Name : ............................................................. Adm. No. ..............................................................

Date: ................................................................. Candidate’s Sign: .....................................................

**565/1**

**BUSINESS STUDIES**

Paper 1

OCT/NOV - 2013

**Time: 2 HOURS**

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

**Business studies**

Paper 1

**INSTRUCTIONS TO CANDIDATES**

* *Answer* ***all*** *the questions in the spaces provided.*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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 SCORE**

*This paper consists of 7 printed pages. Candidates should check to ascertain that all papers are printed as indicated and that no questions are missing*

1. State four reasons why a business organization need to prepare a business (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

2. Indicate in the spaces provided the type of warehouse with each of the description stated below

 (4mks)

 (i) Individuals can hire staorage facilities …………………………………………………………

 (ii)used to store tax-tye goods originating from within or outside the country………………………

 (iii)Used for storage of specilaised goods……………………………………………………………..

 (iv)used for the storage of locally produced goods until excise duty is paid………………………..

3. The figure below shows a shift in the supply curve of a given commodity

 Outline four factors that may have caused the shift in the supply curve from SoSo to S1S1(4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

4. Enter the following transactions in a cash book of Mwilala Traders for month of January 2012(5mks)

2012

 JAN 1ST – Cash Ksh. 10000 and cash at bank Ksh. 35,000(Cr)

 Jan 2nd –Sold goods worth Ksh. 20,000 in cash

 Jan 3rd – Received a cheque of Ksh 20,000 in cash

Jan 4th-Paid the following accounts by cheque Sammy ksh. 15000, Okalo Ksh.3000. George Ksh.150000, , Rama Ksh.26000 after deducting 10% discounts in each case

Jan 5th Took Ksh. 30,000 from cash till to the bank

Cash book

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date  | detail | F  | Dics all | Bank Ksh |  | Date  | detail | F  | Disc received | Cash Ksh | Bank Ksh |
| 2012 |  |  |  |  |  | 2012 |  |  |  |  |  |

5. Highlight four benefits of commercial production to the economy (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

6. Identify the principle of insurance referred to by the following statements (4mks)

|  |  |
| --- | --- |
| Statement  | Principle of insurance |
| (i) Incase the insured insure with two or more companies at the time of compensation the insure will share the loss  |  |
| (ii) Whatever remains of the insured property after the insured is fully compensated belongs to the insured |  |
| (iii) The property insured must have a direct bearing to the insured |  |
| (iv) Compensation is only paid up to the maximum of real loss suffered |  |

7. Enter the following transactions in the relevant ledger accounts of Mumia Traders for the month of April 2013 (4mks)

 April 3rd – Purchased goods on credit from Tabwa Wholeslares for Ksh. 50,0000

 April 4th – Withdrew Ksh. 20,000 from bank for business use

 April 5th-Purchased stationery for Ksh. 1000 in cash

 April 6th –paid Tabwa wholesalers Ksh.3000 by cheque

 Dr TUBWA A/C Cr Dr purchases A/C Cr

Dr Cash A/C Cr

 Dr stationery A/C Cr

 Dr bank a/c Cr

8. State four functions of a personal Secretary in an organization (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

9. In view of promulgation of new constitution devolved system of government was created, identify four measures that a country governor can take in order to attract investors to start and ran their business in their country. (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

10. Give four differences between Public limited companies and public corporation (4mks)

|  |  |
| --- | --- |
| Public limited companies | Public corporation |
| (i)  | (i) |
| (ii)  | (ii) |
| (iii) | (iii) |
| (iv) | (iv)  |

11. High four features of Oligopoly (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

12. In the spaces provided in the tables below, name the document Mumias Limited Company would issue under circumstances described below

|  |  |
| --- | --- |
| Circumstance  | Document to issue |
| (i) Mumias Ltd sold goods worth Ksh. 100,000 on credit to Mama Watotto supermarket |  |
| (ii) Kukhu Traders paid Ksh. 54000 by Cheque to Mumias Ltd for goods which had been supplied |  |
| (iii) Asamwa Enterprises which had bought goods worth Ksh.17000 was erroneously charged for only Ksh. 15000/= |  |
| (iv) Goods sold to Mama Watoto Supermarket had been Overpriced by Ksh. 4000 |  |

13. Vision World Limiter bought Passat a saloon car worth Ksh. 2000 000 on 28th Feb 2013. This car was insured to two companies, Bluee shield limited and Ama co Insurance Limited for Ksh. 1800 0000 and Ksh 1600 000 respectively. In August 30th 2013 the car was involved in an accident and suffered a partial damage of 20%. Calculate compensation made by each insurance company to cover the loos (4mks)

14. State four reasons why Magadi Soda exporters choose to transport this product by railway rather than by road (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

15. The following information was obtained from the records of Jupiter Traders a at 31st July 2012

 Ksh

Furniture and fittings 20000

Stock 5000

Creditors 7000

Cash at bank 12000

Debtors 3000

Long term loan 10,000

Required: Determine the amount of capital (4mks)

16. Outline three circumstance underwhich downward communication may used (3mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

17. Outline four circumstances under which cash payment is appropriate (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

18. Identify four chanels for distributing Kenyan flowers to Europe (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

19. Outline four challenges that Europe facing as a result of Agency population (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

20. Give four resaons why the government of Kenya issue trading licences to all businemen (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

21. Highlight four ways in which a computer may be used in an office (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

22. Indicate with a tick (√) whether the following factors refer to injections to or withdrawal from the National income of a country with a two-sector economy (4mks)

|  |  |  |
| --- | --- | --- |
| Factors  | Infections  | Withdrawal |
| (i) Government taxatrion on business incomes |  |  |
| (ii) Firm’s investiments in capital equipements |  |  |
| (iii) Country’s export to earn revenue |  |  |
| (iv) Household savings for future rise |  |  |

23. Outline four negative effects of production on the envornment (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

24. In the table below identify factors of production for each of the following reward (4mks)

|  |  |
| --- | --- |
|  | Rewards  |
|  | -rent |
|  | -wages and salaries |
|  | -profit  |
|  | -interest  |

25. Highlight four benefits of hire purchase to a buyer of goods (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..