

Name: ..... Index No. ....

School: ..... Date: ..... Candidate's Sign .....

565/1  
BUSINESS STUDIES  
PAPER 1  
FORM 4  
MARCH / APRIL 2013  
TIME: 2 HOURS

# PENTAGON JOINT EXAMINATIONS- 2013 WARENG DISTRICT

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

## INSTRUCTIONS TO CANDIDATES

- This paper comprises of twenty five questions
- Marks for each question is indicated along side the question.
- Answer ALL the questions.

1. Outline **four** stages used to obtain an insurance policy. (4marks)

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

2. Tuwei, a trader at Kaptinga trading centre is considering allowing credit sales to his customers. Outline **four** factors Tuwei should consider before giving credit. (4marks)

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

3. Differentiate between the following means of payments. (4marks)

Postal Order	Money Order
i)	i)
ii)	ii)
iii)	iii)
iv)	iv)

4. The following balances were extracted from the books of Valley Traders on 30<sup>th</sup> April 2010. (4marks)

Discount received Kshs.7,200.

Purchases Kshs.89,000.

Sales Kshs.100,000.

Opening stock Kshs.80,000.

Capital Kshs.160,000.

Carriage on sales Kshs.30,000.

General expenses Kshs.68,200.

Prepare a trial balance as at 30/04/2010.

5. Explain **four** reasons why a cheque may be dishonoured. (4marks)

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

6. Explain **four** services offered by retailers to consumers. (4marks)

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

7. The Kenyan economy has realized rapid upsurge of supermarkets such as Naivas, Nakumatt, Tuskys. Outline **four** features of supermarkets. (4marks)

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

8. Kenyan Economy is experiencing acute levels of joblessness amongst its youth. Give **four** possible ways government of Kenya can follow to curb such unemployment. (4marks)

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

9. On 1<sup>st</sup> January 2013 Kapkoiga sellers had cash in hand Kshs.62,000. and cash at bank Kshs.233000. Debtors and creditors were Kshs.60,000. and Kshs.78,000. respectively. The following transactions took place during the month.

2013

January 2 received a cheque for Kshs. 25,000. from a debtor.

January 3 drew a cheque for Kshs.47,000. in respect of creditors

January 6 deposited all cash into bank.

Required.

Post the above transactions into respective ledger accounts and balance them off. (4marks)

10. Describe **four** factors that may lead to a decline in birth rates in the country. (4marks)

i) .....

ii) .....

iii) .....

iv) .....

11. Explain **four** advantages of Hire purchase scheme to a buyer. (4marks)

i) .....

ii) .....

iii) .....

iv) .....

12. Public offices are now adopting open-plan office design. Outline **four** advantages of such open office layout. (4marks)

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

13. Explain **four** challenges that a producer is likely to experience if she decides to distribute goods direct to her customers. (4marks)

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

14. Highlight **four** factors that may lead to increased levels of national income. (4marks)

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

15. Kenya has recorded relatively high economic growth rate of 7%. However, the standard of living has not improved. Explain **four** possible reasons for standard of living remaining low despite the increased growth. (4marks)

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

16. Give **four** ways in which a firm may improve productivity of its human resources. (4marks)

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

17. A business has a rate of stock turnover of 7 times. Its average stock is Kshs 42,000. The gross profit margin is 20% of selling price. Expenses are given as 70% of gross profit. Calculate:-

i) Gross profit (1mark)

.....  
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ii) Cost of goods sold (1mark)

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.....  
.....

iii) Turnover (sales) (1mark)

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.....  
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iv) Total expenses (1mark)

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.....  
.....

v) Net profit (1mark)

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.....

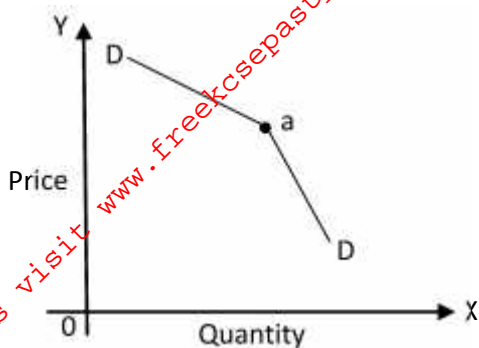
18. Explain **four** circumstances under which a manufacturer would find it necessary to build her own warehouse rather than rely on hired one. (4marks)

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

19. A house worth Kshs.500,000. and insured against fire for Kshs.400,000. was damaged by fire to the tune of Kshs.300,000. Calculate amount to be compensated by insurer. (4marks)

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20. The diagram below shows a demand curve for a firm operating in a given type of market structure.



i) State the name of such demand curve. (1mark)

.....

ii) Indicate on the diagram the equilibrium price and quantity for the firm. (1mark)

iii) State the significance of the point labeled 'a'. (1mark)

.....

21. Explain **four** ways in which the government may use to control monopoly power. (4marks)

i) .....

ii) .....

iii) .....

iv) .....

22. Outline **four** circumstances under which a business organization may choose to use written instead of verbal communication. (4marks)

i) .....

ii) .....

iii) .....

iv) .....

23. Describe **four** circumstances when personal selling is appropriate in product promotion. (4marks)

i) .....

ii) .....

iii) .....

iv) .....

24. Explain **four** ways in which the nature of goods would influence the choice of means of transport. (4marks)

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

25. Outline **four** benefits that may accrue to a business from a country's political stability. (4marks)

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

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