**Name………………………………… ……. …………. Index No………….…/……**

**School…………………………………………………. Date……………………….**

**Candidate’s Signature………………………………..**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**March/April, 2014**

**Time: 2 Hours**

**KWALE COUNTY JOINT EXAMINATION – 2014**

***Kenya Certificate of Secondary Education (K.C.S.E)***

INSTRUCTIONS TO CANDIDATES

1. Write your name and index number in the spaces provided above.
2. Sign and write the date of examination in the spaces provided above.
3. Answer all questions in the spaces provided.
4. This paper consists of 8 printed pages.
5. Candidates should check the question paper to ascertain that all the pages are printed as indicated and no questions are missing.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Question | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Marks |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Question | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Marks |  |  |  |  |  |  |  |  |  |  |  |  |  |

TOTAL

1. State **four** circumstances under which deferred payments may be appropriate. (4 mks)
2. ………………………………………………………………………………………
3. ………………………………………………………………………………………
4. ……………………………………………………………………………………
5. ………………………………………………………………………………………
6. Highlight **four** benefits of a bonded warehouse to the importer. (4 mks)
7. ………………………………………………………………………………………
8. ………………………………………………………………………………………
9. ………………………………………………………………………………………
10. ………………………………………………………………………………………
11. List **four** factors that may limit the growth of a country’s national income. (4 mks)
12. ………………………………………………………………………………………
13. ………………………………………………………………………………………
14. ………………………………………………………………………………………
15. ………………………………………………………………………………………
16. Outline **four** functions of the stock exchange market. (4 mks)
17. ………………………………………………………………………………………
18. ………………………………………………………………………………………
19. ………………………………………………………………………………………
20. ………………………………………………………………………………………
21. State **four** implications of young population on the economy. (4 mks)
22. ………………………………………………………………………………………
23. ………………………………………………………………………………………
24. ………………………………………………………………………………………
25. ………………………………………………………………………………………
26. In the spaces provided, state the source document for each of the subsidiary books given below. (4mks)

SUBSIDIARY BOOK SOURCE DOCUMENT

1. Sales Journal ………………………………
2. Purchases Journal ………………………………
3. Return Inwards Journal ……………………………
4. Return Outwards Journal ………………………………
5. Highlight **four** circumstances suitable for use of cheques as a means of payment. (4 mks)
6. ………………………………………………………………………………………
7. ………………………………………………………………………………………
8. ………………………………………………………………………………………
9. ………………………………………………………………………………………
10. The following information relates to Wendo tenders for the year ended 31/12/2006. (4mks)

Capital (31/12/2006) 70,000

Drawings for the year 5,000

Net loss for the year 10,000

Additional capital 25,000

Determine the amount of capital as at 1/1/2006.

1. Highlight **four** reasons for continued licensing of business activities by the government. (4 mks)
2. ………………………………………………………………………………………
3. ………………………………………………………………………………………
4. ………………………………………………………………………………………

d)………………………………………………………………………………

1. The diagram below show a shift in demand curve from d0d0  to d1d1.

d1

d0

Quantity

Identify **four** factors that could have made the demand curve to shift from d0d0 to d1d1. (4mks)

1. ……………………………………………………………………………………
2. ………………………………………………………………………………………
3. ……………………………………………………………………………………
4. ………………………………………………………………………………………
5. Highlight **four** ways in which good transport system benefits the industries in the area. (4 mks)
6. ………………………………………………………………………………………
7. ………………………………………………………………………………………
8. ………………………………………………………………………………………
9. ………………………………………………………………………………………
10. The following information relates to firms; Simba, Chui and Sugura.

Fill in the missing figures in the table. (3 mks)

|  |  |  |  |
| --- | --- | --- | --- |
| Business | Assets | Liabilities | Capital |
| Simba | 2,000,000 | - | 1,500,000 |
| Chui | - | 500,000 | 1,700,000 |
| Sugura | 3,300,000 | 1,200,000 | - |

1. State **four** provisions of the Partnership Act of 1963 (Kenya) incase partners have no partnership deed or it is ambiguous. (4 mks)
2. …………………………………………………………………………………………..
3. …………………………………………………………………………………………..
4. …………………………………………………………………………………………..
5. …………………………………………………………………………………………..
6. In the spaces provided, indicate with a tick whether each of the following transactions will increase, decrease or have no effect in the balance sheet totals. (4mks)

**Transaction Increase Decrease No Effect**

1. Buying stock in cash ………… ………… …………..
2. Converting personal car for business use ………… ………… …………..
3. Drawing cash for personal use ………… ………… …………..
4. Selling stock on credit ………… ………… …………..
5. Highlight **four** challenges associated with use of office machines. (4 mks)
6. …………………………………………………………………………………………..
7. …………………………………………………………………………………………..
8. …………………………………………………………………………………………..
9. …………………………………………………………………………………………..
10. Name the level of production associated with each of the following occupations. (4 mks)
11. Lumbering …………………………………
12. Maize milling …………………………………
13. Quarrying …………………………………
14. Warehousing …………………………………
15. Write the correct market structure against each of the conditions in the spaces provided.(4mks)

|  |  |
| --- | --- |
| **Condition** | **Market Structure** |
| The firms determines price for products |  |
| There is free entry and exit |  |
| Products are homogeneous |  |
| The firm regulates supply of products |  |

1. State **four** external factors that may adversely affect business operations. (4 mks)
2. …………………………………………………………………………………………..
3. …………………………………………………………………………………………..
4. …………………………………………………………………………………………..
5. …………………………………………………………………………………………
6. The following information was extracted from the books of super traders.

Rate of stock turnover 4 times

Margin 20%

Opening stock 100,000

Closing stock 180,000

Calculate;

1. Cost of sales. (3 mk)
2. Gross profit. (1 mk)
3. Name the office machine used to perform each of the following tasks. (4 mks)

Task Machine

1. Cutting unwanted document into smaller pieces ………………………
2. Putting holes into document to aid filling ………………………
3. Trimming documents into required sizes ………………………
4. Printing postage impressions on envelopes ………………………
5. Outline **four** factors considered in determining an appropriate channel of distribution for goods. (4 mks)
6. ………………………………………………………………………………………….
7. ………………………………………………………………………………………….
8. ………………………………………………………………………………………….
9. ………………………………………………………………………………………….
10. Maoni traders made the following credit sales;

1/6/2013: To Mutua; Amount; 5,000 Invoice No. 030

2/6/2013: To Mwaega; Amount; 10,000 Invoice No. 031

3/6/2013: To Lydia; Amount; 7,000; Invoice No. 032

4/6/2013: To Tsuma; Amount; 6,000; Invoice No. 033

Required

Record the above information in the sales journal and effect the posting to the general ledger. (5 mks).

1. State **four** circumstances that may make a firm to relocate from town x to town Y. (4 mks)
2. ………………………………………………………………………………………….
3. ………………………………………………………………………………………….
4. ………………………………………………………………………………………….
5. ………………………………………………………………………………………….
6. Parago is a manufacturer and distributor of household goods. Highlight **four** types of insurance policies he may take for his business. (4 mks)
7. …………………………………………………………………………………………
8. ………………………………………………………………………………………….
9. …………………………………………………………………………………………..
10. …………………………………………………………………………………………..
11. From the following balances of Chombo Enterprises, prepare a trial balance as at 31/12/2013. (4mks)

Capital 90,000

Sales 15,000

Purchases 40,000

Machinery 100,000

Rent income 33,000

Discount allowed 25,000

Drawings 5,000

Bank (CR) 35,000

Returns inwards 10,000

Returns outwards 7,000