

NAME:.....INDEXDATE.....

SCHOOL:.....SIGNATURE.....

565/1
BUSINESS STUDIES
PAPER 1
MAY/JUNE 2014
2 HOURS

CROSS COUNTRY EXAM 2014

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

565/1
BUSINESS STUDIES
PAPER 1
MAY/JUNE 2014

INSTRUCTIONS TO CANDIDATES

- ❖ Answer all questions in the spaces provided in the question paper
- ❖ All your workings to be shown

Questions	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Marks															

Questions	16	17	18	19	20	21	22	23	24	25
Marks										

TOTAL

MARKS

1. Outline four duties of an office manager (4 mks)

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

Highlight four benefits an individual gets from buying shares in a company such as safaricom (4mks)

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

2. In the table below classify the accounts given as personal, nominal, real or private (4 mks)

<u>Account</u>	<u>Account type</u>
Machinery
Kamau (a creditor)
Electricity bill
Rent income

3. Highlight four ways in which commercial attaches promote trade (4 mks)

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

Highlight four measures the government would undertake to provide investors with enabling business environment (4 mks)

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

(v) Identify four documents used in the delivery process in home trade (4 mks)

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

4. Outline four conditions which favour the use of personal selling as a strategy of product promotion (4 mks)

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

5. The supply schedule for Mr. Cheruiyot is as shown below

Price sh	Quantity
5	50
7	150

(a) Calculate the price elasticity of supply (2 mks)

(b) Interpret the meaning for this elasticity of supply (1 mk)

6. The following information relates to Matui traders for the month of July 2003

Opening sock	ksh.40, 000
Purchases	ksh 90, 000
Sales	ksh.150, 000
Margin	20%

Required: Prepare a trading account of Matui traders for the month ended 31st July 2003.

7. A farmer in Eldoret North District wishes to hire transport for his tomatoes to the market. Outline four essential factors that he should consider in choosing the means of transport

(4 mks)

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

8. Explain four ways in which warehousing facilitates trade

(4 mks)

- (i)
- (ii)
- (iii).....

9. Distinguish between the following insurance policies; Whole life and endowment policy

(4 mks)

Whole life	Endowment policy

10. State four positive implications of a rapidly growing population

(4 mks)

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

11. (a) What is a consumer price index?

(1 mk)

.....

(b) Outline three factors influencing price elasticity of demand.

(3mks)

- (i)
- (ii)
- (iii).....

12. State four characteristics of a goof filing system

(4 mks)

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

13. (a) Define public debt (1 mk)

.....

(b) Distinguish between debt weight and productive debt (3 mks)

(i)

(ii)

(iii).....

14. On 1st of October 2009 Sambu bought goods on credit quoted at ksh.240, 000. Terms of sales were 20% trade discount, and 10% cash discount. if payment was made on 29th October 2009, calculate the amount paid if payment was made on 26th October 2009 (4 mks)

15. The following information was obtained from the books of Kimenju Traders who do not keep complete records

	11/1/2005	31/12/2005
Stock	sh. 50, 000	sh.40, 000
Trade debtors	21, 000	sh.48, 000
Bank A/C	8, 400 (CR)	sh.243, 100
Trade creditors	28, 000	sh.53, 000
Premier	240, 000	sh.240, 000
cash in hand	15, 000	sh.38, 000

Required: Prepare a statement of affairs as at 31/12/2005 (4 mks)

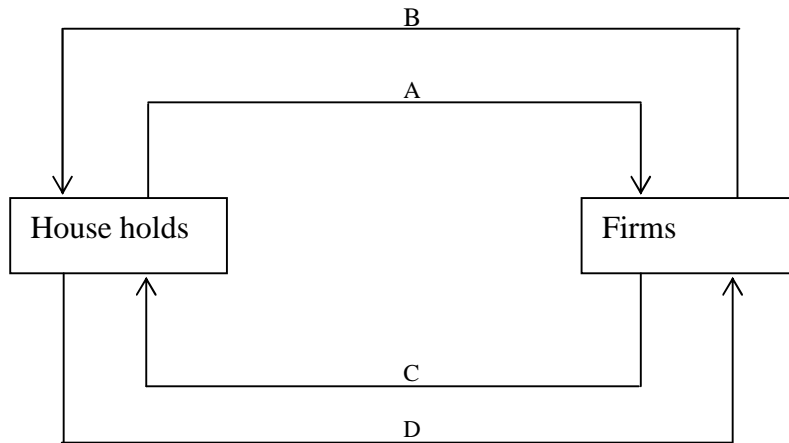
16. State four advantages of using credit cards (4 mks)

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

17. State four differences between monopolistic market and an oligopolistic market (4 mks)

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

18. The diagram below represents the circular flow of income in a two – sector economy



State what is represented by the arrows A, B, C, D (4 mks)

- A.
- B.
- C.
- D.

19. Highlight four circumstances under which a firm could be located near the market for its products (4 mks)

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

20. For each of the following source documents name the relevant day book (4 mks)

Source document	Daybook
Invoice issued
Credit note received
Cheque received
Invoice received

21. Highlight four situations in which the opportunity cost concept may be used. (4 mks)

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

22. Highlight any four services by commercial banks (4 mks)

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