

Name: Index no

Date: Adm NO:

565/1
BUSINESS STUDIES
PAPER 1
TIME: 2 HOURS

MACHAKOS COUNTY KCSE TRIAL AND PRACTICE EXAM 2015

Kenya Certificate of Secondary Education (K.C.S.E.)

BUSINESS STUDIES
PAPER 1
TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES:

- Write your name and your index Number in the spaces provided above.
- Sign and write the date of examination in the spaces provided above.
- Answer all the questions in the spaces provided.
- This paper consists of 8 printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

FOR EXAMINERS USE ONLY:-

Question	1	2	3	4	5	6	7	8	9	10	11	12	13
Score													

Question	14	15	16	17	18	19	20	21	22	23	24	25
Score												

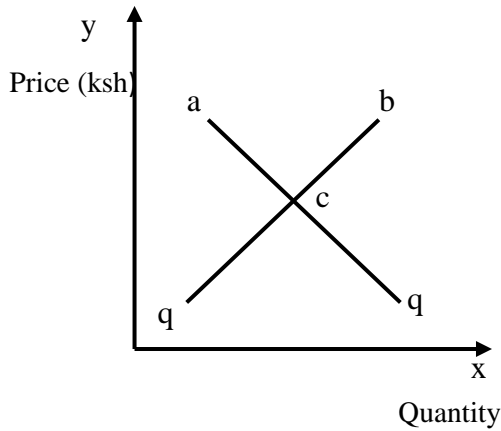
TOTAL MARKS

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1. Outline **FOUR** features that constitute a market. (4 Marks)

- (a) _____
- _____
- (b) _____
- _____
- (c) _____
- _____
- (d) _____
- _____

2. The following diagram represents demand and supply of a product.



(a) State what is represented by curves

- ap _____
- bq _____
- letter c _____

(b) On the diagram, indicate equilibrium price (PE) and equilibrium quantity (QE) (4 Marks)

3. Outline **FOUR** advantages of after sales services as a method of sales promotion to a customer. (4 Marks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

4. Give **FOUR** reasons why a consumer should satisfy basic wants before secondary wants. (4 Marks)

- (a) _____
- _____
- (b) _____
- _____
- (c) _____
- _____

(d) _____

5. Outline **FOUR** reasons why a multinational company may prefer setting up a production unit in developing country instead of exporting finished goods to the country. (4 Marks)

(a) _____

(b) _____

(c) _____

(d) _____

6. State the factor of production that each of the following resources relate to:- (5 Marks)

Resource	Factor of production
(a) Manager	
(b) Quarry	
(c) Vehicle	
(d) Water	
(e) Owner	

7. In the spaces provided below, indicate with a tick (✓) whether each of the following statements relates to preference or ordinary shares. (3 Marks)

Statement	Preference	Ordinary
(a) Represents real owners of company		
(b) Rate of dividends is fixed		
(c) Has voting rights		
(d) Redeemable		
(e) May be cumulative		
(f) Considered last in liquidation		

8. Outline **FOUR** features of trade credit as a source of finance for business units. (4 Marks)

(a) _____

(b) _____

(c) _____

(d) _____

9. State the term that best fit each of the following description. (4 Marks)

(a) Money brought into the business by owner

(b) Goods bought for resale

(c) Money withdrawn by owner of business for personal use

(d) Money borrowed from outsiders by owner of the business for business use

10. The following balances were obtained from the books of Jomba Traders as at 30th July 2014

	Shs.
Opening stock	50,000
Sales	360,000
Gross profit	25% of sales
Closing stock	70,000

Calculate

(a) Cost of goods sold (2Marks)

(b) Rate of stock turnover (2 Marks)

11. Enter each of the following transactions in the relevant ledger accounts

- (a) Started business in June 15th 2014 with Ksh. 500,000 in bank.
- (b) Bought a motor vehicle in June 16th 2014 for KSh. 250,000, payment made by a cheque.
- (c) Withdrew Ksh. 50,000 in June 20th 2014 from the business bank a/c to be used in the office.
- (d) June 24th, 2014, paid salaries Ksh. 18,000 cash.

12. On June 1st 2015, Kelly had KSh. 6000 cash in hand and a bank overdraft of Sh. 2000; during the month the following transactions took.

- (a) Received cheques from debtors totaling to KSh. 80,000 on June 2nd
- (b) June 5th, paid telephone bills Sh. 1200 cash
- (c) June 8th, withdrew Sh. 16000 from bank for office use.

Enter the above information in the two – column cash book given below and balance it off (4 Marks)

Kelly Traders
Two – Column Cashbook
for the month of June 2015

Date	Particulars	Bank	Cash	Date	Particulars	Cash	Bank

13. Outline **FOUR** ways of curbing cost push inflation.

(4 Marks)

- (a) _____
- _____
- (b) _____
- _____
- (c) _____
- _____
- (d) _____
- _____

14. Outline **FOUR** circumstances under which the per capita income statistics would be a good indicator of the welfare of the citizens of country. (4 Marks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

15. Outline **FOUR** challenges associated with a high ageing population in a country. (4 Marks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

16. Outline **FOUR** purposes of taxation. (4 Marks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

17. State **FOUR** basis of international trade (4 Marks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

18. Outline **FOUR** methods that a country may use to restrict international trade.

- (a) _____

- (b) _____

- (c) _____

- (d) _____

19. State **FOUR** reasons why an invoice received is important in accounting.

(4 Marks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

20. Outline **FOUR** items that are included when computing national income using the expenditure approach.

(4 Marks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

21. Outline **FOUR** features of insurable risks

- (a) _____

- (b) _____

- (c) _____

- (d) _____

22. State **FOUR** features of chain stores.

- (a) _____

- (b) _____

- (c) _____

- (d) _____

23. Outline **FOUR** factors that constitute an efficient transport system.

(4 Marks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

24. State **FOUR** goals of development.

(4 Marks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

25. Outline **FOUR** disadvantages of use of Automatic Teller Machines (ATMs) in banking.

(4 Marks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

MACHAKOS COUNTY KCSE TRIAL AND PRACTICE EXAM 2015

Kenya Certificate of Secondary Education (K.C.S.E)

BUSINESS STUDIES

Paper 2

Time: 2 Hours

INSTRUCTIONS TO CANDIDATES:

- *This paper consists of six questions*
- *Answer any **five** questions.*
- *Write your answers in the answer booklet provided*
- *All questions carry equal marks*
- *This paper consists of 2 printed pages. Candidates should check to ascertain that all papers are printed as indicated and that no questions are missing*

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1. (a) Explain **FIVE** methods of payments offered by commercial banks in Kenya. (10 marks)
- (b) Highlight **FIVE** reasons as to why a high national income may not necessarily mean better welfare for the citizens of a country. (10 marks)
2. (a) Kapa Oil manufacturers have decided to eliminate wholesalers in their chain of distribution. Outline **FIVE** possible effects that would result if wholesalers were eliminated. (10 marks)
- (b) Differentiate between a perfect competition from a monopolistic competition. (10 marks)
3. (a) Explain **FIVE** causes of inflation in an economy. (10 marks)
- (b) Outline **FIVE** challenges that Kenya faces when trying to implement her development plans. (10 marks)
4. (a) Explain **FIVE** reasons why a public limited company may prefer to raise finance through issue of ordinary shares instead of debentures. (10 marks)
- (b) The following balances were extracted from books of Masaku Traders for the year ended 31/12/2004

Rent	48,000
Lighting	7,200
Water	9,220
Salaries	75,000
Commission received	12,370
Discount allowed	4,600
Discount received	8,500
Gross profit	320,000
General expenses	98,000
Stock	25,250
Motor Vehicle	2,300,000
Furniture & equipment	650,000
Debtors	270,000
Creditors	396,400
Bank	200,000
Cash	50,000
Capital	3,000,000

Prepare

- (i) Profit and loss a/c for the year ended 31/12/2004 (5 $\frac{1}{2}$ marks)
- (ii) Balance sheet as at 31/12/2004 (4 $\frac{1}{2}$ marks)
5. (a) Explain **SIX** measures that the Government of Kenya may take to control her persistent Balance of payment deficit. (12 marks)
- (b) Outline **FOUR** differences between endowment policy and whole life policy. (8 marks)
6. (a) Explain **FIVE** factors that limit the usage of Railway as a means of transport. (10 marks)
- (b) The accounts of Hakuna Matata Traders showed the following balances on 1st January 2014.

Sh.	
Cash	250,000
Debtors	60,000
Creditors	42,000
Stock	30,000
Bank loan	120,000
Motor vehicle	310,000

The following transactions took place during the month of January 2014.

- Jan 2: Bought stock worth Sh. 50,000 on credit.
 Jan 3: Cash sales Sh. 80,000
 Jan 5: Received Sh. 20,000 cash from debtors
 Jan 10: Paid part of loan Sh. 70,000 cash
 Jan 12: Paid creditors Sh. 52,000
 Jan 16: Bought office furniture Sh. 45,000 cash
 Jan 20: Paid salaries Sh. 40,000 cash
 Jan 25: Deposited Sh. 100,000 into the bank

Required:

Record the above transactions in the relevant ledger accounts and balance the accounts on 31st January 2014. (10marks)

