**NAME…………………………….**

**Admission number: ……………**

**Class: ………………………………….**

565/1

**BUSINESS STUDIES**

PAPER 1

TERM 1 2014

**MWAKICAN JOINT EXAM TEAM (MJET)**

**BUSINESS STUDIES**

PAPER 1

2 HOURS

**INSTRUCTIONS TO CANDIDATES**

1. Answer all questions.
2. All answers should be written in the space provided in this booklet.
3. State whether each of the following factors constitute internal environment to a business. (4mk)

|  |  |
| --- | --- |
| factor | Environment |
| 1. Societal beliefs
 | ………………………………….. |
| 1. Sharehoidies resolution
 | ………………………………………. |
| 1. National Budget
 | …………………………………………. |
| 1. Market interest rate
 | ……………………………………………. |

1. Outline four economic importance’s of natural resources (4mk)
2. ……………………………………………………………………………………………………………………………………..
3. ……………………………………………………………………………………………………………………………………..
4. ………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………………………………………………
6. State four limitation of direct production. (4mk)
7. ……………………………………………………………………………………………………………………………………..
8. ……………………………………………………………………………………………………………………………………..
9. ………………………………………………………………………………………………………………………………………
10. …………………………………………………………………………………………………………………………………..
11. List four disadvantages of an enclosed office. (4mk)
12. ……………………………………………………………………………………………………………………………………..
13. ……………………………………………………………………………………………………………………………………..
14. ………………………………………………………………………………………………………………………………………
15. ………………………………………………………………………………………………………………………………………
16. Given below is a list of features which are true for either a public limited company or a co-operative society. Indicate in the space provided which of the features are true for a public company and c0-operative society. (4mk)

|  |  |
| --- | --- |
| **FEATURE** | **Public ltd co/co-operative society** |
| 1. Can advertise its shares
 | …………………………………………………………….. |
| 1. Does not aim at profit in maximization
 | ……………………………………………………………….. |
| 1. Elect a management committee
 | ……………………………………………………………………. |
| 1. One man one vote
 | …………………………………………………………………………… |
| 1. Promotes co-operation
 | …………………………………………………………………………. |
| 1. Serves members only
 | …………………………………………………………………………… |
| 1. Voting right dependent on the number of shares
 | ………………………………………………………………………… |

1. Outline four disadvantages of using a telephone to communicate. (4mk)
2. ……………………………………………………………………………………………………………………………………..
3. ……………………………………………………………………………………………………………………………………..
4. ………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………………………………………………
6. Distinguish between
7. Joint demand and derived demand.(2mk)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Excess Demand and Excess supply.(2mk)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Give four reasons why banter trade is not popular in the current times. (4mk)
2. ………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………
4. ……………………………………………………………………………………………………………….
5. ………………………………………………………………………………………………………………
6. The items in the table given below are either injections into or withdrawals from the circular flow of income in an economy. Indicate in the spaces provided whether the item is an injection or a with drawal.

|  |  |
| --- | --- |
| **Item** | **Injection/ withdrawal** |
| 1. Export earning
 | …………………………………………………………. |
| 1. Private investments
 | ………………………………………………………… |
| 1. Savings
 | …………………………………………………………. |
| 1. Taxes
 | ……………………………………………………………… |

1. Account for the success of multiple stores compared with single shops. (4mk)
2. ……………………………………………………………………………………………………………………………………..
3. ……………………………………………………………………………………………………………………………………..
4. ………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………………………………………………
6. Outline four benefits that consumers get from warehousing. (4mk)
7. ……………………………………………………………………………………………………………………………………..
8. ……………………………………………………………………………………………………………………………………..
9. ………………………………………………………………………………………………………………………………………
10. ………………………………………………………………………………………………………………………………………
11. Fill in the blank spaces .

|  |  |  |  |
| --- | --- | --- | --- |
| BUSINESS | ASSETS | CAPITAL | LIABILITY |
| A | 120,345 | (M) | 67,890 |
| B | (N) | 67,890 | 54,321 |
| C | 9,101,112 | 1,314,150 | (O) |
| D | 45,670 | 39,001 | (P) |

 M………………………………………………….

N……………………………………………………..

O…………………………………………………..

P……………………………………………………

1. Highlight four ways in which the government can create conditions that will be favorable for business development and prosperity .(4mk)
2. …………………………………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………………………………….
4. …………………………………………………………………………………………………………………………………………
5. ……………………………………………………………………………………………………………………………………
6. For each of the following transaction indicate with a tick in the space provided whether it will increase, decrease or have no effects on the balance sheet totals. (4mk)

|  |  |
| --- | --- |
| **TRANSACTION** | **EFFECTS ON THE BALANCE SHEET TOTALS** |
| Investing move cash into the business |  |
| Paying creditors in cash |  |
| Buying a piece of furniture in cash |  |
| Paying creditors using money from private sources |  |

1. State four ways that a traders may provided after sales services to his customer .(4mk)
2. ……………………………………………………………………………………………………………………………………..
3. ……………………………………………………………………………………………………………………………………..
4. ………………………………………………………………………………………………………………………………………
5. ………………………………………………………………………………………………………………………………………
6. Outline four negative implication populations to a country’s economy. (4mk)
7. ……………………………………………………………………………………………………………………………………..
8. ……………………………………………………………………………………………………………………………………..
9. ………………………………………………………………………………………………………………………………………
10. ……………………………………………………………………………………………………………………………………
11. The following is an extract of cashbook.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| date | particulars | cash | bank | date | particulars | Cash  | Bank |
| May 2 | Balance | W |  | May 6 | Balance  |  | 60,000 |
| 12 | Sales | 20,000 |  | 19 | Purchases |  | 30,000 |
| 20 | Were  |  | 50,000 | 22 | Rent | 6,000 |  |
| 28 | sales |  | 120,000 |  | Bal.cld | Y | X |
|  |  |  | 170,000 |  |  | 60,000 | z |

Determine the figures represented by w, x, y& z .

1. W………………………………………..
2. X……………………………………….
3. Y…………………………………….
4. Z………………………………….
5. List four sources of monopoly power. (4mk)
6. ……………………………………………………………………………………………………………………………………..
7. ……………………………………………………………………………………………………………………………………..
8. ………………………………………………………………………………………………………………………………………
9. ………………………………………………………………………………………………………………………………………
10. Give four reasons why it would be advisable for lucia to take an endowment policy instead of a whole life policy. (4mk)
11. ……………………………………………………………………………………………………………………………………..
12. ……………………………………………………………………………………………………………………………………..
13. ………………………………………………………………………………………………………………………………………
14. ………………………………………………………………………………………………………………………………………
15. State the book of original entry used in recording each of the following transactions in Kenya traders (4mk)

|  |  |
| --- | --- |
| **TRANSACTION** | **BOOK OF ORIGINAL ENTRY** |
| Kweyu returned goods worth sh.9,500 to tetu .traders |  |
| Withdrew ksh 20,000 from bank for personal use. |  |
| Sold goods on credit to wanjala for 20,000. |  |
| Bought a motor van worth ksh 200,000 on credit. |  |

1. The following information relates to kinango enterprises for the year ended 30th June 2013.

|  |  |
| --- | --- |
| Sales | 480,000 |
| Stock( 01/07/04) | 60,000 |
| Stock(30/06/04) | 36,000 |
| margin | 25% |

 Determine

1. Gross profit ……………………………………………….
2. Cost of sales……………………………………………….
3. Net purchases……………………………………………………………
4. Rate of stock turnover………………………………………………. (4mk)
5. Give four benefits a businessman may get by keeping money in a fixed deposit account. (4mk)
6. ……………………………………………………………………………………………………………………………………..
7. ……………………………………………………………………………………………………………………………………..
8. ………………………………………………………………………………………………………………………………………
9. ………………………………………………………………………………………………………………………………………
10. Baquba Enterprise had opening and closing balances of sh 250,000 and sh 406,000 respectively in the year 2004.during the year, the business amounting to sh 68,000. If the profit for the year was sh 180, 000, determine the drawing for the year. (4mk)
11. Mention four circumstances that may make a firm relocate from A to town B. (4mk)
12. ……………………………………………………………………………………………………………………………………..
13. ……………………………………………………………………………………………………………………………………..
14. ………………………………………………………………………………………………………………………………………
15. ………………………………………………………………………………………………………………………………………
16. List examples of Direct taxes.
17. ……………………………………………………………………………………………………………………………………..
18. ……………………………………………………………………………………………………………………………………..
19. ………………………………………………………………………………………………………………………………………
20. ……………………………………………………………………………………………………………………………

 THE END