

School -----

Name -----index no-----

565/1BUSINESS PAPER 1 2018

Time 2hours

Instruction to candidate: answer all questions in space provided

The booklet consist of 25 questions

For examiner use only

Que	1	2	3	4	5	6	7	8	9	10	11	12	13
Marks													

Ques	14	15	16	17	18	19	20	21	22	23	24	25
Marks												

Total marks

1. Identify **four** component of business studies

4mks

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

2. Likoni traders a newly established firm has constructed an office block. Outline **four** factors that will consider when deciding on type of office layout (4mks)

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

3. Highlight **four** circumstances in which land differs from land differ from labor as factor of production. 4mks

	land	labour
i		
ii		
iii		
iv.		

4. State **four** reasons that make it necessary for firms to maintain a healthy environment

4mks

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

5. state the documents used for the following functions

4mks

- (a) To inform a buyer that his or her account has been reduced by certain amount-----
- (b) To require a supplier to provide a particular service to a customer-----

(c) To determine/ascertain the credit worthiness of customer-----

(d) To show that transport has been hired to deliver specified good to a particular buyer-----

6. State the unit of carriage for the following modes of transport 4mks

(a) Portage -----

(b) Sea-----

(c) Railway -----

(d) Cartage -----

7. Highlight **four** main purpose of bill of landing in international trade 4mks

(a) -----

(b) -----

(c) -----

(d) -----

8. Give **four** characteristic of food as a basic human wants 4mks

(a) -----

(b) -----

(c) -----

d)-----

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9. Classify each of the following accounts in the table below as either real, nominal, or personal 4mks

	Account	classification
a	premises	
b	Rental income	
c	Debtor otieno	
d	Discount allowed	

10. Highlight the importance of the following ratios in business

(a) Markup and margin 2mks

(i) -----

(ii)-----

(b) Working capital ratio 2mks

(i)-----

(ii)-----

11. List **four** after sale services that a seller may offer to the buyer in order to create brand loyalty to a product. 4mks

(a) -----

(b) -----

(c) -----

(d) -----

12. The demand for oranges doubled in five months even though the price of oranges remained the same over the same period. State **four** factors that may account to this. 4mks

(a)-----

(b)-----

(c)-----

(d)-----

13. highlight **four** circumstances under which siren can be used in communication 4mks

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

14 Give four positive effect of creeping inflation in an economy. 4mks

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

15. highlight **four** ways in which the government engage itself in commercial activities

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

16. highlight **four** reasons why the government of Kenya levies taxes to her citizens 4mks

- (a) -----
- (b) -----
- (c) -----

(d) -----

17. The following transactions were conducted by Ruiru enterprise in June 2017

June 8: credit purchases from Amos shs 10000 invoice number 087

June 15: credit sales to Marwa shs 2000 invoice number 458

June 20: Marwa returned goods worth shs 500 credit note number 234

June 26: business returned goods worth shs 3000 to Amos credit note number 567

Required

Journalize the above transaction 4mks.

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18. Outline **four** problems associated with income approach in computation of national income of a country

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

19. Mention **four** contents of partnership deed of Juja and co. partners 4mks

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

20. JB traders had the following assets and liabilities as at 1st Jan 2014

Furniture shs 350000

Debtors 45000

Stock 25000

Cash 7500

Creditors 48000

For the year ended 31st Dec 2014 the following information was available

- (e) Additional capital introduced was 24000
- (f) Drawing made during the year were 1500 monthly
- (g) Net profit was 34500

Required Determine the capital as at 31st Dec 2014 5mks

21. Outline **three** problems that are encountered during the implementation stage of development plan in less developed countries. 3mks

(a) -----

(b) -----

(c) -----

22. highlight **four** circumstances under which a manufacturer would prefer to sell goods directly to consumers without involving middlemen 4mks.

(a) -----

(b) -----

(c) -----

(d) -----

23. As a banker to commercial banks highlight **four** roles played by central bank of Kenya. 4mks

(a) -----

(b) -----

(c) -----

(d) -----

24. Differentiate between monopoly and monopolistic market structure 4mks

	Monopoly market	Monopolistic competition
a		
b		
c		
D		

25. Joshua insured his vehicle against theft, later the vehicle was stolen in a parking bay. Outline the procedure he would follow when making insurance claim for his vehicle. 4mks

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

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