**Name: …………………………………………………………… ……………………………………………………**

**Date: …………………………………………………………… Adm NO:………………......…………………….**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**TIME: 2 HOURS**

**NZAUI SUB COUNTY FORM 4 ENTRANCE EXAM 2015**

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

**BUSINESS STUDIES**

**PAPER 1**

**TIME: 2 HOURS**

**INSTRUCTIONS TO CANDIDATES:**

* *Write* ***your name*** *and* ***your admission Number*** *in the spaces provided above.*
* ***Sign*** *and* ***write*** *the* ***date*** *of examination in the spaces provided above.*
* *Answer* ***all*** *the questions in the spaces provided.*
* *This paper consists of 7 printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.*

**FOR EXAMINERS USE ONLY:-**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| **Score**  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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| **Question** | **14** | **15** | **16** | **17** | **18** | **19** | **20** | **21** | **22** | **23** | **24** | **25** |
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| --- |
| TOTAL MARKS |

1. Give four reasons why a consumer should satisfy basic wants before secondary wants. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

2. Identify four factors that influence entrepreneurial practices in Kenya. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

3. Identify four ways in which an office is important to a business. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

4. Outline four ways in which a well laid out business structure is likely to lead to success of the business. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

5. Identify four functions of a proforma invoice. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………
5. …………………………………………………………………………………………………………..

6. Outline the importance of trade to a country. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

7. Highlight four drawbacks of direct production. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

8. State four advantages of sending parcels using courier firms. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

9. List four circumstances under which the location of a warehouse can be inappropriate. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

10. The following are descriptions of various insurance policies. Identify the name of the policy described by the statement. (4marks)

|  |  |  |
| --- | --- | --- |
|  | Description | POLICY |
| 1. | Covers an organization against losses which might arise as a result of debtors failure to pay their debts |  |
| 2. | Covers for the losses of profit due to interruption of business activities as a result of fire. |  |
| 3. | Covers employees who may suffer injuries while on duty. |  |
| 4. | Covers partial or total physical disability caused to a person due to injury. |  |

11. Outline four functions of advertising firms to the producers. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

12. State four circumstances that will make the standard gauge railway more desirable than road. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

13. Highlight four services offered by local authorities in Kenya. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

14. Give four limitations of consumer initiated methods in consumer protection. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

15. Highlight four causes of change in the capital of a business. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

16. Outline four benefits that accrue to a firm as a result of expansion. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

17. Outline four merits of a long chain of distribution. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

18. Identify f our adverse effects of a declining population to a country . (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

19. In the table below identify the account to be debited and credited for the transactions given. (4marks)

|  |  |  |
| --- | --- | --- |
| Transaction | Account to be debited | Account to be credited |
| 1. Started a business with Kshs. 10,000 in cash
 |  |  |
| 1. Bought stock worth ksh. 2000 in cash
 |  |  |
| 1. Sold goods for ksh. 5000 receiving payment by cheque
 |  |  |
| 1. Bought furniture worth ksh. 6000 on credit from Juma.
 |  |  |

 20. Enter the following transactions in a two column cash book. (4marks)

 March 1: Opening balances –cash ksh. 24,000 bank ksh. 8,000 (cr)

 3: Paid rent ksh. 4,000 in cash.

 10: Bought goods worth ksh. 8,000 and paid by cheque.

 20: Sold goods for ksh. 10,000 in cash.

 25: Received rent of ksh 10,000 by cheque from a tenant.

 26: Deposited ksh. 5,000 from the business into the bank.

 ………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

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21. The capital of Mutua’s business on 1st January 2013 amounted to ksh. 180,000 while on 31st December 2013 it was ksh. 100,000. During the year Mutua invested an additional ksh. 33,000 into the business and made drawings amounting to ksh.64, 000.Calculate the loss made by the business in that financial period. (4marks)

 ………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

22. Identify four errors that maybe revealed by a trial balance. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

23. The diagram below represents the circular flow of income in an economy.

 Q

Households

Firms

 R

 S

 T

 State what the letters Q, R, S and T represent. (4marks)

 Q ………………………………………………………………………………

 R ………………………………………………………………………………

 S ………………………………………………………………………………

 T ………………………………………………………………………………

24. State four conditions that could give a firm monopoly power. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………

25. Highlight four uses of National Income statistics to a country. (4marks)

1. …………………………………………………………………………………………………………
2. …………………………………………………………………………………………………………
3. …………………………………………………………………………………………………………
4. …………………………………………………………………………………………………………