

Name:.....Index no.....  
 Admission no.....class.....  
 School.....Candidate's Signature: .....Date.....

565/1  
**BUSINESS STUDIES**  
 Paper 1  
**July-August 2016**  
**Time: 2 hours**

## KAMDARA JET EXAMINATION

### Kenya Certificate of Secondary Education

**Instructions**

- ❖ Answer ALL the questions in the spaces provided.
- ❖ This paper consists of 8 printed pages

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

16	17	18	19	20	21	22	23	24	25

**TOTAL**

1. State **FOUR** reasons why consumers satisfy basic wants before secondary wants (4 marks)

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

2. State **FOUR** factors determining the supply of labour in an economy (4 marks)

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

3. Jitegemee, a very young entrepreneur would like to start a business in Makadara center. Outline **four** factors that would show the existence of a business opportunity within the center (4 marks)

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

4.) Highlight **four** monetary policy measures used to regulate circulation of money in an economy (4 marks)

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

5. Highlight **four** ways in which ethical practices in business ensures that consumers are not exploited (4 marks)

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

6. Outline **four** consequences of a poor filing system in an organization (4 marks)

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

7. Highlight **four** features that distinguish co-operative societies from other forms of business units (4 marks)

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

8. Highlight **four** measures to alleviate the balance of payment problems (4 marks)

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

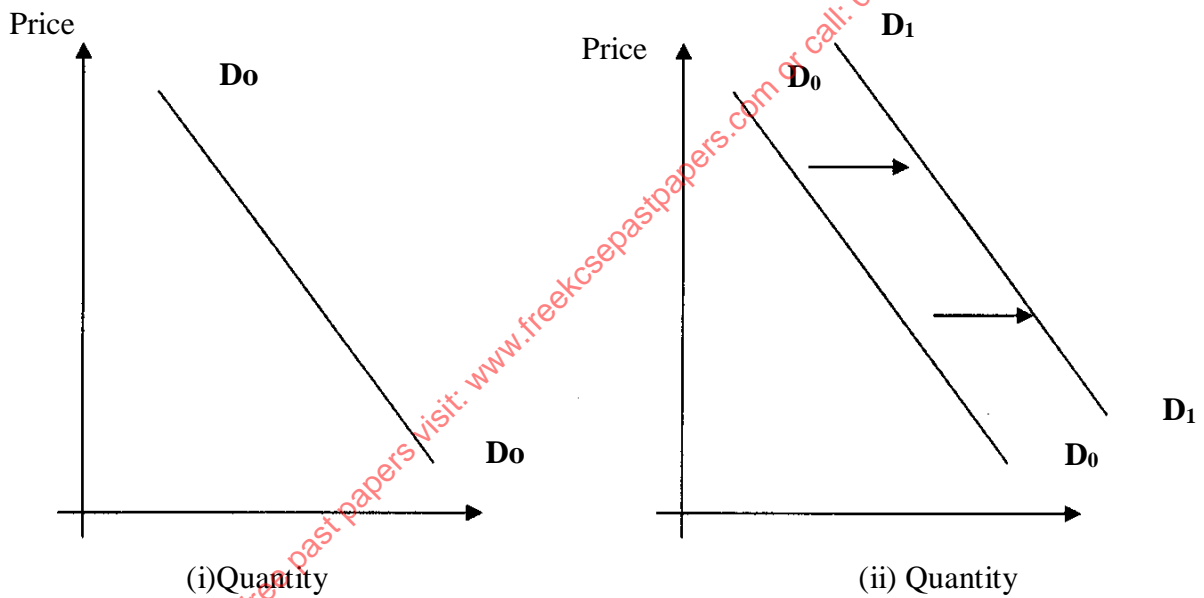
9. The following information was extracted from Mawe Mbili traders for the year ended 31<sup>st</sup> December, 2015

	KSH
Machinery	460,000
Cash in hand	80,000
Debtors	130,000
Creditors	60,000
Prepaid salaries	20,000
4 year loan	280,000
Accrued rent	30,000

Required:

Prepare a balance sheet of Mawe mbili traders as at 31<sup>st</sup> December, 2015

10. Study the diagrams below and answer the question that follows:-



State the factors that may cause the above change from diagram (i) to (ii) (4 marks)

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

11. Give **four** reasons why railway transport is not competitive in Kenya. (4 marks)

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

12. The following balances were extracted from the books of Asena Enterprises on 30<sup>th</sup> June, 2006.

	Shs.
Gross profit	120,000
Rent Income	100,000
Dividends received	200,000
Salaries	300,000
Carriage outwards	10,300
Discount allowed	21,000

Prepare Asena's Enterprises profit and loss account for the year ended 30<sup>th</sup> June, 2006.

(4 marks)

13. Indicate the source document and the book of original entry in which each of the following transactions should be recorded

No	Transactions	Source document	Book of original entry
a)	Purchase of goods on credit		
b)	Payment of cash to a creditor		
c)	Sale of goods on credit		
d)	Sale of fixed asset for cash		

14. Atemo is the head of the marketing team at ABC Company that has recorded tremendous increase in volume of sales over the last four years. Highlight **four** attributes that she possess. (4 marks)

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

15. Outline **four** features of a monopolistic market (4 marks)

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

16. state **four** positive implications of a large population in a country (4marks)

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

17 Outline **four** circumstances under which an Insurance company may re- Insure. (4 marks)

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

18. State **four** importance of development planning. (4 marks)

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

19. Record the following transactions in a two column cash book and balance it off as at January 12<sup>th</sup> 2008 (4mks)

- January 1 Started business with capital sh. 10,000 cash and sh. 25,000 bank overdraft
- 2 bought stock in cash sh. 6,000
- 3 cash sales sh. 2,500
- 7 bought stock worth sh. 5,000 on credit
- 12 withdrew cash from bank for office use sh. 4,000

20. The following are types of internal and external environments Technological, Business structure, Demographic and physical. In the table below , write the type of environment that suits the description.

(4 marks)

Description	Environment
i) A duty roster of workers in an organization	
ii) An increase in demand of an organizations product as a result of an increase in population.	
iii) An organization engaging the services of G4 Security.	
iv) Use of e-commerce in the marketing of the organization's product.	

21. Mention four circumstances under which verbal communication would be used in an organization. (4 marks)

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

22. In each of the following cases, state the type of inflation described.

(4 marks)

- a) The unrest in Libya has resulted to an increase in the price of oil. \_\_\_\_\_
- b) The price of bread has gone up to Shs.60 due to Increase in the price of Wheat. \_\_\_\_\_

- c) A lot of Money in circulation has led to the general increase of price. \_\_\_\_\_
- d) A rise in price due to uneven growth in Some sectors of the economy. \_\_\_\_\_

23. State FOUR economic effects of taxation to a country's economy. (4 marks)

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

24. State **four** merits of storing goods in a public warehouse (4mks)

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

25. Highlight FOUR circumstances under which a seller would require a buyer to pay cash with order. (C.W.O) (4marks)

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