

NAME..... INDEX NO.....

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

CANDIDATE'S SIGN.....

DATE.....

## KIHARU/KAHURO DISTRICT JOINT EXAMINATION – 2014

Kenya Certificate of Secondary Education  
BUSINESS STUDIES  
PAPER 1  
TIME: 2 HOURS.

### INSTRUCTIONS TO CANDIDATE'S

Answer **ALL** the questions in the spaces provided **below** each question.

### FOR EXAMINER'S USE ONLY:

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Marks														

Question	15	16	17	18	19	20	21	22	23	24	25
Marks											

TOTAL MARKS

--

1. State **four** ways in which the utility of a commodity can be increased. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

2. Outline **four** features of a re-insurance company. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

3. Outline **four** characteristics of chain stores. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

4. Outline **four** reasons for the continued use of human porter age today despite the advancement in transport technology. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

5. Outline **four** functions of the stock exchange. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

6. Outline **four** principles of economic planning (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

7. Outline **four** implications of a young population on the economy. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

8. Outline **four** basic points an entrepreneur considers when formulating a business idea. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

9. Highlight **four** benefits that a subsistence producer may get by participating in the exchange of goods. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

10. Outline **four** importance of filing in a business. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

11. State **four** ways in which the government mainly regulate business activities in Kenya. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

12. Kyalo had the following balances at the end of the trading period 31<sup>st</sup> December 2012.

	Shs.
Cash	40,000
Creditors	140,000
Premises	400,000
Fixtures	180,000
Insurance owing	160,000
Prepaid rent	100,000
Debtors	70,000

Prepare Kyalo's balance sheet as at 31<sup>st</sup> December 2012.

(4mks)

13. State **four** circumstances leading to the dissolution of a company through a court order. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

14. State **four** assumption of the flow of income in a two sector economy. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

15. Outline **four** differences between monopoly and monopolistic competition market structures. (4mks)

	Monopoly	Monopolistic competition
(i)		
(ii)		
(iii)		
(iv)		

16. Outline **four** circumstances under which a wholesaler becomes essential in the chain of distribution. (4mks)

- (i) \_\_\_\_\_  
\_\_\_\_\_
- (ii) \_\_\_\_\_  
\_\_\_\_\_
- (iii) \_\_\_\_\_  
\_\_\_\_\_
- (iv) \_\_\_\_\_  
\_\_\_\_\_

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17. For each of the following transactions indicate in the spaces provided the book of original entry in which the transactions should be recorded. (4mks)

<u>Transaction</u>	<u>Book of original entry</u>
(a) Bought a computer on credit.	_____
(b) Sold goods on credit.	_____
(c) Bought shares in a company.	_____
(d) Returned goods previously bought on credit.	_____

18. Outline the significance of the following documents as used in foreign trade. (2mks)

(a) Letter of credit.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(b) Bill of lading. (2mks)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

19. Outline **four** methods used to determine the price of a commodity in the market. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

20. The following information relates to KK traders for the year ended 31<sup>st</sup> December 2006

	Shs.
Sales	150,000
Closing stock	35,000
Purchases	130,000

Prepare a trading account for the year ended 31<sup>st</sup> December 2006.

(4mks)

21. Highlight **four** advantages of using billboards as a medium of advertising.

(4mks)

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

(iv) \_\_\_\_\_

22. Outline **four** advantages of mobile phones in communication.

(4mks)

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

(iv) \_\_\_\_\_

23. Outline **four** factors that may have contributed to low income in developing countries. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

24. For each of the following transactions, indicate the account to be debited, the account to be credited. (4mks)

Transaction	A/C debited	A/C credited
(a) Bought goods worth Shs.20,000 from Kuria on credit.		
(b) Paid Shs.600 in cash for insurance.		

25. State **four** types of direct taxes. (4mks)

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_