16. The following information relates to Karibu traders for the year ended 31st December 2008.

Details	Shs	
Fixed assets	1,840,000	
Current assets	400,000	
6 years bank loan	600,000	
Current liabilities	150,000	
Determine owner's capital using the information given above		4 marks

17. State **four** basic features of a market. 4 marks

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

18. The following information relates to businesses Kweyu, Omariba, Juma and Mbithi. Determine the figures represented by x, y, z and w. 4 marks

Business	Assets	Liabilities	Capital
Kweyu	500,000	X	300,000
Omariba	Y	800,000	1,200,000
Juma	300,000	120,000	Z
Mbithi	700,000	w	500,000

19. Outline **four** positive effects that production activities may have on community health. 4mks

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20. Give the document issued by the trader under the following circumstances. 4 marks

Instance	Document
Give a customer a summary of transactions in a given period.	
In replying a specific letter of inquiry.	
On hand payment for goods supplied.	
When a customer buys and pays at the same time.	

21. Give **four** reasons why the government requires that businesses acquire licenses before starting trading. 4 marks

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

22. For each of the following transactions, indicate with a tick in the space provided, whether it will **increase, decrease** or have **no effect** on the balance sheet totals. 4 marks

	on the balance sheet		
Transaction	ase	ase	ect
ing more cash into the business			
g creditors in cash			
g a piece of furniture in cash			
g creditors using money from private sources			

23. List **four** ways in which an investor may benefit from the stock exchange. 4 marks

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

24. Outline **four** differences between hire purchase and credit sales. 4 marks

Hire purchase	Credit sales

25. The following transactions were extracted from the books of Sarah Trader for the month of March 2006.

March 10: purchased goods on credit worth ksh 200,000 from Salim Traders.

March 25: sold goods on credit worth ksh. 420,000 to Shah Traders.

Record the above transactions in the relevant ledger accounts.

4 marks