

NAME..... INDEX NUMBER.....

CANDIDATES SIGNATURE.....DATE.....CLASS.....

MOI HIGH SCHOOL KABARAK

JUNE EXAMINATIONS
BUSINESS STUDIES
PAPER 1

565/1

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES.

Answer all the questions on the spaces provided.

For Examiners use only.

| | | | | | | | | | | | | |
|----------|---|---|---|---|---|---|---|---|---|----|----|----|
| QUESTION | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| SCORE | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|----|----|----|----|----|----|----|----|----|----|----|----|----|
| 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | | | | | | | | | | |

TOTAL
SCORE

| |
|--|
| |
|--|

1. Outline four aspects of demographic environment that influences the operations of business. (4 marks)

- a).....
- b).....
- c).....
- d).....

2. Highlight four unethical practices that business may get involved in. (4 marks)

- a).....
- b).....
- c).....
- d).....

3. Highlight four merits that will accrue to a business by adopting the internet as a means of communication (4marks)

- a).....
- b).....
- c).....
- d).....

4. State four conditions necessary for successful development planning to take place in a country. (4 marks)

- a).....
- b).....
- c).....
- d).....

5. Outline four channels of distribution for exported Agricultural products. (4 marks)

- a).....
- b).....
- c).....

d).....

6. Highlight four ways in which an efficient transport system can enhance trade. (4 marks)

a).....

b).....

c).....

d).....

7. State whether the following business transactions increases, decreases or has no effect on the assets, liabilities or capital. (4 marks)

| Transaction | Assets | Liabilities | Capital |
|-------------------------------|--------|-------------|---------|
| a) Bought furniture on credit | | | |
| b) Paid creditors by cash | | | |
| c) Investment by the owner | | | |
| d) Purchase stock by cheque | | | |

8. Highlight four features of oligopoly market structures. (4marks)

a).....

b).....

c).....

d).....

9. The following transactions relate to Mutinda traders for the month of January 2008.

January 8 purchased goods on credit from Furaha traders worth sh.12000

12 Sold goods to Jane traders worth sh.20000

Record the transactions in the ledger accounts given below. (4 marks)

| | |
|--|--|
| | |
|--|--|

| | |
|--|--|
| | |
|--|--|

10. The statements below contains descriptions relating to some type of warehouse. In the space provided, state the type of warehouse to which each description refer to. (4 marks)

- | Description | Type |
|---|-------|
| a)Used to store exports and imports..... | |
| b).Anybody can rent spaces in it for storing goods temporary..... | |
| c) Operated for owners exclusive use | |
| d) Owned and operated by farmers and manufacturers..... | |

11. Highlight four functions of Non-banking financial institutions. (4 marks)

- a).....
- b).....
- c).....
- d).....

12. State four reasons why consumers must make a choice when satisfying competing wants. (4 marks)

- a).....
- b).....
- c).....
- d).....

13. Outline four assumptions used to explain the circular flow of income in a two sector economy. (4 marks)

- a).....
- b).....
- c).....

d).....

14. State four characteristics of subsistence production in Kenya. (4marks)

a).....

b).....

c).....

d).....

15. The following table shows the price of 2kg of maize flour 1 loaf of bread, and 1 packet of milk in 2013 and 2014 with their weights. (4 marks)

| Items | Prices | | Weights |
|-------|--------|------|---------|
| | 2013 | 2014 | |
| Flour | 80 | 85 | 2 |
| Bread | 50 | 60 | 1 |
| Milk | 40 | 60 | 3 |

Required:

Calculate Consumer Price Index (C.P.I) for the year 2014 for the basket of goods composed of the three items using the Weighted Average Method and determine rate of inflation

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16. State four disciplines in Business studies. (4marks)

a).....

b).....

c).....

d).....

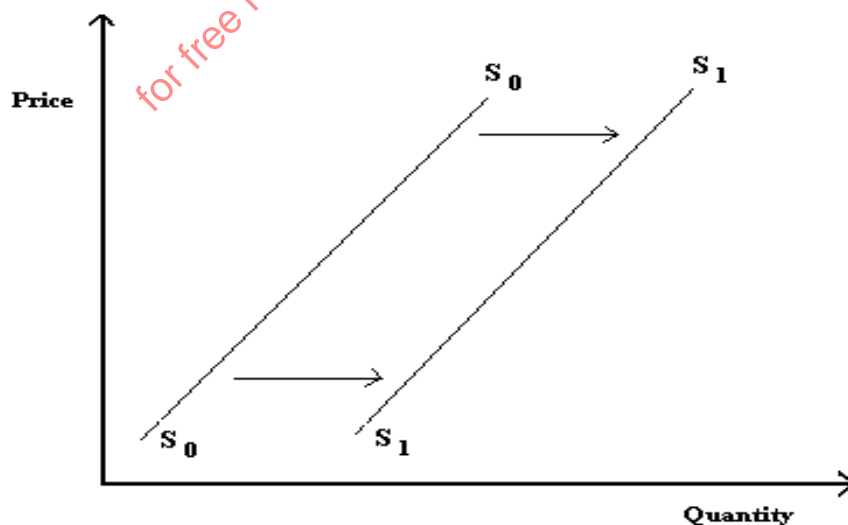
17. Name the document that matches the following descriptions. (4 marks)

| | Description | Document |
|-----|---|----------|
| (a) | Prepared by an exporter giving details about the country where goods are imported from | |
| (b) | Shows prices charged as certified by the importing country's officials | |
| (c) | An order sent by an importer to an agent in the exporting country | |
| (d) | Enables the importer to initiate clearing of customs duty early enough to avoid delays. | |

18. Highlight four features of a mail order stores in home trade. (4 marks)

- a).....
- b).....
- c).....
- d).....

19. The diagram below shows a shift in the supply curve of a given commodity. (4 marks)



State four reasons for the shift in the supply curve. (4 marks)

- a).....
- b).....
- c).....
- d).....

20. Identify the types of unemployment described below. (4 marks)

- a).....is a type of unemployment that occurs when demand for labor declines due to either change in the method of production or decrease in supply of goods and services.
- b).....is a type of unemployment which occurs when workers full capabilities are not fully utilized.
- c).....is a type of unemployment which occurs to those employed on contract basis
- d).....occurs when a country goes through economic activities alternating from boom to recession

21. Highlight four circumstances under which an insurance contract may be terminated. (4 marks)

- a).....
- b).....
- c).....
- d).....

22. State four negative effects of an ageing population. (4 marks)

- a).....
- b).....
- c).....
- d).....

23. State four importance of balance sheet. (4marks)

- a).....
- b).....
- c).....
- d).....

24. Outline four reasons as to why a cheque is returned to the payee while indicated “refer back to the drawer.” (4 marks)

- a).....
- b).....
- c).....
- d).....

25. The following balances were extracted from Mwangaza traders’ books of accounts.

| | Shs. |
|---------------|---------|
| Opening stock | 25,000 |
| Closing stock | 35,000 |
| Purchases | 190,000 |
| Mark - up | 20% |

Calculate:

- a) Cost of sales (1mark)

- a) Gross profit (1 mark)

- b) Sales (1 mark)

- c) Rate of stock turnover(ROSTO) (1 mark)

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