

Name.....

Index No:

565/1
BUSINESS STUDIES
PAPER 1
TIME: 2 HOURS

BUSINESS STUDIES PAPER 1

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

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

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																								

TOTAL 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. Highlight **four** studying business as a subject in school (4mks)
- (i).....
- (ii).....
- (iii).....
- (iv).....
2. Highlight **four** merits that will accrue to a business by adopting the internet as a means of communication (4mks)
- (i).....
- (ii).....
- (iii).....
- (iv).....
3. Arrange the following items in balance sheet in the order of liability and assets.
- | | |
|--------------|---------------------|
| Premises | Bank overdraft |
| Prepaid rent | 5 yr bank loan |
| Cash | Electricity accrued |
| Creditors | Stationery |
- (4mks)
4. Write **four** source documents used in recording business transaction (4mks)
- (i).....
- (ii).....
- (iii).....
- (iv).....

5. State **four** factors to consider when choosing a filing system in an organization (4mks)
- (i).....
- (ii).....
- (iii).....
- (iv).....
6. Highlight **four** problems that a country whose population is made up of a large proportion of youthful faces (4mks)
- (i).....
- (ii).....
- (iii).....
- (iv).....
7. Outline **four** conditions that would necessitate the writing of a credit note (4mks)
- (i).....
- (ii).....
- (iii).....
- (iv).....
8. List **four** sources on internal economies of scale (4mks)
- (i).....
- (ii).....
- (iii).....
- (iv).....

9. Use the following balances to prepare Nandi opening Journal entries on 31st January 2012

Motor vehicle	230,000	
Machinery	40,000	
Creditors	10,000	
Debtors	5,000	
Cash at hand	20,000	
Stock	10,000	
Rent prepaid	5,000	
Bank	25,000	
Premises	335,000	
Capital	660,000	(4mks)

10. Highlight **four** circumstances that may create trade restrictions in an economy (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

11. Outline **four** distinctive features of a monopolistic market competition (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

12. Under what **four** conditions would a trader advertise his products over the radio instead of television? (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

13. Outline **four** ways entrepreneurship has benefited Kenyan economy (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

14. State **four** circumstances under which a business would choose to transport goods by air (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

15. The following information relates to Johnny's Business as at 1/6/2013. Prepare a Trial Balance as at date

Stock	76,500	
Creditors	450,400	
Debtors	350,000	
Bank	260,400	
Fixed asset	970,200	
Capital	1,300,000	
Cash	120,500	
Rent due	26,700	(4mks)

16. Give **four** differences between commercial Banks and Non-Bank financial institution (4mks)

Commercial bank	Non Bank financial

17. Highlight any **four** difficulties encountered in satisfaction of human wants (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

18. Match the information in A to that in B in the table below using an arrow

Unemployment	Description
(i) Real wage unemployment	Demand in labor due to technological change
(ii) Frictional unemployment	Business not willing to employ
(iii) Seasonal unemployment	Loosing jobs in order to look for new ones
Structional unemploy	Occurring repeatedly at similar times

19. Highlight **four** principles of public expenditure (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

20. The following figures relates to the retail business of Omondi for the Month of July 2012

Sales 50,000
Expenses were 10% of sales
Cost of good sold 40,000

Calculate:

- (i) Mark-up
- (ii) Margin
- (iii) Total Expenses
- (iv) Net profit (4mks)

Outline **four** functions of Central bank in an economy (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

21. State **four** challenges that farmers encounter when they sell their produce through marketing boards (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

22. List down **four** trends in business ownership (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

23. Outline **four** ways in which the business may be affected by the legal environment in which it operates (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

24. Highlight benefits drawn from economic intergration (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....