

565/1 — BUSINESS STUDIES — Paper 1



Nov. 2019 – 2 hours

Name Index Number

Candidate's Signature Date

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 in the question paper.
- (d) This paper consists of 12 printed pages.
- (e) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
- (f) Candidates should answer the questions in English.

For Examiner's 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
SCORE**



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Turn over

1. State whether the commodity or service given in the table below would satisfy a basic human want or a secondary human want. (4 marks)

Commodity/Service		Class of human want
(a)	A shirt	
(b)	Education	
(c)	Housing	
(d)	A packet of rice	
(e)	Entertainment	
(f)	Hair cut	
(g)	Green grams	
(h)	A car	

2. Outline **four** factors that make office managers to communicate in writing to their staff. (4 marks)

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

3. The information given below was extracted from the books of Birika Traders on 31 December 2014: (4 marks)

Details	Amount (Ksh)
Furniture and fittings	234,000
Debtors	67,500
Capital	157,900
Commission earned	13,200
Creditors	34,750
Drawings	21,800
5 year Bank Loan	114,450
Discount received	3,000

Required: Prepare Birika Traders Trial Balance as at 31 December 2014.

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4. Highlight **four** functions of an office in an organisation. (4 marks)

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

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5. Outline **four** roles played by the Nairobi Securities Exchange in the Kenyan economy. (4 marks)

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

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6. Name the basic concept in population described in the statements given below: (4 marks)

(a) Population size that is adequate for the full utilisation of available resources in a Country.

.....

(b) The average number of births per one thousand women in a year.

.....

(c) When a country is experiencing higher death rates than birth rates.

.....

(d) Where a bigger proportion of the population is comprised of people who are above 55 years old.

.....

7. State the circumstance under which each of the following terms of trade would be applied in foreign trade. (4 marks)

(a) Franco

.....

(b) Ex-works

.....

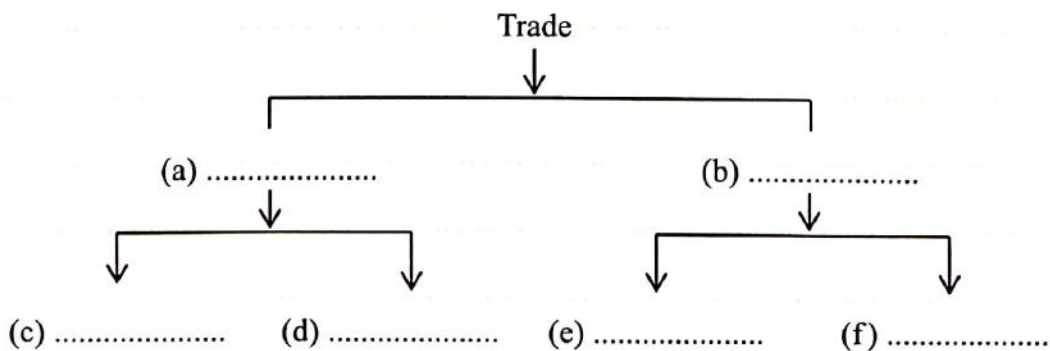
(c) In Bond

.....

(d) Free Alongside Ship

.....

8. Complete the diagram below to illustrate the classification of trade. (3 marks)



9. Highlight **four** merits of using sales people to promote the sales of a particular product. (4 marks)

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

10. By use of the book keeping equation, determine the missing values in the table below: (4 marks)

FIXED ASSETS (Ksh)	CURRENT ASSETS (Ksh)	CAPITAL (Ksh)	LIABILITIES (Ksh)
1,593,600	(a)	900,900	1,151,600
812,700	1,953,750	(b)	2,172,100
(c)	781,295	1,010,000	664,030
1,320,920	1,450,050	1,260,860	(d)

11. Outline **four** features that may indicate a country's state of underdevelopment. (4 marks)

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

12. List **four** types of small-scale retail business that one can run without a shop. (4 marks)

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

13. Highlight **four** functions of the Department of External Trade in the Ministry of Industry, Trade and Cooperatives. (4 marks)

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

14. Outline **four** factors that Chemichemi Dairies would consider when selecting a channel to distribute their fresh milk. (4 marks)

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

15. State the relevant books of original entry into which information extracted from the source documents given below would be recorded: (4 marks)

Source Documents	Books of original entry
(a) Incoming invoice	(a)
(b) Outgoing credit note	(b)
(c) Outgoing cash sale slip	(c)
(d) Incoming debit note	(d)

16. Outline four features of co-operative societies. (4 marks)

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

17. Highlight four factors which may lead to an increase in a country's national income. (4 marks)

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



18. The following information was extracted from the books of Jabali Traders on 31 December 2015.

<u>Details</u>	<u>Ksh</u>
Purchases	84,375
Carriage out	7,400
Stock on 1/1/2015	67,900
Carriage in	9,170
Stock on 31/1/2015	17,970
Returns out	15,520

(a) Determine net purchases. (3 marks)

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(b) State **two** reasons for preparing the trading account. (2 marks)

(i)

.....

(ii)

.....

19. Identify the level of production into which the following workers belong: (4 marks)

Workers	Level of Production
(a) Carpenter	
(b) Nurse	
(c) Maize farmer	
(d) Mason	
(e) Wholesaler	
(f) Lumber	
(g) Road engineer	
(h) Insurer	



20. Outline **four** characteristics of a good tax system. (4 marks)

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

21. Highlight **four** contributions of entrepreneurs to the growth of an economy. (4 marks)

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

22. Highlight **four** factors that may influence an individual's demand for money in order to fulfil the transaction motive. (4 marks)

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

23. Determine the excess demand or excess supply from the combined demand and supply schedules of oranges given below: (4 marks)

PRICE (Ksh/Bag)	1800	1600	1400	1200	1000	800	600	400
Quantity Demanded (Bags)	280	400	500	650	700	850	950	1000
Quantity Supplied (Bags)	1400	1200	900	650	500	420	350	200
Excess Demand (Bags)								
Excess Supply (Bags)								

24. Outline **four** benefits of a bonded warehouse to the importer. (4 marks)

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

25. Apart from trains and motor vehicles, state **four** other means of transporting goods and people on land. (4 marks)

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

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