**Name………………………………………………………………………… index No………….**

**Date………………. Candidates’ signature…………..**

**565/1**

**BUSINESS STUDIES**

**Paper 1**

**2 Hours**

**K.C.S.E REVISION GUIDE**

**Paper 1**

**Instructions to candidates**

1. Write your name and index number in the space provided above.
2. Sign and write date of examination in the space provided above.
3. This paper consists of 25 questions.
4. Answer all questions in the space provided.
5. Candidates should answer the questions in English.
6. A good handwriting will be an added advantage.

**For examiners official use**

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| Questions | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Score |  |  |  |  |  |  |  |  |  |  |  |  |

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| 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | Total |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

***This paper consists of 10 printed pages Turn over***

1. State the term given to each of the following disciplines (4 marks)

1. Study the activities that are carried out in and around the office

……………………………………………………………………………………………

1. Study of how man strives to satisfy his unlimited wants using the limited resources

…………………………………………………………………………………………………

c) Study of the process of identifying a business opportunity and acquiring resources to start and operate a business………………………………………………………………………

1. Refers to a systematic way of recording business activities which are used for decision making.

…………………………………………………………………………………………………

2. State the level of production in each of the following activities. (4marks)

|  |  |
| --- | --- |
| Activity | Level of production |
| (a) Cooking meals for students  (b) Harvesting maize  (c) Distribution of kerosene  (d) Boiling milk using electricity. |  |

3.Highlight four ways in which a business idea can be implemented. (4marks)

(a)…………………………………………………………………………………………………

(b)…………………………………………………………………………………………………

(c)…………………………………………………………………………………………………

(d)………………………………………………………………………………………………

1. The National Income is measured using the expenditure given as:

Y=C+I+G+(X-M)

**State** what each of the following letters represent. (4 marks)

C

……………………………………………………………………………………………

I ………………………………………………………………………………………………

G………………………………………………………………………………………………

(X-M) ………………………………………………………………………………………..

1. **State** the business document to which each of the following statements relate to (4mks)

(a) A request by the seller for payment in advance……………………………………………….

(b) To inform the buyer when goods were dispatched and the means used

……………………………………………………………………...…………………….

(c) To acknowledge a debt without promising when to pay …………………………………..….

(d) Informs the prospective buyer that his order has been received and is being acted upon.

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

6. Highlight FOUR ways in which the nature of goods would influence the choice of transport

(a)…………………………………………………………………………………………………

(b)…………………………………………………………………………………………………

(c)…………………………………………………………………………………………………

(d)…………………………………………………………………………………………………

7.Outline **four** measures to be taken by business to improve internal business environment. (4marks)

(a)……………………………………………………………………………….…………………

(b)……………………………………………………………………………….………………….

(c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………...

8.Outline four features of oligopoly

(a)…………………………………………………………………………………………………

(b)………………………………………………………………………………………………….

(c)…………………………………………………………………………………………………

(d)…………………………………………………………………………………………………

9. Mr. Kimutai insured his lorry whose value was shs.1,000,000 for shillings 600,000 against the risk of fire outbreak. While on transit, there was a mechanical problem and the lorry caught fire and was burnt causing a loss of shs.500, 000. Calculate the compensation amount and give a reason for that. (4 marks)

10. State FOUR circumstances under which it would be appropriate to use signs as a language of communication when carrying out business activities.

(a)…………………………………………………………………………………………………

(b)…………………………………………………………………………………………………

(c)…………………………………………………………………………………………………

(d)…………………………………………………………………………….……………………

11. Outline ***four*** factors that influence the amount of money held by an individual for precautionary motive.

(a)……………………………………………………………………………….…………………

(b)……………………………………………………………………………….…………………

(c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………...

12. The following diagram represents the demand and supply of a commodity.

D S

**Price**

P1

Po

S D

O Q1 **Quantity demanded & supplied**

State **four** effects of fixing maximum price at Po. (4marks)

* + 1. ……………………………………………………………………………………………..
    2. ……………………………………………………………………………………………..
    3. …………………………………………………………………………………………….
    4. ……………………………………………………….…………………………………….

13.Outline four advantages of a systematic arrangement of goods in a warehouse. (4marks)

(a)……………………………………………………………………………….…………………

(b)……………………………………………………………………………….…………………

(c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………...

14. Outline **four** reasons a consumer may take to satisfy unlimited wants. (4 mks)

(a)……………………………………………………………………………….…………………

(b)……………………………………………………………………………….………………… (c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………...

15. Identify **four** limitations of after-sale service as a method of sales promotion.

(4marks)

(a)……………………………………………………………………………….………………….

(b)……………………………………………………………………………….…………………

(c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………...

16. Mr. Omar and Mr. Ayienda are colleagues, and would like to take similar life insurance policies. What reasons may make an insurance company to require one of them to pay higher premiums than the other? (4 marks)

(a)……………………………………………………………………………….…………………

(b)……………………………………………………………………………….…………………

(c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………...

17.State **four** negative effects of economic development. (4marks)

(a)……………………………………………………………………………….…………………

(b)……………………………………………………………………………….…………………

(c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………..

18.In the course of preparing his balance sheet as at 31st December 2010, Omondi found out that he had capital amounting to Kshs. 120,000 in his business. During the year, the investment totaled to Kshs. 50,000, while monthly drawings were Kshs. 5,000. Calculate his capital as at 1st January 2010 if the profit was Kshs. 38,000.

19. State **four** uses of a bill of lading in international trade. (4 marks)

(a)……………………………………………………………………………….………………….

(b)……………………………………………………………………………….…………………

(c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………..

20. Give four disadvantages of using the website in a business organization (4 marks)

(a)……………………………………………………………………………….………………….

(b)……………………………………………………………………………….…………………

(c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………...

21. The following information was extracted from the books of down traders 31/1/2011.

Shs.

Purchases 300,000

Rent 418,000

Opening stock 25,000

Sales 568,000

Closing stock 125,000

Bank overdraft 430,000

Required to prepare trading profit and loss account for the month ended 31/1/2011 (4 marks)

22. State **four** functions of money. (4 marks)

(a)……………………………………………………………………………….………………….

(b)……………………………………………………………………………….…………………

(c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………...

23. Give four reasons that may make internal borrowing preferable to external borrowing

by the government (4 marks)

(a)……………………………………………………………………………….………………….

(b)……………………………………………………………………………….…………………

(c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………...

24. Outline four functions of Kenya Bureau of standards. (4 marks)

(a)……………………………………………………………………………….………………….

(b)……………………………………………………………………………….…………………

(c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………...

25.Yusra operates a small retail shop at Mikindani market. Her business has attracted more customers than her competitors. State FOUR external environmental factors which might have led to this.

(4 marks)

(a)……………………………………………………………………………….………………….

(b)……………………………………………………………………………….…………………

(c)………………………………………………………………………………………………...…

(d)…………………………………………………………………………………………………...