

Name ..... Index No. ....

Candidate's signature .....

Date .....

565/1

**BUSINESS STUDIES**

Paper 1

**July/August 2017**

Time 2 hours

**FORM FOUR END OF SECOND TERM EXAM**

Kenya Certificate of Secondary Education

**BUSINESS STUDIES**

Paper - 565/1

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**INSTRUCTIONS TO CANDIDATES**

- Write your name and Index number in the spaces provided.
- Answer all the questions.
- All answers must be written in the spaces provided.
- Do not remove any page from the booklet

*This paper consists of 6 printed pages*

*Candidates should check the question paper to ensure that all the printed pages are printed as indicated and no questions are missing.*

1. Outline **four** differences between partnerships and sole proprietorship. (4 marks)

	Partnerships		Sole proprietorships
a)		a)	
b)		b)	
c)		c)	
d)		d)	

2. State **four** benefits of selling in cash. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

3. Indicate with a tick in the spaces provided below, whether each of the following resources is renewable or non-renewable. (4 marks)

	Resources	Non-renewable	Renewable
a)	Solar energy		
b)	Oil		
c)	Soda-ash		
d)	Water		

4. Outline 4 reasons why most firms prefer open office layout. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

5. In the spaces provided below indicate the type of wholesaler described by each of the statement below. (4 marks)

- a) Serves all parts of the country .....
- b) Customers pick goods and pay for them at the cashier's desk .....
- c) Do not take physical possession of goods as they do not have storage facilities .....
- d) Deal in a wide range of goods .....

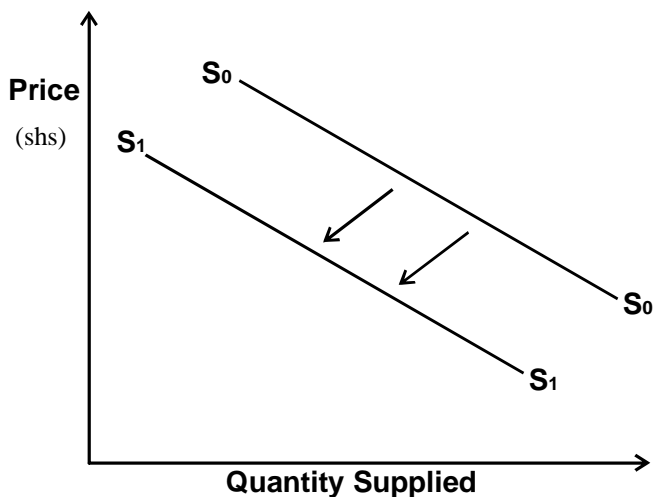
6. Highlight **four** importance of entrepreneurship to an economy.

- a) .....
- b) .....
- c) .....
- d) .....

7. Highlight **4** reasons that would make an individual engage in business. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

8. The diagram below shows a shift in supply curve to the left. State factors that can cause this. (4 marks)



9. Outline **four** functions of money. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

10. Highlight **four** malpractices by traders against which consumers may need protection by the government. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

**11.** Identify four factors that a firm may consider in deciding where to locate its operations. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

**12.** For each of the following cases, name the motive of holding money. (4 marks)

- a) To meet daily needs .....
- b) To meet an unforeseen circumstance .....
- c) To take advantage of anticipated future fall in price .....
- d) Pay for daily transport .....

**13.** List **four** errors that can make a trial balance not to balance. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

**14.** Identify **four** factors that may limit the growth of a country's national income. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

**15.** Outline **four** circumstances when high population may be desirable. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

**16.** Highlight **four** roles of warehousing in indirect production. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

17. The information below relates to the business of Jua Kali traders between 2nd and 8th June 2017
- a) Started business with shs 10,000 cash
  - b) Bought goods worth shs 14,000 paying shs 8,000 cash and the balance to be paid later.
  - c) Sold some goods worth shs 6,000 for 9,000 cash
  - d) Paid for the goods bought on credit shs 3,000 cash.
  - e) Banked shs 1,000 cash into the business bank account.

State the account to be debited and account to be credited in each transaction.

Transaction	Account to debit	Account to credit
a)		
b)		
c)		
d)		

18. Outline **four** features of a perfect competitive market. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

19. In the spaces provided, give the level of inflation that fit the description given. (3 marks)

- a) General price levels rise gradually by a single digit .....
- b) Where there is drastic loss in the value of money .....
- c) Where the general price levers increase rapidly and the inflation rate is 90% .....

20. Outline 4 circumstances under which personal selling would be appropriate. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

21. The following information was extracted from the books of Jane's Duka as at 31st December 2004.

Opening stock	40,000
Gross profit	80,000
Margin	16%
Return inwards	30,000
Rate of stock turnover	6 times.

Required:

Determine

i) Sales for the year.

(2 marks)

ii) Closing stock

(2 marks)

**22.** Highlight **four** factors to be considered when choosing a method of distributing goods. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

**23.** Outline **four** factors that determine the amount of premium in life assurance. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

**25.** Identify **four** items that can affect stock of a business. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....