

NYAHOKAKIRA CLUSTER TWO 2024

Kenya Certificate of Secondary Education

565/1

BUSINESS STUDIES

Paper 1

July 2024 - 2 Hours

Name: Adm. No:

Stream..... School.....

Instructions to Candidates

- (a) Write your **name, index number, admission number and school** in the spaces provided
- (b) above
- (c) Sign and write the **date** of examination in the spaces provided.
- (d) Answer **all** the 25 questions.
- (e) All answers should be written in the spaces provided in this booklet.
- (f) **This paper consists of 9 printed pages. Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.**

For Examiners Use Only

Questions	1	2	3	4	5	6	7	8	9	10	11	12	13
Candidate's Score													

Question	14	15	16	17	18	19	20	21	22	23	24	25
Candidate's score												

GRAND TOTAL

1. Indicate with a tick (✓) in the appropriate column the business environment associated with each of the factors (4 Marks)

	Factors	Internal	External
a.	Rainy season		
b.	Economic recession		
c.	Employee's strike		
d.	Rival firms		

2. Give four reasons to account for rapid growth in the membership in the Savings and Credit Co-operative Societies in Kenya (4 Marks)

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

3. Identify the principle of insurance described in each of the following circumstance. (4 Marks)

- a) James went to insure his neighbor`s house but the insurer refused to accept to provide cover.....
- b) Benta`s vehicle insured against theft was destroyed in an accident and the insurer refused to compensate.....
- c) After full compensation, the insurer took the remains of Peter`s vehicle.....
- d) Rose insured her second-hand vehicle as a brand new one and the insurer declined to offer protection.....

4. There has been a decrease in demand for commodity X. Outline four factors that may have caused this trend. (4 Marks)

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

5. Highlight four money transfer services offered by commercial banks (4 Marks)

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

6. State four reasons why food is a basic want (4 Marks)

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

7. Mr. Omondi is a wholesaler in Nairobi, state four advantages that would accrue to him by owning a warehouse (4 Marks)

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

8. State four measures that the county government of Kakamega could undertake so as to attract investors to locate their industries within its boundaries (4 Marks)

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

9. State four positive effects of inflation (4 Marks)

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

10. State four benefits of proper filing to an organization (4 Marks)

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

11. Outline four circumstances under which personal selling is appropriate (4 Marks)

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

12. Describe four channels that maybe followed when exporting tea to England (4 Marks)

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

13. State the purpose of the following documents used in International trade (4 Marks)

a) Commercial invoice

.....
.....

b) Letter of credit

.....
.....

c) Airway bill

.....
.....

d) Import License

.....
.....

14. Highlight four features of a perfectly competitive market (4 Marks)

a)

b)

c)

d)

15. List four types of small scale retail business that one can run without a shop (4 Marks)

a)

b)

c)

d)

16. Identify four barriers to effective communication (4 Marks)

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

17. State four guidelines of public expenditure (4 Marks)

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

18. State four negative effect of aging population in a developing country (4 Marks)

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

19. On July 1st 2016 Wafula traders had Ksh 6,000 cash in hand, bank overdraft of Ksh 2,000.
During the month the following transaction took place, (4 Marks)

July 4th: Received a cheque from a debtor totaling to Ksh 80,000

July 16th: Paid telephone bills Ksh 1,200 cash

July 21st: Withdrew Ksh 16,000 from bank for office use

Required: Enter the above information in Wafula trader's two column cashbooks

20. State four benefits of a business plan to a trader (4 Marks)

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

21. Give four differences between economic growth and development (4 Marks)

	Economic growth	Economic development
i		
ii		
iii		
iv		

22. The table below shows the source document and their corresponding books of original entry. Identify the correct one in each case. (4 Marks)

	Source document	Book of original entry
a.	Incoming invoice	
b.	Outgoing receipt	
c.	Incoming credit note	
d.	Outgoing credit note	

23. State four assumptions in circular flow of income in a two-sector economy (4 Marks)

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

24. Fill in the missing figures in the table below

(4 Marks)

Capital	Liabilities	Assets
21,900	W	30,000
X	2,000	19,000
3,700	1,500	Y
Z	73,000	100,000

25. Enter the following transactions in the relevant ledger accounts.

(4 Marks)

2022

April 1 : Janet Cosmetics started a business with Ksh. 150,000 cash

April 3 : Bought stock of goods for Sh. 40,000 and paid in cash

April 6 : Opened a bank account and deposited Sh. 60,000 from the cash till

April 9 : Purchased an office machine for Sh. 25,000 and paid by cheque