**Name…………………………………… …………………………..……Serial No:…………………………………….**

**School…………………………………………………………………... Candidate’s Signature …………..……………**

**Date: …………………………………………**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**TIME: 2 HOURS**

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

**565/1**

**Business Studies**

**Paper 1**

**2 Hours**

**INSTRUCTIONS TO CANDIDATES**

* *Write your* ***name*** *and* ***index******number*** *in the spaces provided above*
* ***Sign*** *and write the* ***date*** *of examination in the spaces provided.*
* *Answer* ***all*** *the questions. (25 questions).*
* *All answers should be written in the spaces provided in this booklet.*
* *Candidates should answer all questions in English*
* ***This paper consists of 7 printed pages.***
* ***Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.***

**For Examiners Use Only**

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

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| **Question** | **13** | **14** | **15** | **16** | **17** | **19** | **20** | **21** | **22** | **23** | **24** | **25** | **Total score** |
| **Marks** |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Explain the following as used in the satisfaction of human wants (4marks)

a)Utility………………………………………………………………………………………………………………

………………………………………………………………………………………………………………

b)Producer goods……………………………………………………………………………………………………

…………………………..…………………………………………………………….………………………

c)Scarcity and choice………………………………………………………………………….……………………

…………………………………………………………………………………………………………………

d)Scale of preferences………………………………………………………………………………………………

……………………………………………………………………………………………………………………

1. Outline **four** factors that may account for predominant direct product ion in a country (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. Differentiate between shares and Debentures (4marks)

**Shares Debentures**

|  |  |  |
| --- | --- | --- |
| a |  |  |
| b |  |  |
| c |  |  |
| d |  |  |

1. What do you understand by the following terms.: (4marks)

(a)Free goods…………………………………………………………………………………………….……

………………………………………………………………………………………………………

(b)Producer goods…………………………………………………………………………………………..…

…………………………………………………………………………………………………….

(c )Public goods…………………………………………………………………………………………..……

………………………………………………………………………………………………………

(d)Non-material goods…………………………………………………………………………………………

……………………………………………………………………………………………………………

1. The following information was obtained from the books of JASHO TRADERS at the end of a trading period.

Ksh

Opening stock 65,000

Sales 300,000

Purchases 180,000

Sales return 5,000

Closing stock 42,000

Calculate the gross loss of the business

1. List **four** function of the Kenya Bureau of Standards (KEBS) (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. State **four** factors that limit the number of entrepreneurs in an area. (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. The figure below shows an increase in supply for a commodity from SS to S1S1.

S S1

Po

S S1

Quantity

Q

Q o

State **four** possible causes that have led to this situation (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. Outline **four** reasons why inland water transport is not popular as means of transportation in Kenya.

(4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. Outline **four** types of errors that may cause a trial balance not to balance (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. Highlight **four** circumstances under which firm may acquire oligopoly power. (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. Outline **four** important uses of measuring national income in a country (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. Ananda Sita intends to set up modern University in Eldoret. Outline **four** factors that will influence her choice of office layout (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. Give **four** ways in which consumers may benefit when producers compete in product promotion

(4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. The following details were extracted from the books of Omino enterprises for the year ended 31st Dec 2009.

Ksh.

Opening capital 105,000

Capital introduced 15,000

Drawings 6,000

Closing capital 135,000

Determine the profit or loss for the year.

1. In the table below, fill in by stating whether each of the following transaction will increase, decrease or have no effect on the capital of the business.

|  |  |
| --- | --- |
| Transaction | Effect on capital |
| 1. The business made profit |  |
| 1. Bought stock of good |  |
| c ) withdrawal of stock for own use |  |
| d)Paid creditors by giving up an old  machine |  |

1. State **four** main cooperative principles. (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. List **four** documents used in home trade at the order stage (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. Mamati has just taken a whole life policy and is complaining that his premiums are very high. Outline **four** reason why the premium may be high (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. Highlight **four** disadvantages of an ageing population (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. Highlight **four** benefits that may occur to an organization that practices effective communication.

(4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. State **four** advantages of bonded warehouse to the government. (4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. Identify the factor that can cause an increase in the demand of a product ( 4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………

1. The following are some of the source documents used in business.
2. Credit note received …………………………………………………………………………………….............................
3. Invoice issued

………………………………………………………………………………………………

1. Credit not issued

………………………………………………………………………………………………………

1. Cash sale slip

………………………………………………………………………………………………………

March each of the following books of original entry with relevant source document (4marks)

|  |  |
| --- | --- |
| Book of original entry | Source of document |
| 1. Cash book |  |
| 1. Sales day book |  |
| 1. Return inward day book |  |
| 1. Return outward day book |  |

1. Highlight **four** services that the Central Bank of Kenya may offer a banker to commercial bank.

(4marks)

(a)……………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………

(d)……………………………………………………………………………………………………………………