**MOI HIGH SCHOOL – KABARAK .**

Kenya Certificate of Secondary Education

**FORM FOUR END OF TERM ONE 2018 EXAM**

**565/1 - BUSINESS STUDIES – Paper 1**

**March 2018 – 2 hours**

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

**Candidate’s Signature**: ………………………………... **Date**: ………………………………………

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**Instructions to candidates**

1. Write your name and index number in the spaces provided above.
2. Sign and write the date of the examination in the spaces provided above.
3. Answer all questions.
4. All answers should be written in the spaces provided in this booklet.
5. This paper consists of **10** printed pages.
6. Candidates should check the question paper to ascertain that all the pages are printed as indicated and no questions are missing.
7. Candidates should answer the questions in English.

**For Teacher’s Use Only**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| **Marks** |  |  |  |  |  |  |  |  |  |  |  |  |  |

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| **Question** | **14** | **15** | **16** | **17** | **18** | **19** | **20** | **21** | **22** | **23** | **24** | **25** |
| **Marks** |  |  |  |  |  |  |  |  |  |  |  |  |

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**TOTAL**

**MARKS**

1. List **four** benefits of learning Business Studies to a Kenyan student. (4mks)
2. ………………………………………………………………………………………………

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1. ………………………………………………………………………………………………

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1. ………………………………………………………………………………………………………………………………………………………………………………………………
2. ……………………………………………………………………………………………………………………………………………………………………………………..……..
3. State **four** features of a savings account. (4mks)
4. ………………………………………………………………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………

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1. ………………………………………………………………………………………………………………………………………………………………………………………………
2. ………………………………………………………………………………………………

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1. Highlight **four** characteristics of a good salesperson. (4mks)
2. ………………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ………………………………………………………………………………………………
5. ………………………………………………………………………………………………
6. State whether each of the following transactions will increase, decrease or have no effect on assets, Liabilities and the Balance Sheet totals. (4mks)

|  |  |  |  |
| --- | --- | --- | --- |
| **Transaction** | **Assets** | **Liabilities** | **Balance sheet**  **Totals** |
| 1. Received sh.32,000 cash from a debtor |  |  |  |
| 1. Withdrew sh 12,000 from bank for personal use. |  |  |  |
| 1. Paid a creditor sh 53,000 by cheque. |  |  |  |
| 1. Sold and old motor van worth sh 600,000 for sh 650,000 cash |  |  |  |

1. Outline **four** sources of finance for a county government. (4mks)
2. ………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………………………………………………………………………………………
6. Classify each of the following resources as either human, human made/artificial or natural. (4mks)

|  |  |
| --- | --- |
| **Resources** | **Classification** |
| a).Titanium |  |
| b).Physiotherapist |  |
| c). Electricity |  |
| d). Crude oil |  |

1. Highlight **four** reasons why Kiosks continue to exist in an economy despite stiff competition from supermarkets. (4mks)
2. ………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………

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1. ……………………………………………………………………………………………………………………………………………………………………………...
2. The following transactions were extracted from the books of Chania traders during the month of July 2017

July 4: Sold goods worth ksh 3,000 on credit to Ombogo, invoice no.1304

July 8 : Sold machinery worth ksh 15,000 on credit to Mbalambala

retailers, invoice no. 2574

July 9: Sold goods worth ksh 4,500 in cash to Tenwek retail shop, receipt

no.5691

July 12: Sold goods worth ksh 7,000 on credit to Wanjiku, invoice no. 6438

July 17: Credit sales worth ksh 6,000 to Otieno. Invoice no. 7643

July 21: Sold goods worth ksh 5,000 Kioko, payment to be made at a later

date, invoice no 9983

**Prepare**; Sales journal from the above transactions. (4 mks)

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1. Highlight **four** circumstances under which a private limited company may be dissolved. (4mks)
2. ………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………………………………………………………………………………………
6. Differentiate the following classification of goods and services provided in an economy. (4mks)
7. Material good and non-material goods.

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1. Public goods and private goods

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Outline **four** ways in which consumers benefit from warehousing services provided by wholesalers in their region (4mks)
2. ………………………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………

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1. The diagram below represents the circular flow of income in a two sector economy. Identify the

factors labelled that may either increase or reduce the flow of income. (4mks)

**Increase Households Decrease**

a c

b d

**Firms**

1. ……………………………………………………………………………………………
2. ………………………………………………………………………………………………
3. ………………………………………………………………………………….…………
4. ………………………………………………………………………………………………
5. List **four** factors that may influence the choice of a channel for distributing flowers. (4mks)
6. ………………………………………………………………………………………………………………………………………………………………………………
7. ………………………………………………………………………………………………………………………………………………………………………………
8. ………………………………………………………………………………………………………………………………………………………………………………
9. ………………………………………………………………………………………

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1. Highlight **four** ways in which the technological environment may contribute to the success of a business enterprise. (4mks)
2. ………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………………………………………………………………………………………
6. The graph below shows the relationship between the population trends and income per

head.

***Income***

***Per Capita***

***Q***

***T***

***O P Population***

Outline **four** challenges associated with the part labelled **T**. (4mks)

1. ………………………………………………………………………………………………………………………………………………………………………………
2. ………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………………………………………………………………………
5. Outline **four** factors that may hinder effective communication in a classroom set up. (4mks)
6. ………………………………………………………………………………………………………………………………………………………………………………
7. ………………………………………………………………………………………………………………………………………………………………………………
8. ………………………………………………………………………………………………………………………………………………………………………………
9. ……………………………..…………..……………………………………………………………………………………………………………………………………
10. The following information was extracted from the books of Ochilo Enterprises on 31st December 2017

**Kshs**

Stock (31/12/2017) 36,000

Sales 150,000

Purchases 92,000

Stock (1/1/2017) 28,000

Fixed assets 300,000

Current assets 400,000

Current liabilities 160,000

Total expenses 10,800

**Calculate**,

1. Mark up (2mks)
2. Rate of stock turnover (2mks)

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1. The table below illustrates the demand of a commodity in a certain market in the year 2017.

|  |  |  |
| --- | --- | --- |
| **Month** | **Prices (Kshs)** | **Quantity demanded (kg)** |
| January | 110.5 | 2500 |
| March | 110.5 | 2300 |
| April | 110.5 | 2200 |
| May | 110.5 | 2000 |
| June | 110.5 | 1900 |

State **four** causes of change in quantity demanded as shown in the table above. (4mks)

1. ………………………………………………………………………………………………………………………………………………………………………………
2. ………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………………………………………………………………………
5. Highlight **four** circumstances under which a trader may use air transport. (4mks)
6. ………………………………………………………………………………………………………………………………………………………………………………
7. ………………………………………………………………………………………………………………………………………………………………………………
8. ………………………………………………………………………………………………………………………………………………………………………………
9. ………………………………………………………………………………………

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1. Mr. Onduko intends to start a business and he was advised to prepare a business plan.

Outline **four** reasons why this move is important to him. (4mks)

1. ………………………………………………………………………………………………………………………………………………………………………………………………
2. ………………………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………………………
4. …………………………………………………………………………………………….
5. Highlight **four** factors to be considered in order to construct a consumer price index. (4mks)
6. ………………………………………………………………………………………………………………………………………………………………………………
7. ………………………………………………………………………………………………………………………………………………………………………………
8. ………………………………………………………………………………………………………………………………………………………………………………
9. ………………………………………………………………………………………………………………………………………………………………………………
10. On 1st June 2017, Zuma had shs. 5,000 in hand and a bank overdraft of sh. 10,000. During the month the following transactions took place.

June 2 : Cash purchases shs. 4,500

June 4 : Credit sales to Naliaka shs. 4,150

June 6 : Withdraw shs. 6,000 from bank for office use.

June 8 : Wilbroda, a debtor settled his account of sh. 7,500 by cheque less

5% cash discount.

**Required:**

Prepare a three column cash book. (4mks)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | L.F | Disc  Alwd | Cash | Bank | Date | Details | L.F | Disc  Rcd | Cash | Bank |
|  |  |  |  |  |  |  |  |  |  |  |  |

1. Outline the following terms as used in insurance. (4mks)
2. Insurer

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1. Excess

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1. Surrender value

……………………………………………………………………………………………………………………………………………………………………………………………....

1. Insured

……………………………………………………………………………………………………………………………………………………………………………………………………………….

1. Outline **four** measures a seller should take to ensure that a buyer pays for goods purchased on credit. (4mks)
2. ………………………………………………………………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………
5. …………………………………………………………………………………………....
6. The following information relates to Top hill traders for the year ended 31st December,

2017.

**Shs**

Capital as at 31/12/2017 1,210,000

Drawings for the year 120,000

Net loss for the year 150,000

Extra capital introduced during the year 405,000

Determine the amount of capital as at 1st January, 2017. (4mks)

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