



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. Outline **four** challenges associated with the satisfaction of human wants. (4mks)
 - a)
 - b)
 - c)
 - d)

2. Highlight **four** ways in which manufacturers can enhance consumer protection. (4mks)
 - a)
 - b)
 - c)
 - d)

3. State **four** ways in which the government may influence the price of a commodity. (4mks)
 - a)
 - b)
 - c)
 - d)

4. Outline **four** features of demand deposit account. (4mks)
 - a)
 - b)
 - c)
 - d)

5. The balances below relates to Eureka Traders for the year ended 31st December 2010.

	<u>Shs.</u>
Capital	?
2 year Bank loan	230,020
Creditors	95,200
Fixed assets	480,000
Current assets	145,220

Determine the following

i.) Working capital.

(2mks)

ii.) Capital employed.

(2mks)

6. Classify the following accounts as either real or nominal.

(4mks)

Account	Class
Delivery van	
Purchases	
Insurance premium	
Commission income	

7. Highlight **four** measures that the government would undertake to provide investors with an enabling business environment.

(4mks)

- a)
- b)
- c)
- d)

8. Outline **four** circumstances under which downwards communication would be appropriate in an organization.

(4mks)

- a)
- b)
- c)
- d)

9. State **four** limitations of using national income statistics to compare the standards of living in different countries.

(4mks)

- a)

- b)
- c)
- d)

10. State **four** merits of using indirect taxes to raise government revenue. (4mks)

- a)
- b)
- c)
- d)

11. State **four** components of a business plan. (4mks)

- a)
- b)
- c)
- d)

12. Outline **four** demerits of using pipeline to transport petroleum products. (4mks)

- a)
- b)
- c)
- d)

13. Highlight **four** circumstances which may make personal selling appropriate as a way of product Promotion. (4mks)

- a)
- b)

- c)
- d)

14. Maneno traders had the following balances as at 6thJanuary 2012. (4mks)

Land & building	150,000
Cash in hand	25,500
Creditors	15,000
Bank overdraft	30,000
Purchases	18,000
Sales	30,000
Returns inwards	5,000

Required;

A trial balance as at 6thJanuary 2012

15. Outline four monetary methods that the government can use to control inflation. (4mks)

- a)
- b)
- c)



d)

.....

16. Name the office machines used to perform the following functions. (4mks)

Function	Machine
a) To fold documents, place them in the envelope and seal.	
b) Used to transmit printed messages such as Letters ,maps diagrams and photographs	
c) Reproducing documents from a master copy(stencil)	
d) Printing postage impressions on the envelopes	

17. Outline **four** distinctions between monopolistic competition and oligopoly. (4mks)

Monopolistic competition	Oligopoly
(a)	
(b)	
(c)	
(d)	

18. Highlight four disadvantages of producer co-operative societies. (4mks)

- a)
- b)
- c)

d)
.....

19. State **four** objectives of export processing zones in Kenya. (4mks)

- a)
- b)
- c)
- d)

20. Outline four advantages of overpopulation in Kenya. (4mks)

- a)
- b)
- c)
- d)

21. Highlight **four** benefits of a bonded warehouse to the government. (4mks)

- a)
- b)
- c)
- d)

22. State **four** features of a departmental store. (4mks)

- a)
- b)
- c)
- d)

23. Outline **four** conditions which are necessary for a successful development plan. (4mks)

- a)
- b)
- c)

d)
.....

24. State **four** purposes of a three column cash book. (4mks)

- a)
- b)
- c)
- d)

25. Highlight four features of general insurance. (4mks)

- a)
- b)
- c)
- d)



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