

NAME INDEX NUMBER

SIGNATURE

DATE

565/1

BUSINESS STUDIES

PAPER 1

JULY/AUGUST 2016

TIME: 2 HRS

KERICHO WEST JOINT EVALUATION EXAMINATION
KENYA CERTIFICATE OF SECONDARY EDUCATION (K.C.S.E)

BUSINESS STUDIES

Paper 1

Time: 2 hours

INSTRUCTIONS TO CANDIDATES

- a) Answer **all** the questions in the spaces provided.
b) The paper has 25 questions.

FOR EXAMINERS USE ONLY

QUESTION	1	2	3	4	5	6	7	8	9	10	11	12
MARKS												

QUESTION	13	14	15	16	17	18	19	20	21	22	23	24	25
MARKS													

TOTAL MARKS

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1. Give any four characteristics of secondary wants. (4 marks)
- a)
- b)
- c)
- d)
2. Give four factors that influence the location of a public warehouse. (4 marks)
- a)
- b)
- c)
- d)
3. Outline four reasons why entrepreneurship is being encouraged in Kenya. (4 marks)
- a)
- b)
- c)
- d)
4. Outline four ways in which inflation can be controlled by the government. (4 marks)
- a)
- b)
- c)
- d)
5. Identify four ways in which indirect production enhances business activity. (4 marks)
- a)
- b)
- c)
- d)

6. Record the following transactions in the two column cash book of Ujamaa Traders;
- a) Jan 1, 2011 - opened his business with sh 15,000 cash in hand.
 - b) Jan 6th, 2011 - deposited sh 10,000 into the business bank account.
 - c) Jan 20th 2011 - made cash sales of sh 15,000 which was deposited in the bank account
 - d) Jan 28th, 2011 - sold goods on credit worth Kshs 20,000
- (4 marks)

7. Distinguish between joint demand and derived demand. (4 marks)

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

8. Highlight any four contemporary trends in communication in Kenya today. (4 marks)

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

9. Highlight four sources of business ideas for Kenyans today. (4 marks)

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

10. Outline four roles played by licensing as a government regulatory tool. (4 marks)

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

11. Promotion convoys have become a popular form of product promotion. State four benefits of this method of product promotion to customers. (4 marks)

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

12. Outline four benefits that Kenya will get by making pipeline extensions throughout the country for transporting oil products. (4 marks)

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

13. The following trial balance was incorrectly prepared by Amani Traders. Prepare the correct one.

Amani Traders		
Trial Balance		
For the Period ended 10th March 2016		
Details	Dr(sh)	Cr(sh)
Machinery		100,000
Capital	200,000	
Debtors		10,000
Salaries		5,200
Stock	15,000	
Creditors	800	
Disc allowed		2,400
Bank	3,000	
Cash		1,600
Sales		36,400
	<u>218,800</u>	<u>155,600</u>

14. Outline four indicators of economic development.

(4 marks)

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

15. Identify four factors that may be considered when choosing office furniture.

(4 marks)

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

16. State four characteristics of parastatals.

(4 marks)

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

17. Identify four ways in which wholesalers prepare goods for sale. (4 marks)

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

18. Outline four common features found in a complete economic integration. (4 marks)

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

19. Outline four sources of oligopoly power. (4 marks)

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

20. The following balances were obtained from the books of Kapsoit Traders.

Opening stock	sh 50,000
Sales	360,000
Gross profit	25% of sales
Closing stock	70,000

Calculate;

a) Cost of goods sold

(2 marks)

b) Rate of stock turnover

(2 marks)

21. Highlight four ways in which expansion may benefit a firm. (4 marks)

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

22. Highlight four advantages of overpopulation. (4 marks)

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

23. The following information relates to Kipchumba Traders for the year ended 30th June 2015.

	sh
Sales	150,000
Opening stock	25,000
Purchases	130,000
Profit margin	20%

Required: Prepare a trading account for the year ended 30th June 2015. (4 marks)

24. The following balances were extracted from the books of Seguton wholesalers for the month of November, 2015.

	shs
Stock	20,000
Debtors	140,000
Cash in hand	50,000
Cash at bank	200,000
Capital	310,000
Creditors	100,000

During the month of Dec, 2015, the following transactions took place.

Dec 10th - a debtor repaid sh 100,000 in cash.

Dec 20th - Took a bank loan of sh 90,000 which they used to purchase a new motor vehicle

Required: Prepare the balance sheet of Seguton wholesalers as at Dec, 20th 2015.

25. Highlight four merits of indirect tax in the Kenyan economy.

(4 marks)

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