

Name: Index no

Candidate's sign

Date: Class

565/1
BUSINESS STUDIES
PAPER 1
MARCH/APRIL, 2016
TIME: 2 HOURS

MOKASA JOINT EVALUATION

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

Business Studies
Paper 1

INSTRUCTIONS TO CANDIDATES:

- Write **your name** and **Index Number** in the spaces provided.
- Answer **all** the questions
- Candidates should check the question paper to ascertain that no questions are missing.

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

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1. Outline **four** ways the economic environment influence business activities (4 marks)

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2. List **four** personal attributes of an office staff (4 marks)

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3. Highlight **four** limitations of the methods used by the consumer to protect themselves against exploitation (4 marks)

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4. Outline **four** benefits of bonded warehouses to the government (4 marks)

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5. Distinguish between (4 marks)

a) Derived demand and joint demand

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b) Shift and movement along demand curve

6. Highlight **four** ways that may be used by a monopoly to differentiate a product market (4 marks)

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7. Outline four ways in which the Central Bank may use to reduce the amount of money in circulation (4 marks)
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8. For each of the following transactions, indicate the effect of each transaction on the balance sheet items as either increase, decrease or no change. (4 marks)

Transaction	Effect on Assets	Effects on liabilities	Effect on Capital
Drawings of goods from the business			
The proprietor brought a personal van for the business use			
Borrowed KCB loan to pay a creditor			
Bought stock by cheque			

9. The following transactions relate to the books of Amina traders as at 31st December 2015.

Gross profit	20,000
Commission allowed	200
Carriage on sales	4,000
Discount received	8,000
Salaries	6,000
Rent	2,000
Discount revived	400
Commission received	1,500
Interest on bank loan	500

Prepare Amina's profit and loss account for the period ended 31st December, 2015.

(5 marks)

10. Outline the relationship between scarcity, choice and opportunity cost with respect to satisfaction of human wants. (4 marks)

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11. List **four** documents prepared by the buyer in home trade (4 marks)

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12. The National Transport Safety Authority (NTSA) is a department within the transport sector in Kenya. Highlight **four** benefits Kenyans enjoy due to the establishment of NTSA (4 marks)

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13. Outline **four** reasons why a firm would prefer to locate near the market of its products (4 marks)

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14. List **three** withdrawals in the circular flow of income (3 marks)

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15. Other than serving as a medium of exchange. Mention **four** other functions of money (4 marks)

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16. The following transactions relate to the books of Kilimo Holdings. Record them in the relevant ledger accounts. (4 marks)
- (i) 1st January 2015, took a loan with ICDC of Kshs. 50,000 receiving by cheque.
 - (ii) 5th January 2015, Kelunyo, a debtor paid his account of Kshs. 40,000 in cash.
 - (iii) 10th January 2015, took money from bank, Kshs. 50,000 for office use
 - (iv) 12th January 2015, bought furniture Kshs. 35,500 in cash

17. Give the name of the insurance policy described in the following table (4 marks)

Description	Name of policy
Covers ships while on a specified voyage and time	
Covers a specified peril when the ship is either being loaded, offloaded or serviced	
Covers cargo against loss or damage while being transported by ship	
One policy used to cover a number of ships belonging to one organization	

18. Currently the government is selling state owned businesses to private investors. Highlight **four** benefits of such decisions. (3 marks)

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19. State **four** essentials of effective communication (4 marks)

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20. Outline **four** advantages of free gifts in product promotion (4 marks)

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21. List **four** costs incurred in the distributions of goods (4 marks)

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22. Highlight **four** merits of direct tax as a source of revenue to the government (4 marks)

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23. Identify the level of occupation described by each of the following information (4 marks)

Description	Occupation
A boy chasing hare for meat	
Britam insurance company selling their policies	
School carpenter making chairs for form ones	
Mr. Zuma counseling form four students	

24. The following information relate to Kamau traders for the month of December 2015.

- Dec. 1- sold goods for kshs. 45,000 less 10% cash discount
- Dec 5 – Bought goods worth kshs. 4,000 in cash and was allowed a discount of 5%
- Dec 7 – a debtor paid kshs. 20,000 in full settlement of a debt of kshs 23,000 by cheque
- Dec 15 – Sold goods kshs. 70,000 on credit to jambo traders
- Dec 26 – Paid rent kshs. 16,000 by cheque

Required:

Post the above transactions to relevant journals (4 marks)

25. Unemployment solving has been an agenda to most developing economies. Identify the type of unemployment being solved below. (4 marks)

(i) Government initiating irrigation projects to ensure continuous production of food
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(ii) Retraining teachers to embrace use of technology in teaching and learning
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(iii) Government and private sectors inventing job advertisement sites for easy access by job seekers
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(iv) Parliament passing legislation that accommodate the disabled people to acquire jobs
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