

Name: ..... Index No: .....

Candidate's signature.....

Date.....

## Muungano KCSE Trial Exam

565/1

**BUSINESS STUDIES**

**PAPER 1**

**July 2017**

**2 Hours**

### INSTRUCTIONS TO CANDIDATES

Answer *all* the questions in the spaces provided

#### For Examiner's Use Only

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

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

*This paper consists of 7 printed Pages*

*Candidates should check the question paper to ensure that all the pages are printed as indicated  
and no questions are missing*

**Turn Over**

**Answer all questions in the spaces provided.**

1. **Give four** circumstances under which a trader may find deferred payment appropriate.(4mks)

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

2. **Highlight four** benefits that the Kenya government derives from a bonded warehouse. (4mks)

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

3. **Outline four circumstances** under which a high population growth rate may be desirable. (4mks)

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

4. **Outline four** roles played by the central bank in the development of the economy. (4mks)

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

5. **Indicate** in the space provided the account to **debit** and the account to **credit** in the following transaction. (4mks)

<u>Transaction</u>	<u>Account to Debit</u>	<u>Account to credit</u>
a) Started business with shs 50,000 cash	.....	.....
b) Received a cheque from a debtor	.....	.....
c) Took cash from till for personal use	.....	.....
d) Bought stock on credit	.....	.....

**Turn Over**

6. **State four characteristics** of basic human wants. (4mks)

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

7. **Identify the type** of partners described by the following statements. (4mks)

- a) Does not contribute capital but allows his / her name to be used. ....
- b) Is thirty years old? .....
- c) Liable for the partnership's debt up to his / her capital contribution. ....
- d) Plays an active role in the day – to – day management of the partnership. ....

8. **State four types** of demand. (4mks)

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

9. **Name any four services/activities** carried out in the process of distribution. (4mks)

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

10. **State four reasons** why books of original entry are important. (4mks)

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

11. **State four situations** when the terms of trade for a country are favorable. (4mks)

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

12. **Name four benefits** derived from division labor and specialization. (4mks)

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

13. **Identify four reasons** why the government needs to protect consumers from exploitation. . (4mks)

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

14. **Identify four** types of policies that Uchumi Supermarket may take to cover possible risks in the business. (4mks)

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

15. **Name four classes** of advertisement. (4mks)

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

16. **Identify four negative effects** of development. (4mks)

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

17. **Highlight four** uses of national income statistics to an economy.

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

18. **Record** the following transaction in a two column cash book (4mks)
- June 1 cash balance shs 600 bank overdraft shs 250  
 June 6 bought goods shs 200 and paid in cash  
 June 8 received a cheque of shs 500 from a debtor

19. **Match** the following types of taxes with the appropriate description given below.  
 Corporate tax, customs duty, Estate duty, Excise duty.

	<b>Description</b>	<b>Tax</b>
(a)	It is a tax levied on manufactured goods	
(b)	It is a tax levied on wealth of a person after death	
(c)	It is a tax levied on entry of goods into a country	
(d)	It is a tax levied on profits of business enterprises.	

20. McGeorge enterprises supplied the following information about his business as at 31<sup>st</sup> Dec 2016.

Cash in hand	shs 12,000
Creditors	shs. 350,000
Furniture	shs 20,000
Pick up	shs 200,000
Debtors	shs 16,000

- Prepare** a balance sheet from the information. (4mks)

21. **Outline four** benefits of using e-mail for communication. (4mks)

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

22. **State four ways** in which the government may promote entrepreneurship in a country. (4mks)

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

23. **Give four Circumstances** under which a consignment of goods can be air lifted. (4mks)

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

24. **Identify** the business environment to which each of the following factors relate, by ticking in the relevant column. (4mks)

<b>Factor</b>	<b>Internal environment</b>	<b>External environment</b>
a Management cycle		
b Raw materials		
c Employee motivation		
d Population structure		

25. **State four undesirable effects** of inflation to the Kenyan economy. (4mks)

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