Name : ............................................................. Index No. ..............................................................

Date: ................................................................. Candidate’s Sign: .....................................................

**565/1**

**BUSINESS STUDIES**

Paper 1

September-2013

**Time: 2 HOURS**

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

**Business studies**

Paper 1

**INSTRUCTIONS TO CANDIDATES**

* *Answer* ***all*** *the questions in the spaces provided.*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTION** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| **MARKS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTION** | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| **MARKS** |  |  |  |  |  |  |  |  |  |  |  |

**TOTAL SCORE**

*This paper consists of 7 printed pages. Candidates should check to ascertain that all papers are printed as indicated and that no questions are missing*

1. State **four** ways that may be employed by a business in order to achieve its objective of attaining

 profit. (4mrks)

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

2. Outline **four** measures that the Kenya government can take to conserve forests which have great

 economic importance to the country. (4mrks)

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

3. State **four** positive implications of high population growth rate in a country. (4mrks)

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

4. Highlight **four** benefits associated with the use of containers in transportation today. (4mrks)

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

5. State **four** ways in which the insurance industry promotes the growth of business enterprises.(4mrks)

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

6. Highlight **four** benefits of National income statistics to a country. (4mrks)

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

7. State **four** benefits that Kenya is likely to get from privatisation of its parastatals. (4mrks)

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

8. Give **four** current trends in communication in Kenya. (4mrks)

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

9. Outline **four** factors that may hinder development in a country. (4mrks)

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

10. Highlight **four** characteristics of chain stores. (4mrks)

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

11. State **four** disadvantages of an open office plan. (4mrks)

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

12. State **four** causes of demand –pull inflation. (4mrks)

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

13. The following graph shows the price mechanism and effects of government intervention in business

 activities.

 **D** S

 Price

 **P1**

 **S** **D**

 Quantity

 Highlight **four** effects of fixing the price at **P1** . (4mrks)

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

14. State **four** reasons why a producer would not need a lot of warehousing space /facilities. (4mrks)

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

15. State **four** reasons why a government may want to be involved in commercial activities. (4mrks)

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

16. Outline **four** problems that are encountered when computing the consumer price Index. (4mrks)

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

17. The following information was provided by Kakamega Stores for the year ended 30/6/2010.

Ksh.

 Sales 800,000

 Openning stock 100,000

 Purchases 600,000

 Margin 25%

 Prepare the trading account for the above business. (4mrks)

18. The following balances of assets and liabilities were provided by Tikolo traders as at 31/12/01

 Shs.

 Bank overdraft 80,000

 Land 200,000

 Accrued Electricity 50,000

 Stock 10,000

 Debtors 20,000

The business had drawings amounting to sh. 20,000 during the year. Prepare a balance sheet to determine the networth of the business at the start of the trading year. (4mrks)

19. Give **four** roles of the central bank in the development of the economy. (4mrks)

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

20. State **four** ways that a business should do to maintain acceptable ethics. (4mrks)

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

21. Outline **four** features of perfect competition market. (4mrks)

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

22. Complete the table below by indicating the relevant account to be debited and credited. (4mrks)

|  |  |  |
| --- | --- | --- |
| Transaction | A/c debted | A/c credited |
| A debtor paid by chequeBought goods on creditDeposited cash into the bankPaid cash to a creditor |  |  |

 (i)

 (ii)

 (iii)

 (iv)

23. Mention **four** components that constitute external environment of a business. (4mrks)

 (i)................................................................................................................................................

 (ii)................................................................................................................................................

 (iii)...............................................................................................................................................

 (iv)...............................................................................................................................................

24. Highlight **four** ways in which business may improve the productivity of its human resources.(4mrks)

(i).................................................................................................................................................

(ii)................................................................................................................................................

(iii)..............................................................................................................................................

(iv)..............................................................................................................................................

25. State **four** disadvantages of ATM (Automatic Teller Machine). (4mrks)

 (i).................................................................................................................................................

 (ii)................................................................................................................................................

 (iii)...............................................................................................................................................

 (iv)...............................................................................................................................................