

NAME INDEX NO.
SCHOOL SIGNATURE
DATE

565/1

BUSINESS STUDIES

PAPER 1

JULY/ AUGUST 2014

TIME: 2 HOURS

MBOONI EAST SUB – COUNTY JOINT EVALUATION TEST, 2014

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. Highlight four negative implications of a rapid population and growth in developing countries (4 marks)

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

2. State four factors that can cause a positive shift in supply. (4 marks)

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

3. Outline four benefits of Automated Teller Machine (ATMS) as used in banking industry (4 marks)

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

4. State four reasons why John would prefer to obtain a loan from his Sacco but not a commercial bank (4marks)

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

5. Identify any four barriers to international trade that are imposed by governments (4 marks)

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

6. Highlight four external factors that may negatively influence the operations of a business (4 marks)

- i)
- ii)
- iii)

iv)

7. Give four reasons that make insurance companies decline to insure acts of nature (4 marks)

i)

ii)

iii)

iv)

8. State four features of ordinary shares in a company. (4 marks)

i)

ii)

iii)

iv)

9. Highlight four measures that have been introduced by the government in its effort to curb road carnage in Kenya (4 marks)

i)

ii)

iii)

iv)

10. State any four legislations that have been enacted by the government to protect consumers. (4marks)

i)

ii)

iii)

iv)

11. Give four reasons why a manufacturing firm may offer after sale services to its customers (4marks)

i)

ii)

iii)

iv)

12. Highlight four factors that may hinder the expansion of small business enterprises

(4 marks)

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

13. Highlight four causes of income inequalities among citizens of a country

(4 marks)

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

14. State the source document for each of the following subsidiary books

(4 marks)

SUBSIDIARY BOOK	SOURCE DOCUMENT
Sales journal	
Purchases journal	
Return inwards journal	
Return outward journal	

15. Outline four reasons for preparing a business plan

(4 marks)

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

16. Kenya is yet to realize its vision 2030 plan .Outline four factors that can hinder Kenya from realizing its vision 2030

(4 marks)

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

17. Give four reasons why a high rate of inflation is undesirable to a country

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

18. Give the right document that relates to the following statement.

Statement	Document
(i) Corrects an undercharge	
(ii) Shows total amount expected from a number of transactions in a given period	
(iii) It is a booklet containing brief descriptions of books	
(iv) Demands payment for goods sold on credit	

19. Highlight any four principles that the governor of Makueni county should consider before spending money allocated to the county (4 marks)

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

20. Kioko traders had the following balances as at 31st DEC 2010.

	sh
Opening stock	800, 000
Closing stock	1,000, 000
Sales	3,250,000

Given that the rate of stock turnover is 3,

(a) Calculate the cost of goods sold. (2 marks)

(b) Calculate the gross profit (2 marks)

21. Outline four ways in which warehousing promotes trade in Kenya.

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

22. The following trial balance was incorrectly prepared

KALWAL TRADERS

TRIAL BALANCE

AS at 31-Dec-2004

	DR	CR
Capital		31000
Cash in hand	11000	
Creditors	14000	
Insurance		12000
Debtors	13000	
Drawings		15000
Bank over draft		6000
Bank loan	18000	
Stock		<u>18000</u>
	<u>56000</u>	<u>56000</u>

Required: Prepare the correct trial balance

(4 marks)

23. Give four ways in which a manufacturer in a monopolistic competition may use to differentiate his products from those of rival firms (4 marks)

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

24. Highlight four roles played by intermediaries in the distribution channel (4 marks)

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

25. State four reasons why consumers satisfy basic wants before the secondary wants (4 marks)

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