

CANDIDATE NAME: _____

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565/1

BUSINESS STUDIES

PAPER 1

JULY/AUGUST 2013

2 HOURS

**KIKUYU DISTRICT INTERSCHOOLS EVALUATION
KENYA CERTIFICATE OF SECONDARY EDUCATION**

565/1

BUSINESS STUDIES

PAPER I

JULY/AUGUST 2013

2 HOURS

INSTRUCTIONS:

- Answer ALL the questions in the spaces provided

For Examiners 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											

**GRAND
TOTAL**

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1. Outline **four** basic qualities of an office worker. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

2. Identify the human want characteristic depicted in each of the following statements.

Human want

Characteristics

- (a) Some human wants satisfied may require to _____
be satisfied again
- (b) The satisfaction of one want may create a _____
need to satisfy a second want or more wants
- (c) Most human wants are common to _____
everybody
- (d) One cannot have full satisfaction of any _____
given want.

3. Highlight **four** reasons why a small scale business may succeed despite the competition it faces from large firms. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

4. Identify the source documents that can be used in recording each of the following transactions. (4 marks)

Transaction

Source of document

- (a) To correct an under charge in an invoice _____
- (b) To pay casual workers in an organisation _____
- (c) To show that a credit transaction has taken _____
place.
- (d) To show that a cash transaction has taken _____
place

5. State **four** ways in which the government can create an enabling business environment. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

6. Highlight **four** services offered by wholesalers to retailers. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

7. The following information relates to Kabete Traders for the year ended 30th June 2012.

Sales	Ksh. 300, 000
Opening stock	Ksh. 50, 000
Purchases	Ksh. 260, 000
Profit margin	Ksh. 20%

Prepare a trading account for the year ended 30th June, 2012. (4 marks)

8. Outline **four** circumstances under which a sole proprietorship form of business may be formed. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

9. Highlight **four** causes of demand pull inflation in an economy. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

10. Highlight **four** factors that give rise to monopoly in a market situation. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

11. A wholesaler sold 20 bags of maize at KSh. 1200 each to a retailer. The retailer was allowed a trade discount of 10% and cash discount of 3%. If payment was made within one month. Calculate the total amount of money the retailer paid if the payment was made within a week. (4 marks)

12. Outline **four** roles of the stock exchange as a market for securities. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

13. Listed below are transactions of a retailer in Kikuyu town. For each of the following, identify the appropriate journal in which it should be recorded. (4 marks)

- | Transaction | Type of Journal |
|--|-----------------|
| (a) Sold goods on credit to Nyambura | _____ |
| (b) Goods sold earlier to Jokim were returned back due to defects. | _____ |
| (c) Received a credit note from mash wholesalers. | _____ |
| (d) Bought goods from Zawaria on credit | _____ |

14. List **four** elements of transport. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

15. On 25th March 2013, Musa Traders had cash and Bank balances of shs. 5000 and shs. 23, 000 respectively. During the week ended 30th March the following transactions took place.

March 26th: Torotich a debtor paid shs. 7,500 by cheque

27th: Withdrew shs. 3,000 from bank for cash till.

28th: Paid Kilonzo, a creditor shs. 1,500 in cash.

Prepare the cash book of Musa Traders duly balanced as at 29th March 2013.

16. Outline **four** features of under development. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

17. Outline **four** factors that influence choice of an appropriate means of communication. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

18. State **four** characteristics of a fixed deposit accounts. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

19. Outline **four** reasons why it is advisable to take an endowment policy instead of a whole life policy. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

20. Muhuni company limited has decided to send out a sales force to market its products. State **four** circumstances that would have promoted this move. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

21. Distinguish between a movement along and shift of the demand curve. (4 marks)

	Movement along a demand curve	Shift of a demand curve
a)		
b)		
c)		
d)		

22. State **four** reasons why indirect production is gaining popularity. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

23. Highlight **four** reasons why it may be necessary for Kenya to control her imports. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

24. Outline **four** benefits of an expanding population to an economy. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

25. State **four** principles of government expenditure. (4 marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____