



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. State four reasons why one may start a business. (4 mks)

a)

b)

c)

d)

2. State four features of goods. (4 mks)

a)

b)

c)

d)

3. In the table below indicate the of utility described. (4 marks)

Description	Type of utility
a) Collecting firewood	
b) Storage of maize	
c) Selling clothes	
d) Manufacturing goods	

4. State four factors that discourage entrepreneurial development in an economy. (4 mks)

a)

b)

c)

d)

5. Outline four qualities that Nyakundi should possess in order to work effectively in an office. (4 mks)

a)

b)

c)

d)

6. Highlight for characteristics of road side traders

a)

b)

c)

d)

7. Momanyi a form four school leaver wants start a business sole. State four advantages he will get by doing the business jointly with another person.

a)

b)

c)

d)

8. Highlight the role of consumer organizations in consumer protection. (4 mks)

a)

b)

c)

d)

9. Highlight four circumstances under which containerization may be suitable in the transportation of goods. (4 mks)

a)

b)

c)

d)

10. List four services that facilitate communication. (4 mks)

a)

b)

c)

d)

11. State four importance of aware housing to a trader. (4 mks)

a)

b)

c)

d)

12. Matoke insured his car for Kshs 400,000 against motor accident. The value of the car was Kshs 300,000. After one week the car was involved in an accident and los was valued at kshs 200'000. Calculate compensation that Matoke received. (4 mks)

13. State three after sale services a computer firm may offer its customers. (4 mks)

a)

b)

c)

d)

14. Give three reasons why demand curve of good usually slopes downwards from the left to the right (3 mks)

a)

b)

c)

d)

15. State four reasons why small scale firms are more popular in Kenya than large scale firms.

a)

b)

c)

d)

16. State four sources of oligopoly power

a)

b)

c)

d)

17. Complete the table below. (4 mks)

Assets	Liabilities	capital
a) 180560	-----	97200
b) -----	99300	106000
c) 350200	167300	-----
d) 650700	-----	137200

18. State four problems associated with income approach method of measuring national income. (4 mks)

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

19. State four measures that can be taken by the government to solve unemployment problem in Kenya (4 mks)

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

20. For each of the following transactions indicate the account to be debited an account to be credited. (4 mks)

Transaction	Account to Debit	Account to credit
a) Started business with cash money		
b) Bought stock on credit from Mwangaza traders		
c) Bought motor vehicle on credit from Kwanza motors		
d) Paid Mwangaza traders by cash		

21. Record the following transactions of Kenya traders in the trial balances provided for the month ended 31st Aug, 2007.

Cash	Ksh. 100,000
Loan	Ksh. 430,500
Motor vehicle	Ksh. 700,000
Premises	Ksh. 1,200,000

Creditors Ksh. 70,000
Capital Ksh. 1,500,000

Name of account		

22. State four uses of a trading account (4 mks)
- a)
 - b)
 - c)
 - d)
23. State four methods of credit control used by the central bank of Kenya. (4 mks)
- a)
 - b)
 - c)
 - d)
24. State four uses of public finance. (4 mks)
- a)
 - b)

c)

d)

25. From the following transactions identify the journal entry.

(5 mks)

Transactions	Journal entry
1) Bought a business bicycle on credit	
2) Returned 10 cartons of milk to Makanyango previously bought on credit	
3) Receive one tray of eggs from lilian for sale and did not pay.	
4) Sold goods to Habiba on credit	
5) Bought goods from Karitu and paid on spot	