

Name

Index Number

School

Candidate's Signature

565/1

Date

BUSINESS STUDIES

Paper 1

2015

2 hours

MAKUENI COUNTY KCSE 2015 PREPARATORY EXAMINATION

Kenya Certificate of Secondary Education

BUSINESS STUDIES

Paper 1

2 hours

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 in the spaces provided.
- (d) Answers should be written in the spaces provided in this booklet.
- (e) **This paper consists of 8 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) Do not remove any pages from this booklet.

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

Sponsored by H.E. Prof. Kivutha Kibwana, Governor, Makueni County.

TURN OVER

1. Highlight **four** reasons why businesses exist in the society. (4 marks)

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

2. Outline **four** internal business environment factors that may negatively affect the operations of a business. (4 marks)

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

3. Outline any **four** difficulties faced in satisfying human wants. (4 marks)

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

4. State **four** ways in which an entrepreneur contributes to the production of goods. (4 marks)

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

5. State **four** benefits of business ethics. (4 marks)

- (i)
- (ii)

- (iii)
- (iv)

6. A modern office requires a computer to carry out multiple functions. Highlight any **four**. (4 marks)

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

7. State the meaning of the following: (4 marks)

- (i) Quoted companies
.....
.....
- (ii) Preference shares
.....
.....
- (iii) Initial public offer
.....
.....
- (iv) Stock brokers
.....
.....

8. On 1st February 2012, Eliza bought 300 torches at Sh. 40 each from Basbul Traders. A trade discount of 20% was offered, with a cash discount of 3% if payment was made within 21 days. Calculate what Eliza paid if payment was made on 15th February 2012. (4 marks)

9. Highlight **four** factors that have led to the inability of consumer organizations to protect consumers. (4 marks)

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

10. Give four reasons why a manufacturing firm would be located in an area served by a good road network. (4 marks)

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

11. Outline **four** ways in which non-verbal communication is beneficial. (4 marks)

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

12. Highlight four ways in which a warehouse is useful to a trader. (4 marks)

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

13. Omari’s house valued at Sh. 1,200,000 was insured against fire for Sh. 900,000 under the “with average clause”. Fire occurred and damaged the house, causing a loss of Sh. 500,000. Determine the value of compensation due to Omari. (4 marks)

14. Give **four** reasons why a manufacturer may offer after-sales services to his customers. (4 marks)

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

15. Using a diagram, show the effect of an increase in the supply of a commodity while the demand remains constant. (4 marks)

16. For each of the following types of accounts, indicate by DR or CR the side of the record for increase and decrease. (4 marks)

Type of Account	Increase	Decrease
Asset		
Capital		
Revenue		
Expense		

17. The following information relates to the business of Mazingira Traders.

	Sh.
Opening stock	280,000
Closing stock	42,000
Rate of stock turnover	4 times
Mark-up	25%

Calculate the: (4 marks)

(i) cost of goods sold.

(ii) gross profit.

18. Highlight **four** circumstances under which a firm would be located near the market for its products. (4 marks)

(i)

(ii)

- (iii)
- (iv)

19. List **four** factors that determine the size of a country's national income. (4 marks)

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

20. Outline **four** methods that can be used to solve the unemployment problem in Kenya. (4 marks)

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

21. Record the following transactions in the relevant ledger accounts of Kioko's business. (4 marks)

- (a) Jan 20th, the owner took stock worth Sh. 1,500 to his friend
 - (b) Jan 22nd, bought M-Van Sh. 80,000 on credit from Nissan Motors Ltd
 - (c) Jan 25th, withdrew Sh. 100,000 from the bank for office use
 - (d) Jan 28th, purchased stock of goods worth Sh. 5,000 by cheque
- N/B: No balancing is required.

22. Why do most businessmen prefer to operate a Current account? (4 marks)

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

23. Public revenue is used to provide goods and services. Outline **four** sources through which a government can raise this revenue. (4 marks)

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

24. State **four** uses of a general journal (journal proper). (4 marks)

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

25. State **four** measures that the government can take to control the activities of monopolies. (4 marks)

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