NAME:............................................................................................... INDEX NO:.........................

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

* Write your name and Index numbers in the spaces provided.
* Answer all questions in spaces provided.
* All answers should be written in the spaces provided in this booklet.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Qs | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Mks |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Qs | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Mks |  |  |  |  |  |  |  |  |  |  |  |

|  |  |
| --- | --- |
| TOTAL  MARKS |  |

1. Highlight four ways in which business studies may be of benefit to an individual. (4 Mks)
2. ………………………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………………………………………………………………………………………………………
6. Outline four features of economic resources. (4 Mks)
7. ………………………………………………………………………………………………………………………………………………………………………………………………
8. ………………………………………………………………………………………………………………………………………………………………………………………………
9. ………………………………………………………………………………………………………………………………………………………………………………………………
10. ………………………………………………………………………………………………………………………………………………………………………………………………
11. Highlight four characteristics of labour as a factor of production. (4 Mks)
12. ………………………………………………………………………………………………………………………………………………………………………………………………
13. ………………………………………………………………………………………………………………………………………………………………………………………………
14. ………………………………………………………………………………………………………………………………………………………………………………………………
15. ………………………………………………………………………………………………………………………………………………………………………………………………
16. List four sources of business idea. (4 Mks)
17. ………………………………………………………………………………………………………………………………………………………………………………………………
18. ………………………………………………………………………………………………………………………………………………………………………………………………
19. ………………………………………………………………………………………………………………………………………………………………………………………………
20. ………………………………………………………………………………………………………………………………………………………………………………………………
21. Highlight four elements of a carbon copying in the reproduction of documents. (4 Mks)
22. ………………………………………………………………………………………………………………………………………………………………………………………………
23. ………………………………………………………………………………………………………………………………………………………………………………………………
24. ………………………………………………………………………………………………………………………………………………………………………………………………
25. ………………………………………………………………………………………………………………………………………………………………………………………………
26. Outline four differences between hire purchase and installment buying. (4 Mks)

|  |  |  |
| --- | --- | --- |
|  | Hire purchase | Installment buying |
| (i) |  |  |
| (ii) |  |  |
| (iii) |  |  |
| (iv) |  |  |

1. Mention four current trends in forms of business units. (4 Mks)
2. ………………………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………………………………………………………………………………………………………
6. Outline four duties of commercial attaches. (4 Mks)
7. ………………………………………………………………………………………………………………………………………………………………………………………………
8. ………………………………………………………………………………………………………………………………………………………………………………………………
9. ………………………………………………………………………………………………………………………………………………………………………………………………
10. ………………………………………………………………………………………………………………………………………………………………………………………………
11. Highlight four advantages of human porterage. (4 Mks)
12. ………………………………………………………………………………………………………………………………………………………………………………………………
13. ………………………………………………………………………………………………………………………………………………………………………………………………
14. ………………………………………………………………………………………………………………………………………………………………………………………………
15. ………………………………………………………………………………………………………………………………………………………………………………………………
16. Outline four ways that the government can use to influence the quantity of a commodity supplied. (4 Mks)
17. ………………………………………………………………………………………………………………………………………………………………………………………………
18. ………………………………………………………………………………………………………………………………………………………………………………………………
19. ………………………………………………………………………………………………………………………………………………………………………………………………
20. ………………………………………………………………………………………………………………………………………………………………………………………………
21. List four factors that determine the size of a firm. (4 Mks)
22. ………………………………………………………………………………………………………………………………………………………………………………………………
23. ………………………………………………………………………………………………………………………………………………………………………………………………
24. ………………………………………………………………………………………………………………………………………………………………………………………………
25. ………………………………………………………………………………………………………………………………………………………………………………………………
26. Outline four factors that a producer would consider when selecting a distribution channel. (4 Mks)
27. ………………………………………………………………………………………………………………………………………………………………………………………………
28. ………………………………………………………………………………………………………………………………………………………………………………………………
29. ………………………………………………………………………………………………………………………………………………………………………………………………
30. ………………………………………………………………………………………………………………………………………………………………………………………………
31. Outline four challenges that may be encountered when measuring national income using income approach. (4 Mks)
32. ………………………………………………………………………………………………………………………………………………………………………………………………
33. ………………………………………………………………………………………………………………………………………………………………………………………………
34. ………………………………………………………………………………………………………………………………………………………………………………………………
35. ………………………………………………………………………………………………………………………………………………………………………………………………
36. The following information was obtained from the records of Biashara traders as at 31st December 2014.

Sh.

Long term loan 20,000

Debtors 6,000

Cash at bank 24,000

Creditors 14, 000

Furniture 40,000

Stock 10,000

Prepare Biashara Traders balance sheet as at 31st December 2014.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

………………………………………………………………………………………………………

1. Highlight four advantages of trade restriction. (4 Mks)
2. ………………………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………………………………………………………………………………………………………
6. The following information was extracted from the books of Sunrise Enterprise on 30th June 2012

|  |  |
| --- | --- |
| Item | Shs |
| Purchases | 200,000 |
| Opening stock | 44,000 |
| Closing stock | 52,000 |
| Mark - up | 20% |

Prepare the Trading account of Sunrise Enterprise for the year ended 30th June 2012. (4 Mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

………………………………………………………………………………………………………

1. Outline four circumstances under which sign language would be appropriate. (4 Mks)
2. ………………………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………………………………………………………………………………………………………
6. Highlight four possible consequences that may arise due to poor arrangement of goods in a warehouse. (4 Mks)
7. ………………………………………………………………………………………………………………………………………………………………………………………………
8. ………………………………………………………………………………………………………………………………………………………………………………………………
9. ………………………………………………………………………………………………………………………………………………………………………………………………
10. ………………………………………………………………………………………………………………………………………………………………………………………………
11. Outline four factors that may hinder economic developments. (4 Mks)
12. ………………………………………………………………………………………………………………………………………………………………………………………………
13. ………………………………………………………………………………………………………………………………………………………………………………………………
14. ………………………………………………………………………………………………………………………………………………………………………………………………
15. ………………………………………………………………………………………………………………………………………………………………………………………………
16. Highlight four reasons that may necessitate insurance companies to re-insurance. (4 Mks)
17. ………………………………………………………………………………………………………………………………………………………………………………………………
18. ………………………………………………………………………………………………………………………………………………………………………………………………
19. ………………………………………………………………………………………………………………………………………………………………………………………………
20. ………………………………………………………………………………………………………………………………………………………………………………………………
21. Outline four advantages of window display as a method of product promotion. (4 Mks)
22. ………………………………………………………………………………………………………………………………………………………………………………………………
23. ………………………………………………………………………………………………………………………………………………………………………………………………
24. ………………………………………………………………………………………………………………………………………………………………………………………………
25. ………………………………………………………………………………………………………………………………………………………………………………………………
26. Outline four negative effects of an ageing population in an economy. (4 Mks)
27. ………………………………………………………………………………………………………………………………………………………………………………………………
28. ………………………………………………………………………………………………………………………………………………………………………………………………
29. ………………………………………………………………………………………………………………………………………………………………………………………………
30. ………………………………………………………………………………………………………………………………………………………………………………………………
31. On 1 April 2014, Kama Traders had Sh 200,000 in cash and Sh 70,000 bank overdraft.

During the month the following transactions took place.

April 10 A debtor settled his account of sh 500,000 by cheque less 5% cash

discount.

April 15: Settled Jane’s account of sh 90,000 by cheque less 3% cash discount.

April 30: Banked all cash except sh 40,000.

Enter the above information in the cash book given. (4 Mks)

Cash book

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Dr |  |  |  |  |  |  |  |  |  | Cr |
| Date | Details | Discount Allowed | Cash | Bank |  | Date | Details | Discount  Received | Cash | Bank |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |

1. Highlight four advantages of a fixed deposit account. (4 Mks)
2. ………………………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………………………………………………………………………………………………………
6. State four sources of monopoly power. (4 Mks)
7. ………………………………………………………………………………………………………………………………………………………………………………………………
8. ………………………………………………………………………………………………………………………………………………………………………………………………
9. ………………………………………………………………………………………………………………………………………………………………………………………………
10. ………………………………………………………………………………………………………………………………………………………………………………………………