

NAME **ADM NO.**
SCHOOL **INDEX NO.**
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DATE

565/1

BUSINESS STUDIES

PAPER 1

JULY/ AUGUST 2014

TIME: 2 HOURS

MAKINDU DISTRICT INTER – SECONDARY SCHOOLS EXAMINATION

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

INSTRUCTIONS TO CANDIDATES

Answer all the questions in the spaces provided.

This paper consists of 7 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing

FOR EXAMINER’S USE ONLY

Question No	1	2	3	4	5	6	7	8	9	10	11	12	13
Marks													
Question No	14	15	16	17	18	19	20	21	22	23	24	25	
Marks													

1. State the term given to each of the following disciplines

a) Study of how man strives to satisfy his unlimited wants using the limited resources

b) Study of the process of identifying a business opportunity and acquiring resources to start and operate a business

c) Study of trade and aids to trade

d) Refers to a systematic way of recording business activities which are used for decision making.

2. Give four reasons why one would prefer a partnership instead of a sole proprietorship (4 marks)

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

3. State four factors that determine the size of the firm (4 marks)

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

4. Outline four measures a country may take to reduce imports (4 marks)

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

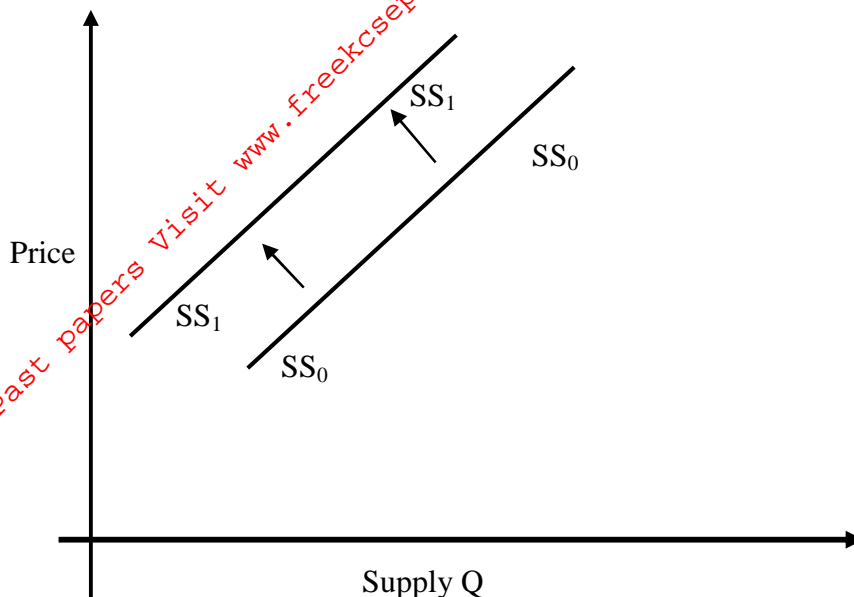
5. Identify whether the following factors form the external or internal environment (by) (4 marks)

Factors	External	Internal
a) Political climate		
b) Size of population		
c) Goals and objectives		
d) Employees		

6. Outline four functions of Kenya bureau of standards (4 marks)

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

7. The following diagram shows a shift in supply curves



State four factors that may have led to this shift (4 marks)

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

8. Record the following transactions in their appropriate ledger accounts

- 1 Jan 2004 Kamau started a shop business with Kshs 10,000 in cash and Kshs 20,000 in bank
- 2 Jan 2004 bought goods Kshs 12,000 by cheque
- 10 Jan 2004, paid Kshs 1,000 for salaries in cash (4 marks)

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9. Highlight four reasons for making choices between competing wants

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

10. Highlight four demerits of using motorcycles as a means of transport

(4 marks)

- a)
- b)
- b)
- d)

11. Outline four sources of oligopoly power

(4 marks)

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

12. POA 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

(4 marks)

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

13. Classify the following resources as either renewable or non renewable wood, coal, soda ash, building stones, stove, wool, silk and iron.

(4 marks)

Renewable	Non-renewable
i)	
ii)	
iii)	
iv)	

14. Highlight four features of effective communication

(4 marks)

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

15. List any four expenses a middle man would incur in the chain of distribution

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

16. Prepare the sales returns journal of Kwacha Traders from the transactions shown below which relate to the month of Dec. 2010 (4 marks)

- Dec 1st Oloo returned goods worth Kshs 1,300 credit note no. 214
- Dec 5th Anyolo returned goods worth Kshs 300 (credit note no. 213)
- Dec 10th Issued a credit note No. 216 to Shah, a customer to correct an error in the invoice earlier sent to him for Kshs 1,630
- Dec 14th Mr. Edwin returned part of the goods sold to him in exchange of what he required via credit note no. 217 of Kshs 913.

17. Highlight four barriers to entrepreneurial development (4 marks)

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

18. Outline four advantages of warehousing to a consumer

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

19. Identify four factors that may lead to an increase in the level of national income of a country (4 marks)

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

20. State four features of public goods/services (4 marks)

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

21. State five circumstances under which photocopying may be used to reproduce documents in a school

(5 marks)

- i)
- ii)
- iii)
- iv)
- v)

22. Highlight four ways in which the insurance industry promotes growth of business enterprises (4 marks)

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

23. 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.

Transactions	Assets	Liabilities	Capital
Bought furniture on credit			
Paid creditors by cash			
Withdrew goods for personal use			
Converted a personal motorcycle for business use			

24. Name three uses of two- column cash book (3 marks)

- i)
- ii)
- iii)

25. State five problems encountered in development planning (5 marks)

- i)
- ii)
- iii)
- iv)
- v)