

**NANDI NORTH AND NANDI CENTRAL JOINT EXAMINATIONS 2016****BUSINESS STUDIES****565/1****PAPER 1**

1. State **four** auxiliary services to business. (4mks)
2. State **four** trends in office management. (4mks)
3. Outline **four** factors that have lead to the decline in mortality rate in Kenya. (4mks)
4. Highlight **four** ways in which HIV/AIDS prevalence has negatively affected business activities. (4mks)
5. Outline **four** challenges that a distributor of fresh milk is likely to face in his / her operations. (4mks)
6. Highlight **four** reasons why ethical practices should be observed by the business. (4mks)
7. Differentiate the following terms:-
  - (a) Scarcity and choice. (2mks)
  - (b) Opportunity cost and scale of preference. (2mks)
8. Highlight **four** factors that may positively influence an internal business environment. (4mks)
9. The following balances were obtained from the Books of Mtema Traders as at 31<sup>st</sup> July 2010
 

	SHS.
Purchases	18,000
Capital	46,000
Bank	83,500
Advertising	1,500
Furniture	26,000
Debtors	11,000
Stock	25,000
- Prepare a trial balance as at 31<sup>st</sup> July 2010. (4mks)
10. Outline **four** factors that may reduce the supply of cabbages in the local market. (4mks)
11. Sherry traders had the following assets and liabilities as at 1<sup>st</sup> January 2004.
 

	SHS.
Furniture	350,000
Debtors	45,000
Cash	7,000
Creditors	48,000
- For the year ended 31<sup>st</sup> December 2004,
  - (i) Additional capital was Shs. 24,000
  - (ii) Drawings were Shs. 20,000
  - (iii) Net profit was Shs. 34,000
- Determine the capital as at 31<sup>st</sup> December 2004. (4mks)
12. Outline **four** circumstances under which a credit note can be issued. (4mks)
13. National income from expenditure approach is calculated as follows:  

$$NI = C + I + G + (X - M)$$
 State the meaning of the following: (4mks)
  - (i) C.....
  - (ii) I.....
  - (iii) G.....
  - (iv) X-M:.....
14. Highlight **four** reasons why a wholesaler may decide to sell goods through a retailer instead of selling directly to consumers. (4mks)
15. An entrepreneur may spot a gap in the market which may be converted into a business idea. Name **four** such gaps. (4mks)
16. Outline any **three** types of partnerships. (3mks)
17. List **four** ways in which consumers may be exploited by business organizations. (4mks)
18. Give **four** reasons why human portage remains popular among many communities in Kenya. (4mks)
19. State any **four** categories of telecommunication services. (4mks)
20. Kivory Youth Group wants to start a warehouse service business in their ward. State any **four** essential factors they should consider for their warehouse to function effectively. (4mks)
21. List any **four** varieties of insurance policies that the owners of a supermarket may find useful for the business. (4mks)
22. Chetambe retail shop carried out the transactions given in the table below. For each transaction, state the source of document and respective book of original entry. (4mks)

	Transaction	Source Document	Book of Original Entry
(i)	Sold goods on credit		
(ii)	Informed customer of an under charge		
(iii)	Sold goods for cash		
(iv)	Received allowance for goods returned to supplier		

23. The following was obtained from the Books of Keino Traders.

	SHS.
Opening stock	25,000
Purchases	250,000
Closing stock	30,000
Carriage inwards	15,000
Purchases returns	5,000
Sales	400,000
Sales returns	50,000

Calculate:-

- (i) Cost of goods sold. (3mks)
- (ii) Net sales (1mk)
- (iii) Gross profit (1mk)

24. Mark with a tick to indicate in the appropriate column the financial statement in which each of the items in the table below would appear. (4mks)

Item	Trading Account	Profit & Loss A/c.	Balance Sheet
Opening stock			
Capital			
Carriage in			
Discount received			
Carriage out			
Cost of Sales			
Turn Over			
Bank Overdraft			

25. Outline any **four** indicators of economic development. (4mks)