

Name.....

Index No.

School

565/1
BUSINESS STUDIES
PAPER 1
2 HOURS

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

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

INSTRUCTIONS TO CANDIDATES

- Answer ALL questions in the spaces provided.

This paper consists of 12 printed pages.

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

1. Outline four factors influencing the mobility of factors of production.

(4mks)

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

2. In the spaces provided below, state the type of a wholesaler to which each of the statement relates.

(4mks)

STATEMENT	TYPE OF A WHOLESALER
(a) Deals in a wide goods from a given line of products	
(b) Deals in a particular goods from a given line of products	
(c) Deals in a wide range of products and the products they deal with have distinct lines	
(d) Specialise in selling particular products to other specialized wholesalers	

3. Identify four factors to be considered by the entrepreneur when determining the business opportunity viability.

(4mks)

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

.....
4. List four types of information that should be contained in an “Order Form”

(4mks)

a)

b)

c)

d)

5. The following information relates to the business of Mama Canteen enterprises.

Average stock

shs. 60,000

Rate of stock turnover

3 times

Margin

25%

From the data above, determine

a) The cost of goods sold.

(2mks)

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b) Gross profit

(1mk)

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.....

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.....
.....
c) Sales

(1mk)

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.....
.....
.....

6. State four essentials of effective communication.

(4mks)

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

7. Outline four advantages of an open office layout.

(4mks)

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

8. Under what four circumstances can a retailer buy directly from a producer.

(4mks)

a)

.....

b)

.....

c)

.....

d)

.....

9. Highlight four reasons why business organizations may amalgamate.

(4mks)

a)

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b)

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c)

.....

d)

.....

10. Outline four sources of a public finance.

(4mks)

a)

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b)

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c)

.....

d)

.....

11. Given below is a schedule of onions in Kibirigo market for a week.

PRICE (SHS)	20	23	25	33	40
QUANTITY	30	25	20	10	5

a) State the name of the schedule.

(1mk)

.....
.....

b) Derive a curve out of the above schedule.

(3mks)

12. The table below shows types of ledger accounts of a business. In the spaces provided, indicate by a tick (✓) whether each of the account should have a debit balance or credit balance.

(4mks)

Type of account	Debit	Credit
a) Expense	_____	_____
b) Income	_____	_____
c) Asset	_____	_____
d) Liability	_____	_____

13. Highlight four methods that the Central Bank may use to control money supply in the country.

(4mks)

a)

- b)
- c)
- d)

14. Highlight four forms of after sales services provided by traders to their customers.

(4mks)

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

15. The following information relates to the business of Wema Traders for the year ended 31st Dec. 2005.

Prepaid expenses at the beginning of year	Shs. 12,000
Accrued expenses at the end of the year	Shs. 38,000
Cash paid for the expenses in the period	Shs. 140,000
Prepaid expenses at the end of the year.	Shs.48,000

Determine expenses for the period.

(4mks)

16. Outline four negative effects of inflation in the economy.

(4mks)

a)

b)

c)

d)

17. Identify four factors that may limit the ability of a firm to expand.

(4mks)

a)

b)

c)

d)

.....
18. Masaba enterprises had a working capital of sh. 200,000 and a current ratio of 3:2 as at 30th April 2003.

Calculate the firm's

- (i) Current assets
- (ii) Current liabilities.

(3mks)

19. The following balances were extracted from the books of Biashara Enterprises as at 1st January 2006.

(4mks)

- Stock
30,000
- Creditors
30,000
- Debtors
25,000
- Cash at Bank
15,000
- Premises
190,000

- Capital
230,000

The following transactions took place in the month of January 2006.

- January 10th - Bought goods by cheque sh.5,000
- January 15th – Received from debtors shs.10,000 cash.
- January 20th - Paid creditors shs. 8,000 cash
- January 25th - Injected sh. 20,000 into the business from his personal savings.
- Prepare the balance sheet of Biashara Traders as at 31st January, 2006.

20. Differentiate between the following terms used in large scale organizations.(4mks)

a) Natural growth	Amalgamation
b) Absorption (Merger)	Consolidation

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21. List errors that are not revealed by a trial balance.

(4mks)

a)

.....

b)

.....

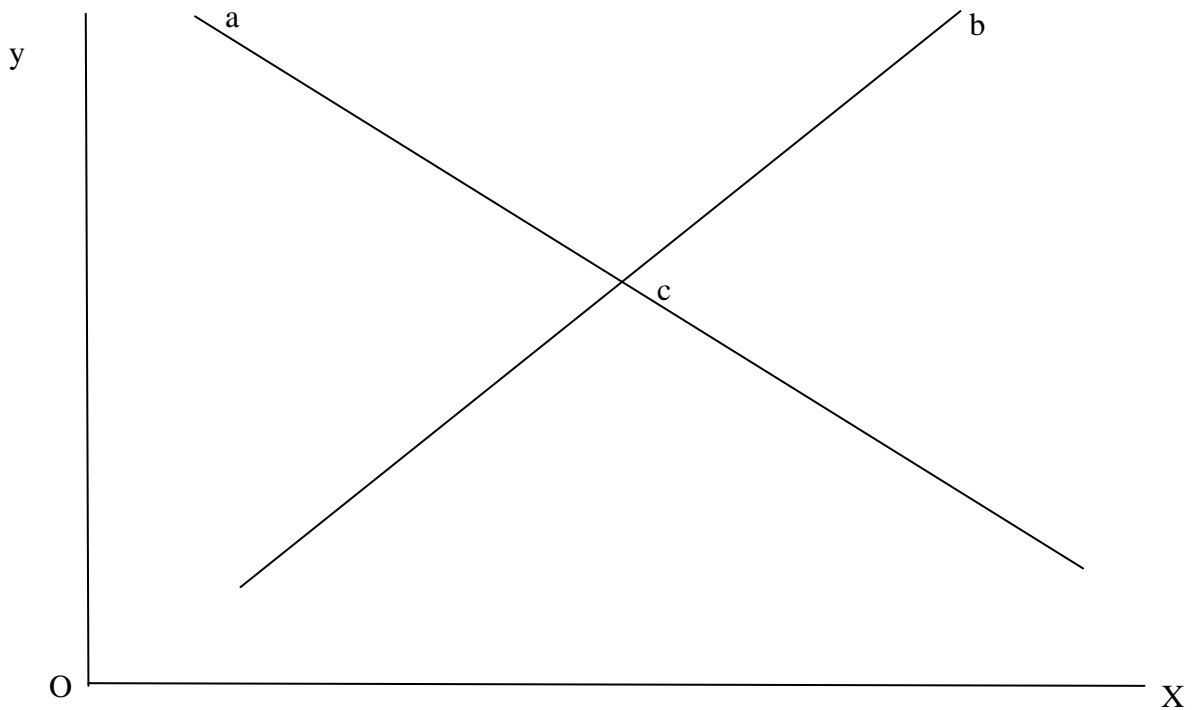
c)

.....

d)

.....

22. The following diagram represents demand and supply of a product.



a) Label the curves

a)

b)

b) State what is represented by point c

.....
.....
c) On the diagram, indicate equilibrium price (PE) and equilibrium Quantity (QE).

(5mks)

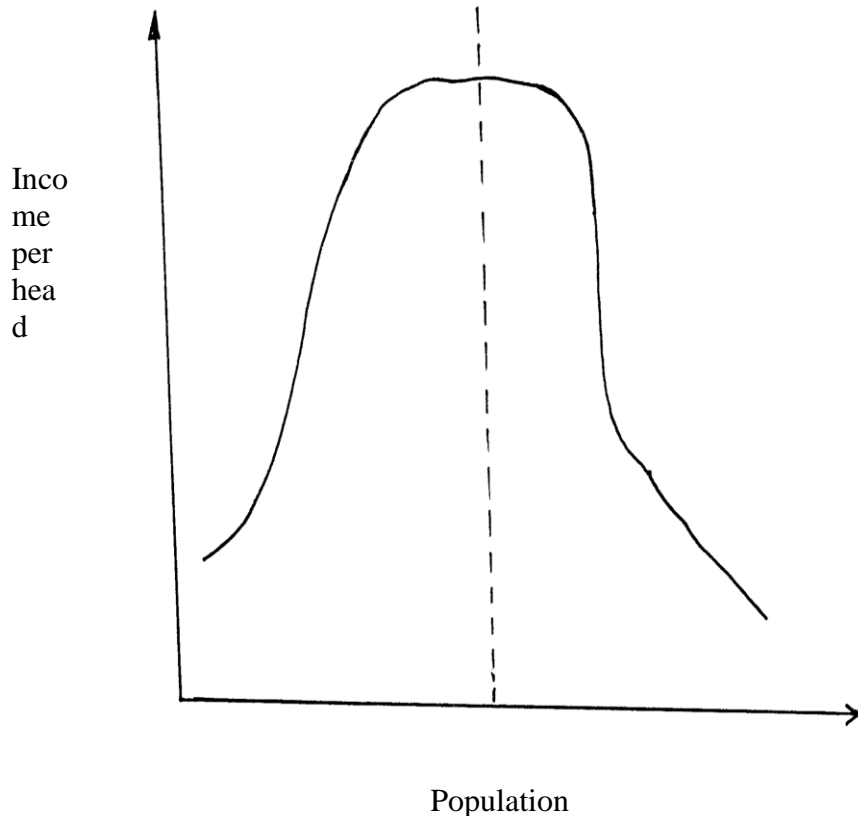
23. From the following information given by Minto Limited prepare an analytical petty cash book by January 2007. The reimbursement is made at the beginning of the month so that the opening balance sh. 10,000.

1.1.2007	Opening balance
10,000	
10.1.2007	Bought stationery
3,000	
18.1.2007	Bought postage stamps
2,000	
26.1.2007	Paid transport
	1,000

Use the following columns for your book. Stationery, Postage, Transport.

(5mks)

24. Below shows the relationship between population trend and income per head.



- a) On the diagram indicate
 - (i) under population
 - (ii) Over population
 - (iii) Optimum population

(3mks)

25. Highlight three features of optimal population.

(3mks)

- a)
- b)
- c)

