NAME …….. INDEX NO. ……..…

DATE ……. CLASS ……..

SIGNATURE ……..

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565/1
BUSINESS STUDIES
PAPER 1

TIME: 2 HOURS

Instructions for candidates

a. Write your name and index number in the spaces provided above.
b. Sign and write the date of examination in the spaces provided above.
c. Answer all the questions.
d. All answers should be written in the spaces provided.
e. This paper consists of five printed pages.
f. Candidates should answer all the questions in English.

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		
Marks													

TOTAL MARKS

1. Highlight any four challenges to a country that engages in direct production. (4 mks)
   i.
   ii.
   iii.
   iv.

2. State any four circumstances under which a market gap and business opportunity can arise. (4 mks)
   i.
   ii.
   iii.
   iv.

3. Name the office machine used for the purpose described below. (4 mks)

Use	Type of machine
a) Used for trimming documents into required shapes and sizes b) Used to prepare cash receipts c) Used to transmit printed/written messages eg. Letters, maps, photographs d) Used for destroying unwanted documents	

4. State any four common features of small-scale retailers. (4 mks)
   i.
   ii.
   iii.
   iv.

5. Outline any four factors that may limit the use of pipeline transport. (4 mks)
   i.
   ii.
   iii.
   iv.

6. The following information was extracted from the books of CEKENA enterprises for the year ended 30th June, 2014

	Ksh
Capital as at 30th June 2014	640,000
Capital as at 1st July 2013	420,000
Drawings for the year	180,000
Net profit for the year	140,000

Determine the additional capital for the year. (4mks)

7. Describe the procedure for making an insurance claim. (5 mks)

i.

ii.

iii.

iv.

v.

8. Indicate with a tick (√) whether the following factors make-up internal or external business environments. (4 mks)

Factor	External	Internal
a) Providing safety equipment in the places of work		
b) Funding of a school project by donors		
c) Financial management in the business		
d) Introduction of a new tax		

9. State the level of production to which the following activities relate. (4mks)

a) Mechanic repairing a vehicle	
b) A trader selling goods to customers	
c) A road construction company tarmacking a road	
d) A mining company extracting minerals	

10. Outline any four advantages of face-to-face communication. (4 mks)

i.

ii.

iii.

iv.

11. Outline any four functions of advertising agencies. (4 mks)

i.

ii.

iii.

iv.

12. List down any four types of errors that a trial balance may not show. (4 mks)

i.

ii.

iii.

iv.

13. Name the ledger book used for the following. (4 mks)
    a) Maintain accounts for debtors –
    b) Maintain the cash and bank accounts –
    c) Maintain a record of all the creditors –
    d) Maintain a record of all fixed assets -
14. Highlight any four challenges to a country that experiences a high population growth rate. (4 mks)
    i.

    ii.

    iii.

    iv.

15. Give any four reasons why a high national income in a country may not necessarily mean better living standards for the citizens of a country. (4 mks)
    i.

    ii.

    iii.

    iv.

16. Outline any four factors that a firm should consider when deciding what goods and services to produce. (4 mks)
    i.

    ii.

    iii.

    iv.

17. Jacob insured his vehicle for shs. 900,000. Its actual value was shs. 1,200,000. The vehicle was involved in an accident and the damage was valued to be worth shs. 500,000. Calculate the amount that should be compensated for the vehicle. (5 mks)

18. Outline any four circumstances under which a manufacturer may choose to distribute products through wholesalers. (4 mks)

i.

ii.

iii.

iv.

19. Highlight four factors that can lead to a positive shift of a demand curve. (4 mks)

i.

ii.

iii.

iv.

20. Name the factor of production that each of the following resources relate to: (4 mks)

a) Manager –

b) Quarry –

c) Vehicle –

d) Owner –

21. Outline any four characteristics of monopolistic competition market. (4 mks)

i.

ii.

iii.

iv.

22. Record the following transactions in the relevant ledger accounts and balance them off on Jan 3. (6 mks)

Jan 1: Started business with cash shs. 30,000 and cash at Bank shs. 20,000.
2: Purchased stock of goods shs. 15,000 in cash.
3: Bought furniture shs. 5,000 by cheque

23. Give the term that best fits the following descriptions. (4 mks)

a) Owners contribution to start or sustain a business –
b) The resources/items/money that a business owes to others –
c) The resources/items owned by the business –
d) The financial position of a business as shown by assets, liabilities and capital as at particular time –

24. Highlight any four challenges that face the transport sector in the country. (4 mks)

i.

ii.

iii.

iv.