

NAME..... INDEX NO.....

**565/1**  
**BUSINESS STUDIES**  
**PAPER 1**  
**JULY/AUGUST, 2015**  
**TIME: 2 HOURS**

CANDIDATE'S SIGN.....

DATE.....

## KIRINYAGA CENTRAL SUB-COUNTY JOINT EXAMINATION – 2015

**Kenya Certificate of Secondary Education**  
**BUSINESS STUDIES**  
**PAPER 1**  
**TIME: 2 HOURS.**

### INSTRUCTIONS TO CANDIDATE'S

- (a) Write your name and index number in the space provided above.
- (b) Sign and write the date of the 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) Candidates should answer all the questions in **English**.

### **FOR EXAMINER'S USE ONLY:**

|          |   |   |   |   |   |   |   |   |   |    |    |    |    |    |
|----------|---|---|---|---|---|---|---|---|---|----|----|----|----|----|
| Question | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Marks    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |

|          |    |    |    |    |    |    |    |    |    |    |    |
|----------|----|----|----|----|----|----|----|----|----|----|----|
| Question | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Marks    |    |    |    |    |    |    |    |    |    |    |    |

TOTAL  
MARKS

|  |
|--|
|  |
|--|

*Business Studies Paper 1*

*Turnover*  
**(4 marks)**

1. Outline **four** services offered by wholesalers to retailers.

- (a) .....
- (b) .....
- (c) .....
- (d) .....

2. State **four** benefits enjoyed by a trader who does not sell on credit.

**(4 marks)**

- (a) .....
- (b) .....
- (c) .....
- (d) .....

3. Highlight **four** features of a good filing system.

**(4 marks)**

- (a) .....
- (b) .....
- (c) .....
- (d) .....

4. State **four** roles of an entrepreneur in production.

**(4 marks)**

- (a) .....
- (b) .....
- (c) .....
- (d) .....

5. Outline **four** reasons why a trader may prefer to transport his goods by train.

**(4 marks)**

- (a) .....
- (b) .....
- (c) .....

(d) .....

6. Outline **four** sources of monopoly power.

(4 marks)

(a) .....

(b) .....

(c) .....

(d) .....

7. Give **four** problems experienced by a trader who stores goods in a public warehouse. (4 marks)

(a) .....

(b) .....

(c) .....

(d) .....

8. State whether the following items represent injection into or leakages from the circular flow of income. (3 marks)

|     | Item                   | Injection/Leakage |
|-----|------------------------|-------------------|
| (a) | Savings                |                   |
| (b) | Taxes                  |                   |
| (c) | Government expenditure |                   |
| (d) | Investments            |                   |
| (e) | Exports earning        |                   |
| (f) | Expenditure on imports |                   |

9. The following balances were extracted from the books of Tumaini traders on 31<sup>st</sup> December 2011:

| Item             | Shs.    |
|------------------|---------|
| Equipment        | 400,000 |
| Cash             | 60,000  |
| Debtors          | 250,000 |
| 5 year bank loan | 350,000 |
| Stock            | 220,000 |
| Motor vehicle    | 600,000 |
| Creditors        | 150,000 |
| Bank overdraft   | 70,000  |

Prepare Tumaini Traders balance sheet as at 31<sup>st</sup> December, 2011.

(5 marks)

10. The following transactions were extracted from the books of John traders for the month of January 2010.

January 15: Purchased furniture on credit worth Ksh.100,000 from Rashid traders.

January 20: Sold goods on credit worth Ksh.320,000 from Kanji Traders.

Record the above transactions in the relevant ledger accounts.

(4 marks)

11. State the type of inflation relating to each of the following descriptions. (4 marks)

|     | Description  | Type of inflation |
|-----|--|-------------------|
| (a) | A rise in prices due to an increase in money supply.                             |                   |
| (b) | An increase in prices due to an increase in the prices of factors of production. |                   |
| (c) | A rise in prices as a result of buying expensive goods from foreign countries.   |                   |
| (d) | A rise in prices due to uneven growth in some sectors of the economy.            |                   |

12. State **four** causes of unemployment in Kenya.

(4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

13. Highlight **four** diseconomies of scale that a firm may face when it expands its operations.

(4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

14. Highlight **four** functions of the commercial banks.

(4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

15. State **four** benefits of running a sole proprietorship business.

(4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

16. Highlight **four** factors that a trader may consider when determining the appropriate means of transport. (4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

17. State **four** changes that may take place in a country to indicate that it is experiencing economic development. (4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

18. Outline **four** circumstances when the government may borrow from internal sources. (4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

19. Indicate the book of original entry in which each of the following transactions would be recorded. (4 marks)

|     | <b>Transaction</b>                         | <b>Book of original entry</b> |
|-----|--|-------------------------------|
| (a) | Bought a computer on credit                |                               |
| (b) | Sold goods on credit                       |                               |
| (c) | Returned goods previously bought on credit |                               |
| (d) | Goods sold on cash                         |                               |

20. State **four** advantages of written communication. (4 marks)

- (a) .....
- (b) .....
- (c) .....

(d) .....

21. List **four** ways the government may regulate business activities in a country. (4 marks)

(a) .....

(b) .....

(c) .....

(d) .....

22. Explain the meaning of the following terms as used in demand and supply.

(a) Joint demand. (2 marks)

.....  
.....  
.....  
.....

(b) Excess supply. (2 marks)

.....  
.....  
.....  
.....

23. Outline **four** circumstances in which a country may find it necessary to control imports. (4 marks)

(a) .....

(b) .....

(c) .....

(d) .....  
.....

24. Highlight **four** advantages of advertising to the producer. (4 marks)

(a) .....  
(b) .....  
(c) .....  
(d) .....

25. The following information was extracted from the books of Pango Traders for the year ending 31<sup>st</sup> December 2012.

|                 | Kshs.   |
|-----------------|---------|
| Opening stock   | 60,000  |
| Purchases       | 180,000 |
| Return outwards | 5,000   |
| Sales           | 300,000 |
| Profit margin   | 15%     |

Calculate:

(a) Cost of goods sold. (2 marks)

(b) Closing stock. (2 marks)





**565/2**  
**BUSINESS STUDIES**  
**PAPER 2**  
**JULY/AUGUST, 2015**  
**TIME: 2½ HOURS**

**KIRINYAGA CENTRAL SUB-COUNTY JOINT EXAMINATION – 2015**

**Kenya Certificate of Secondary Education**  
**BUSINESS STUDIES**  
**PAPER 2**  
**TIME: 2½ HOURS**

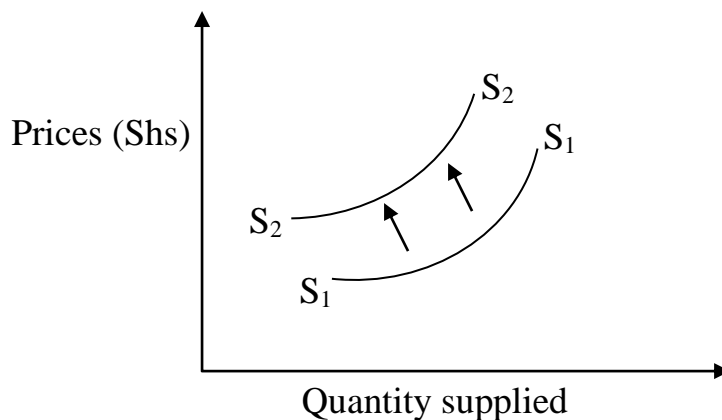
**INSTRUCTIONS TO CANDIDATE'S**

1. This paper consists of **SIX** questions.
2. Answer **ANY FIVE** questions.
3. Write your answers in the answer booklet provided.
4. All questions carry equal marks.
5. All answers must be written in **English**.

*Business Studies Paper 2*

*Turnover*

- Q1. (a) Abednego runs a factory and has employed fifty workers. Explain **five** reasons why it would be beneficial to assign each worker a specific job in production. (10 marks)
- (b) Explain **five** factors that a trader may consider when determining the appropriate channel for distributing goods. (10 marks)
- Q2. (a) The diagram below shows a shift of the supply curve of a commodity from  $S_1S_1$  to  $S_2S_2$ . Explain **five** factors that would have caused the shift. (10 marks)



- (b) Explain any **five** challenges that an under populated country may experience. (10 marks)
- Q3. (a) Explain **five** benefits that a wholesaler may get if he operates own warehouse. (10 marks)
- (b) A country in Africa has been experiencing unfavourable balance of payment. Explain **five** ways through which she can reverse this trend. (10 marks)
4. (a) Ramji operates a large hardware business in a town in Kenya. Apart from motor vehicle insurance policies, highlight giving reasons, **five** insurance policies that may be beneficial for this business. (10 marks)
- (b) Mchuuzi, civil servant has opened a bank account with a local bank. Explain to him any **five** benefits of activating his account for M-banking. (10 marks)

- Q5. (a) Explain **five** negative effects of inflation in the country.  
 (b) Ali had the following assets and liabilities as at 1.7.2009.

(10 marks)

|              |        |
|--------------|--------|
| Cash at Bank | 50,000 |
| Debtors      | 30,000 |
| Creditors    | 50,000 |
| Stock        | 20,000 |
| Furniture    | 35,000 |

**Additional information:**

July 2: Purchased stock worth Sh.16,000 on credit.

6: Sold some furniture for Sh.4,000 by cheque.

9: Received Sh.11,000 cash from debtors.

13: Sold stock Sh.10,000 paid by cheque.

Required:

Prepare the relevant **ledger accounts**.

(10 marks)

- Q6. (a) Explain **five** internal factors that may encourage the achievement of business goals.  
 (b) The following information was extracted from the books of Umeme Traders as at 31<sup>st</sup> December 2009.

(10 marks)

|                           | Shs.      |
|---------------------------|-----------|
| Bank loan                 | 567,000   |
| Bank loan interest        | 1,440     |
| Capital                   | 1,680,000 |
| Closing stock             | 87,000    |
| Creditors                 | 272,400   |
| Debtors                   | 140,280   |
| Discount allowed          | 170,400   |
| Electricity               | 30,240    |
| Furniture                 | 489,804   |
| Furniture repairs         | 86,436    |
| Gross profit              | 624,720   |
| Maintenance on premise    | 72,000    |
| Motor vehicle             | 1,080,000 |
| Motor vehicle maintenance | 360,000   |
| Premise                   | 648,000   |
| Rent received             | 144,000   |
| Sundry expenses           | 122,520   |

Prepare;

- (i) **Profit and loss account** for the year ended 31<sup>st</sup> December 2009  
 (ii) **Balance sheet** as at 31<sup>st</sup> December 2009.

(10 marks)

