NAME ---------------------------------------------------------------- INDEX NO --------------------

STREAM ------------------------------------------------------------- CANDIDATE’S NAME ----------------

ADM NO -------------------------------------------------------- DATE ------------------------

565/1

BUSINESS STUDIES

PAPER 1

OCTOBER 2014

TIME: 2 HOURS

SUNSHINE SECONDARY SCHOOL

Kenya Certificate of Secondary Education

**INSTURCTIONS TO CANDIDATES**

1. Write your name and index number in the spaces provided above.
2. Sign and write the date of examination in the spaces provided above.
3. Answer ALL the questions in the spaces provided below each question.
4. This paper consists of 12 printed pages
5. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
6. Candidates should answer all the questions in English

**FOR EXAMINER’S USE ONLY**

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

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Question | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Marks |  |  |  |  |  |  |  |  |  |  |  |

|  |
| --- |
|  |

 TOTAL MARKS

1.State four ways in which Kenya as a country can conserve her economic resources. (4mks)

i)-----------------------------------------------------------------------------------------------------------------------------

ii)---------------------------------------------------------------------------------------------------------------------------

iii)----------------------------------------------------------------------------------------------------------------------------

iv)--------------------------------------------------------------------------------------------------------------------------

2.For each of the following goods, identify the appropriate class that they belong to. (4mks)

|  |  |
| --- | --- |
| **Goods** | **Classification** |
| Road |  |
| Sisal |  |
| Bread |  |
| Tractor |  |

3.The following transactions took place during the month of march 2014 in the school canteen.

**March 5** Marenya returned goods amounting to Sh1500. He was issued with credit note no204

**March 15** Katoni returned part of the goods sold to him amounting to Sh.1000. He was issued

 With credit note no 205

**March 20** Magak, a customer returned wrong size goods which had been sold to him earlier on, worth Sh500. He was issued with credit note no 206.

Prepare sales returns journal. (4mks)

4.Outline FOUR characteristics of landscape office layout. (4mks)

i)-----------------------------------------------------------------------------------------------------------------------------------------

ii)--------------------------------------------------------------------------------------------------------------------------------------

iii)-------------------------------------------------------------------------------------------------------------------------------------

iv)--------------------------------------------------------------------------------------------------------------------------------------

5.Differentiate between a tied shops and a single shop. (4mks)

|  |  |
| --- | --- |
| Tied shop | Single shop |
|  |  |
|  |  |
|  |  |
|  |  |

6.Highlight FOUR duties of consumer associations towards consumer protection. (4mks)

i)-------------------------------------------------------------------------------------------------------------------------------------

ii)------------------------------------------------------------------------------------------------------------------------------------

iii)----------------------------------------------------------------------------------------------------------------------------------

iv)---------------------------------------------------------------------------------------------------------------------------------------

7.Highlight FOUR circumstances under which railway transport may be appropriate as a means of

Transport. (4mks)

i)-----------------------------------------------------------------------------------------------------------------------------------------

ii)---------------------------------------------------------------------------------------------------------------------------------------

iii)--------------------------------------------------------------------------------------------------------------------------------------

iv)---------------------------------------------------------------------------------------------------------------------------------------

8.Outline FOUR circumstances under which communication would be ineffective. (4mks)

i)-----------------------------------------------------------------------------------------------------------------------------------------

ii)---------------------------------------------------------------------------------------------------------------------------------------

iii)---------------------------------------------------------------------------------------------------------------------------------------

iv)-------------------------------------------------------------------------------------------------------------------------------------

9.Mention FOUR benefits of warehousing to the customers. (4mks)

i)-------------------------------------------------------------------------------------------------------------------------------------

ii)-----------------------------------------------------------------------------------------------------------------------------------

iii)----------------------------------------------------------------------------------------------------------------------------------

iv)----------------------------------------------------------------------------------------------------------------------------------

10.Mr Kola insured his vehicle whose value was Sh1,000,000 for Sh600,000 against the risk of fire outbreak, while on transit, there was a mechanical problem and the vehicle caught fire and was burnt causing a loss of Sh.500,000. Calculate the compensation amount and give a reason for that. (4mks)

11.For each of the following descriptions, identify the corresponding method of product promotion.

 (4mks)

|  |  |
| --- | --- |
| **Description** | **Method of promotion** |
| Free promotion of a product |  |
| Strategies to increase sales at the point of promotion |  |
| Impersonal presentation of a product through the mass media |  |
| Meant to improve the reputation of a firm |  |

12.Outline FOUR ways of determining the price of a commodity in a market. (4mks)

i)----------------------------------------------------------------------------------------------------------------------------------------

ii)---------------------------------------------------------------------------------------------------------------------------------------

iii)--------------------------------------------------------------------------------------------------------------------------------------

iv)-------------------------------------------------------------------------------------------------------------------------------------

13.Outline FOUR factors that influence the amount of money held by an individual for precautionary motive. (4mks)

i)----------------------------------------------------------------------------------------------------------------------------------------

ii)----------------------------------------------------------------------------------------------------------------------------------------

iii)--------------------------------------------------------------------------------------------------------------------------------------

iv)---------------------------------------------------------------------------------------------------------------------------------------

14.Highlight FOUR features of monopolistic competition market. (4mks)

i)----------------------------------------------------------------------------------------------------------------------------------------

ii)--------------------------------------------------------------------------------------------------------------------------------------

iii)--------------------------------------------------------------------------------------------------------------------------------------

iv)--------------------------------------------------------------------------------------------------------------------------------------

15.State FOUR factors that may be a cause of under population in a County. (4mks)

i)----------------------------------------------------------------------------------------------------------------------------------------

ii)----------------------------------------------------------------------------------------------------------------------------------------

iii)-------------------------------------------------------------------------------------------------------------------------------------

iv)--------------------------------------------------------------------------------------------------------------------------------------

16.State FOUR reasons why a manufacturer decides to use a long chain of distribution. (4mks)

i)---------------------------------------------------------------------------------------------------------------------------------------

ii)----------------------------------------------------------------------------------------------------------------------------------------

iii)------------------------------------------------------------------------------------------------------------------------------------

iv)-------------------------------------------------------------------------------------------------------------------------------------

17.Post the following transactions in the ledger book of Kaluma Traders 2013. (4mks)

Jan 1 Commercial business with Sh150,000 cash at bank

Jan 5 Bought machinery on credit for Sh9500

Jan 7 Withdrew Sh5000 from bank from bank for office use

Jan 8 Paid Sh3000 cash to creditors

18.The following balances relates to the business of manji Traders during the period ended 30th June 2013.

 Sh

Rent received 12,000

Salaries and wages 48,000

Gross profit 120,000

Discount received 7,500

Insurance 12,500

Carriage on sales 15,000

Discount allowed 6,000

Prepare the business profit and loss account for the period ended 30th June 2013. (4mks)

19The following information relates to Waithaka’s Enterprises at the beginning of the month of January 2014.

 Sh.

Bank overdraft 45,000

Cash in hand 2,500

Creditors 12,500

Debtors 9,000

Stock 28,000

Loan 35,000

Van 40,500

Furniture 23,200

Premises 125,000

Further information, Waithera Enterprise

-Injected a further Sh50,000 into the expansion of their business

-Made profits of sh17,200

-Drawings of sh7,500 during the month of January 2014

Determine Waithera’s Enterprises capital on 31st January 2014 (4mks)

20The table below contains boo9ks of original entry. Identify the source document used to prepare the book of original/entry given. (4mks)

|  |  |
| --- | --- |
| **Book of original entry** | **Source document** |
| Cash payment journal |  |
| Sales returns journal |  |
| Purchase day book |  |
| Petty cash book |  |

21.Outline FOUR positive effects that are associated with inflation (4mks)

i)--------------------------------------------------------------------------------------------------------------------------------------

ii)---------------------------------------------------------------------------------------------------------------------------------------

iii)--------------------------------------------------------------------------------------------------------------------------------------

iv)------------------------------------------------------------------------------------------------------------------------------------

22.The following transactions wee extracted from the books of Nyabal Traders on 31st march 2014

 Sh.

Stock 01/04/2014 8,000

Stock 30/04/2014 9,000

Purchases 4,500

Sales 21,000

Calculate

1. Margin (2mks)
2. Rate of stock turnover (2mks)

23.Highlight FOUR factors that must be considered before spending public funds. (4mks)

i)-----------------------------------------------------------------------------------------------------------------------------------

ii)-----------------------------------------------------------------------------------------------------------------------------------

iii)-----------------------------------------------------------------------------------------------------------------------------------

iv)-----------------------------------------------------------------------------------------------------------------------------------

24.Highlight FOUR characteristics that are typical of most underdeveloped economies. (4mks)

i)----------------------------------------------------------------------------------------------------------------------------------------

ii)----------------------------------------------------------------------------------------------------------------------------------------

iii)--------------------------------------------------------------------------------------------------------------------------------------

iv)-------------------------------------------------------------------------------------------------------------------------------------

25.Outline FOUR circumstances under which a firm may be located near the source of its raw materials.

 (4mks)

i)----------------------------------------------------------------------------------------------------------------------------------------

ii)---------------------------------------------------------------------------------------------------------------------------------------

iii)-------------------------------------------------------------------------------------------------------------------------------------

I v)-------------------------------------------------------------------------------------------------------------------------------------