

NAME **INDEX NUMBER**
CANDIDATE SIGNATURE.....
DATE

565/1/
BUSINESS STUDIES
PAPER 1
JULY/AUGUST 2018
2 HOURS

INSTRUCTIONS TO CANDIDATES.

- (a) Write your name and index number in the spaces provided above.
- (b) Answer all the questions in the spaces provided above.
- (c) Candidates should answer the questions in English.
- (d) Mathematical tables and silent Electronic calculators may be used.

1. Outline four factors that hinder entrepreneurship in Kenya. (4mks)
 - (i)
 - (ii)
 - (iii)
 - (iv)

2. State four factors considered before offering credit facilities to customers. (4mks)
 - (i)
 - (ii)
 - (iii)
 - (iv)

3. Mention four circumstances under which a manger of a company may use downward communication. (4mks)
 - (i)
 - (ii)
 - (iii)
 - (iv)

4. Highlight four factors that a producer consider before choosing a channel of distribution. (4mks)

(i)

(ii)

(iii)

(iv)

5. State four characteristics of goods. (4mks)

(i)

(ii)

(iii)

(iv)

6. Identify four types of advertising. (4mks)

(i)

(ii)

(iii)

(iv)

7. A house with a value of ksh. 2,000,000 is insured for Ksh.1200, 000 against fire. The value of the house destroyed by fire ksh. 1,000.0000. calculate the amount the insured was compensated after the loss. (4mks)

8. Outline four features of a savings account. (4mks)

(i)

(ii)

(iii)

(iv)

9. Outline four reasons for differences in terms of trade between Kenya and united state of America. (4mks)

(i)

(ii)

(iii)

(iv)

10. State the best types of machine one would use to perform the following tasks. (4mks)

Function	Types of machine
a) To trim papers to the required sizes	
b) To destroy sensitive but unwanted documents.	
c) To fold documents, put them in envelope and seal them.	
d) To create postage impression on the envelope.	

11. Mention four challenges that Kenya may encounter in developing planning at the formulation stage. (4mks)

(i)

(ii)

(iii)

(iv)

12. List four problems of using expenditure approach in the calculation of national income. (4mks)

(i)

(ii)

(iii)

(iv)

13. State the effects of the following transactions on the balance sheet totals. (4mks)

TRANSACTION	EFFECT
e) Paid creditors by cheque	
f) Sold goods on credit.	
g) Converted personal car for business use.	
h) Deposited cash into bank.	

14. Outline four benefits that Mr. Kamau will get by being a member of capital SACCO. (4mks)

(i)

(ii)

(iii)

(iv)

15. The following information relates to meru traders for the year ended 31 December 2017. (4mks)

Sales	1000,000.
Opening stock	100,000.
Closing stock	200,000.
Gross profits.	200,000

Calculate rates of stock turnover. (4mks)

16. Mention four methods that determine the prices of commodities in the market apart from price mechanism. (4mks)

(i)

(ii)

(iii)

(iv)

17. State four principles of public expenditure. (4mks)

(i)

(ii)

(iii)

(iv)

18. Highlight four reasons why the Kenyan consumer organization have been ineffective in protecting consumer. (4mks)

(i)

(ii)

(iii)

(iv)

19. Use the following information for Ngugi Wholesalers to prepare sales return day book. (4mks)

2017

November 1	Emily returned goods worth. Ksh. 1000.
November 10.	Nathan returned goods valued at ksh. 900.
November 15.	Returned goods to chris worth. Ksh.500.
November 30.	Muthinja returned goods worth ksh. 800.

20. Identify five steps taken in procuring an Insurance cover. (5mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
 - (v)
21. State three factors within a business that may affect its performance. (3mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
22. Record the following transaction in the relevant ledger accounts.
2018.
Jan. 1 started a business with Ksh. 100,000 at the bank.
- 10. Bought goods valued at ksh. 2000 by cheque.

23. State four ways through which a firm may acquire a monopoly position. (4mks)

(i)

(ii)

(iii)

(iv)

24. Kenya is one of the countries in the world that is experiencing unemployment problem. Identify four causes of this problem. (4mks)

(i)

(ii)

(iii)

(iv)

25. State four differences between shares and debentures (4mks)

Shares	Debentures

