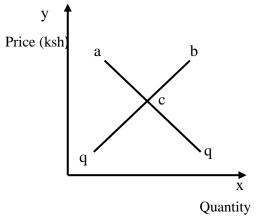
## 565/1 BUSINESS STUDIES PAPER 1 TIME: 2 HOURS MACHAKOS COUNTY KCSE TRIAL AND PRACTICE EXAM 2015

1. Outline **FOUR** features that constitute a market.

(4 Marks)

(5 Marks)

2. The following diagram represents demand and supply of a product.



(a) State what is represented by curves

ap	
pq	
etter c	

- (b) On the diagram, indicate equilibrium price (PE) and equilibrium quantity (QE) (4 Marks)
- 3. Outline **FOUR** advantages of after sales services as a method of sales promotion to a customer. (4 Marks)
- 4. Give **FOUR** reasons why a consumer should satisfy basic wants before secondary wants. (4 Marks)
- Outline FOUR reasons why a multinational company may prefer setting up a production unit in developing country instead of exporting finished goods to the country. (4 Marks)
- 6. State the factor of production that each of the following resources relate to:-

ResourceFactor of production(a) Manager(b) Quarry(b) Quarry(c) Vehicle(c) Vehicle(c) Vehicle(d) Water(c) Vehicle(e) Owner(c) Vehicle

7. In the spaces provided below, indicate with a tick (✓) whether each of the following statements relates to preference or ordinary shares. (3 Marks)

Statement Preference Ordinary	Statement	Preference	Ordinary
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	(a) Represen	ts real owners	s of company						
-	(b) Rate of dividends is fixed								
-	(c) Has voting rights       (d) Redeemable								
-	(e) May be c	umulative							
	(f) Considered last in liquidation								
8.									
9.	. State the term that best fit each of the following description.								
	(a) Money brought into the business by owner								
	(b) Goods bo	ught for resal	e						
	(c) Money w	ithdrawn by c	owner of busin	less for person	al use				
	(d) Money be	prrowed from	outsiders by o	owner of the b	usiness for bu	siness use			
10.	The followin	g balances we	ere obtained fr	om the books	of Jomba Trac	ders as at 30 <sup>th</sup>	July 2014		
			Shs.						
	Opening stoc	k	50,000						
	Sales		360,000						
	Gross profit		25% of sal	es					
	Closing stock	C C	70,000						
	Calculate								
	(a) Cost of g	oods sold						(2Marks)	
	(b) Rate of st	ock turnover						(2 Marks)	
11	Enter each of	the following	transactions	in the relevant	ledger accou	nts			
11.			-	ith Ksh. 500,0	-	into			
	· · · ·			2014 for KSh.		•	-		
	• •		in June 20 <sup>m</sup> 2 alaries Ksh. 18	014 from the $1$	business bank	a/c to be used	l in the office	2. •	
12.		-			nd a bank ove	erdraft of Sh. 2	2000; during	the month the	
	12. On June 1 <sup>st</sup> 2015, Kelly had KSh. 6000 cash in hand and a bank overdraft of Sh. 2000; during the month the following transactions took.								
	(a) Received cheques from debtors totaling to KSh. 80,000 on June $2^{nd}$								
	<ul> <li>(b) June 5<sup>th</sup>, paid telephone bills Sh. 1200 cash</li> <li>(c) June 8<sup>th</sup>, withdrew Sh. 16000 from bank for office use.</li> </ul>								
				column cash		low and balar	nce it off	(4 Marks)	
				Kelly 7					
	Two – Column Cashbook for the month of June 2015								
[	Date	Particulars	Bank	Cash	Date	Particulars	Cash	Bank	

Date	Particulars	Bank	Cash	Date	Particulars	Cash	Bank

12 Outline FOU	D more of our	ulain a sast mus	h inflation				(4 Marlan)
13. Outline FOU	<b>R</b> ways of cut	roing cost pus	n inflation.				(4 Marks)
14. Outline FOU	<b>R</b> circumstan	ces under whi	ch the per cap	ita income sta	tistics would	be a good indi	cator of the
welfare of the	e citizens of co	ountry.					(4 Marks)
15. Outline <b>FOUR</b> challenges associated with a high ageing population in a country.							(4 Marks)
16. Outline <b>FOUR</b> purposes of taxation. (4)						(4 Marks)	
17. State <b>FOUR</b> basis of international trade						(4 Marks)	
18. Outline <b>FOUR</b> methods that a country may use to restrict international trade.							(4 Marks)
19. State FOUR reasons why an invoice received is important in accounting.						(4 Marks)	
20. Outline <b>FOUR</b> items that are included when computing national income using the expenditure approach.							
	(4 Marks)						
21. Outline <b>FOUR</b> features of insurable risks							
22. State <b>FOUR</b> features of chain stores. (4 Ma						rks)	
23. Outline FOUR factors that constitute an efficient transport system.							(4 Marks)
24. State FOUR goals of development.							(4 Marks)

25. Outline **FOUR** disadvantages of use of Automatic Teller Machines (ATMs) in banking. (4 Marks)