

KAHURO / MURANG'A EAST JOINT EXAMINATIONS 2016**BUSINESS STUDIES****565/1****PAPER 1**

1. Outline **four** characteristics of direct production. (4mks)
2. Highlight **four** challenges faced by consumer organizations in carrying out their mandate of consumer protection. (4mks)
3. In the spaces provided, indicate whether each of the following statements relate to preference shares or ordinary shares.

<u>Statement</u>	<u>Types of shares</u>
(i) Has voting rights
(ii) Rate of dividend is fixed
(iii) Considered first in liquidation
(iv) Represent ownership
4. Highlight **four** characteristics of economic resources. (4mks)
5. State **four** ways in which the Kenyan currency qualifies as good money. (4mks)
6. List **four** causes of structural inflation. (4mks)
7. Highlight **four** positive effects of a declining population. (4mks)
8. Highlight **four** uses of a Bill of Lading in international trade. (4mks)
9. State **four** ways in which the nature of goods would influence the choice of transport. (4mks)
10. Outline **four** features of a re-insurance company. (4mks)
11. Below are some of the factors that influence the operations of a business. Indicate with a tick (✓) in the appropriate column the business environment associated with each of the factor. (4mks)

	Factors	Internal Environment	External Environment
(i)	Customers preference		
(ii)	Objectives of the business		
(iii)	Exchange rates		
(iv)	Personnel knowledge and skills		

12. Using a well labelled diagram, illustrate movement along the demand curve. (4mks)
13. Highlight **four** functions of Kenya Bureau of Standards. (4mks)
14. The following information relates to Amani Traders for the period ended 30th April 2012.

	Shs.
Opening stock	45,000
Closing stock	?
Purchases	720,000
Sales	980,000
Sales returns	30,000
Carriage inwards	20,000
Margin	20%

Prepare Amani Traders' Trading Account. (5mks)

15. Highlight **four** methods that are used by a monopolistic firm to differentiate products. (4mks)
16. Nyandudo is employed as a filing clerk in Jagoni Hospital. Highlight **four** challenges the hospital is facing in it's filing from Nyandudo's incompetence. (4mks)
17. Give **four** circumstances when it would be appropriate to use signs and gestures to communicate in business. (4mks)
18. Indicate using a tick (✓) the type of balance that each of the following accounts usually has.

	Account	Debit balance	Credit balance
(i)	Capital		
(ii)	Returns inwards		
(iii)	Rent received		
(iv)	Cash in hand		

19. Outline **four** types of expenditure included in measuring national income. (4mks)
20. List **four** factors that may influence the methods of distribution of agricultural products from the farm. (4mks)
21. For each of the following transactions, state the source document and the book of original entry in which the transactions would be recorded. (4mks)

	Transaction	Source Document	Book of original entry
(i)	Goods returned to a supplier		
(ii)	Sale of goods on credit		
(iii)	Payment to a creditor		
(iv)	Purchase of goods on credit		

22. Outline the challenges that less developed countries are likely to experience as they implement their development plans. (4mks)

23. For each of the following situations, name the most suitable means of payment to be used.

(4mks)

	Situation	Most suitable means
(i)	A trader wishes to pay fifty of his creditors using one cheque for supplies received.	
(ii)	Paying school fees for a student from Nyeri who is at Nairobi School.	
(iii)	Paying Insurance Premiums monthly to CIC for a Life Cover.	
(iv)	Wairimu wishes to instantly transfer Shs. 50,000 from her account to another account.	

24. Chumo industries want to open a warehouse for her products. Give the management some advice on **four** factors it should consider in establishing the warehouse. (4mks)

25. Identify **three** ways of generating a business idea. (3mks)