**NAME: …………………………………………INDEX NO…………………**

**CANDIDATE SIGNATURE…………………. .DATE……………………..**

PAPER 565/1

BUSINESS STUDIES

PAPER 1

END OF TERM TWO 2019

TIME: 2 HOURS

**Kenya Certificate of Secondary Education**

INSTRUCTIONS: ANSWER ALL THE QUESTIONS IN THE

SPACES PROVIDED.

1. Give four characteristics of an entrepreneur. [4marks]

2. State four disadvantage of using intermediaries in the distribution of goods. [4marks]

3. Outline four factors that may hinder occupational mobility of labour. [4mkarks]

4. Highlight four reasons why the government regulates business activities in the country.

[4mkarks]

5. Give four problems facing co-operative societies. [4mkarks]

6. Outline four monetary measures to control inflation. [4marks]

7. State four items constitutes injections in the circular flow of income. [4marks]

8. Outline four functions of the stock exchange. [4marks]

9. State four differences between a private warehouse and public warehouse. [4marks]

10. Outline four principles of economic planning. [4mks]

11. State the meaning of the following as used in insurance. [3mks]



12. Give four advantages of an enclosed office. [4mks]

13. Name four types of retailers that mainly sell on cash basis. [4mks]

14. Highlight four disadvantages of external borrowing as a source of government revenue. [4marks]

15. Give four differences between perfect competition and monopolistic competition markets. [4marks]

16. The following information was extracted from the books of Venus Traders.

Rate of turnover. 3 times

Mark-up 20%

Opening stock sh 160,000

Closing stock sh 200,000

Required

i) Gros profit [ 2 marks]

ii) Sales [ 2marks]

17. Highlight four advantages of using rail to transport goods. [4mks]

18. For each of the following transactions, indicate the account to be debited and the account to credited. [4marks]

|  |  |  |
| --- | --- | --- |
| **Transaction** | **Account to debited** | **Account to credited** |
| a) Received discount from Adam stores, a creditor |  |  |
| b) Allowed discount to Shujaa, a debtor |  |  |

19. For each of the following transactions, indicate the book of original entry in which the following

transactions would be recorded. [ 4 marks]

|  |  |
| --- | --- |
| **Transaction** | **Book of original entry** |
| a) Bought goods on credit for sale |  |
| b) Sold an old typewriter on credit |  |
| c) Withdrew cash for personal use. |  |
| d) Returned goods bought on credit on credit for  sale. |  |

20. State four implications of a young population on the economy. [4 marks]

21. The following balances were extracted from the books of Wakulima Traders for the year ended

31.12/2006.

Capital 800,000

Machines 600,000

Furniture 200,000

Stock 100,000

Debtors 50,000

Creditors 80,000

Cash 10,000

Net profit 10,000

Bank overdraft 70,000

Required

Wakulima Traders Balance Sheet as at 31/12/2006. [5marks]

22. Outline four functions of the Central Bank. [4marks]



23. Give four factors that may render communication ineffective. [4 marks]



24. The following balances were extracted from the books of Roho Safi Merchants for the year ended

31st December 2006.

Land - 110,000

Debtors - 64,000

Capital - 156,000

Sales - 95,000

Purchases 58,000

Stock - 35,400

Creditors - 47,700

General Expenses - 41,800

Bank overdraft - 10,500

Prepare a trial balance as at 31, December 2006. [5marks]

25. Highlight three features of public corporation. [3 marks]