3.30 BUSINESS STUDIES (565)

3.30.1 Business Studies Paper 1 (565/1)

1. State four elements of the demographic environment that may influence the operations of a business. (4 marks)

2. Outline four circumstances under which goods may be transported by use of containers. (4 marks)

3. The following information was extracted from the books of Salome Traders: Capital Ksh 1,119,300; Long term liabilities Ksh 1,807,000; and current liabilities Ksh 978,700.

   Required
   (a) Determine Salome Traders Rate of Return on Capital Employed if the business made a net profit of Ksh 438,945. (4 marks)

   (b) State the importance of the rate of return on capital employed. (1 mark)

4. Highlight four indicators of economic growth that may be observed as a country progresses. (4 marks)

5. Chem Chemi Ltd is a new cement manufacturer. Outline four factors that may encourage this company to be established in Athi River town where other cement manufacturers are located despite the obvious competition. (4 marks)

6. Outline three ways through which a partnership may be formed. (3 marks)

7. State four features of land as a factor of production. (4 marks)

8. State the principles of insurance described in the statements given below: (4 marks)

   (a) Restoring the insured’s financial position after suffering loss from an insured risk.

   (b) Existence of a very close relationship between the loss suffered and the insured risk.

   (c) The insurer taking ownership of the remains of the destroyed property after the insured is duly compensated.

   (d) Proof that the insured will suffer direct financial loss if property is destroyed.

9. Highlight four items that would be included in the measurement of national income using the income approach. (4 marks)
10. The table below shows general price changes over a period of five years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Price (Ksh)</th>
<th>CPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>90.00</td>
<td>-</td>
</tr>
<tr>
<td>2011</td>
<td>100.80</td>
<td>-</td>
</tr>
<tr>
<td>2012</td>
<td>103.50</td>
<td>-</td>
</tr>
<tr>
<td>2013</td>
<td>105.30</td>
<td>-</td>
</tr>
<tr>
<td>2014</td>
<td>108.00</td>
<td>-</td>
</tr>
</tbody>
</table>

Using year 2010 as the base year, determine the consumer price index for years 2011, 2012, 2013 and 2014. (4 marks)

11. List four forms of retail businesses that a school leaver may engage in. (4 marks)

12. Outline four benefits of using the internet for office communication. (4 marks)

13. The following information relates to Zawadi Traders rental income:

1.1.15 Had Ksh 50,000 in the rent income account at the beginning of the year.

10.6.15 Received Ksh 120,000 from tenants.

12.11.15 Refunded Ksh 20,000 to a tenant who had vacated the premises.

**Required**
Prepare Zawadi Traders Rental Income Account. (4 marks)

14. State four means of payment that may be provided by commercial banks to their customers. (4 marks)

15. The equations given below relate to quantity demanded and quality supplied at the equilibrium point:

\[ Q_d = 4P + 50 \]
\[ Q_s = 8P + 30 \]

Determine the equilibrium price and quantity. (4 marks)

16. Outline four ways in which the balance of payments of a country may be improved. (4 marks)
17. Identify the source documents into which the information given in the table below would be recorded. (4 marks)

<table>
<thead>
<tr>
<th>Information</th>
<th>Source Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Payments received from debtors.</td>
<td></td>
</tr>
<tr>
<td>b. Purchases made on credit.</td>
<td></td>
</tr>
<tr>
<td>c. Validating payments made by the cashier.</td>
<td></td>
</tr>
<tr>
<td>d. Requesting for additional payments from a debtor.</td>
<td></td>
</tr>
</tbody>
</table>

18. Highlight four factors that should be considered by a firm when deciding on the method to use for promoting its products. (4 marks)

19. Outline four features of money that enables it to facilitate the exchange of goods and services. (4 marks)

20. Outline four benefits of proper filing to an organisation. (4 marks)

21. Highlight four characteristics of a monopolistic competitive market. (4 marks)

22. The aggressive campaign for citizens to plan their families seems to be causing a decline in the country’s population growth. Outline four possible effects of this. (4 marks)

23. State four functions of commercial attachés. (4 marks)

24. Outline four benefits that may be realised when two firms form a merger. (4 marks)

25. Shaban started a shop dealing in ladies clothing but failed after two years. Outline four factors that may have caused this failure. (4 marks)