

Name..... Index Number.....

Candidate's Signature.....

Date.....

565/1  
BUSINESS STUDIES  
Paper 1  
July/August 2013  
2 Hours

SUBUKIA DISTRICT JOINT EXAM 2013  
Kenya Certificate of Secondary Education  
BUSINESS STUDIES  
Paper 1  
2 hours

**Instructions to candidates**

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) Answer **all** the questions.
- (d) All answers must be written in the spaces provided in this booklet.
- (e) Do not remove any pages from this booklet.
- (f) **This paper consists of 7 printed pages.**
- (g) **Candidates should check the question paper to ascertain that all the pages are printed as indicated and no questions are missing.**

**For Examiner's use only**

<b>Question</b>	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>Marks</b>													

<b>Question</b>	14	15	16	17	18	19	20	21	22	23	24	25
<b>Marks</b>												

**TOTAL  
MARKS**

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1. Below are some factors that influence the operations of a business .By use of a tick (✓) indicate in the appropriate column the business environment associated with each of the factors.

(4mks)

Factor	Micro	Macro
a) Political factors		
b) Economic recession		
c) Business structures		
d) Human resources		

2. Wafula a serious entrepreneur has identified a business opportunity in one of the towns in Kenya and wants to borrow money from Faulu bank. State four factors he has to take into consideration before he borrows the money.

(4mks)

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3. Outline three ways in which credit note is useful to a supplier. (3mks)

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4. Outline four functions of Kenya Bureau of standards. (4mks)

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5. Identify four factors that may lead to an increase in the level of national income of a country.

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mks)

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6. In the spaces provided, write decrease, increase or No effect to show the effects of each one of the following transactions on the assets, liabilities or capital.

(4mks)

Transaction	Assets	Liabilities	Capital
a) Bought furniture on credit			
b) Paid creditors by cash			
c) Withdrew goods for personal use			
d) Converted a personal motorcycle for business use			

7. Highlight four features of effective communication.

(4mks)

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8. Highlight four ways in which the insurance industry promotes growth of business enterprises.

(4mks)

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9. Highlight **four** factors that must be considered before incurring public expenditure. (4mks)

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10. The following information relates to kamau traders as on 30<sup>th</sup> June 2011.

	Shs
Capital	96,600
Debtors	29,520
Creditors	24,670
Motor vehicles	79,000
Cash	11,250
Stock	1,500

Prepare a trial balance (5mks)

11. State **FOUR** benefits that a government gets from a bonded warehouse. (4mks)

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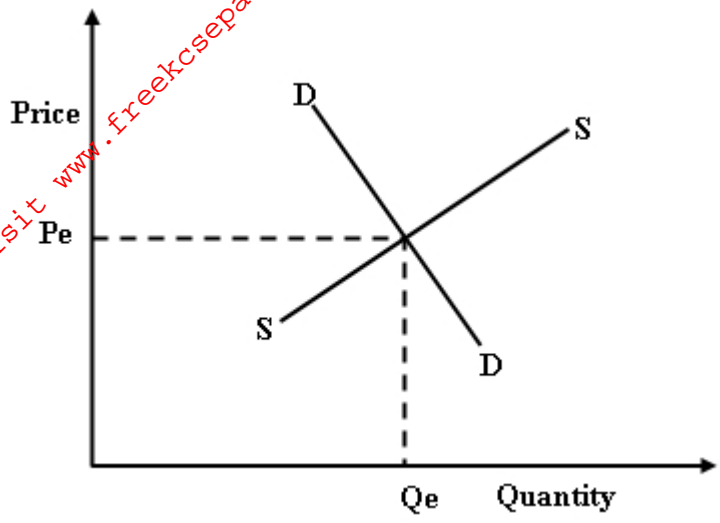
12. Give **four** characteristics of a partnership (4mks)

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13. Highlight **four** disadvantages of a long chain of distribution to a buyer. (4mks)

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14. The diagram below shows equilibrium price and quantity.



Draw a new demand curve on the diagram above showing a decrease in demand and the effect on;

(4mks)

- (i) Equilibrium price
- (ii) Equilibrium quantity
- (iii) Equilibrium point

**15. State four** reasons why it may be necessary for the Government to encourage new firms to be located in the rural areas. (4mks)

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16. Identify the tax system described by the following statements. (3mks)

- (a) Tax payers pay a fixed percentage of their income as tax.

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- (b) Amount of tax paid increases proportionately with increase in income

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- (c) Type of tax which takes a higher proportion of low income earners as compared to high income earners

17. The following are some of the documents used in International trade; Proforma Invoice, Consular Invoice, Certificate of origin and Indent. Match each document with the appropriate description in the table below. (4mks)

	Description	Document
(a)	Prepared by an exporter giving details about the origin of goods	
(b)	Shows prices charged as certified by the importing country's officials	
(c)	An order sent by an importer to an agent in the exporting country	
(d)	Enables the importer to initiate clearing of customs duty early enough to avoid delays.	

18. State **four** reasons why it is important for a business to keep financial Records: (4mks)

- i.....
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- ii.....
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- iii.....
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- iv.....
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19. Identify **four** qualities of a good office messenger. (4 mks)

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20. State the level of production in each of the following activities. (4mks)

Activity	Level of production
(a) Cooking meals for students	
(b) Harvesting maize	
(c) Distribution of kerosene	
(d) Boiling milk using electricity.	

21. Globalisation is a term often used to denote business ownership and spread .Outline four merits of globalization of business units. (4mks)

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22. Mention four adverse effects of inflation. (4 marks)

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23. State four reasons why consumers have to make a choice between competing needs. (4marks)

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24. The central bank is a banker to the government. Outline four banking services it provides to the Kenya government. (4 marks)

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25. Highlight four circumstances under which a country may be classified as underdeveloped. (4 marks)

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