

Name \_\_\_\_\_ Index No. \_\_\_\_\_

Candidate's Signature \_\_\_\_\_

Date \_\_\_\_\_

565/1

**BUSINESS STUDIES**

**PAPER 1**

**JUNE 2014**

**TIME : 2 HOURS**

**COMA JOINT EXAM 2014**  
**Kenya Certificate of Secondary Education**  
**BUSINESS STUDIES**  
**PAPER 1**  
**2 HOURS**

**INSTRUCTIONS TO CANDIDATES**

- (a) Write your name and your index number in the spaces provided.
- (b) Answer ALL the questions .
- (c) All workings must be clearly shown.

**FOR EXAMINER'S USE ONLY**

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

Question	15	16	17	18	19	20	21	22	23	24	25

**TOTAL MARKS**

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*This paper consists of 7 printed pages*

**Turn Over**

1. List four different ways in which the government creates an enabling business environment. ( 4 marks )

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

2. State four factors that may lead to rightward shift of supply curve. (4 marks )

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

3. Outline four demerits of modern communication technology. (4 marks )

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

4. State four types of external economies of scale. (4 marks )

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

5. Give the factors of production relevant to the following rewards. (4 marks )

Reward	Factor of production
(i) Profit	_____
(ii) Commission	_____
(iii) Interest	_____
(iv) Loyalties	_____

6. On 1<sup>st</sup> April, 2012 Katunge received an invoice for Kshs. 30,000. Terms of payment were: Trade discount 5% and cash discount 10%. If payment is made within 30 days. Determine the amount paid if payment was made on 26<sup>th</sup> April 2012. ( 4 marks )

7. State four factors that may influence the level of National income. (4 marks )

- (a) \_\_\_\_\_  
(b) \_\_\_\_\_  
(c) \_\_\_\_\_  
(d) \_\_\_\_\_

8. State the type of unemployment described by each of the following statements. (4 marks )

- (a) A person has absolutely nothing to do

\_\_\_\_\_

- (b) A worker does not have specific skills and loses the job when the contract between him and the employer ends \_\_\_\_\_

- (c ) The number of people employed exceeds those that are required.

\_\_\_\_\_

- (d) Caused by seasonal variations such that during peak period, there is high demand for labour and during off peak period, the demand for labour goes down.

\_\_\_\_\_

9. Outline four circumstances in which a supplier may require to be paid through cash with order. (4 marks)

- (a) \_\_\_\_\_  
(b) \_\_\_\_\_  
(c) \_\_\_\_\_  
(d) \_\_\_\_\_

10. Describe the procedure for preparing a balance sheet from the Trial Balance. (4 marks )

- (a ) \_\_\_\_\_  
\_\_\_\_\_  
(b) \_\_\_\_\_  
\_\_\_\_\_  
(c ) \_\_\_\_\_  
\_\_\_\_\_  
(d) \_\_\_\_\_  
\_\_\_\_\_

11. State four recent trends in product promotion. (4 marks )

- (a ) \_\_\_\_\_  
(b) \_\_\_\_\_  
(c ) \_\_\_\_\_  
(d) \_\_\_\_\_

12. Enter the following transactions in the relevant ledger accounts.

Jan 1, 2012	Balance b/d	Bank sh. 3,000 (CR)
		Cash sh. 2,000
Jan 2, 2012	Received Ksh 49,000 from Pete traders after deducting 2% cash discount.	
Jan 5, 2012	Deposited sh. 20,000 from cash box to the bank account.	
Jan 12.2012	Paid rent Ksh. 2,000 by cheque.	
Jan 20,000	Paid Kalikali Ksh. 10,000 5% cash discount.	

( 4 marks )

13. Mutua had taken a policy with an insurance company. State the circumstances that can make the insurer fail to compensate him after a loss. ( 4 marks )

- (a ) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c ) \_\_\_\_\_
- (d) \_\_\_\_\_

14. High light four objectives of taxation other than raising revenue. (4 marks )

- (a ) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c ) \_\_\_\_\_
- (d) \_\_\_\_\_

15. Outline the roles played by the stock exchange market. ( 4 marks )

- (a ) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c ) \_\_\_\_\_
- (d) \_\_\_\_\_

16. State four characteristics of underdevelopment. ( 4 marks )

- (a ) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c ) \_\_\_\_\_
- (d) \_\_\_\_\_

5.

17. In the recent past, mobile phone money transfer has become very popular. Give four reasons that can account for this trend. ( 4 marks )

- (a ) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c ) \_\_\_\_\_
- (d) \_\_\_\_\_

18. State the best type of machine one would use to perform the following tasks. (4 marks )

- | Function  | Type of machine |
|---|-----------------|
| (a) To trim papers to the required sizes                  | _____           |
| (b) To fold documents, put them in envelope and seal them | _____           |
| (c ) To make exact copies of a certain original document  | _____           |
| (d) To arrange papers in a required order                 | _____           |

19. Highlight four benefits a country e.g Kenya gets from joining regional economic blocs like COMESA. ( 4 marks )

- (a ) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c ) \_\_\_\_\_
- (d) \_\_\_\_\_

20. Outline four reasons why a business is important. (4 marks )

- (a ) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c ) \_\_\_\_\_
- (d) \_\_\_\_\_

21. Indicate the effect of each of the following transactions on the balance sheet totals by using ( + ) for increase , ( - ) for decrease and (NC) for no change. ( 4 marks )

- (a) Cashed a cheque for personal use \_\_\_\_\_
- (b) Bought premises on credit \_\_\_\_\_
- (c ) Paid a creditor by cash \_\_\_\_\_
- (d) Converted a personal car into business vehicle \_\_\_\_\_

22. List four factors one has to consider when evaluating a business opportunity. ( 4 marks )

- (a ) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c ) \_\_\_\_\_
- (d) \_\_\_\_\_

6.

23. List four essential features of a market. (4 marks )

- (a ) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c ) \_\_\_\_\_
- (d) \_\_\_\_\_

24. Boda boda motorcycles have become common in Kenya today. State the disadvantages of this mode of transport. ( 4 marks )

- (a ) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c ) \_\_\_\_\_
- (e) \_\_\_\_\_

25. Highlight four negative implications in the Kenya economy of the continued war in Somali. (4 marks )

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_