



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 causes of demand pull inflation. (4mks)

2. State the type of ledger account in which each of the following accounts relates. (4mks)

	Account	Type of ledger account
a)	Interest received	
b)	Customer	
c)	Furniture	
d)	Drawings	

3. Outline four characteristics of general insurance. (4mks)

4. Highlight four advantages of supermarkets to the operator. (4mks)

5. Outline four characteristics of under-development. (4mks)

6. The following information was obtained from the books of Eastland Traders as at 31st December 2013.

	Shs.
Profits	71,000
Drawings	12,000
Total assets	300,000
Total liabilities	70,000

Required;

Calculate the capital as at 1st January 2013. (5mks)

7. State four advantages of letters as a means of communication. (4mks)

8. Identify the type of utility created from the following activities. (4mks)

	Activities	Type of utility
a)	Crushing sugarcane to make sugar	
b)	Transporting sugar from the factory to a supermarket	
c)	Keeping sugar in a warehouse	
d)	Selling sugar in a supermarket	

9. Outline four methods of reproducing documents in an office. (4mks)

10. Highlight four functions of a producer co-operative society. (4mks)

11. State four factors that would influence a shift of a supply curve to the left. (4mks)

12. Outline four examples of direct taxes. (4mks)

13. The following information was obtained from the books of Kayole Traders from the year ended 31 December 2012.
Average stock sh.40,000
Rate of stock turnover 2 times
Mark-up 25%
Indirect expenses sh.4,000

Calculate:-

(a) Gross profit

(b) Net profit

(4mks)

14. Highlight four factors that may contribute to a low level of national income of a country. (4mks)

15. State four differences between a partnership business and a public company. (4mks)

Partnership	Public company

16. Outline four benefits associated with operating a Tied shop (4mks)

17. Identify the office machine or equipment from the following descriptions.

	Description	Office machine/Equipment
a)	A manual operated device used for trimming papers to the required size.	
b)	Used for destroying unwanted documents by cutting them into tiny pieces.	
c)	Used to make postage impressions on the envelopes.	
d)	Can be used for transmitting printed messages such as letters, maps, diagrams and photographs.	

18. State the account to be debited and credited from the following transactions. (4mks)

	Transaction	Account to be debited	Account to be credited
a)	The owner of business took sh.7000 from business bank account for own personal use.		
b)	Sold goods on credit worth sh.6000		
c)	Paid rent expense sh.4000 in cash		
d)	Bought six chairs and paid by cheque sh.20, 000.		

19. State four reasons why a business firm may not prefer to advertise its products through newspapers. (4mks)

20. Highlight four benefits of Export Processing Zones (EPZ) (4mks)

21. Outline four benefits of money transfer services using a mobile phone. (4mks)

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22. State four reasons that may influence a manufacturer or producer to sell products directly to consumers. (4mks)

23. Outline four benefits that consumers can get from warehousing. (4mks)

24. State four ways in which the nature of goods would influence the choice of transport means. (4mks)

25. Outline three differences between perfect competition and monopoly market. (3mks)

Perfect competition	Monopoly