**Name:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Adm No.:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Candidate’s Signature**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_­­­­­

**Date**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**565/1**

**BUSINESS STUDIES**

Paper 1

**JUNE 2018**

**Time: 2 hours**

**KASSU JOINT EXAMINATION**

**Kenya Certificate of Secondary Education**

**565/1**

**Paper 1**

**BUSINESS STUDIES**

**2 HOURS**

**Instructions**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25  **TOTAL** |
|  |  |  |  |  |  |  |  |  |  |

1. Highlight **four** ways in which the economic environment may positively influence the activities of a business (4 marks)
2. ……………………………………………………………………………………………………………………………………………………………………………………………………
3. ……………………………………………………………………………………………………………………………………………………………………………………………………
4. ……………………………………………………………………………………………………………………………………………………………………………………………………
5. ……………………………………………………………………………………………………………………………………………………………………………………………………
6. Highlight **four** benefits to a local community when a milk processing factory is established in their locality (4 marks)
7. …………………………………………………………………………………………………
8. …………………………………………………………………………………………………
9. …………………………………………………………………………………………………
10. …………………………………………………………………………………………………
11. State corporations are business units owned by the government. State **four** general functions of such organizations (4 marks)
12. ……………………………………………………………………………………………………………………………………………………………………………………………………
13. ……………………………………………………………………………………………………………………………………………………………………………………………………
14. ……………………………………………………………………………………………………………………………………………………………………………………………………
15. ……………………………………………………………………………………………………………………………………………………………………………………………………
16. Identify the mailing service that fits the following descriptions (4 marks)

|  |  |
| --- | --- |
| **Description** | **Name of the mailing service** |
| 1. Offered to travelers who may wish to receive correspondence away from their post office box |  |
| 1. Used for sending correspondence and parcels to a destination in the shortest time possible |  |
| 1. Offered to those sending articles of value for which security in handling is required. |  |
| 1. Usually in form of letters and parcels including light parcels delivered by hand, road, rail or by air |  |

1. Highlight **four** benefits that are likely to be enjoyed by a firm as a result of expansion of the entire industry (4 marks)
2. ……………………………………………………………………………………………………………………………………………………………………………………………………
3. ……………………………………………………………………………………………………………………………………………………………………………………………………
4. ……………………………………………………………………………………………………………………………………………………………………………………………………
5. ……………………………………………………………………………………………………………………………………………………………………………………………………
6. Identify **four** possible channels of distributing imported Machinery from Germany (4 marks)
7. ……………………………………………………………………………………………………………………………………………………………………………………………………
8. ……………………………………………………………………………………………………………………………………………………………………………………………………
9. ……………………………………………………………………………………………………………………………………………………………………………………………………
10. ……………………………………………………………………………………………………………………………………………………………………………………………………
11. The following is a table of Assets, Liabilities and Capital. Determine the missing figures

(4 marks)

|  |  |  |
| --- | --- | --- |
| **Assets** | **Liabilities** | **Capital** |
| 755,700 | **a** | 223,300 |
| **b** | 315,800 | 455,200 |
| 537,750 | **c** | 269,450 |
| 478,900 | 602,500 | **d** |

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. ­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. Mention **four** forms of economic integration (4 marks)
6. …………………………………………………………………………………………………
7. …………………………………………………………………………………………………
8. …………………………………………………………………………………………………
9. …………………………………………………………………………………………………
10. Highlight **four** advantages of division of labour and specialization in an organization.

(4 marks)

1. ……………………………………………………………………………………………………………………………………………………………………………………………………
2. ……………………………………………………………………………………………………………………………………………………………………………………………………
3. ……………………………………………………………………………………………………………………………………………………………………………………………………
4. ……………………………………………………………………………………………………………………………………………………………………………………………………
5. Jennifer has now completed her secondary school studies. She wishes to engage in a small-scale retail business in her locality. Highlight **four** types of such business she can start. (4 marks)
6. ……………………………………………………………………………………………………………………………………………………………………………………………………
7. ……………………………………………………………………………………………………………………………………………………………………………………………………
8. ……………………………………………………………………………………………………………………………………………………………………………………………………
9. ……………………………………………………………………………………………………………………………………………………………………………………………………
10. Highlight **four** measures that have been put in place by the government to bring order and sanity in the public transport sub-sector. (4 marks)
11. ……………………………………………………………………………………………………………………………………………………………………………………………………
12. ……………………………………………………………………………………………………………………………………………………………………………………………………
13. ……………………………………………………………………………………………………………………………………………………………………………………………………
14. ……………………………………………………………………………………………………………………………………………………………………………………………………
15. Outline **four** differences between Assurance policies and Insurance policies (4 marks)

|  |  |
| --- | --- |
| **Assurance Policies** | **Insurance policies** |
| i) |  |
| ii) |  |
| iii) |  |
| iv) |  |

1. The equations given below relate to quantity demanded and quantity supplied at the equilibrium point.

Qde = 4p + 50

Qse = 8p + 30

Determine the equilibrium price and quantity. (4 marks)

1. State **four** emerging issues in population and employment in Kenya (4 marks)
2. ……………………………………………………………………………………………………………………………………………………………………………………………………
3. ……………………………………………………………………………………………………………………………………………………………………………………………………
4. ……………………………………………………………………………………………………………………………………………………………………………………………………
5. ……………………………………………………………………………………………………………………………………………………………………………………………………
6. The following information relates to Zawadi Traders Rental Income.

1/01/2015 Had Kshs 50,000 in the rent income account at the beginning of the year.

10/06/2015 Received Kshs 120,000 from tenants.

12/11/2015 Refunded Kshs 20,000 to a tenant who had vacated the premises.

Required: Prepare Zawadi Traders Rental Income Account. (4 marks)

1. Highlight **four** services that are being offered by Kenyan women Finance trust (KWFT) to their clients as a Micro-Finance Institution. (4 marks)
2. ……………………………………………………………………………………………………………………………………………………………………………………………………
3. ……………………………………………………………………………………………………………………………………………………………………………………………………
4. ……………………………………………………………………………………………………………………………………………………………………………………………………
5. ……………………………………………………………………………………………………………………………………………………………………………………………………
6. Highlight **four** characteristic of basic human wants. (4 marks)
7. ……………………………………………………………………………………………………………………………………………………………………………………………………
8. ……………………………………………………………………………………………………………………………………………………………………………………………………
9. ……………………………………………………………………………………………………………………………………………………………………………………………………
10. ……………………………………………………………………………………………………………………………………………………………………………………………………
11. Computerization is a modern trend that has led to success of many organizations. List **four** ways in which it contributes to the success of an organization. (4 marks)
12. ……………………………………………………………………………………………………………………………………………………………………………………………………
13. ……………………………………………………………………………………………………………………………………………………………………………………………………
14. ……………………………………………………………………………………………………………………………………………………………………………………………………
15. ……………………………………………………………………………………………………………………………………………………………………………………………………
16. The Kenya Bureau of standards (KEBS) is one of the bodies that is mandated by the Government of Kenya to regulate business activities. Highlight **four** Ways in which it regulates businesses. (4 marks)
17. ……………………………………………………………………………………………………………………………………………………………………………………………………
18. ……………………………………………………………………………………………………………………………………………………………………………………………………
19. ……………………………………………………………………………………………………………………………………………………………………………………………………
20. ……………………………………………………………………………………………………………………………………………………………………………………………………
21. Briefly give the meaning of the following warehouses. (4 marks)
22. Private warehouse.

………………………………………………………………………………………………………………………………………………………………………………

1. Public warehouse.

………………………………………………………………………………………………………………………………………………………………………………

1. Free warehouse.

………………………………………………………………………………………………………………………………………………………………………………

1. Bonded warehouse.

………………………………………………………………………………………………………………………………………………………………………………

1. Outline **four** features of perfect competition market structure. (4 marks)
2. ……………………………………………………………………………………………………………………………………………………………………………………………………
3. ……………………………………………………………………………………………………………………………………………………………………………………………………
4. ……………………………………………………………………………………………………………………………………………………………………………………………………
5. ……………………………………………………………………………………………………………………………………………………………………………………………………
6. Give **four** reasons why high per capita income in a country may not be an indicator that its citizens are living a better standard of live. (4 marks)
7. ……………………………………………………………………………………………………………………………………………………………………………………………………
8. ……………………………………………………………………………………………………………………………………………………………………………………………………
9. ……………………………………………………………………………………………………………………………………………………………………………………………………
10. ……………………………………………………………………………………………………………………………………………………………………………………………………
11. State the book of original entry used to record information from the following source documents

(4 marks)

|  |  |
| --- | --- |
| **Source Document** | **Book of Original entry** |
| 1. Received invoice |  |
| 1. Copy of credit note |  |
| 1. Payment voucher |  |
| 1. Issued invoice |  |

1. In the spaces provided indicate with a tick (√) whether each of the following transactions will increase, decrease or have no effect on the balance sheet totals. (4 marks)

|  |  |  |  |
| --- | --- | --- | --- |
| **Transaction** | **increase** | **Decrease** | **No effect** |
| 1. Selling a business asset at a loss |  |  |  |
| 1. Depositing extra cash in business account |  |  |  |
| 1. Drawing cash for personal use |  |  |  |
| 1. Buying stock on credit |  |  |  |

1. The following information relates to Karibu Traders for the year ended 31st December 2017.

Sales Ksh. 300, 000

Opening stock Ksh. 50, 000

Purchases Ksh. 260, 000

Profit margin Ksh. 20%

Required: Prepare a trading account for the year ended 31st December 2017. (4 marks)