

Name:

Index No:

School:

Candidate's Signature:

Date:

565/1

BUSINESS STUDIES

Paper 1

July/August 2014

Time: 2 Hours

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TRANS-MARA WEST ASSESSMENT TEST (TWAT)

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

BUSINESS STUDIES

Paper 1

July/August 2014

Time: 2 Hours

INSTRUCTIONS TO CANDIDATES:

- Write your **name** and **index number** in the spaces provided.
- There are **twenty five** questions
- Answer **all** the questions
- All answers **must** be written in the spaces provided in this booklet.

For Examiner's Use Only:

QUESTION	1	2	3	4	5	6	7	8	9	10	11	12	13	14
MARKS														

QUESTION	15	16	17	18	19	20	21	22	23	24	25
MARKS											

TOTAL MARKS

This paper consists of 7 printed pages. Candidates should check to ascertain that all papers are printed as indicated and that no questions are missing.

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1. The Manager of ENOOSAEN Sugar Company has vowed improve the company's yield by 60% through labour motivation. State **four** ways by which he can achieve this. (4mks)

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

2. Outline **four** circumstances that lead to a trader declining in giving credit facilities to customers. (4mks)

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

3. State **four** factors that encourage entrepreneurship in Kenya (4mks)

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

4. Highlight **four** ways in which a warehouse is of importance to a manufacturer. (4mks)

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

5. Outline **four** negative effects of a high taxation in an economy. (4mks)

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

6. The average consumer price for a tin of maize for various years in Trans-mara is shown in the table below.

Year	Consumer Price (Ksh)	Consumer price Index
2008	47	100
2009	53
2010	62
2011	74
2012	80

Calculate the consumer index using year 2008 as the base year. (4mks)

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7. Indicate the book of original entry used in recording each of the following transactions of Alex Traders. (4mks)

	Transaction	Book of original entry
a)	Bought goods on credit from Obare Traders for sh. 30, 000	
b)	Sold goods on credit to Kamau for sh. 10,000	
c)	Alex returned goods worth sh. 5, 000 to Sindiga Traders	
d)	Rihanda returned goods worth sh. 6, 000	

8. The following balances were obtained from the books of Ole Nkanai Traders for the month ended 29 February 2012.

	Sh.
Purchases.....	24, 000
Sales.....	420, 000
Equipment.....	120, 000
Furniture.....	300, 000
Debtors.....	60, 000
Creditors.....	20, 000
Expenses.....	140, 000
Capital.....	420, 000

- Prepare a Trial balance of Ole Nkanai Traders for the month ended 29 February 2012. (5mks)

9. The following balances were extracted from the books of Anyang wholesalers for the year ended 31

December, 2010	Sh.
Sales.....	800, 000
Purchases.....	420, 000
Opening stock (1.1.2010).....	90, 000
Closing stock (31.12.2010).....	50, 000
Debtors.....	130, 000
Creditors.....	90, 000

Calculate. (4mks)

(a) Margin

(b) Current ratio

(c) Rate of turnover

10. On 1 May 2012, Nyaboke Traders had sh.160, 000 in cash and sh. 30, 000 bank overdraft.

During the month, the following transactions took place.

- May 20 received a cheque for sh. 90, 000 from a debtor
- 25 Paid telephone bills sh. 5, 000 in cash
- 30 Withdrew Sh. 40, 000 from bank for office use

From the above information prepare Nyaboke Trader cash book and balances it off. (4mks)

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11. Indicate with a tick in the relevant column whether each of the following business transactions will increase or decrease the capital account balance. (3mks)

Transaction	Increase	Decrease
(a) Cash donation Sh. 600, 000 deposited into business bank account
(b) Withdrew Sh. 5, 000 from bank for personal use
(c) Loss of Sh. 20, 000 incurred by the business

12. Name **four** ways of sending letters through the post office. (4mks)

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

13. State **four** problems the consumers encounter in the process of satisfying their wants. (4mks)

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

14. Highlight **four** benefits that may be derived from an efficient road transport system in the country. (4mks)

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

15. Outline **four** reasons that have led to the growth of the savings and credit Co-operative Societies in Kenya. (4mks)

- (i)
- (ii)

- (iii)
- (iv)

16. State **four** limitations of billboards as a tool of product promotion. (4mks)

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

17. Highlight **four** factors that may hinder the expansion of small scale business enterprises. (4mks)

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

18. Outline **four** main functions of an office in any business organization. (4mks)

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

19. State **four** consequences of eliminating wholesalers from the chain of distribution. (4mks)

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

20. List **four** advantages of credit sales to a seller. (4mks)

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

21. Outline **four** ways in which the Central Bank controls the operations of commercial banks. (4mks)

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

22. Name **four** possible barriers to international trade. (4mks)

- (i)
- (ii)

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(iii)

(iv)

23. List **four** factors that are likely to hinder economic development in Kenya. (4mks)

(i)

(ii)

(iii)

(iv)

24. Describe the following types of unemployment:

(i) Disguised unemployment (2mks)

.....

.....

(ii) Seasonal unemployment (2mks)

.....

.....

25. Name **four** types of marine insurance policies. (4mks)

(i)

(ii)

(iii)

(iv)

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