**Name………………………………………….. ADM No………………..**

**Stream……………………………….. Candidate’s signature……………...**

**Index No ……………………………….. Date………………………………..**

**565/1**

**BUSINESS STUDIES**

**Paper 1**

**March 2015**

**2 HRS**

**Instructions to candidates**

1. Write your name and Adm Number in the spaces provided above.
2. Answer ALL the questions.
3. All answers must be written in the spaces provided.
4. Candidates should check the question paper to ascertain that all the pages are printed as indicated and no of questions missing.
5. This paper consist of 8 printed pages.
6. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
7. Candidates should answer all the questions in English.

**For Examiners Use Only**

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

 **Total marks**

1.Highlight **four** reasons why people engage in Business activities.

i)-----------------------------------------------------------------------------------------------------------------

ii)----------------------------------------------------------------------------------------------------------------

iii)---------------------------------------------------------------------------------------------------------------

iv)-------------------------------------------------------------------------------------------------------------

2. Outline **four** types of resources that are important in Business. (4mks)

i)-------------------------------------------------------------------------------------------------------------------

ii)------------------------------------------------------------------------------------------------------------------

iii)----------------------------------------------------------------------------------------------------------------

iv)----------------------------------------------------------------------------------------------------------------

3. State **four** functions of an entrepreneur in the production of goods and services. (4mks)

i)-------------------------------------------------------------------------------------------------------------------

ii)------------------------------------------------------------------------------------------------------------------

iii)----------------------------------------------------------------------------------------------------------------

iv)---------------------------------------------------------------------------------------------------------------

4. Identify the machine used to perform the following tasks. (4mks)

|  |  |
| --- | --- |
|  **Statements** | **The machine** |
| 1. To count coins and notes
 |  |
| 1. To trim paper into required sizes and shapes
 |  |
| 1. To fold documents, place them in envelope and seal the envelope
 |  |
| 1. To print postage impression on envelopes
 |  |

5. Outline **four** differences between chain stores and departmental stores. (4mks)

|  |  |
| --- | --- |
| Chain stores | Departmental stores |
| i) |  |
| ii) |  |
| iii) |  |
| iv) |  |

6. State **four** statistics that are associated with the measurement of National income. (4mks)

i)-------------------------------------------------------------------------------------------------------------------

ii)-----------------------------------------------------------------------------------------------------------------

iii)---------------------------------------------------------------------------------------------------------------

iv)---------------------------------------------------------------------------------------------------------------

7. Prepare Sunshine Traders Balance sheet from the following list of balances extracted from his books as at31 December 2013. (4mks)

Capital 357,000

Stock 40,000

Machines 150,000

Furniture 7,000

Motor vehicles 200,000

Bank 20,000

Creditors 25,000

Cash 5,000

Debtors 60,000

Loan from KCB 100,000

8. Outline **four** characteristics of a good filing system (4mks)

i)-------------------------------------------------------------------------------------------------------------------

ii)------------------------------------------------------------------------------------------------------------------

iii)-----------------------------------------------------------------------------------------------------------------

iv)-----------------------------------------------------------------------------------------------------------------

9. Highlight **four** methods that Government uses to protect consumers. (4mks)

i)-------------------------------------------------------------------------------------------------------------------

ii)-----------------------------------------------------------------------------------------------------------------

iii)----------------------------------------------------------------------------------------------------------------

iv)-----------------------------------------------------------------------------------------------------------------

10. State **four** factors that a manager should bear in mind to ensure that he/she effectively communicates with the employees. (4mks)

i)------------------------------------------------------------------------------------------------------------------

ii)------------------------------------------------------------------------------------------------------------------

iii)-----------------------------------------------------------------------------------------------------------------

iv)----------------------------------------------------------------------------------------------------------------

11. State the meaning of the following principles of insurance . (4mks)

a) Subrogation------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

b) Contribution-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

c) Insurable interest-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

d) Indemnity--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

12.Highlight four characteristics of underdevelopment. (4mks)

i)-------------------------------------------------------------------------------------------------------------------

ii)-----------------------------------------------------------------------------------------------------------------

iii)----------------------------------------------------------------------------------------------------------------

iv)----------------------------------------------------------------------------------------------------------------

13

 Price

 Quantity supplied

 State **four** factors that may have caused the change shown in the diagram above.

i)-------------------------------------------------------------------------------------------------------------------

ii)-----------------------------------------------------------------------------------------------------------------

iii)-----------------------------------------------------------------------------------------------------------------

iv)--------------------------------------------------------------------------------------------------------------

14. Highlight **four** causes of unemployment in Kenya. (4mks)

i)-------------------------------------------------------------------------------------------------------------------

ii)------------------------------------------------------------------------------------------------------------------

iii)-----------------------------------------------------------------------------------------------------------------

iv)-----------------------------------------------------------------------------------------------------------------

15. Outline **four** circumstances under which Mr Ondieki (a farmer) may distribute his products

 directly to his customers. (4mks)

i)---------------------------------------------------------------------------------------------------------------

ii)--------------------------------------------------------------------------------------------------------------

iii)-------------------------------------------------------------------------------------------------------------

iv)---------------------------------------------------------------------------------------------------------------

16. Tripple SSS wholesalers had the following information as at 31 December 2013 (4mks)

 Closing capital 70,000

 Total expenses 5,000

 Drawings of goods 6,000

 Total incomes 3,000

 Calculate the capital at the beginning of the year.

17. Highlight **four** advantages of localization of firms. (4mks)

i)------------------------------------------------------------------------------------------------------------------

ii)-----------------------------------------------------------------------------------------------------------------

iii)-----------------------------------------------------------------------------------------------------------------

iv)-----------------------------------------------------------------------------------------------------------------

18. State **four** characteristics of good money. (4mks)

i)-------------------------------------------------------------------------------------------------------------------

ii)-----------------------------------------------------------------------------------------------------------------

iii)----------------------------------------------------------------------------------------------------------------

iv)-----------------------------------------------------------------------------------------------------------------

19. Identify the day book associated with the following source documents given below. (4mks)

|  |  |
| --- | --- |
| **Source documents** | **Day books** |
| Invoice received |  |
| Credit note received |  |
| Receipt issued |  |
| Debit note received |  |

20 Highlight **four** purposes of public finance. (4mks)

i)-------------------------------------------------------------------------------------------------------------------

ii)------------------------------------------------------------------------------------------------------------------

iii)-----------------------------------------------------------------------------------------------------------------

iv)-----------------------------------------------------------------------------------------------------------------

21. The following balances were extracted from the books of Okinda wholesalers on 31st December 2006. (4mks)

 **Sh**

Capital 800,000

Sales 250,000

Debtors 70,000

Purchases 160,000

Creditors 45,000

Opening stock (1.1.2006) 40,000

Closing stock (31.12.2006) 20,000

General expenses 50,000

5 year bank loan 200,000

Insurance expenses 20,000

Salaries and wages 80,000

**Required, calculate**

1. Mark up (1mk)
2. Current ratio (1mk)
3. Rate of stock turnover (1mk)
4. Rate on return on capital (1mk)

23. Highlight **four** uses of a proforma invoice. (4mks)

i)-------------------------------------------------------------------------------------------------------------------

ii)----------------------------------------------------------------------------------------------------------------

iii)----------------------------------------------------------------------------------------------------------------

iv)-----------------------------------------------------------------------------------------------------------------

24. State **four** factors that affect the productivity of an office worker. (4mks)

i)------------------------------------------------------------------------------------------------------------------

ii)------------------------------------------------------------------------------------------------------------------

iii)----------------------------------------------------------------------------------------------------------------

iv)---------------------------------------------------------------------------------------------------------------

25. In each of the following cases, state the type of inflation described (4mks)

|  |  |
| --- | --- |
| a) The unrest in Libya has resulted to an increase in the price of oil |  |
| b)The price of bread has gone upto sh.60 due to increase in the price of wheat |  |
| c) A lot of money in circulation has led to the general increase of price |  |
| d) Arise in price due to uneven growth in some sectors of the economy. |  |