**Name: . …………………………………………………... Index No. …………………**

**Candidate’s Signature……………**

**Date: ………………………**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**JULY/AUGUST -2019**

**TIME: 2 HOURS**

**Kenya Certificate of Secondary Education**

**INSTRUCTIONS TO CANDIDATES:-**

* Write your **name**, **indexnumber** and **school** in the spaces provided above.
* Sign and write the **date** of examination in the spaces provided above.
* This paper has 25 questions.
* ***Answer all the questions in the spaces provided.***

**For Examiner’s Use Only**

|  |  |  |
| --- | --- | --- |
| **QuestionS** | **Maximum Score** | **Candidate’s Score** |
| 1 - 25 | **100** |  |

1. Outline four characteristics of services (4mks
2. …………………………………………………………………………………………………
3. …………………………………………………………………………………………………..
4. …………………………………………………………………………………………………..
5. ……………………………………………………………………………………………….
6. State four circumstances under which one may decide to start a personal business. (4mks
7. …………………………………………………………………………………………………
8. …………………………………………………………………………………………………..
9. …………………………………………………………………………………………………..
10. ………………………………………………………………………………………………….
11. Highlight four ways in which consumers may protect themselves against exploitation by traders.
12. …………………………………………………………………………………………………
13. …………………………………………………………………………………………………..
14. …………………………………………………………………………………………………..
15. ……………………………………………………………………………………………….

(4mks

1. Highlight four advantages of advertising to the consumer. (4mks

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

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

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

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

1. Outline four methods used to determine price other than demand and supply. (4mks

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

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

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

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

1. Outline four circumstances in which a firm may acquire monopoly power. (4mks

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

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

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

1. ……………………………………………………………………………………………….
2. Indicate in which ledger each of the following accounts are maintained. (4mks

|  |  |
| --- | --- |
| Account | ledger |
| 1. Kamau (creditor) |  |
| 1. Machinery |  |
| 1. Rent |  |
| 1. Capital |  |

1. State four sources of government revenue for development expenditure. (4mks

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

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

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

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

1. The cost of consumer goods and services for a representative basket of an average family is given below

Year 2014 2015

Prices shs 1,200 shs 1,800

Determine the consumer price index using 2014 as the base year. (4mks

1. The following information was extracted from the books of Magu Traders on 30th June, 2016.

|  |  |
| --- | --- |
| Item | Shs. |
| Purchases | 720,000 |
| Opening stock | 165,000 |
| Closing stock | ? |
| sales | 960,000 |

Mark up. 25%

Prepare the trading account of Magu Traders for the year ended 30thJune 2016. (5mks

1. Outline four characteristics of oligopoly. (4mks

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

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

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

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

1. Highlight four factors that contribute to dominance by direct production in developing countries. (4mks

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

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

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

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

1. Outline four ways in which the economic environment can influence the operation of a business. (4mks

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

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

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

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

1. List four ways in which the standard gauge railway (SGR) will boost the economy of Kenya when it becomes operational. (4mks

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

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

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

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

1. Highlight four reasons why modern business organizations are preferring landscape office layout.

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

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

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

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

1. State four factors that makes National income figures not reliable for use to compare standards of living of different countries. (4mks

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

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

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

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

1. Saccos are becoming increasingly popular in Kenya today. List any four factors which could be contributing to this. (4mks

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

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

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

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

1. Give any four distinguishing features between commercial bank and non-bank financial institution.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Commercial banks |  | Non-bank financial institution |
| I |  | I |  |
| Ii |  | Ii |  |
| Iii |  | Iii |  |
| iv |  | iv |  |
|  |  |  |  |

1. Indicate with a tick(√) whether the following transaction will increase (+), decrease (-) or have no effect (NE) on the balance sheet totals.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Transaction | Effect on totals | | |
| a | Owners brought in personal furniture worth shs4,500 to be used in business. |  |  |  |
| b | Paid bank loan amounting to shs50,000 by cheque |  |  |  |
| c | Received shs 25,000 from a debtor in cash |  |  |  |
| d | Took some goods worth shs7,500 for use by family. |  |  |  |

1. Outline any four disadvantages of written communication. (4mks

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

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

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

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

1. State four negative implication of rapid population growth. (4mks

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

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

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

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

1. List four characteristics of chain stores. (4mks
2. State the use of the following documents in international trade. (4mks
3. Letter of hypothecation
4. Freight note
5. Commercial invoice
6. Bill of landing.
7. State four problems that are encountered at formulation stage of a development plan. (4mks

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

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

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

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

1. State the source documents that would be used to record transaction in each of the books of original entry.

|  |  |  |
| --- | --- | --- |
| No. | Books of original entry | Source document |
| a | Cash receipt journal |  |
| b. | Purchases return journal |  |
| c | Sales journal |  |
| d | Petty cash book. |  |