**Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ index No \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Candidates’ signature \_\_\_\_\_\_\_\_**

**565/1**

**Business Studies**

**Paper 1**

**July/ August 2014**

**2 Hours**

**KILUNGU DISTRICT FORM 4 JOINT EXAMINATION**

**Kenya Certificate of Secondary Education**

**Business Studies**

**2 hours**

**INSTRUCTIONS**

Answer all the questions in the space provided

***This paper consists of 6 printed pages***

***Turn over***

1. Outline four factors that might have encouraged entrepreneurship in the recent times. ( 4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. State four ways through which the central bank acts as a banker to the government. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. In each of the transaction below, indicate in the appropriate columns the source document and

the books of original entry in which the transaction should be recorded. (4 marks)

|  |  |  |
| --- | --- | --- |
| Transaction | Source of document | Books of original entry |
| (a) Purchase of goods on credit. |  |  |
| (b) Goods returned by a customer. |  |  |
| (c) Payment to a creditor |  |  |
| (d) Sale of goods on credit |  |  |

4. Outline four adverse effects of dumping on an economy. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5. The following information was extracted from the books of Othaya traders.

Ksh

Opening stock 160,000

Closing stock 200,000

Purchases 1,800,000

Margin 20%

Calculate Othaya’s sale (4 marks)

***KILUNGU DISTRICT FORM 4 JOINT EXAM 2014 BUSINESS P.1*** 2.

6. Highlight four differences between a bonded warehouse and a private warehouse. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

7. State four features of insurable risks. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8. On 31st December 2011 Mutua’s account disclosed the following transactions.

Ksh

Stock on 1 Jan 2011 50,000

Purchases 80,000

Stock on 31 Dec 2011 6,000

Returns inwards 4,000

Returns outwards 5,000

Carriage inwards 2,000

Sales 200,000

Discount allowed 3000

Salaries 10,000

Required:

Prepare a trading account (5 marks)

9. State four characteristics of oligopolistic market. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

***KILUNGU DISTRICT FORM 4 JOINT EXAM 2014 BUSINESS P.1*** 3.

10. Outline four measures which the Kenya government can take to solve the

unemployment problem. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

11. Highlight four features of public corporation. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

12. State four differences between a market stalls and single shops. (4 marks)

Market stalls single shops

(i)

(ii)

(iii)

(iv)

13. Identify the type of error made in recording each of the following transaction. (4 marks)

|  |  |
| --- | --- |
| Transaction | Type of error. |
| (i) The amount in an invoice for goods purchased was recorded in the books as ksh 5000 instead of ksh 50,000 |  |
| (ii) Purchases of office equipment was debited in purchase account . |  |
| (iii) Despite agreement of the trial balance sales and purchases had been overstated by sh 3000 in each case. |  |
| (iv) A debtor for sh 2000 settled his account in cash less 10% discount. The consequent double entry made in the books was in respect of cash received only |  |

14. In the table below indicate the type of office equipment to match the function given. (4 marks)

|  |  |
| --- | --- |
| Function | equipment |
| (a) Sending and receiving written messages |  |
| (b) Sending and receiving verbal messages |  |
| (c)Sending and receiving copies of messages |  |
| (d) Sending messages one way only. |  |

***KILUNGU DISTRICT FORM 4 JOINT EXAM 2014 BUSINESS P.1*** 4.

15. State four reasons why ethical practice is necessary in product promotion. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

16. State the meaning of the following Accounting terms. (2 marks)

(i) Contra entry

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) Cash discount

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

17. Highlight four ways in which a business idea can be implemented. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

18. State features of public limited company. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

19. “Hello, customer bank in your mobile phone” Barclays bank continue advertising in

spite of its popularity in the country. State four reasons for continued advertising

by the Barclays bank. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

20. In each of the following case name the type of inflation described.

|  |  |
| --- | --- |
| Description | Type of inflation |
| (a) Arise in price due to increase in prices of factors of production |  |
| (b) A rise in prices due to increase in money supply. |  |
| (c) Arise in price due to buying expensive goods from foreign countries . |  |
| (d) Arise in prices due to un even growth in some sectors of the economy. |  |

***KILUNGU DISTRICT FORM 4 JOINT EXAM 2014 BUSINESS P.1*** 5.

21. List four characteristics of man made resources. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

22. For each of the following statements, state whether it’s true or false as regards circular

flow of income in a four sector closed economy. (4 marks)

(i) Firms and houses holds do not pay tax to the government \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) Households save part of their income in banks and other institutions \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) Firms receive payments from export abroad \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) Business firms turn to commercial bank to raise capital \_\_\_\_\_\_\_\_\_\_\_\_\_\_

23. Highlight four roles played by county governments in promoting trade. (4 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iv) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

24. The following balances were obtained from the books of Cathy traders on 30.06.2012

Sh

Plant and machinery 1,400,000

Turn over 1,540,000

Interest on loan 200,000

Prepaid rent 70,000

Accrued salaries 353,440

Fixtures and furniture 500,000

Gross profit 427,260

Repair on motor vehicle 150,00

Prepare a trial balance of Cathy traders for the month ended 30.06.2012 (4 marks)

25. Outline three elements that may comprise the external environment of a business. (3 marks)

(i) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(iii) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

***KILUNGU DISTRICT FORM 4 JOINT EXAM 2014 BUSINESS P.1*** 6.

**565/1**

**Business Studies**

**Paper 1**

**July/ August 2014**

**KILUNGU DISTRICT FORM 4 JOINT EXAMINATION**

**Kenya Certificate of Secondary Education**

**Business Studies**

**Marking scheme**

**1.** – Need for jobs.

- Access to cheap finance from banks

- existence of role models.

- Government support /subsidies.

- Use of relevant curriculum in learning institutions.

4 x1=4 marks

2. - Central bank is a banker to the government .

- Under takes government financial transactions.

- Pays foreign loans.

- Advance loans to the government.

- Receive various finances/ revenues.

- Safeguards government finances.

4 x1=4 marks

3. (a) incoming invoice purchase journal

(b) credit note sale return journal

(c) receipts/payment voucher cash book/cash payment journal

(d) outgoing invoice sales journal

8 x ½ = 4 marks

4. - Aggravates the balance of payment due to increased importation of cheap goods.

- Leads to closure of local firms that can not cope up with the competitions.

- Discourages investment due to lack of adequate market for local goods.

- Loss of employment as business close down .

- Some of the goods dumped are of inferior and low quality.

-loss of fair bargain due to unfair competition 4 x1= 4 marks

5. margin = GP

Sale

GP = sales – CoGs

Margin = sales – CoGs

Sales

20 S=S- (160,000√ + 1800, 000√– 200,000√)

100

= S -1760, 000√

80% S = 1760, 000√

S = 1760,000 x100√

80

= ksh 2,200,000√√

Or

Mark up = Gp

CoGS

***This paper consists of 4 printed pages***

***Turn over***

CoGs= 160,000√ + 1800,000√ -200,000√

+ 176,000√

Mark up + 1/5 -1 +1/4 √

¼ + GP = 176,000 √ x ¼ +GP

176,000 = 440,000

Sales = CoGs +GP

= 176,000+ 440,000

=sh. 2, 200,000√√

8 x1/2 = 4 marks

6. bounded warehouse private warehouse

- Storage of dutiable goods which have not been cleared - storage of non-dutiable goods

- Supervised by government officials - managed and supervised by owners

- Releases warrant required - no release warrant required

- Located near ports/points of entry - located at production points

4 x1= 4 marks

7. - Must face large number of people.

-Occurrence of risk should be assessed mathematically.

- Occurrence of risk must be accidental not deliberate.

- Not catastrophic.

- Loss should be significant to justify insurance.

- Should suffer financial loss. 4 x1=4 marks

8. Mutua

trading account

For the year ended 31st Dec 2011√

Sh sh.

Opening stock 500,000√ sales 200,000√

Add purchase 80,000 √ less returns in 4000√

Add carriage in 2000√ 82000 196000

132,000

Less returns outside 5000√

CoGs 127,000

Less closing stock 6000√

COGS 121,000

Gross profit 75,000√√

196,000 196,000

10 x1/2 = 5marks

9. - Few sellers.

- there is interdependence in decision making.

- Firms are faces with linked demand curve

- Engage in non-price competition.

- product have close substitute 4 x1=4 marks

10. - Control population growth.

- Encourage self employment.

- Provide capital for people to set up business.

-Encourage use of labour intensive methods of production.

-Encourage investments in the country.

- Encouragers people to seek jobs outside the country.

4 x1=4 marks

11. - Established by an act of a parliament.

- Intial capital is provided by the government.

2.

- Members of the board of directors are appointed by the government.

- Mainly formed to provide essential goods and services to the public. 4 x1=4 marks

12.

|  |  |
| --- | --- |
| market stalls | Single shops |
| Are small shops mostly found in designated market | Are small shops that are located in residential areas or big towns. |
| Stock limited range of goods | Stock relatively wide variety of goods |
| Customers have to travel to the centre to get the needed good | Provide the needed market goods within easy reach of their customers |
| Operate only on certain days of the week | Operate throughout the week |
| Do not offer credit facilities to any of their customers | Offer credit facilities to some of their customers |

13. (i) Original entry

(ii) Principle

(iii) Compensation

(iv) Omission

4 x1=4 marks

14. (i) Telex

(ii) Telephone

(iii) Fax machine

(iv) Pager

4x1=4 marks

15. (i) to encourage selling of quality goods.

(ii) To safeguard cultural practices.

(iii) To encourage disclosure of information about the product.

(iv) To enclosure compliance with existing government legislation.

(v) To curb environmental degradation.

(vi) To safeguard competitors in the market.

(vii) To safeguard consumers against misleading adverts.

4 x1= 4 marks

16. (a) a transaction affecting both sides of two of three column cash book simultaneously.(2 marks)

(b) Allowances or reduction given to buyer for making prompt payments. (2 marks)

17. - Creating a new good.

- Improving on an existing good.

- Improving the process of production.

- Improving he marketing strategies.

- Improving the quality of services.

- Improving the quality of goods.

4 x1=4 marks

18. - formed by a minimum of 7 members.

- No maximum number of memberships.

- Cannot start business before it receives certificate of trading.

- Accounts are required to be published.

- Shares and debenture are freely transferable/ invites members of the public to subscribe

for share and debtors.

4 x1=4 marks

19. - To introduce new product/service in the market.

- To widen/ expand/ attract more customers.

- To promote the image / name of the bank.

3.

- To announce changes in their products/service.

4 x1= 4marks

20. - Cost push inflation.

- Demand pull inflation.

- Cost push inflation.

- Imported inflation.

4 x1=4 marks

21. - Scarce in supply.

- Unevenly distributed.

- Can change ownership.

- Can be complimentary.

- Have money value.

- Have utility.

- Can be combined.

4 x1=4 marks

22. - false

- True.

- False

-true

4 x1=4 marks

23. - Advertising business prospects in their countries.

- Provision of free/ cheap land.

- Establishment of infrastructure.

- Organizing shows and trade fairs.

- Organizing foreign trips.

4 x1=4 marks

24. **Cathy traders**

**Trial balance**

As at 30.06.2012

Dr Cr

Plant and machinery 1,400,000√

Turn over 1,540,000√

Interests on loan 200,000√

Prepaid rent 70,500√

Accrued salaries 353,440√

Fixture and furniture 500, 200√

Gross profit 427 260√

Repair on motor vehicle 150,000√

2,320,700 2,320,700

8 x1/2 = 4 marks

25. -Level of technology.

- Prevailing economic conditions.

- Legal-political factors.

- Competition

- Society culture.

- Demographic factors.

- Physical factors.

3 x1=3 marks

4.

**Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ index No \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Candidates’ signature \_\_\_\_\_\_\_\_**

**565/2**

**Business Studies**

**Paper 2**

**July/ August 2014**

**2 ½ Hours**

**KILUNGU DISTRICT FORM 4 JOINT EXAMINATION**

**Kenya Certificate of Secondary Education**

**Business Studies**

**2 ½ hours**

**INSTRUCTIONS**

Answer any five questions.

***This paper consists of 3 printed pages***

***Turn over***

1. (a) Toyota motor company has embraced the use of E-commence in its business

transactions. Explain five benefits it would realize due to this move. (10 marks)

(b) Explain the importance of the following documents used in home trade.

(i) Delivery note. (2 marks)

(ii) Package note (2 marks)

(iii) Consignment note (2 marks)

(iv) Advice note (2 marks)

(v) Acknowledgement note (2 marks)

2. (a) The following are the balances for Wote distributors company for the year ended 31.12. 2012.

Capital ?

Stock 4000

Drawings 32000

Furniture 70,000

Commission earned 800

Debtors 13,000

Sales 180,000

Bank 23,000

Carriage inwards 1400

General expenses 5200

Discount allowed 8500

Purchases 160,000

Creditors 8000

Wages 4600

Long term loan 1800

Rent income 4800

Cash 6000

Stock (31.12.2011) 8000

Carriage outwards 1700

Returns inwards 910

Returns outwards 850

Additional investments 3800

Land 8500

Over draft 4100

(i) Draw their trading profit and loss account. (6 marks)

(ii) Draw their balance sheet and show the amount of their opening capital. (6 marks)

(b) Draw four differences between personal selling and advertising. (8 marks)

3. (a) Unemployment has been cited as one of the economic problems facing Kenya.

Explain five causes of unemployment in Kenya. (10 marks)

(b) Explain five factors should consider when designing an office. (10 marks)

4. (a) Inflation is detrimental to economic growth and development to a country.

Explain five factors to support this statement. (10 marks)

(b) The following transactions relate to Mali Mali traders for the month of March 2014.

2 march : received sh 19000 cash from Mutua after allowing 5% cash discount.

3 March : paid Mueni sh 8,800 and Muli sh 11,000 in cash after deducting 12% cash discount.

***KILUNGU DISTRICT FORM 4 JOINT EXAM 2014 BUSINESS P.2*** 2.

4 March: banked sh 5600 from office cash .

6 March: took sh 3800 cash for personal use.

9 March: Mutuku settled his account of sh 35,000 by cheque less 2% cash discount.

10 March: Kioko paid sh 38,000 by cheque to clear his account of sh 40,000

15 March: bought goods sh 23,500 and paid by cheque

Prepare Malimali traders

(i) Cash payment journal (5 marks)

(ii) Cash receipt journal (5 marks)

5. (a) Explain the meaning of the following terms as used in insurance.

(i) Comprehensive policy (2 marks)

(ii) Term assurance policy (2 marks)

(iii) Indemnity (2 marks)

(iv) Average clause (2 marks)

(v) Double insurance (2 marks)

(b) XY company operates as a monopolist in Kenya. Explain five factors that may have

made the firm acquire monopoly power.(10 marks)

6. (a) Explain five characteristics of land as a basic factor of production. (10 marks)

(b) The table below shows the growth rate of GDP of country between 2009 and 2012.

Years Growth rate of GDP %

2009 2%

2010 2.5%

2011 3.5%

2012 5%

Give five reasons that may account for the trend in GDP reflected in the table. (10 marks)

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**565/2**

**Business Studies**

**Paper 2**

**July/ August 2014**

**KILUNGU DISTRICT FORM 4 JOINT EXAMINATION**

**Kenya Certificate of Secondary Education**

**Business Studies**

**Marking scheme**

1. (a) –Wide access to world market because many countries are connected to the internet.

- No restriction /descrimination in transaction since both small and large business transact

through internet.

- save no time since it is a fast way of transacting business online and therefore urgent

transactions can be out.

- reduced paper work since dealings are online.

- less cost of sending, receiving and storing information and product.

- wide access of information on other products and business online to enhance operations.

(b) – Delivery note - is an evidence of the delivery of goods sent by the seller to the buyers.

- package note –helps the buyer to make a spot check on goods when they arrive.

-Consignment note-Acts as evidence that the goods were actually transported.

- Advice note- Alerts the buyer that goods have been dispatched so as to make arrangements

to receive them, arrange for payments when goods arrive or inquire in event of delay.

-Acknowledge note – confirms to the buyer that the order has been received and is being processed.

(5 x2=10 marks)

2. (a) (i) Wote distributors

Trading profit and loss A/c

For the year ended 31.12.2012

Sh sh

Opening stock 8000√ sales 180,000√

Add purchases 16000√ less returns 910√

Add carriage inwards 1400√

169400

Less returns outwards 850√

CO GAS 168 550

Less closing stock 4000√

164 550

Gp c/d 14540√

179090 179 090

Expenses Gp b/d 14540

General expenses 5200√ commission earned 800√

Discount allowed 8500√ rent income 4800√

Wages 4600√

Carriage outwards 1700√

N.p c/d 140√

20140 20140

N. p b/d 140

18 x1/3 =6 marks

***This paper consists of 4 printed pages***

***Turn over***

(ii) **Wote distributors**

**Balance sheet**

As at 31.12.2012

Sh sh

Fixed asset capital 138660√√

Furniture 70,000 √ add net profit 140

Land 850√ add investment 3800

78,500 142 600

Less drawing 32000

110,600√

C.assets L.T.L

Stock 4000√ loan 1800√

Debtors 13000√ C.L

Bank 23000√ creditors 8000√

Cash 6000√ 0ver draft 4100√

46000 12100

124 500 124 500

(b) 12 x1/2 =6 marks

|  |  |
| --- | --- |
| Personal selling | Advertising |
| Make use of persons to pass message | Make use of non-personal means eg mass media to pass message. |
| There is immediate feed back | Feed back may be long term. |
| Has limited coverage | Has wide coverage |
| Appropriate for specific type of goods eg technical goods | Appropriate for a wide range of goods eg those consumedby the general public. |
| There is room to demonstrate the use of goods | Most media used for advertising do not cater for demonstration on use of goods. |

4x2= 8 marks

3. (a) – Rapid population growth which results to an increase in number of people

without gainful employment.

- Changes in seasons particularly in the agricultural sectors / tourism sector.

- introduction of capital intensive methods of production replacing manual labour.

- Inadequate resources required for production to be carried out.

- The education system may not be appropriate for job creation since most people undergo

training for collar jobs which may not be available.

- People may be too selective when choosing the jobs they want which may not be available

in the market.

- mismanagement of resources/ corruption/ poor planning by the government may lead

to unemployment due to poorly invested fund/embezzlement of funds .

- Introduction of new products that replace existing ones eg synthetic fibres to replace natural fibres

- over-reliance of few sectors of the economy as a source of employment

5 x2=10 marks

(b) –cost of construction should be affordable.

- size of the staff in order to avoid overcrowding or unnecessary free space.

- maintenance and running cost should be within reach.

- nature of thee organizations work to decide the most appropriate layout.

- effects on staff morale to avoid negative impact on performance.

- space available to determine if it is adequate.

- security for office/ personal property to avoid loss/damage.

2.

- flexibility for ease of redesigning and reorganization.

- legal requirements to abide with the law.

5 x2=10 marks

4. (a) – discourages saving people tend to spend money they have rather than save due to

the falling value of money.

- increase in interest rates to compensate lenders for the fall in value of money.

- People with fixed income are hard-hit because of increased cost of living.

-lenders loose. Lenders of money receive less value of the money they advanced to debtors.

-May leads to social-political unrest due to high cost of living.

-Worsen balance of payment. Exports become more expensive leading to fall in demand

for export as people may prefer to buy cheaper imports.

- Uneven distribution of incomes with he rich becoming richer.

- Unemployed and low income earnest are hard –it since they may not be able to afford

the basics due to rising prices.

- Loss of confidence in the local currency which may necessitate change of currency.

- Adverse effect on investment due to increased cost of operation.

- Reduced job creation due to reduced production activities/ closure of firms.

5 x2=10 marks

(b) (i)

Cash payment journal

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Details | Discount received | Cash | bank |
| 3.3.14  3.3.14  4.3.14  6.3.14  15.3.14 | Mueni  Muli  Bank  Drawings  purchase | 1200√  1500√ | 8800√  11,000√  5600√  3800√ | 23 500√ |
|  |  | 2700√ | 29200√ | 23 500√ |

10 x1/2 =5 marks

(ii)

Cash receipt journal

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Details | Discount allowed | Cash | Bank |
| 2.3.14  4.3.14  9.3.14  10.3 .14 | Mutua  Cash  Mutuku  Kioko | 1000√  700√  2000√ | 1900√ | 5600√  34 300√  38 000√ |
|  |  | 3700√ | 19000√ | 77900√ |

10 x1/2 =5 marks

NB. Details must be correct to award a tick .

5. (a)- Comprehensive policy- is a motor policy which covers all possible risks that may occur

out of operating motor vehicle eg damage of the car, property and people in the car etc.(2 marks)

- Term assurance policy – is a policy a proposer insure his life against death for a short

period eg one month.

-Indemnity- is the exact financial compensation that is paid when the insured suffersloss/ is the

restoration of the insured who suffers loss to his former financial position.(2 marks)

- Average clause –provides that the insured can only recover such properties of the loss as

the value of the policy bares on the value of the property insured.(2 marks)

* Double insurance - is the insuring a property with more than one insurance company on the same risk.(2 marks)

5 x2=10 marks

3.

(b) – Secretive production technique that denies other forms the use of the technique in

production.

- Control over strategic raw materials this makes the firm to have sole access to raw materials

used in the production of the commodity.

- Large initial capital that other firms may not be able to raise leaving the field to one firm.

- Greater economies of scale that enables the firm to produce at lower cost than the other firms.

- Legal rights of production on a particular product by the government shutting out competition.

- Amalgamation of firm to become only one hence eliminating competition.

-Size of the market. When the market is economically served by one firm other firms

entering the market may make losses due to low sales hence the firm remain one.

- Copy right which bars other firms from producing the product.

5 x2=10 marks

6. (a) – It is a gift of nature since man has no ability to create it.

- It is fixed in supply since it can not be increased beyond what nature has provided.

- It is geographically immobile since it can not be moved from one geographical area to another.

- It is occupationally mobile since it can be put into different uses.

- Its productivity can be improved by increasing quantity and quality of capital.

- It is subject to the law of diminishing marginal returns.

- Quality of land is not homogenous since productivity of one piece of land is different

from that of another.

5 x2=10 marks

(b) – Discovery of new resources in the country eg mineral resources.

- Maximum and optimal utilization of the exiting resources in the country.

- Increased level of saving in the country leading to high capital formation and hence high

national income.

- Discovery and adoption of better technology.

- Increased investments domestically from foreign and local investors.

- Increase in the productivity of the people in the country.

- Political stability in the country.

5 x2=10 marks

4.