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

INSTRUCTIONS TO CANDIDATES:

1. Write your Name, Index Number and School in the spaces provided above.
2. Sign and write the date of the examination in the spaces provided above.
3. All answers must be written in the spaces provided in this booklet.
4. Write in clear handwriting.
5. Attempt all questions in this paper.

FOR EXAMINER’S USE ONLY

<table>
<thead>
<tr>
<th>Question</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question</th>
<th>14</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
<th>19</th>
<th>20</th>
<th>21</th>
<th>22</th>
<th>23</th>
<th>24</th>
<th>25</th>
<th>TOTAL %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Business Studies Paper 1

Page 1 of 6
Identify four gains to a trader who decides to operate a small retail shop. (4mks)

i) .................................................................

ii) ..................................................................

iii) .................................................................

iv) ..................................................................

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

i) ..................................................................

ii) ..................................................................

iii) ..................................................................

iv) ..................................................................

The diagram below shows the current demand for petrol.

![Diagram of demand curve]

1) What is the effect of a fall in the price of cars on demand for petrol? (2mks)

2) Draw new demand curve on the diagram above to show the effect of a fall in price of cars. (2mks)

Identify four after sale services provided by a trader to a buyer. (4mks)

i) ..................................................................

ii) ..................................................................

iii) ..................................................................

iv) ..................................................................

Business Studies Paper 1

Page 2 of 6
5. Identify the type of utility measured by the following activities. (4mks)
   (i) Delivering milk to a consumer early in the morning:
   (ii) Shopkeeper selling maize flour to a customer:
   (iii) Traders transporting vegetables to the market:
   (iv) Carpenter making sofa in a furniture shop:

6. Outline four ways in which the government can create a healthy business environment. (4mks)
   (i)
   (ii)
   (iii)
   (iv)

7. State four reasons that make it difficult to satisfy all human wants. (4mks)
   (i)
   (ii)
   (iii)
   (iv)

8. Give four benefits of using pipeline to transport oil products. (4mks)
   (i)
   (ii)
   (iii)
   (iv)

9. Give four assumptions of the two-sector model of an economy. (4mks)
   (i)
   (ii)
   (iii)
   (iv)

10. Outline four forms of knowledge that may be acquired through learning business studies in secondary schools. (4mks)
   (i)
   (ii)
   (iii)
   (iv)
11. The diagram below represents a shift in the supply curve of a commodity from SoSo to S1S1.

State four factors that may have lead to this. (4mks)

(i) .......................................................... ..........................................................
(ii) .......................................................... ..........................................................
(iii) .......................................................... ..........................................................
(iv) .......................................................... ..........................................................

12. The following balances were extracted from the Books of Soilo Traders at 31st December 2009.

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premises</td>
<td>60,000</td>
</tr>
<tr>
<td>Machinery</td>
<td>37,000</td>
</tr>
<tr>
<td>Debtors</td>
<td>8,500</td>
</tr>
<tr>
<td>Long term loan</td>
<td>52,000</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>6,000</td>
</tr>
<tr>
<td>Outstanding electricity</td>
<td>5,000</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>15,500</td>
</tr>
</tbody>
</table>

Prepare a Balance Sheet.

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

(i) ..........................................................
(ii) ..........................................................
(iii) ..........................................................
(iv) ..........................................................
14. Identify **four** sources of energy in Kenya. (4mks)
   (i) .................................................................
   (ii) .............................................................
   (iii) ............................................................
   (iv) ............................................................

15. Outline **four** ways in which the productivity of land can be improved. (4mks)
   (i) .................................................................
   (ii) .............................................................
   (iii) ............................................................
   (iv) ............................................................

16. State **four** benefits of trade to a community. (4mks)
   (i) .................................................................
   (ii) .............................................................
   (iii) ............................................................
   (iv) ............................................................

17. Give **four** disadvantages of a long chain of distribution of goods to a buyer. (4mks)
   (i) .................................................................
   (ii) .............................................................
   (iii) ............................................................
   (iv) ............................................................

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

19. Outline **four** circumstances under which a producer would not require a lot of warehousing facilities. (4mks)
   (i) .................................................................
   (ii) .............................................................
   (iii) ............................................................
   (iv) ............................................................

*Business Studies Paper 1*
20. Outline **four** principles of co-operative societies.  
   (i)  
   (ii)  
   (iii)  
   (iv)  

21. State **four** ways in which marketing boards assist farmers.  
   (i)  
   (ii)  
   (iii)  
   (iv)  

22. State **four** ways in which government may regulate business activities,  
   (i)  
   (ii)  
   (iii)  
   (iv)  

23. State **four** ways why the government of Kenya discourages localization of industries in the country.  
   (i)  
   (ii)  
   (iii)  
   (iv)  

24. State **four** advantages of verbal communication.  
   (i)  
   (ii)  
   (iii)  
   (iv)  

25. The following information relates to business A, B, C and D. Determine the figures represented by X, Y, Z and T.  

<table>
<thead>
<tr>
<th>Business</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>500,000</td>
<td>X</td>
<td>300,000</td>
</tr>
<tr>
<td>B</td>
<td>Y</td>
<td>800,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>C</td>
<td>300,000</td>
<td>120,000</td>
<td>Z</td>
</tr>
<tr>
<td>D</td>
<td>700,000</td>
<td>T</td>
<td>500,000</td>
</tr>
</tbody>
</table>