

Name: _____ Index No:.....

Date:.....

Sign:.....

565/1
Business studies
Paper 1
Time: 2 hours

MOMALICHE THREE CYCLE 8
Kenya Certificate of Secondary Education
Business Studies
Paper 1
TIME: 2 hours

Instructions

Attempt **ALL** questions in the spaces provided.

For examiner's use only

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Marks															

Question	16	17	18	19	20	21	22	23	24	25	Total score
Marks											

1. Highlight **four** internal business environments that are necessary for the smooth running of a business.

(4mks)

2. Highlight **four** reasons why the government license businesses.

(4mks)

3. For each of the following transactions given below indicate in the appropriate column the source document and the book of original entry in which the transaction should be recorded.

(4mks)

TRANSACTION	SOURCE DOCUMENT	BOOK OF ORIGINAL ENTRY
a) Purchase of goods on credit		
b) Goods returned by customer		
c) Payment to creditor		
d) Sale of goods on credit		

4. Timothy, an employee of Safaricom company has decided to join Safaricom SACCO. Identify four benefits that he is likely to enjoy for

joining the SACCO.
(4mks)

5. Highlight **four** reasons why it's important to make choice while satisfying human wants.
(4mks)

6. State **four** reasons why short message services (sms) is replacing letters as a way of communication.
(4mks)

7. The following features relate to warehousing. Indicate the most suitable type of warehousing described.
(4mks)

Feature	Type
a. Used to store goods until excise duty is paid	
b. Most located at strategic points and available at a fee	
c. Used to store non-dutible goods from within or outside the country	
d. Usually designed to suit one's specifications	

8. The following information relates to Gaturu Traders for the month of July 2013

July 4 received cheque Shs. 150,000 from a debtor

July 9 Paid Kevin shs. 40,000 by cheque for goods bought at

shs.66, 000 and the balance in cash

July 10 sold stock worth shs.20, 000 cash

Enter the above transaction in relevant ledger accounts.
(4mks)

9. Name four documents used in home trade that originate from the buyer.
(4mks)

10. Name the factors of production the following resources relate to;
(4mks)

	Resource	Factor of production
i.	Receptionist	
ii.	Machinery	

iii.	Wind	
iv.	owner	

11. State **four** advantages of promoting goods using radios.
(4mks)

12. Outline **four** negative effect of over population in a nation.
(4mks)

13. Highlight **four** ways in which HIV/AIDS has negatively affected entrepreneurship in Murang'a.
(4mks)

14. Anthony had the following balances at the end of the trading period on 31st Dec. 2014

	Shs
Cash	40,000
Creditors	140,000
Premises	400,000
Fixtures	180,000
Bank loan	160,000

Vehicles 100,000

Debtors 70,000

Prepare his balance sheet at the end of the trading period.

(4mks)

15. Murang'a traders had the following information for the month ending 31st Jan. 2015

	Shs
Opening stock	200,000
Closing stock	300,000
Purchases	500,000
Margin	20%

Prepare Murang'a Traders trading account for the month ending 31st Jan. 2015.

(4mks)

16. The national income is measured using the expenditure method given as

$Y=C + I + G + (x-m)$. State what each of the following letter represents.

(4mks)

(i) C _____

(ii) I _____

(iii) G _____

(iv) (x-m) _____

17. The figure below shows a shift in demand for a commodity from D_0D_0 to D_1D_1

State **four** possible causes of this situation.

(4mks)

18. List **four** characteristics of direct production.

(4mks)

19. Highlight **four** factors that may influence the decisions on what goods and services to produce.

(4mks)

20. State **four** roles of intermediaries in the chain of distribution.
(4mks)

21. Kariuki has introduced computers in his business operations. Outline four benefits that he may experience.
(4mks)

22. Match the following description of errors with the type of errors made when keeping books of accounts.
(4mks)

	Description	Error type
a.	Occurs where errors in both the debit and credit balances are equal	
b.	Occurs where a transaction is not recorded at all in the books	
c.	Occurs when entries are made in the wrong class of accounts	
d.	Occurs where both the debit and credit entries are made using similar but erroneous figures	

23. Draw a well labeled kinked demand curve in an oligopoly type of market.

(4mks)

24. The following was obtained from Elias books for the year ended 31st Dec. 2013

	Shs
Drawings	82,000
Profit	170,000
Additional investment	58,000
Capital 1/1/2013	240,000

Calculate Elias capital as at 31st Dec. 2015
(4mks)

25. Beth Muya insured her property whose value was shs 1,000,000 for shs 600,000 against the risk of fire. Later fire broke out and the property was burnt causing a loss of shs 500,000. Calculate her compensation.
(4mks)