

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

SCHOOL..... CANDIDATES SIGNATURE.....

DATE.....

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

**TRANS-NZOIA COUNTY JOINT EXAMINATIONS-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** characteristics of human wants. (4 marks)

---

---

---

---

2. Highlight **four** reasons why ethics should be considered when running a business. (4 marks)

---

---

---

---

3. List **four** characteristics of direct production. (4 marks)

---

---

---

---

4. Matano traders received a cheque from a debtor but on presenting the cheque to bank for encashment, the cheque was dishonoured. Give **four** reasons that could have led to the above occurrence. (4 marks)

---

---

---

---

5. Highlight **four** reasons why the government issues trading licenses to traders. (4 marks)

---

---

---

---

6. Given **below** are average prices of imports and average prices of exports for year 2001 and 2002.

Year	Average price of exports	Average price of imports
2001	5,000	8,000
2002	7,500	13,000

Compute the country: terms of trade.  
Use 2001 as the base year.

(6 marks)

7. State **four** methods used by commercial banks to effect money transfer.

(4 marks)

---

---

---

---

8. Highlight **four** advantages of bonded warehouse to the government.

(4 marks)

---

---

---

---

9. State **three** demerits associated with ageing population. (3 marks)

---

---

---

---

10. State **four** factors that determine the choice of an appropriate channel of distribution.(4 marks)

---

---

---

---

11. State **four** circumstances under which a firm may choose to operate on small scale basis. (4 marks)

---

---

---

---

12. Highlight **four** advantages of sending parcels by courier firms. (4 marks)

---

---

---

---

13. The following information was extracted from the books of Juma's business on 31<sup>st</sup> March 2010.

	Kshs.
Stock 1 <sup>st</sup> April 2010	8,000
Stock 31 <sup>st</sup> March 2011	9,000
Purchases	4,500
Sales	21,000

Calculate:

(i) Margin.

(2 marks)

(ii) Rate of stock turnover.

(2 marks)

14. Highlight **four** reasons why government imposes tax in a country.

(4 marks)

---

---

---

---

15. Identify the office equipment that's used in each of the purposes.

(4 marks)

(i) Printing postage impressions on envelope

\_\_\_\_\_

(ii) Preparing cash receipts

\_\_\_\_\_

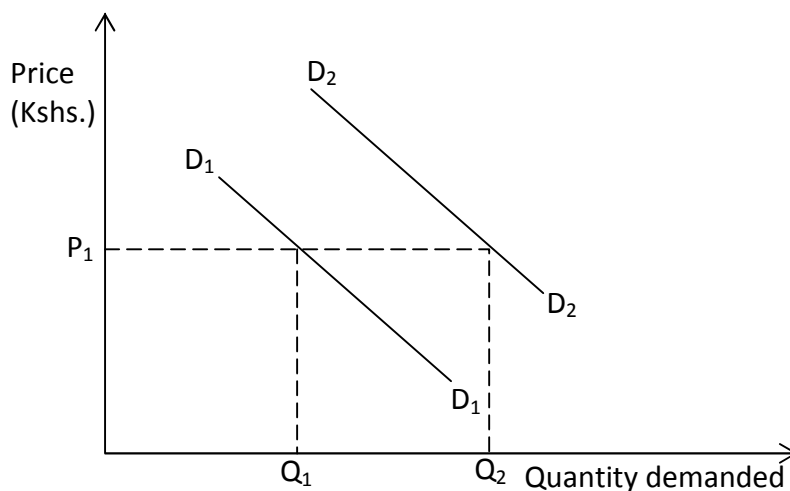
(iii) Cutting unwanted documents into tiny pieces

\_\_\_\_\_

(iv) Pinning papers together

\_\_\_\_\_

16. The following show a shift in demand curve.



Highlight the factors that will lead to the shift of demand curve  $D_1$  to  $D_2$ . (4 marks)

---

---

---

---

17. Kenya is yet to realize its vision 2030 plan. Outline **four** factors that can hinder Kenya from realizing its vision 2030. (4 marks)

---

---

---

---

18. Highlight **four** functions of advertising agencies to an advertiser. (4 marks)

---

---

---

---

19. The following information shows the financial position of Achoki traders as at 1<sup>st</sup> May 2010.

	Kshs.
Cash in hand	40,000
Rent owing	12,000
Furniture	110,000
Debtors	20,000
Stock	60,000
Trade creditors	38,000
Bank overdraft	50,000

Required: Prepare balance sheet of the business as at 1<sup>st</sup> May 2010. (4 marks)

20. Mueni insured her house worth sh.500,000 for sh.300,000 against fire. The house caught fire and part of the house worth sh.250,000 was destroyed. How much will Mueni be compensated. (Show all your working). (3 marks)

21. Outline **four** circumstances when it is advisable to use air transport instead of water transport. (4 marks)

---

---

---

---

22. State the measurement approach used in the following items. (4 marks)

<u>Item</u>	<u>Measurement approach</u>
(a) Receipt from transport services	_____
(b) Government investments	_____
(c) Households paying school fees	_____
(d) Grinding maize into flour	_____

23. Highlight **four** circumstances under which sole proprietorship may be dissolved. (4 marks)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

24. Outline **four** measures that the Central bank can apply to reduce money supply in the economy. (4 marks)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

25. Give **four** features of a good filling system. (4 marks)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_