

NAME ..... INDEX NUMBER .....

SIGNATURE .....

DATE .....

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

# WESTLANDS FORM 4 JOINT EXAMINATION

Kenya Certificate of Secondary Education

## BUSINESS STUDIES

Paper 1  
JULY/AUGUST 2014  
Time: 2 hours

### INSTRUCTIONS TO CANDIDATES

- a) Write your name and index number in the spaces provided.
- b) Write the date of examination and sign in the spaces provided above.
- c) Answer **all** the questions in the spaces provided in this booklet.
- d) This paper consists of **8** printed pages.
- e) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
- f) Candidates should answer all questions in English.

1. Identify **four** gains to a trader who decides to operate a small retail shop. (4 mks)

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

2. Identify **four** ways in which the government engages in commercial activities. (4 mks)

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

3. Give **four** after sale services provided by a trader to a buyer. (4 mks)

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

4. Identify the type of utility created by the following activities. (4 mks)

- i) Delivering milk to consumer early in the morning .....
- ii) Shopkeeper selling maize flour to a customer .....
- iii) Traders transporting vegetables to the market .....
- iv) Carpenter making sofa sets in a furniture shop .....

5. Outline **four** ways in which the government can create a healthy business environment. (4 mks)

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

6. Give **four** reasons that make it difficult to satisfy all human wants.

(4 mks)

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

7. Give **four** benefits of using pipeline to transport oil products.

(4 mks)

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

8. Wamba Traders started a business with a capital of Kshs 150,000 in January 2013. At the end of the year his capital was sh 1,900,000. His monthly drawings was ksh 20,000. Calculate his profit.

(4 mks)

9. Give **four** assumptions of the two sector model of an economy.

(4 mks)

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



10. Outline **four** circumstances under which a producer would not require a lot of warehousing facilities. (4 mks)

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

11. List **four** benefits that will accrue to a firm by its decision to relocate its offices to sub-urban areas. (4 mks)

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

12. Outline **four** circumstances under which an insurance company may not compensate the insured despite the occurrence of the risk insured. (4 mks)

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

13. For each of the following transactions, state the account to be **debited** and the account to be **credited**. (4 mks)

Transaction	Account debited	Account credited
i) Proprietor took cash for personal use		
ii) Bought goods and paid by cheque		
iii) Proprietor brought in cash from private sources		
iv) Paid creditors from private sources		

14. Highlight **four** reasons why loans advanced by commercial banks in Kenya may not appeal to many people. (4 mks)

i) .....

ii) .....

iii) .....

iv) .....

15. Assuming normal demand and supply curves, illustrate with a diagram the effect of a **decrease** in supply on equilibrium price and quantity. (5 mks)

16. List **four** barriers to international trade. (4 mks)

i) .....

ii) .....

iii) .....

iv) .....

17. Given below are balances extracted from the books of Mambo enterprises LTD as at 31 Dec. 2010.

	shs
Sales	90,000
Purchases	60,000
Carriage inwards	4,000
Carriage outwards	1,500
Returns inwards	2,000
Stock (31 Dec. 2010)	8,000
Returns outwards	4500
Stock (1 Jan 2010)	7,000

Prepare a **Trading Account** for the period ended 31 Dec. 2010.

(5 mks)

18. Identify **four** sources of capital for a partnership form of business.

(4 mks)

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

19. Mention **three** ways in which the world Bank can assist developing countries to improve their economies.

(3 mks)

- i) .....
- ii) .....
- iii) .....

20. Highlight **four** reasons why a manufacturer would prefer to promote his products through trade fairs and exhibition instead of advertising on radio. (4 mks)

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

21. In the table given below, state the book of original entry in which the information from the following source documents would be recorded. (4 mks)

Source document	Book of original entry
i) Outgoing invoice	
ii) Cheque	
iii) Incoming invoice	
iv) Credit note	

22. The average consumer price for  $\frac{1}{2}$ kg of meat for various years is shown in the table below.

Year	Consumer prize	Consumer price index
2009	47	100
2010	53	
2011	62	
2012	74	
2013	87	

Calculate the **consumer price index** using 2009 as the base year for the years 2010 - 2013. (4 mks)



23. Country Y has been experiencing lower birth-rates than death rates in the past five years. State **four** possible effects of this trend. (4 mks)

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

24. The following information relates to Matata Traders as at 31st April 2009.

Machinery	200,000
Furniture	100,000
Premises	400,000
Debtors	160,000
Cash in hand	10,000
Bank overdraft	100,000
Creditors	40,000

Use the information to prepare Matata traders balance sheet as at 30th April 2009. (5 mks)

25. Give **two** sources of business ideas. (2 mks)

- i) .....
- ii) .....