

Name: Index No.:.....
 School.: Candidate's Sign:.....
 Date:.....

565/1
BUSINESS STUDIES
PAPER 1
JULY/AUGUST - 2015
TIME: 2 HOURS

TRANS-NZOIA COUNTY JOINT EVALUATION EXAM – 2015
Kenya Certificate of Secondary Education (K.C.S.E)

BUSINESS STUDIES
PAPER 1
2 HOURS

INSTRUCTIONS TO THE CANDIDATES

- Write your **name**, **index number** and the name of your **school** in the spaces provided above.
- **Sign** and write **date** of examination in the spaces provided above.
- Answer **all the questions** in this question paper.
- All your answers **must** be written in the spaces provided in this question

For Examiner's Use Only

QUESTION	1	2	3	4	5	6	7	8	9	10	11	12	13
MARKS													

QUESTION	14	15	16	17	18	19	20	21	22	23	24	25
MARKS												

**TOTAL
MARKS**

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

1. List any **four** characteristics of services. (4 mks)

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

2. Complete the table below by identifying whether the factor is within the internal or external business environment. (4 mks)

FACTOR	ENVIRONMENT
a) Business objectives	
b) Goodwill from customers	
c) Competitors	
d) Marketing strategies	

3. State **four** ways in which an entrepreneur contributes to production of goods and services. (4 mks)

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

4. List **four** ways in which natural resources may benefit a country. (4 mks)

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

5. Outline **four** documents required by the registrar of companies to facilitate registration of limited liability companies. (4 mks)

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

6. For each of the transaction, indicate the account to be debited and that to be credited. (4 mks)

TRANSACTION	A/C/ DEBITED	A/C CREDITED
(a) Started business with cash deposited in business bank account.		
(b) Took money for personal use.		
(c) Withdrew cash from bank account		
(d) Paid salaries in cash		

7. List any **four** examples of indirect taxes. (4 mks)

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

8. Give **four** circumstances under which a credit note is issued. (4 mks)

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

9. Highlight **four** emerging trends in road transport in Kenya. (4 mks)

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

10. Below are tasks performed by office machines and equipments. State the machine/equipment used to perform each task. (4 mks)

TASK	MACHINE/EQUIPMENT
(a) Sending and receiving verbal messages	
(b) Cutting paper into required sizes	
(c) Printing stamp impression on envelopes	
(d) Sending printed diagrams, charts, maps e.t.c	

11. On 1st Jan 2015, Kitale Stores had sh. 15,000 cash and 40,000 in bank. The following transactions took place during the month.

Jan 2 : Cash sales sh. 4000
13 : Paid a Creditor sh. 8000
26 : Received a cheque of sh. 16,550 from a debtor.
27 : Paid salaries sh. 9000 by cheque
31 Banked all the remaining cash.

Required:-

Record the above transactions in a two column cash book.

(4 mks)

12. List **four** disadvantages of supermarkets. (4 mks)
- (i)
 - (ii)
 - (iii)
 - (iv)

13. Highlight **four** channels of distribution for local agricultural products. (4 mks)
- (i)
 - (ii)
 - (iii)
 - (iv)

14. The following information relates to Nzoia Stores for the year ended 31/12/2014.

Turn over (Sales)	sh. 160,000
Margin	20%
Rent Income	sh. 68,000
Carriage outwards	sh. 54,000

Determine:

- (a) Mark – up percentage
- (b) Net profit of the year. (4 mks)

15. In the space provided, state the insurance principle described in each case.
- (a) The insured must stand to lose financially in the happening of risk.....
.....
 - (b) For insured to be compensated, there must be very close relationship between the cause of loss suffered and risk insured.....
 - (c) Guarantees restoration of insured to his/her original financial position
 - (d) After insured is compensated for total loss, the insured item becomes the property of the insurer.
.....
- (4 mks)

16. Micro-finance institutions are playing a major role in the financial matters of our county. State **four** functions they perform. (4 mks)
- (i)
 - (ii)
 - (iii)
 - (iv)

17. Highlight **four** measures which may be taken by a government to attract firms to an area. (4 mks)
- (i)
 - (ii)
 - (iii)
 - (iv)

18. Kenya recently attained mid-income economy status due to the economic development experienced. Outline **four** indications which led to this. (4 mks)
- (i)
 - (ii)
 - (iii)
 - (iv)

19. Identify **four** factors that you would consider when determining the effective operation of a warehouse. (4 mks)
- (i)
 - (ii)
 - (iii)
 - (iv)

20. The balances below relate to Saboti Stores for the year ended 31/12/14

Capital	300,000
2 yr loan	230,020
Creditors	95,200
Fixed assets	480,000
Current assets	145,220

Determine:-

(a) Working Capital

(b) Capital Employed.

(4 mks)

21. State **four** reasons for government imposing of import duty.

(4 mks)

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

22. State **four** differences between hire-purchase and credit purchase.

HIRE-PURCHASE	CREDIT PURCHASE
(i)	(i)
(ii)	(ii)
(iii)	(iii)
(iv)	(iv)

(4 mks)

23. List **four** reasons why a producer may find it necessary to advertise his products. (4 mks)

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

24. A TV set was sold for sh.10,000. If the buyer was allowed a trade discount of 5% and a cash discount of 2% if payment is made within a month. Determine the amount received by the seller if payment is made within 2 weeks. (4 mks)

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25. State any **four** social networking services available to an individual. (4 mks)

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