Name : ............................................................. Adm. No. ..............................................................

Date: ................................................................. Candidate’s Sign: .....................................................

**565/1**

**BUSINESS STUDIES**

Paper 1

OCT/NOV - 2017

**Time: 2 HOURS**

***Kenya Certificate of Secondary Education (K.C.S.E.)***

**Business studies**

Paper 1

**INSTRUCTIONS TO CANDIDATES**

* *Answer* ***all*** *the questions in the spaces provided.*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTION** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| **MARKS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTION** | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| **MARKS** |  |  |  |  |  |  |  |  |  |  |  |

**TOTAL SCORE**

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

1. State four reasons why a business organization need to prepare a business (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

2. Indicate in the spaces provided the type of warehouse with each of the description stated below

 (4mks)

 (i) Individuals can hire staorage facilities …………………………………………………………

 (ii)used to store tax-tye goods originating from within or outside the country………………………

 (iii)Used for storage of specilaised goods……………………………………………………………..

 (iv)used for the storage of locally produced goods until excise duty is paid………………………..

3. The figure below shows a shift in the supply curve of a given commodity

 Outline four factors that may have caused the shift in the supply curve from SoSo to S1S1(4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

4. Enter the following transactions in a cash book of Mwilala Traders for month of January 2012(5mks)

2012

 JAN 1ST – Cash Ksh. 10000 and cash at bank Ksh. 35,000(Cr)

 Jan 2nd –Sold goods worth Ksh. 20,000 in cash

 Jan 3rd – Received a cheque of Ksh 20,000 in cash

Jan 4th-Paid the following accounts by cheque Sammy ksh. 15000, Okalo Ksh.3000. George Ksh.150000, , Rama Ksh.26000 after deducting 10% discounts in each case

Jan 5th Took Ksh. 30,000 from cash till to the bank

Cash book

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date  | detail | F  | Dics all | Bank Ksh |  | Date  | detail | F  | Disc received | Cash Ksh | Bank Ksh |
| 2012 |  |  |  |  |  | 2012 |  |  |  |  |  |

5. Highlight four benefits of commercial production to the economy (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

6. Identify the principle of insurance referred to by the following statements (4mks)

|  |  |
| --- | --- |
| Statement  | Principle of insurance |
| (i) Incase the insured insure with two or more companies at the time of compensation the insure will share the loss  |  |
| (ii) Whatever remains of the insured property after the insured is fully compensated belongs to the insured |  |
| (iii) The property insured must have a direct bearing to the insured |  |
| (iv) Compensation is only paid up to the maximum of real loss suffered |  |

7. Enter the following transactions in the relevant ledger accounts of Mumia Traders for the month of April 2013 (4mks)

 April 3rd – Purchased goods on credit from Tabwa Wholeslares for Ksh. 50,0000

 April 4th – Withdrew Ksh. 20,000 from bank for business use

 April 5th-Purchased stationery for Ksh. 1000 in cash

 April 6th –paid Tabwa wholesalers Ksh.3000 by cheque

 Dr TUBWA A/C Cr Dr purchases A/C Cr

Dr Cash A/C Cr

 Dr stationery A/C Cr

 Dr bank a/c Cr

8. State four functions of a personal Secretary in an organization (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

9. In view of promulgation of new constitution devolved system of government was created, identify four measures that a country governor can take in order to attract investors to start and ran their business in their country. (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

10. Give four differences between Public limited companies and public corporation (4mks)

|  |  |
| --- | --- |
| Public limited companies | Public corporation |
| (i)  | (i) |
| (ii)  | (ii) |
| (iii) | (iii) |
| (iv) | (iv)  |

11. High four features of Oligopoly (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

12. In the spaces provided in the tables below, name the document Mumias Limited Company would issue under circumstances described below

|  |  |
| --- | --- |
| Circumstance  | Document to issue |
| (i) Mumias Ltd sold goods worth Ksh. 100,000 on credit to Mama Watotto supermarket |  |
| (ii) Kukhu Traders paid Ksh. 54000 by Cheque to Mumias Ltd for goods which had been supplied |  |
| (iii) Asamwa Enterprises which had bought goods worth Ksh.17000 was erroneously charged for only Ksh. 15000/= |  |
| (iv) Goods sold to Mama Watoto Supermarket had been Overpriced by Ksh. 4000 |  |

13. Vision World Limiter bought Passat a saloon car worth Ksh. 2000 000 on 28th Feb 2013. This car was insured to two companies, Bluee shield limited and Ama co Insurance Limited for Ksh. 1800 0000 and Ksh 1600 000 respectively. In August 30th 2013 the car was involved in an accident and suffered a partial damage of 20%. Calculate compensation made by each insurance company to cover the loos (4mks)

14. State four reasons why Magadi Soda exporters choose to transport this product by railway rather than by road (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

15. The following information was obtained from the records of Jupiter Traders a at 31st July 2012

 Ksh

Furniture and fittings 20000

Stock 5000

Creditors 7000

Cash at bank 12000

Debtors 3000

Long term loan 10,000

Required: Determine the amount of capital (4mks)

16. Outline three circumstance underwhich downward communication may used (3mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

17. Outline four circumstances under which cash payment is appropriate (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

18. Identify four chanels for distributing Kenyan flowers to Europe (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

19. Outline four challenges that Europe facing as a result of Agency population (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

20. Give four resaons why the government of Kenya issue trading licences to all businemen (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

21. Highlight four ways in which a computer may be used in an office (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

22. Indicate with a tick (√) whether the following factors refer to injections to or withdrawal from the National income of a country with a two-sector economy (4mks)

|  |  |  |
| --- | --- | --- |
| Factors  | Infections  | Withdrawal |
| (i) Government taxatrion on business incomes |  |  |
| (ii) Firm’s investiments in capital equipements |  |  |
| (iii) Country’s export to earn revenue |  |  |
| (iv) Household savings for future rise |  |  |

23. Outline four negative effects of production on the envornment (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

24. In the table below identify factors of production for each of the following reward (4mks)

|  |  |
| --- | --- |
|  | Rewards  |
|  | -rent |
|  | -wages and salaries |
|  | -profit  |
|  | -interest  |

25. Highlight four benefits of hire purchase to a buyer of goods (4mks)

 (i)……………………………………………………………………………………………………..

 (ii)……………………………………………………………………………………………………..

 (iii)……………………………………………………………………………………………………..

 (iv)……………………………………………………………………………………………………..

**BUTERE EAST DIVISION ZONE 2013**

**BUSINESS STUDIES PAPER 1**

**MARKING SCHEME**

**1. Used to evaluate the performance of a business to see if the intended objective is being achieved**.

* Used to attract financing from potential inventors /lenders
* Used to determine the amount of finance required to fund various activities
* Motivating factors to work towards a given direction
* Provides room for any change to occur incase of any change in circumstances.
* Helps to reveal strengths and weaknesses in the business
* Identify/ avoiding mistakes that would have occurred.
* Helps in allocation of resources in the most appropriate way

2. (i) Public warehouse

 (ii) Free- warehouse

 (iii) Specialized warehouse

 (iv) Bonded warehouse

3. (i) High costs of production of the commodity

 (ii) Use of outdated/ absolute technology

 (iii) Unfavorable government policy

 (iv) Unfavorable weather conditions which affect the production capacity

 (v) Increase in price of other commodities.

4. **MWILALA TRADERS**

**THREE COLUMN CASHBOOK**

**DATE DETAILS FL DISC ALL CASH BANK Date Details FL DISC REC CASH BANK**

2012 2012

Jan 1 Bal b/f 10,000√ Jan 1 Bal b/f 35,000

 2 Sales 20,000√ 4 Sammy 1,500 √ 13,000

 3 Taabu 1,000 9,000√ ’’ Okalo 3,000 √ 27,000

 5 Cash C1  30,000√ ’’ George 1,500 √ 13,500

 ’’ Rama 2,600 √ 23,400

 5 Bank C1 30,000√

 6 Bal c/d 73,400

 1,000 30,000 112,400 8,600 30,000 112,400

Bal b/d

 7 73,400

 ***10 ticks x ½ =5mrks)***

5. (i) Ensure a variety of goods and services

 (ii) Enhances division of labour and specialization

 (iii) Citizens are able to get what they don’t produce

 (iv) Encourages innovation and invention

 (v) Leads to improved standards of living for the citizens

 ***(Any 4 points 1x4 =4mrks***)

6. (i) Contribution

 (ii) Subrogation

 (iii) Insurable interest

 (iv) Indemnity

7. Tubwa A/c Purchase A/c

3 April ’13 3,000 √ 3/4/13 Purchases 50,000√ 3/4/13 Tubwa 50,000√

 Bank A/c

 4/4/13 cash 20,000√

 6/4/13 Tubwa 3,000√

 Cash A/c

 4/4/13 Bank 20,000√ 5/4/13 Stationery 1,000√

 Stationery A/c

 5/4/13 Cash 1,000√

 ***(8 x ½ = 4marks)***

8. - Receives and makes personal calls for the boss

 - Files information

 - Arranges appointments for the boss

 - Keeps and spends petty cash on behalf of the boss

 - Takes and transcribes notes on business correspondence

 - Supervise junior staff like copy typists

9. (i) Infrastructure improvement / construction

 (ii) Improving security situation

 (iii) Ensuring law and order

 (iv) Giving economic incentives like e.g. low taxes ,subsides and cheap land

 (v) Provision of cheap credit / guaranteeing investors who want to take loans

 (vi) Simplify procedures in starting and running business

 (vii) Preservation and conservation of natural resources and environment

10. **Public limited companies Public corporations**

* Financial by share holders - Basically financed by govt
* Formed by shareholders - Formed by an Act of Parliament
* Management by manager and the Board - Management by chair man and Board of Directors

of Directors

* Owned by the shareholders - Owned by govt on behalf of public

11. - Few sellers

 - Price and output decisions highly intend dependant

 - Each form usually weighs the possible reaction of rival firms

 - Destruct and rivalry among firms can lead o price wars.

12. (i) Invoice

 (ii) Receipt

 (iii) Debit note

 (iv) Credit note

13. Loss suffered

 20 x 2000 000√1

 100

 = 400,000

 Compensation

 = Value of policy x loss

 Sum insured

 Sum insured = Blue shield = 1,800,000

 Amaco = 1,600,000

 Total = 3400,000 √

 Contribution by Amaco

 = 1600,000 x 400,000

 3400,000

 = sh. 188235.29 √1

 Contribution by Blueshield

 = 1800,000 x 400,000

 3400,000

 = sh. 211765.70√1

14. (i) Railway can carry bulky goods than road

 (ii) Railway is more convenient for bulky goods over long distance

 (iii) Railway is safer than road/ higher security than road

 (iv) Have a large carrying capacity than road

 (v) Has special loading and off loading facilities

 (vi) Offer warehousing facilities

15. A = C + L

 20,000 + 5000 + 12000 + 3,000 = C + 7000 + 10,000

 40,000 = C + 17 ,000

 40,000 - 17, 000 = C

 SH. 23,000 = Capital

16. - Training juniors

 - Evaluating performance

 - Delegating duties

 - Solving problems facing workers

 - Inspiring and motivating the juniors

17. - When the buyer is new o seller

 - When buyers credit worthiness is in doubt

 - Where seller is operating mail order business

 - Where cash is the business policy

18. (i) Local producer (farmer) foreign consumer

 (ii) Local producer (farmer ) foreign retailer foreign consumer

 (iii) Local; producer (farmer) foreign wholesaler foreign retailer

 Foreign consumer

 (iv) Local producer foreign wholesaler foreign consumer

 (v) Local producer local co-operation foreign consumer

19. - High dependency ratio

 - Low per capital income as they are not earning

 - Shortage of manpower/ low labour supply

 - High expenditure on social welfare needs of the aged

 - Resistant to change

 - May lead o unemployment due to fall in demand for goods used by the youth

20. - Raise revenue for the government

 - Regulate number of business to avoid unhealthy competition

 - Ensure traders engage only in activities for which they are licensed

 - Control types of goods entering and leaving the country

 - Ensure there are no illegal business

 - Ensure professionals meet requirements of their professionals

21. **Uses of a computer in the office**

 **-** Data storage and inventory control

 - Store information relating to members of staff

 - Used in communication services

 - Used to process accounting information

22. (i) Withdrawal

 (ii) Injections

 (iii) Injections

 (iv) Withdrawals

23. - Pollution of air due to the emissions from the factories

 - Water pollution

 - Noise pollution

 - Destruction of the environment due to various activities of man

 - Solid waste pollution due to poor dispersal methods

24. (i) Land

` (ii) Labour

 (iii) Entrepreneurship

 (iv) Capital

25. - Buyer can posses more goods including more expensive ones

 - Buyer can posses and use goods immediately after entering the contract while still paying for them

 - Can budget /plan repayment based on his/her level of income

 - Gets possession of goods after making a down –payment /deposit

 - Pay for goods in installments