

Name-----Adm. No-----Class-----

Date-----

565/1

Business Studies

Paper 1

July 2015

Time: 2hrs

Mangu High School

Kenya Certificate of Secondary Education (KCSE)

Business Studies

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July 2015

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Instructions to candidates

- This paper consists of 25 questions
- Answer all questions in the spaces provided
- This paper consists of 10 printed pages
- Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing

For examiners use only

Total Marks

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1. State four positive effects of a well laid out business structure

(4 mks)

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

2. Name the economic resource described by the following statements

(4 mks)

Description	Economic Resource
a) Man plays no part in their creation	
b) Created by human beings to produce other goods and service	
c) Their supply cannot be restored after use	
d) Resources provided by human being when rendering services in production	

3. Highlight four characteristics of capital as a factors of production

(4 mks)

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

4. Outline four market gaps that indicate the existence of a business opportunity

(4 mks)

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

5. Indicate to which staff member each of the following documents should be addressed to

Document	Staff
a) An invoice from creditors	
b) An order from a customer	
c) A catalogue from a supplier	
d) A job application letter	

6. Highlight four circumstances when a trader may demand cash payment

(4 mks)

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

7. Collins wants to form a private company to enable him further his business ideas. Explain to him the difference between a memorandum of association and articles of association in the table below

(4mks)


8. Outline any four circumstances why the Kenyan government would want to be involved in business activities

(4 mks)

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

9. Outline four disadvantages of 'boda' as a means of transport

(4 mks)

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

10. Outline four circumstances under which it would be appropriate to use signs to communication (4mks)

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

11. Highlight four benefits of a bonded warehouse to an importer (4 mks)

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

12. Highlight four disadvantages of using third party insurance to a policy holder (4 mks)

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

13. Name the term used in product promotion that best fits each of the following description (4 mks)

Description	Term
a) Act of telling the public about a good or service through the public media	
b) Products used to attract customers due to their low prices	
c) Used to describe services provided by sellers to customers after the purchase of certain goods	
d) Act of making a product different from other similar products	

14. With the aid of a well labeled diagram explain excess demand and excess supply (4 mks)

15. Outline four reasons why a firm would be located near the market for its products (4 mks)

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

16. Highlight four circumstances under which an oligopoly market structure can be created (4 mks)

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

17. Identify four problems that are encountered when computing national income using the income approach (4 mks)

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

- c) .....  
 d) .....  
 18. Name the type of unemployment described by the following statements (4 mks)

Statement \_\_\_\_\_ Type of unemployment \_\_\_\_\_

- i) Caused by periodic changes to the level of  
Economic activities within an economy \_\_\_\_\_  
 ii) Caused by time lags as workers change jobs \_\_\_\_\_  
 iii) Caused by deficiency in total demand in the  
Economy \_\_\_\_\_  
 iv) People may appear to be employed but their income  
Is not commensurate with their training \_\_\_\_\_

19. Outline four reasons why it is important to have a development plan in any country (4 mks)

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

20. Enter the following transactions in a two column cash book  
2013 (4 mks)

- January 1: Bal b/d cash 30,000, bank sh. 14,000 (cr)  
 3: Bought office stationery shs. 1,000 in cash  
 5: received a cheque shs 20,000 from a debtor  
 6: Banked shs. 4,000  
 8: Bought stock worth shs. 5,000 cash  
 10: Cash in the office till was all banked

21. State four banking services that the central bank of Kenya provides to the government (4 mks)

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

22. Indicate four factors that may lead to a deficit in the capital account of the balance of payment (4mks)

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

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

- a) A rise in prices due to buying expensive goods from foreign countries \_\_\_\_\_  
 b) A rise in prices due to uneven growth \_\_\_\_\_  
 c) A rise in prices due to an increase in the factors of production \_\_\_\_\_  
 d) A rise in prices due to an increase in money supply \_\_\_\_\_

24. Indicate the type of journal in which the following transactions would be recorded (4 mks)

Transaction	Journal
a) Disposal of goods on credit	
b) Correction of errors	
c) Acquiring goods on credit	
d) Returns by debtors	

25. Classify the following taxes as either direct or indirect

- a) Pay as you earn  
 b) Value added tax  
 c) Corporate tax  
 d) Sales tax