

NAME:.....INDEX NO:.....

SCHOOL.....DATE:.....

CANDIDATE'S SIGN:

565/1
BUSINESS STUDIES
PAPER 1
MAY - JUNE 2014
TIME: 2 HRS

EKSIKA JOINT EVALUATION TEST

Kenya certificate of Secondary Education

INTRODUCTION TO CANDIDATES

- Write your name and index no in the spaces provided
- Answer **all** the questions
- All answers must be written in the spaces provided in this booklet
- Candidates should check the question paper to ascertain that all the pages are printed as indicated and no questions are missing
- Candidates should answer all the questions in English

For examiner's use only

Question	1	2	3	4	5	6	7	8	9	10	11	12	13
Marks													

Question	14	15	16	17	18	19	20	21	22	23	24	25
Marks												

Total
Marks

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This paper consists of 8 printed pages. Candidate should check to ascertain that all pages are printed as indicated and that no questions are missing.

1. Identify four elements of internal business environment that may positively influence the performance of business. (4mks)

- i.
- ii.
- iii.
- iv.

2. Highlight four features of oligopoly market structures. (4mks)

- i.
- ii.
- iii.
- iv.

3. Explain the meaning of the following terms as used in insurance. (4mks)

- a) Speculative risk
.....
- b) Surrender value
.....

4. The following features relate to warehousing. Indicate the most suitable type of warehousing described. (4mks)

- i. Mostly situated entry points and are available at a fee.....
- ii. Warehouse designed to suit ones particular needs.....
- iii. Used to store locally produced goods until excise duty is paid.....
- iv. Warehouse used to store non dutiable goods originating from within or outside the Country.....

5. State any four types of advertising (4mks)

- i.
- ii.
- iii.
- iv.

6. Given below is a table showing the market demand for a commodity from 1996 to 2000

Year	Quantity demanded
1996	100,000
1997	120,000
1998	200,000
1999	250,000
2000	270,000

Outline four factors that have contributed to the trend in the demand from 1996 .(4mks)

- i.
- ii.
- iii.
- iv.

7. Give four errors that may cause a trial balance not to balance. (4mks)

- i.
- ii.
- iii.
- iv.

8. State four internal diseconomies of scale in a firm. (4mks)

- i.
- ii.
- iii.
- iv.

9. The following is a table of activities. Name the utility that is created by each activity. (4mks)

Activity	Utility
i. Making chairs from timber	
ii. Shopkeepers selling sugar to consumers	
iii. Pharmacist delivering milk to a hospital	
iv. Delivering milk to consumers early in the morning	

10. Highlight four ways in which partners may be classified giving an example in each case.(4mks)

- i.
- ii.
- iii.
- iv.

11. For each of the following cases, name the motive for holding money. (4mks)

<u>Case</u>	<u>Motive</u>
i. To meet daily transport expenses	_____
ii. To meet any unforeseen circumstances	_____
iii. To pay for daily food requirements	_____
iv. To take advantage of anticipated future fall in prices	_____

12. State whether each of the following transactions will increase, decrease or have no effect on the business capital. (4mks)

Transaction	Effect on capital
i) Bought stock on credit	
ii) Owner withdrew some goods for personal use	
iii) Business made profit during the year	
iv) Paid wages by cheque	

13. The following information relates to Mwangi traders for the month of August 2008

Opening stock	Sh 40,000
Purchases	Sh 46,000
Carriage inwards	Sh 2,100
Closing stock	Sh 22,500

Goods are usually sold at a mark up of 20%.

Required : Prepare a trading account for the month ended 31st August 2008. (5mks)

14. Outline four emerging trends in office management. (4mks)

- i.
- ii.
- iii.
- iv.

15. State four circumstances under which lowering prices will not lead to an increase in the quantity demanded of a product. (4mks)

- i.
- ii.

- iii.
- iv.

16. Highlight four principles of co-operative societies. (4mks)

- i.
- ii.
- iii.
- iv.

17. State four ways in which the government may control monopoly power. (4mks)

- i.
- ii.
- iii.
- iv.

18. State four factors that determine the size of a country's national income. (4mks)

- i.
- ii.
- iii.
- iv.

19. Highlight four circumstances under which cash payment would be preferred to cheque payment. (4mks)

- i.
- ii.
- iii.
- iv.

20. Outline four reasons why a debit note may be sent to a buyer. (4mks)

- i.
- ii.
- iii.
- iv.

21. Outline four ledger accounts used for recording stock.

(4mks)

- i.
- ii.
- iii.
- iv.

22. Classify each of the following accounts as real, nominal or personal.

(4mks)

Account	Classification
i) Dividends	
ii) Kariuki a debtor	
iii) Motor vehicle	
iv) Motor vehicle expenses	
v) Provision for depreciation on motor vehicle	
vi) Capital	
vii) Profit and loss	
viii) Premises	

23. Highlight four ways in which production activities may negatively impact on community health.

(4mks)

- i.
- ii.
- iii.
- iv.

24. Highlight four circumstances under which a proforma invoice may be used.

(4mks)

- i.
- ii.
- iii.
- iv.

25. State three means of payment used in home trade.

(3mks)

- i.
- ii.
- iii.

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