

NAME.....
 SCHOOL
 CANDIDATE'S SIGNATURE:

INDEX NO:
 DATE:

565/1
 BUSINESS STUDIES
 PAPER 1
 JULY/AUGUST 2014
 TIME: 2 HOURS

KISUMU WEST SUB COUNTY JOINT EXAMINATION-2014
Kenya Certificate of Secondary Education (K.C.S.E.)

BUSINESS STUDIES
PAPER 1

INSTRUCTIONS TO CANDIDATES:

- Write your *name, school and index number* in the spaces provided above.
- *Sign* and write the *date* of examination in the spaces provided above.
- Answer *all* the questions.
- All answers *must* be written in the spaces provided in this booklet.
- *Do not* remove any pages from this booklet.

For Examiners Use Only

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

GRAND

Question	13	14	15	16	17	18	19	20	21	22	23	24
Marks												

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This paper consists of 8 printed pages. Candidates should check to ascertain that all pages printed as indicated and that no questions are missing.

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1. Outline **four** external business environments that may negatively affect performance of the business (4mks)
 - (i)
 - (ii)
 - (iii)
 - (iv)

2. Mention **four** roles played by intermediaries in the chain of distribution. (4mks)
 - (i)
 - (ii)
 - (iii)
 - (iv)

3. Outline **three** reasons why celebrities are commonly used in advertising of products (4mks)
 - (i)
 - (ii)
 - (iii)

4. Give **four** reasons why protectionism policy in foreign trade may fail (4mks)
 - (i)
 - (ii)
 - (iii)
 - (iv)

5. Highlight **four** reasons why business plan is necessary to an entrepreneur (4mks)
 - (i)
 - (ii)
 - (iii)
 - (iv)

6. Show using curves how increased subsidies may affect supply of cabbage in the market, price remaining constant (4mks)

7. Outline **four** advantages a firm may enjoy by being quoted at the Nairobi Securities Exchange. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

8. Identify the level of production for each of the following activities.

	Activity	Level of production
(a)	Painting a house	
(b)	Constructing a road	
(c)	Insuring a car	
(d)	Dress making	

(4mks)

9. Outline **four** factors that may accelerate growth of a firm

- (i)
- (ii)
- (iii)
- (iv)

10. Highlight **four** dangers of comparing living standards in different countries using National Income statistics.

- (i)
- (ii)
- (iii)
- (iv)

11. Outline **four** functions of money in an economy

- (i)
- (ii)
- (iii)
- (iv)

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12. Give **four** disadvantages of public warehouse to traders.

- (i)
- (ii)
- (iii)
- (iv)

13. Highlight how the following measures will help to reduce the problem of unemployment in the Country

- (i) Increased government expenditure (2mks)
.....
.....
- (ii) Diversification of economic activities (2mks)
.....
.....

14. Outline **four** reasons for continued existence of portorage despite advanced transport system in Kenya (4mks)

- (i)
- (ii)
- (iii)
- (iv)

15. Mention **four** indicators which show that a country has undergone economic development. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

16. The information below shows average prices of both export and imports in the years 2007 and 2008.

YEAR	AVERAGE IN EXPORT PRICE IN MILLIONS	AVERAGE IMPORT PRICE IN MILLIONS
2007	KSHS 520	KSHS 4,400
2008	KSHS580	KSHS.6,200

(i) Determine terms of trade for year 2008 (4mks)

17. Outline **four** factors leading to localization of firms

- (i)
- (ii)
- (iii)
- (iv)

18. The following balances were got from Ombuya traders as at 31st Dec. 2012

Debtors	50,000
Stock	80,000
Cash at bank	140,000
Cash at hand	15,000
Creditors	30,000
Rent owing	11,000

Determine; Acid test ratio (4mks)

19. The following are some terms used in public finance; sanctions of taxation, crowding out effect, incidence of taxation and impact of taxation

Match each of the terms with its meaning.

MEANING	TERM
(a) Passing of taxes from the individual it is initially imposed on to the next person	
(b) Approval to tax individuals, goods and services	
(c) When tax is initially imposed on an individual	
(d) Heavy borrowing by the government pushing others away from borrowing.	

(4mks)

20. The following information belongs to Kethi traders between 10th and 15th January, 2013.

- Started business with Kshs100, 000 in cash, 70,000 in bank and a pick up valued at Kshs 250,000
- Purchased goods worth Kshs.15, 000 on credit
- Sold goods worth Kshs 5,000 for Kshs.4, 500 on credit

Required: Prepare her balance sheet as at 15th January 2013.

(8mks)

21. Mention **four** features of Itinerant traders. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

22. Record the following information of Oraro traders in the two column cash book and balance it off.

6/6/2012 Balance were as follows
Cash Kshs 60,000
Bank overdraft Kshs 15,000.
10/6/2012 Sold goods worth Kshs 18,00and received a cheque.
12/6/2012 Deposited KShs.20,000 into the bank account
14/6/2012 Withdrew all the money from bank except Kshs 500 for business use.

ORARO CASH BOOK

Date	Details	F	Cash	Bank	Date	Details	F	Cash	Bank

(5mks)

23. Outline **four** ways of controlling demand pull inflation. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

24. All vehicles on Kenyan roads must have insurance policy. Highlight the meaning of the following terms as used in Insurance. (4mks)

- (i) First Party
- (ii) Second Party
- (iii) Third Party
- (iv) Comprehensive policy

25. Outline **three** demerits of face to face communication (3mks)

- (i)
- (ii)
- (iii)