

# KCSE 2017 JKIM JOINT EXAMINATION

*Kenya certificate of secondary education (K.C.S.E)*

NAME.....

INDEX NO.....

SCHOOL.....

SIGNATURE.....

DATE: .....

565/1

**BUSINESS STUDIES**

**Paper 1**

**Time: 2 ½ hours**

## **INSTRUCTIONS TO CANDIDATES**

1. Write your name, school and index number in the spaces provided above.
2. Sign and write the date of the examination in the spaces provided above.
3. This paper consists of **25** questions.
4. Attempt **ALL** questions in the spaces provided.
5. This paper consists of **6** printed pages.
6. Candidates should check to ensure that all pages are printed as indicated and no questions are missing.

1. Highlight four ways of increasing the efficiency of land as a factor of production. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

2. Highlight four ways in which a firm would acquire dominance of a market. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

3. Tiger traders had the following balance as at 31st December 2012

	Shs
Opening stock	800,000
Closing stock	1,000,000
Sales	3,250,000

Rate of stock turnover 3 times

Calculate:

a) Cost of goods sold (2 marks)

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b) Gross profit (2 marks)

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4. Highlight four factors that can make a company to re-insure. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

5. State four functions of an entrepreneur as a factor of production. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

6. State FOUR ways through which the Government regulates the business activities in the country. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

7. Define the following terms. (4 marks)

- (i) Capital goods.....
- (ii) Non-economic goods.....
- (iii) Public goods.....
- (iv) Durable goods.....

8. Highlight four ways in which individuals consumers can protect themselves. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

9. State four causes of demand pull inflation. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

10. For each of the following transactions, indicate the source documents from which the following transactions would be recorded. (4 marks)

Transaction	Source document
(a) Correction of an overcharge	
(b) Purchase on credit	
(c) Goods returned by customer	
(d) Sales of goods on credit	

11. Highlight four features of business assets. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

12. State four factors that an entrepreneur would consider before investing in a business opportunity. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

13. State four merits of a bonded warehouse to the Government. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

14. Outline four features of a Monopoly market structure. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

15. Identify four goals development. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

16. State four reasons why the short message service (SMS) is replacing letters as a way of communication. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

17. State four reasons that make government to create monopolies. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

18. The following information was extracted from books of Cathie traders on 30th June 2010.

Opening stocks .....	Ksh 75,000
Purchases .....	Ksh 475,200
Sales.....	Ksh 620,000

Mark up  
25%

Prepare a trading account to determine

- a) Closing stock (1marks)
- b) Cost of goods sold (1 mark)
- c) Gross profit. (2mark)

19. Distinguish between (4 marks)

a) Derived demand and joint demand

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b) Shift and movement along demand curve

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20. The National Transport Safety Authority (NTSA) is a department within the transport sector in Kenya. Highlight four benefits Kenyans enjoy due to the establishment of NTSA. (4 marks)

21. Give the name of the insurance policy described in the following table. (4 marks)

Description	Name of policy
(i). One policy used to cover a number of ships belonging to one organization	
(ii). Covers cargo against loss or damage while being transported by ship	
(iii). Covers a specified peril when the ship is either being loaded, offloaded or serviced	
(iv). Covers ships while on a specified voyage and time	

22. Outline four circumstances under which cash with order may be used. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

23. Giving an example in each case, outline the difference between renewable and non-renewable resources. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

24. State four channels of distribution for importation of agricultural produce. (4 marks)

- (i). .....
- (ii). .....
- (iii). .....
- (iv). .....

25. A business enterprise had a cash balance of 50,000 and overdraft of sh 15,000 on 1st June 2007.

The following transactions were conducted.

- June 2, A debtor paid sh 40,000 by cheques
- June 10, the business bought stock sh 10,000 in cash
- June 15, Sold goods sh 30,000 cash.

Required:

Prepare a two column cash book.

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