**NAME: …………………………………………………….ADM NO:……..CLASS: …………**

**SCHOOL …………………………………………………….**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**AUGUST 2022**

**TIME: 2 HRS**

**TERM TWO EVALUATION EXAMINATION 2022**

**INSTRUCTIONS to candidates**

1. Write your name and adm number in the spaces provided above.
2. Answer ALL the questions.
3. All answers must be written in the spaces provided.
4. Candidates should check the question paper to ascertain that all the pages are printed as indicated and no of questions missing.
5. This paper consist of 8 printed pages.

**For Examiners Use Only**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Questions | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Marks |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Questions | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Marks |  |  |  |  |  |  |  |  |  |  |  |  |  |

Total marks

1. Highlight four principles of insurance. (4 mks)
2. …………………………………………………………………………………………..
3. …………………………………………………………………………………………..
4. …………………………………………………………………………………………..
5. …………………………………………………………………………………………..
6. Outline four reasons how competitive environment affects Business activities. (4 mks)
7. …………………………………………………………………………………………..
8. …………………………………………………………………………………………..
9. …………………………………………………………………………………………..
10. …………………………………………………………………………………………..
11. State four characteristics of a perfect competition market. (4 mks)
12. …………………………………………………………………………………………..
13. …………………………………………………………………………………………..
14. …………………………………………………………………………………………..
15. …………………………………………………………………………………………..
16. Outline four differences between a good and a service. (4 mks)

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

1. Match the following statements with the correct source documents. (4 mks)

|  |  |  |
| --- | --- | --- |
|  | Statement | Source document |
| (i) | A document that serves as an evidence that cash has been received or paid out. |  |
| (ii) | A document that shows the details of all the expenses incurred, the amount of money spent and the purpose of incurring such an expense. |  |
| (iii) | A document sent by the seller to the buyer demanding payment for goods or service delivered. |  |
| (iv) | A document written by a supplier and sent to a buyer informing him / her that his / her account with the supplier has been debited. |  |

1. This is the Mitegi’s demand schedule for Bread in a week.

|  |  |
| --- | --- |
| Price per loaf (shs) | No of loaves demanded |
| 30 | 1 |
| 20 | 2 |
| 15 | 4 |
| 12 | 6 |
| 10 | 8 |
| 5 | 12 |
| 1 | 20 |

Required:

Draw the demand curve of Mutegi’s Bread for a whole week. (4 mks)

1. Highlight four importance of business studies to a learner. (4 mks)
2. …………………………………………………………………………………………..
3. …………………………………………………………………………………………..
4. …………………………………………………………………………………………..
5. …………………………………………………………………………………………..
6. Using the balance sheet equation. Fill the missing figures in the following table. (4 mks)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Assts | Capital | Liabilities |
| (i) | 21,920 | ? | 30,341 |
| (ii) | ? | 2,192 | 19,840 |
| (iii) | 3,773 | 1,591 | ? |
| (iv) | 240 | 150 | ? |

1. Outline four roles played by the stock exchange market as a market for securities. (4 mks)
2. …………………………………………………………………………………………..

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1. Highlight four factors which may influence choice of a distribution channel. (4 mks)
2. …………………………………………………………………………………………..

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1. Outline four advantages of a bonded warehouse. (4 mks)
2. …………………………………………………………………………………………..

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1. Match the following documents with their relevant uses. (4 mks)

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| --- | --- | --- |
|  | Statement | Documents |
| (i) | This is a document which briefly describes the goods a seller stocks |  |
| (ii) | A documents sent by the seller to the buyer when an inquiry is specific in mature. |  |
| (iii) | A document sent to a prospective buyer to inform him/her that the order has been received and it is being acted upon. |  |
| (vi) | A document sent by the buyer when goods get damaged on the way and returned to the seller. |  |

1. Highlight our goals of economic development. (4 mks)
2. …………………………………………………………………………………………..

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1. Outline the type of unemployment in an economy and give the cause for each. (4 mks)
2. Unemployment occurs when people lose jobs and go looking for new ones

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1. Unemployment that occurs when people are actively looking for jobs at the existing wage rate but cannot get them….……………………………………………………..
2. Unemployment that occurs repeatedly at similar times

…………………………………………………………………………………………..

1. Unemployment that occurs when demand for labour declines due to either changes in the method of production or a decrease in the supply of goods and services.

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1. Outline four reasons why there is need for ethical practices in business. (4 mks)
2. …………………………………………………………………………………………..

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1. Highlight four problems encountered in measuring national income using the output approach method. (4 mks)
2. …………………………………………………………………………………………..

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1. Match the following uses with the appropriate office equipment. (4 mks)

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| --- | --- | --- |
|  | Uses | Office equipment |
| (i) | It is a machine that is used for preparing cash receipts |  |
| (ii) | It is a machine used for trimming documents into required shapes and size. |  |
| (iii) | A machine which is used for cutting unwanted documents into tiny pieces to avoid such documents getting into the wrong hands. |  |
| (vi) | A machine which is used to complex calculations. |  |

1. Explain the meaning of the following terms of sale as used in international trade. (4 mks)
2. F.O.B. (Free on Board)………………………..………………………………………..

…………………………………………………………………………………………..

1. LOCO or ex-warehouse or ex- works………………………………...………………...

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1. F.O.R. (Free on Rail)……….…………………………………………………………..

…………………………………………………………………………………………..

1. In bond ……………………..…………………………………………………………..

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1. Highlight four ways how consumers can protect themselves from exploitation from unscrupulous wholesalers / traders. (4 mks)
2. …………………………………………………………………………………………..

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1. Outline four criteria used in determining the size of the firm. (4 mks)
2. …………………………………………………………………………………………..
3. …………………………………………………………………………………………..
4. …………………………………………………………………………………………..
5. …………………………………………………………………………………………..
6. Outline four tools that the central bank of Kenya uses to control monetary policy. (4 mks)
7. …………………………………………………………………………………………..

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1. Calculate the gross profit given the margin of 1/6 and the cost of goods sold to be 400,000/=.

(4 mks)

1. Highlight four advantages of operating a current account. (4 mks)
2. …………………………………………………………………………………………..

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1. Outline four factors that influences the choice of product in the market.
2. …………………………………………………………………………………………..

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1. List four essential of an effective communication.
2. …………………………………………………………………………………………..
3. …………………………………………………………………………………………..
4. …………………………………………………………………………………………..
5. …………………………………………………………………………………………..