



565/1 - BUSINESS STUDIES - Paper 1

SEPT.2018 PAPER 2

Name Index Number

Candidate's Signature Date

Instructions to 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 in this booklet.
- (e) **This paper consists of 12 printed pages.**
- (f) **Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**
- (g) **Candidates should answer 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	25
Marks												

TOTAL MARKS

1. State **four** problems that consumers may face as they to satisfy their wants. (4mks)

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

2. State any **four** factors that may determine the amount of premiums in life assurance. (4mks)

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

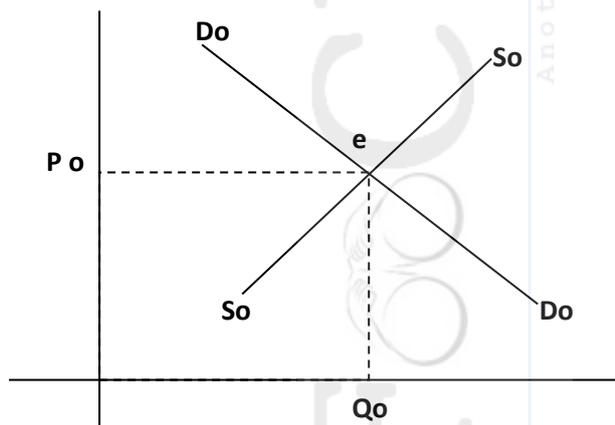
3. Outline **four** advantages of indirect taxes. (4mks)

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

4. Give **four** features of subsistence production. (4mks)

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

5. The following diagram represents demand and supply for a commodity in the market



State **four** possible effects of setting the price a bove the equilibrium price. (4mks)

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

6. Highlight **four** importance of transport to an economy. (4mks)
- (a).....
 - (b).....
 - (c).....
 - (d).....
7. State **four** factors an entrepreneur may consider when evaluating a business opportunity. (4mks)
- (a).....
 - (b).....
 - (c).....
 - (d).....
8. Highlight **four** current changes that have been introduced in operating bank accounts by the commercial banks. (4mks)
- (a).....
 - (b).....
 - (c).....
 - (d).....
9. State **four** reasons why a country would want to know the structure of its population. (4mks)
- (a).....
 - (b).....
 - (c).....
 - (d).....
10. Outline **four** features of tied shops. (4mks)
- (a).....
 - (b).....
 - (c).....
 - (d).....
11. State **four** special mail delivery services provided by the post office. (4mks)
- (a).....
 - (b).....
 - (c).....
 - (d).....

12. Name the document used in international trade described below.

(4mks)

Description	Document
(a) A document used to prove ownership of goods upon arrival at the port of destination.	
(b) A document used by a shipping company to indicate the charges for shipping the goods	
(c) A document that is issued to prove the country goods have been imported from	
(d) Letter written to a bank authorizing it to resell goods being exported.	

13. Outline **four** circumstances under which a firm would be located near the market for its products. (4mks)

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

14. State **four** advantages of promoting goods using radios.

(4mks)

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

15. Outline **four** uses of general journal

(4mks)

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

16. The following balances were extracted from the books of Adino investments on 1st Dec 2011

Debtors	700,000
Creditors	100,000
Prepaid rent	85,000
Bank	100,000
Cash	50,500
Bank Loan	750,000
Fixed Assets	2,700,000
Stock	214,000

Required : Prepare Adino investment balance sheet as at 31st December 2011

(4mks)

17. The following information was obtained from Manji traders for the period ending 31/12/12

Closing stock	7000
Carriage inwards	300
Cost of sales	30,000
Carriage outwards	500
Commission received	1,500
Wages	15,000
Electricity	2,500
Sales	34,000
Discount received	3,500

Required: Prepare profit and loss account for the period

(4mks)

18. The following trial balance was incorrectly prepared by a business student

Banis wholesalers

Trial balance

As at 31/12 2000

	Dr	Cr
Discount Allowed		6,080
Capital		135,000
Debtors	70,000	
Bank overdraft	3,000	
Advertising	15,000	
Creditors		30,000
Carriage inwards		7,000
Return outwards	8,000	
Purchases	102,000	
Sales		220,000
Cash	193,000	
	<u>391,000</u>	<u>398,000</u>

Identify any **four** mistakes in the trial balance above

(4mks)

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

19. Outline **two** differences between economic growth and economic development.

(4mks)

Economic growth	Economic development
(i)	
(ii)	
(iii)	
(iv)	

20. State the function of each of the following office equipment

- (a) Composite machine (1mk)
.....
- (b) Franking machine (1mk)
.....
- (c) Guillotine machine (1mk)
.....
- (e) Shreding machine (1mk)
.....

21. Outline **four** positive effects of inflation in an economy (4mks)
- (a).....
 - (b).....
 - (c).....
 - (d).....
22. State **four** ways in which the government may create an enabling environment for business activities. (4mks)
- (a).....
 - (b).....
 - (c).....
 - (d).....
23. State **four** items that can bring change in the circular flow of national income. (4mks)
- (a).....
 - (b).....
 - (c).....
 - (d).....
24. Outline **four** ways in which products can be differentiated under monopolistic competition (4mks)
- (a).....
 - (b).....
 - (c).....
 - (d).....
25. List **four** types of warehouses. (4mks)
- (a).....
 - (b).....
 - (c).....
 - (d).....

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