

Name Index No.

5/1
BUSINESS STUDIES
Paper 1
July/August 2016
Time: 2 Hours

Candidate's Signature

Date

NYANDARUA SOUTH FORM FOUR JOINT EVALUATION

Kenya Certificate of Secondary Education

BUSINESS STUDIES
Paper 1
July/August 2016
Time: 2 Hours

INSTRUCTIONS TO CANDIDATES

- * Write your name and index number in the spaces provided above.
- * Sign and write the date of examination in the space provided above.
- * Answer **all** the questions in this paper in the spaces provided.
- * Candidates should answer the question in English.

For Examiner's use Only

Question	1	2	3	4	5	6	7	8	9	10	11	12	
Marks													
Question	13	14	15	16	17	18	19	20	21	22	23	24	25
Marks													

TOTAL MARKS

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1. Below are some factors that influence the operations of a business. By use of a tick (✓) indicate in the appropriate column the business environment associated with each of the factors. (4 marks)

Factor	Micro	Macro
a) Political factors		
b) Economic recession		
c) Business structures		
d) Human resources		

2. Give four basic factors of production with their respective rewards. (4 marks)

	Factors of production	Reward
i)		
ii)		
iii)		
iv)		

3. Outline four advantages of warehousing to a consumer. (4 marks)

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

4. Outline four sources of oligopoly power. (4 marks)

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

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

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

6. 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 marks)

7. For each of the following source documents name the relevant day book. (4 marks)

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

8. Diana, Peter and James have been running a business as a partnership without a written agreement. Advise them on the following matters as per the partnership Act. (4 marks)

a) Profit and loss sharing

.....

b) Salary to partners

.....

c) Loans given to the business by the partner

.....

d) Admission of a new partner

.....

9. State whether each of the following transactions increased, decreased or had no effect on the balance sheet totals. (4 marks)

Transactions	Effect on balance sheet totals
a) Bought office equipment in cash	
b) Paid a creditor by cheque	
c) Used business cash to pay dowry	
d) Converted private room for business	

10. State four emerging trends in Matatu PSV transport sector in Kenya. (4 marks)

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

11. State four circumstances under which photocopying may be used to reproduce documents in a school. (4 marks)

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

12. The following is a cash book that was extracted from Manyatta traders for the month of February 2009.

Manyatta Traders
Cash book for the month of February 2009

Date	Particulars	Disc all.	Cash	Bank	Date	Particu-	Disc rec.	Cash	Bank
2004					2004				
Feb 1	Bal b/d		2,000	5,000	Feb 15	Bank C1		15,000	
" 12	Wanjala	1,000	19,000		" 26	Njeru	850		17,000
" 15	Cash C1			15,000	" 27	Bal c/d		6,000	3,000
		1,000	21,000	20,000			850	21,000	20,000
" 28	Bal b/d		6,000	3,000					

Describe the transactions which took place on the dates given below. (4 marks)

i) February 1

ii) February 12

iii) February 15

iv) February 26

13. State four specific objectives of advertising as a tool of sales promotion. (4 marks)

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

14. Apart from government borrowing, outline four other sources of government revenue. (4 marks)

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

15. Give four reasons that make insurance companies decline to insure acts of nature. (4 marks)

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

16. Using the accounting equation, fill in the missing figures in the following table. (4 marks)

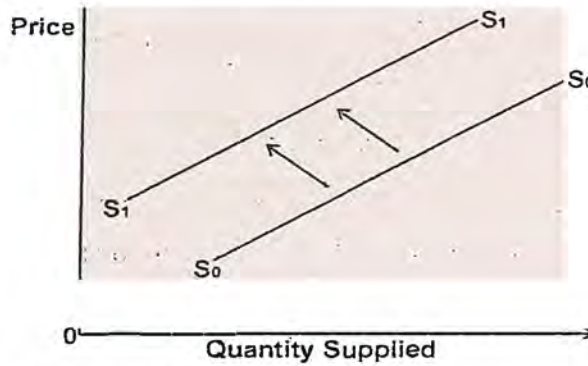
	Liabilities (shs)	Assets (shs)	Capital (shs)
a)	45,820		28,700
b)	43,737	211,000	
c)	348,170		170,340
d)		148,390	108,930

17. Identify any four barriers to international trade that are imposed by governments. (4 marks)

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

18. The diagram below shows a shift in supply curve from S_0S_0 to S_1S_1 .

(4 marks)



State four factors that may account for the above shift. (4 marks)

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

9. Give four basic characteristics of a business idea. (4 marks)

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

10. The table below shows the age distribution of a country.

Age	Percentage %
0 - 15	45
16 - 55	31
56 and above	24

State four negative economic implications of this age distribution to a country. (4 marks)

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

21. Identify four factors that may lead to an increase in the level of national income of a country. (4 marks)

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

22. Mention four adverse effects of inflation. (4 marks)

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

23. Outline four functions of Kenya Bureau of standards. (4 marks)

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

24. Identify four circumstances under which sign language may be used to communicate. (4 marks)

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

25. The Central bank is a banker to the government. Outline four banking services it provides to the Kenya government. (4 marks)

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

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