**NAME …………………………… INDEX NUMBER ……………**

**CANDIDATE SIGNATURE…………………**

**DATE ……………………..**

**565/1/**

**BUSINESS STUDIES**

**PAPER 1**

**JULY/AUGUST 2019**

**2 ½ HOURS**

**BUURI EAST STANDARDS**

***Kenya Certificate of Secondary Education***

**BUSINESS STUDIES PAPER 1**

**2 ½ Hours**

***INSTRUCTIONS TO CANDIDATES.***

1. Write your name and index number in the spaces provided above.
2. Answer all the questions in the spaces provided above.
3. Candidates should answer the questions in English.
4. Silent Electronic calculators may be used.

**For Examiners only.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **Question** | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10 | 11. | 12 | 13. | 14. | 15. | 16. | 17 | 18. |
| **Candidate’s score** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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| 17. | 18. | 19. | 20. | 21. | 22. | 23. | 24. | 25. |
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|  |
| --- |
|  |

Total

1. **Outline four** reasons why it is difficult to satisfy human wants. (4mks)

(i)

(ii)

(iii)

(iv)

2. **State four** consequences that may arise due to poor arrangement of goods in a warehouse. (4mks)

(i)

(ii)

(iii)

(iv)

3. The inflation rate in county P moved from **5.8%** to **9.4%.**  **State four** **positive** outcomes of this change. (4mks)

(i)

(ii)

(iii)

(iv)

4. The following balance sheet was incorrectly prepared .

Kimbo enterprise

Kimbo Enterprises

Balance sheet

As at 31st October 2016

|  |
| --- |
| Bank overdraft 15,000  Motor vehicle 70,000  Debtors 37,000  Creditors 26,000  148,000 |
|  |

Capital 100,000

Stock 28,000

Cash in hand 4,000

Fixtures 2,000

134,000

Prepare the correct balance sheet arranged in **order of liquidity** to show fixed assets, current assets, current liabilities and capital. (4mks)

**5. Highlight four circumstances** under which a manufacturer would find it necessary to carry out market research. (4mks)

(i)

(ii)

(iii)

(iv)

6. **State four** factors that determine the amount of revenue collected by Kenyan government through taxation. (4mks)

(i)

(ii)

(iii)

(iv)

7. Other than the use computers in an an office, **mention four** recent trends in office management. (4mks)

(i)

(ii)

(iii)

(iv)

8. Mwikali and Theuri bought a building for Ksh 12,000,000. Mwikali paid Ksh 8,000,000 while Theuri paid Ksh4,000,000. The bulding was insured for Ksh 8,000,000 against the risk of fire. Later, the building was partialy destroyed by fire to the tune of Ksh.6000,000. **Calculate** the amount of compensation that each one will receive. (4mks)

9. The table below represents quantity of commodity X demanded by consumer **A and B.**

|  |  |  |
| --- | --- | --- |
| **Price per unit of x** | **Quantity of x demanded by A in a week.** | **Quantity of commodity X demanded by B in a week.** |
| 20 | 200 | 400 |
| 10 | 200 | 600 |
| 5 | 300 | 700 |
| 2 | 400 | 800 |

**State four** possible reasons why B demands more of commodity X at every price than A. (4mks)

(i)

(ii)

(iii)

(iv)

10. **Highlight four** guidelines that may help an entrepreneur in identifying a viable business opportunity. (4mks)

(i)

(ii)

(iii)

(iv)

11. **Outline four** factors that determine the amount of money that an individual may hold in order to meet unexpected expenses. (4mks)

(i)

(ii)

(iii)

(iv)

12. **Give four** reasons why the Kenya government has been organizing seminars and workshops for training youth in business. (4mks)

(i)

(ii)

(iii)

(iv)

13. **Mention four** circumstances under which an entrepreneur may establish his/her business where other businesses already exist. (4mks)

(i)

(ii)

(iii)

(iv)

14. **Give four** differences between a public limited company and a partnership. (4mks)

(i)

(ii)

(iii)

(iv)

15. **Highlight four** measures that a government may take to correct a balance of payment deficit in the county. (4mks)

(i)

(ii)

(iii)

(iv)

16. The following transactions were obtained from Kimende traders in the month of February 2017.

2nd Feb 2017. Opening balance cash in hand ksh.500,000. And cash at

bank ksh.50,000.

3rdFeb. 2017. James, a debtor ,paid Ksh 20,000 by cheque.

5th Feb 2017 .Purchased a motor vehicle worth ksh.300,000 from shah

motors and paid ksh. 200,000 in cash while the balance was to be paid later.

Required: Enter the above transaction in the **relevant ledger accounts.**

(4mks)

17. **Outline four** ways in which the nature of a product influences the choice of distribution channel. (4mks)

(i)

(ii)

(iii)

(iv)

18. **Mention four circumstances** under which a retailer may return goods to a wholesaler. (4mks)

(i)

(ii)

(iii)

(iv)

19. **State four reasons** why billboards are popular in product promotions.

(4mks)

(i)

(ii)

(iii)

(iv)

20. The following balances were obtained from the books of sunset traders as at 30th June, 2004.

Stock 1st July 2003 45,000

Purchases 159,000

Sales 235,000

Stock 30/June/2014 33,000

Capital 75,000

Return outwards 3,000

Operating expenses 13,000

**Calculate:**

1. Stock turnover rate. (2mks)
2. Return on capital. (2mks)

21. **State four ways** in which legal political environment may improve business performance. (4mks)

(i)

(ii)

(iii)

(iv)

22. **Distinguish** **the following types of goods** as used in production.

i) Producer goods and consumer goods. (2mks)

ii) Intermediate goods and finished goods. (2mks)

23. The following cashbook was prepared by Jomo Traders for the month of July 2016.

**Jomo traders’**

**Cash book**

Dr Cr.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | lf | cash | Bank | Date | Details | LF | cash | Bank |
| **2016**  July 2  July 8  July 18  July 25 | Balance  Sales  Akinyi  Sales | b/d | **Y**  20,000 | 50,000  120,000  **170,000** | **2016**  July 4  July 13  July 21  July 27 | Balance  Purchases  Rent  Balance | b/f  c/d | 6,000  P  60,000 | 60,000  30,000  **Q**  R |

**Calculate** the missing figures. (4mks)

(i) Y

(ii)P

(iii)Q

(iv)R

24. **Mention four** benefits that may be enjoyed in a country that is experiencing over- population. (4mks)

(i)

(ii)

(iii)

(iv)

25. **List four** fundamental elements of transport. (4mks)

(i)

(ii)

(iii)

(iv)