

NAME: \_\_\_\_\_

SCHOOL: \_\_\_\_\_ ADM. NO.: \_\_\_\_\_

DATE \_\_\_\_\_ SIGN \_\_\_\_\_

FORM 4

565/1

BUSINESS STUDIES

PAPER 1

MARCH/APRIL 2013

TIME: 2 HOURS

# ELDORET EAST INTER-SCHOOLS TEST - 2013

*Kenya Certificate of Secondary Education (KCSE)*

*Form Four*

*Business Studies*

*Paper 1*

## Instructions to Candidates

- √ This question paper comprises of 25 Questions
- √ Marks for each question is indicated alongside the question
- √ Answer **ALL** the questions on the spaces provided in this paper.

*This paper consist of 8 printed pages.  
Candidates should check the question paper to ascertain that  
all the pages are printed as indicated and that no question is missing.*

1. In the space provided below, indicate the type of utility created by each of the following commercial activities.

Commercial activity	Type of utility	(4 marks)
i) Selling bread to the students	_____	
ii) Shipping goods to Kenya.	_____	
iii) Warehousing.	_____	
iv) Baking of Bread by Paul's Bakery.	_____	

2. State **four** ways in which the government can influence the demand of a product. (4 marks)

i) \_\_\_\_\_  
\_\_\_\_\_

ii) \_\_\_\_\_  
\_\_\_\_\_

iii) \_\_\_\_\_  
\_\_\_\_\_

iv) \_\_\_\_\_  
\_\_\_\_\_

3. List **four** monetary tools the central bank uses to control credit (4 marks)

i) \_\_\_\_\_  
\_\_\_\_\_

ii) \_\_\_\_\_  
\_\_\_\_\_

iii) \_\_\_\_\_  
\_\_\_\_\_

iv) \_\_\_\_\_  
\_\_\_\_\_

4. Under what circumstances will a manager of equator flowers communicate to the subordinate staff. (4marks)

i) \_\_\_\_\_  
\_\_\_\_\_

ii) \_\_\_\_\_  
\_\_\_\_\_

iii) \_\_\_\_\_  
\_\_\_\_\_

iv) \_\_\_\_\_  
\_\_\_\_\_

5. State **four** reasons for starting a business. (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

6. Air transport is quite expensive mode of transport yet it is preferred over a long distance. Outline **four** reasons for this preference. (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

7. State **four** ways of reproducing office documents. (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

8. Highlight **four** factors that could have led a decline in birth rate in Kenya today. (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

9. State **four** advantages of self employment. (4 marks)

- i) \_\_\_\_\_
- \_\_\_\_\_
- ii) \_\_\_\_\_
- \_\_\_\_\_
- iii) \_\_\_\_\_
- \_\_\_\_\_
- iv) \_\_\_\_\_
- \_\_\_\_\_

10. Highlight **four** characteristics of subsistence farming in Kenya. (4 marks)

- i) \_\_\_\_\_
- \_\_\_\_\_
- ii) \_\_\_\_\_
- \_\_\_\_\_
- iii) \_\_\_\_\_
- \_\_\_\_\_
- iv) \_\_\_\_\_
- \_\_\_\_\_

11. State **four** advantages of using E-mail communication in Business. (4 marks)

- i) \_\_\_\_\_
- \_\_\_\_\_
- ii) \_\_\_\_\_
- \_\_\_\_\_
- iii) \_\_\_\_\_
- \_\_\_\_\_
- iv) \_\_\_\_\_
- \_\_\_\_\_

12. Outline **four** roles of intermediaries in a business. (4 marks)

- i) \_\_\_\_\_
- \_\_\_\_\_
- ii) \_\_\_\_\_
- \_\_\_\_\_
- iii) \_\_\_\_\_
- \_\_\_\_\_
- iv) \_\_\_\_\_
- \_\_\_\_\_

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13. Under what circumstances would insurance companies in Kenya opt to re-insure themselves. (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

14. Give **four** assumptions associated with monopolistic competition market structure. (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

15. The presidential candidates are mounting bill boards in every town to promote themselves. Give **four** reasons why they choose bill boards. (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

16. Outline **four** measures that a manager can take to improve the working environment in the office. (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

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17. .... **four** challenges a person they encounter when using a cellphone (mobile phones) (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

18. Outline **four** reasons that has led to an increased use of Boda Boda (motor cycles). (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

19. State **four** ways in which partners in a partnership are classified. (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

20. Name four types of retailers that mainly sell on cash basis. (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

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21. Suggest **four** measures which the Kenyan government can take to solve unemployment problems. (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

22. Outline **four** circumstances under which a company may be dissolved. (4 marks)

- i) \_\_\_\_\_  
\_\_\_\_\_
- ii) \_\_\_\_\_  
\_\_\_\_\_
- iii) \_\_\_\_\_  
\_\_\_\_\_
- iv) \_\_\_\_\_  
\_\_\_\_\_

23. The following information relate to Sergioit Traders for the month of July 2012.

July 1<sup>st</sup> Balance brought forward cash Kshs 20,000 bank Kshs. 50,000

July 4<sup>th</sup> Bought furniture worth Kshs 8000 by cheque

July 10<sup>th</sup> sold goods worth Kshs 6,000 by cash

July 15<sup>th</sup> paid creditors for goods worth Kshs 3,000 by cheque and Kshs. 2,000 by cash.

Required.

Enter the above transactions in a two column cash book and balance it off. (4 marks)

24. The following related to Business A,B,C and D.

Business	Assets	Liabilities	Capital	
A	55,000	16,900	W	
B	X	17200	34,400	
C	36,100	Y	28,500	
D	119,500	51,400	Z	(4 marks)

Determine the values represented by. (4 marks)

W, \_\_\_\_\_

X, \_\_\_\_\_

Y, \_\_\_\_\_

Z, \_\_\_\_\_

25. Outline four advantages of a current account. (4 marks)

i) \_\_\_\_\_

\_\_\_\_\_

ii) \_\_\_\_\_

\_\_\_\_\_

iii) \_\_\_\_\_

\_\_\_\_\_

iv) \_\_\_\_\_

\_\_\_\_\_