**Name**…………………………………… …… Index No:……………………

**565/1** Candidate’s Signature ………….

**BUSINESS** Date:

**PAPER 1**

**TIME: 2 HOURS**

**OCT/NOVEMBER**

***Kenya Certificate of Secondary Education (K.C.S.E.)***

**565/1**

**Business Studies**

**Paper 1**

**2 Hours**

**INSTRUCTIONS TO CANDIDATES**

* Write your **name** and **index** **number** in the spaces provided above
* **Sign** and write the **date** of examination in the spaces provided.
* Answer ***all*** the questions .(25 questions).
* All answers should be written in the spaces provided in this booklet.
* Candidates should answer all questions in English

**For Examiners Use Only**

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| **Question** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** | **19** | **20** | **21** | **22** | **23** | **24** | **25** |
| **Marks** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**TOTOTAL MARK**

*This paper consists of 7 printed pages. Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.*

1. Outline **four** ways in which a good business structure is of benefit to a business organization (4mks ………………………………………………………………………………………………

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Wants (4mks)

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3. The following is a table of activities. Name the utility that is created by each activity. 4mks)

|  |  |
| --- | --- |
| Activity | Utility |
| i) Making Chairs from timber |  |
| ii) Shopkeepers selling sugar to consumers |  |
| iii) Pharmacist delivering milk to a hospital |  |
| iv) Delivering milk to consumers early in the morning |  |

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4.Using a diagram, illustrate how a decrease in demand occurs while holding all factors constant apart from price. (4mks)

5. State **four** circumstances under which it may be appropriate to use personal selling as a form of product promotion. (4mks)

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6. K Ltd a manufacturing firm has been performing poorly in the recent past. Highlight four measures that they can take to improve their profitability. (4mks)

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7. State **four** functions of commercial attaches. (4mks)

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8. Give **four** reasons why some traders prefer to operate supermarket business (4mks

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9. State **four** reasons why short message service (SMS) is replacing letters as a way of communication (4mks)

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10. Describe **four** channels used when importing commodities. (4mks ………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

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11. Outline four emerging trends in office management. (4mks)

i)…………………………………………………………………………………………………….

ii)……………………………………………………………………………………………………iii)…………………………………………………………………………………………………..

iv)…………………………………………………………………………………………………..

12. Give **four** benefits that are likely to result from a modern railway network in the country (4mks

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13. Outline **four** features of monopolistic competition (4mks)

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14. State **four** merits of storing goods in a public warehouse (4mks)

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15. The following account balances were extracted from the books of migingo traders on 30th April 2002

Machinery 460000 Stock 20,000

Debtors 50,400 Cash in hand 35,000

Creditors 38,200 Bank overdraft 65,900

Determine capital as at 30th April 2012 (4mks)

16. The table below shows descriptions of different types of partners. Identify type of partners that match the description

|  |  |
| --- | --- |
| Description  | Type of partner  |
| 1. Do not contribute capitals
2. Those whose private properties can be used to pay business costs
3. Do not participate actively in management
4. Are above 18 years of age
 |  |

17. On 31st December 2013 Kiu Traders had made a turnover of Sh.80, 000 for the fear and had a closing stock of SH.10, 000. If the business was working at a margin of 20%, draw its trading account for the period ending 31st, December 2013 (4mks)

18. Outline four source documents used in recording transaction. (4mks)

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19. On 1st March 2006 the cash book of Kericho traders showed cash and bank balances of sh. 15000 and sh 147000 respectively. The following transactions took place during the month

May 3 cash sales sh 120, 000

May 11 paid sh. 7,500 cash in respect to wages

May 16 received a cheque of sh. 250,000 from a debtor

May 26 withdrew sh. 25,000 from bank for office use.

May 29 paid sh. 97,000 cash to creditor

Prepare a two column cash book (4mks)

20. Explain the following terms as used in insurance

a)Surrendervalue……………………………………………………………………………………………………………………………………………………………………………………

b)Beneficiaries…………………………………………………………………………………….................................................................................................................................................

c) Re – insurance……………………………………………………………………………………

d) Cover note……………………………………………………………………………………… …………………………………………………………………………………….. (4mks)

21. Match the following description of errors with the type of errors made when keeping books of accounts (4mks)

|  |  |
| --- | --- |
| Description  | Error type  |
| 1. Occurs where errors is both the debit and credit balances are of equal amounts
 |  |
| 1. Occurs where a transaction is not recorded at all in the books
 |  |
| 1. Occurs when entries are made in the wrong class of accounts
 |  |
| 1. Occurs where both the debit and credit entries are made using similar but erroneous figures
 |  |

22. Give **three** reasons why the per capita income of a country may not change (3mks)

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**0**

**10**

**20**

**30**

**40**

**90**

**1**

**2**

**3**

**4**

**6**

**7**

**Population in Millions**

**Age in years**

Give **four** challenges facing this country (4mks)

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24. Show the accounts to be debited or credited for the following transactions (4mks)

|  |  |
| --- | --- |
| Transaction  | debited credited |
| 1. Paid wages in cash
 |  |
| 1. Took business cash for private use
 |  |
| 1. Purchased office equipment on credit from Sao Ltd
 |  |
| 1. Paid telephone bill by cheque
 |  |

25. Give four reasons for the increased use of mobiles phones in banking. (4mks)

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