



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. Highlight **four** studying business as a subject in school (4mks)
- (i).....
- (ii).....
- (iii).....
- (iv).....
2. Highlight **four** merits that will accrue to a business by adopting the internet as a means of communication (4mks)
- (i).....
- (ii).....
- (iii).....
- (iv).....
3. Arrange the following items in balance sheet in the order of liability and assets.
- | | | |
|--------------|---------------------|--------|
| Premises | Bank overdraft | |
| Prepaid rent | 5 yr bank loan | |
| Cash | Electricity accrued | |
| Creditors | Stationery | (4mks) |
4. Write **four** source documents used in recording business transaction (4mks)
- (i).....
- (ii).....
- (iii).....
- (iv).....
5. State **four** factors to consider when choosing a filing system in an organization (4mks)
- (i).....
- (ii).....
- (iii).....

(iv).....

6. Highlight **four** problems that a country whose population is made up of a large proportion of youthful faces (4mks)

(i).....

(ii).....

(iii).....

(iv).....

7. Outline **four** conditions that would necessitate the writing of a credit note (4mks)

(i).....

(ii).....

(iii).....

(iv).....

8. List **four** sources on internal economies of scale (4mks)

(i).....

(ii).....

(iii).....

(iv).....

9. Use the following balances to prepare Nandi opening Journal entries on 31st January 2012

Motor vehicle 230,000

Machinery 40,000

Creditors 10,000

Debtors 5,000

Cash at hand 20,000

Stock 10,000

Rent prepaid 5,000

Bank 25,000

Premises 335,000

Capital 660,000 (4mks)

10. Highlight **four** circumstances that may create trade restrictions in an economy (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

11. Outline **four** distinctive features of a monopolistic market competition (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

12. Under what **four** conditions would a trader advertise his products over the radio instead of television?

(4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

13. Outline **four** ways entrepreneurship has benefited Kenyan economy (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

14. State **four** circumstances under which a business would choose to transport goods by air (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

15. The following information relates to Johny’s Business as at 1/6/2013. Prepare a Trial Balance as at date

Stock	76,500
Creditors	450,400
Debtors	350,000
Bank	260,400
Fixed asset	970,200
Capital	1,300,000
Cash	120,500
Rent due	26,700

(4mks)

16. Give **four** differences between commercial Banks and Non-Bank financial institution (4mks)

Commercial bank	Non Bank financial

17. Highlight any **four** difficulties encountered in satisfaction of human wants (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

18. Match the information in A to that in B in the table below using an arrow

Unemployment	Description
(i) Real wage unemployment	Demand in labor due to technological change
(ii) Frictional unemployment	Business not willing to employ
(iii) Seasonal unemployment	Loosing jobs in order to look for new ones
Structural unemployment	Occurring repeatedly at similar times

19. Highlight **four** principles of public expenditure (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

20. The following figures relates to the retail business of Omondi for the Month of July 2012

Sales 50,000
 Expenses were 10% of sales
 Cost of good sold 40,000

Calculate:

- (i) Mark-up
- (ii) Margin
- (iii) Total Expenses
- (iv) Net profit

(4mks)

21. Outline **four** functions of Central bank in an economy (4mks)
- (i).....
 - (ii).....
 - (iii).....
 - (iv).....
22. State **four** challenges that farmers encounter when they sell their produce through marketing boards (4mks)
- (i).....
 - (ii).....
 - (iii).....
 - (iv).....
23. List down **four** trends in business ownership (4mks)
- (i).....
 - (ii).....
 - (iii).....
 - (iv).....
24. Outline **four** ways in which the business may be affected by the legal environment in which it operates (4mks)
- (i).....
 - (ii).....
 - (iii).....
 - (iv).....
25. Highlight benefits drawn from economic intergration (4mks)
- (i).....
 - (ii).....
 - (iii).....
 - (iv).....

