**Name: …………………………………………………………… Index no ……..….........................**

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

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**TIME: 2 HOURS**

**MBOONI EAST SUB – COUNTY FORM 4 ENTRANCE EXAMINATION 2014**

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

**BUSINESS STUDIES**

**PAPER 1**

**TIME: 2 HOURS**

**INSTRUCTIONS TO CANDIDATES:**

* *Write* ***your name*** *and* ***your index 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 8 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:-**

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

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| **Question** | **13** | **14** | **15** | **16** | **17** | **18** | **19** | **20** | **21** | **22** | **23** | **24** | **25** |
| **Score**  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Outline four reasons why cash payment would be preferred to cheque payment (4marks)

i) ………………………………………………………………………………….……………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. State four problems consumers can encounter in the process of satisfying their wants (4marks)

i) ……………………………………………………………………….………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. State four reasons why Kenya has not been able to utilize her natural resources fully (4marks)

i) ……………………………………………………………………………….………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. Highlight four conditions necessary for business to maintain a healthy business environment (4marks)

i) …………………………….…………………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. Listed in the table below are various forms of production. For each form of production, indicate (🗸) the correct classification in the appropriate column.

|  |  |  |  |
| --- | --- | --- | --- |
| **Forms of production** | **Primary** | **Secondary** | **Tertiary** |
| Farming  |  |  |  |
| Transportation  |  |  |  |
| House building  |  |  |  |
| Retailing  |  |  |  |

1. From the following information prepare a three column cash book duly balanced (4marks)

 **2010**

 May 1: Balances brought for forward: - Bank 2000 (cr)

 Cash 1000

 May 5: Received Sh.7800 Cash from Wambua after deducting 2½% cash discount.

 May 14: Deposited Sh.8800 from the cash till to the bank

 May 24 Paid wages of Sh.800 by cheque

1. Outline four circumstances that would make an office manager to replace an existing machine with

 a modern one (4marks)

i) ……………………….………………………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. Outline four measures that can be taken to improve efficiency of parastatals in Kenya (4marks)

i) …………………………………………………………….…………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. Outline four factors that an entrepreneur would consider in deciding whether a business

 opportunity is worth investing (4marks)

i) ………………………………………………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. Mutua owned a motor vehicle valued at Ksh.1,000,000. He comprehensively insured the car at

Sh. 800,000. The motor vehicle was involved in an accident and declared write off.

 Calculate the amount he should get from the insurer. (4marks)

1. Highlight four circumstances under which owners equity may change (4marks)

i) ………………………………………………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. The diagram below shows a shift in supply curve from So So to S1, S1

Quantity supplied

Price

S1

S1

S0

S0

 State four factors that may account for the above shift

i) ………………………………………………….……………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. Highlight four measures a government may take to attract firms to an areas (4marks)

i) ………………………………………………….……………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. Give four ways in which a manufacturer in monopolistic competition may use to differentiate his

 products from those of rival firms. (4marks)

i) ………………………………….……………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. Study the following diagram and state the missing terms (4marks)

 Firms

 House holds

A

C

D

B

A ………………………………….…………………………………………………………………….

B ………………………………………………………………………………………………………..

C ……………………………………..…………………………………………...……………………..

D ……………………………………………………………….………….……………………………

1. Outline four negative effects of ageing population in an economy. (4marks)

i) ………………………………….……………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. State the term given to each of the following disciplines.

a). Study of how man strives to satisfy his unlimited wants using limited resources

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

b). Study of trade and aids to trade

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

c). Systematic way of recording business activities used for decision making

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

d). Study of the process of identifying business opportunities and acquiring necessary resources to start

 the business

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

1. Outline four reasons that have led to the growth of savings and co-operative societies in Kenya (4marks)

i) ………………………………….……………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. The following information shows the financial position of Achoki Traders as at 1st May 2010

Kshs.

Capital 130,000

Cash in hand 40,000

Rent owing 12,000

Furniture 110,000

Debtors 20,000

Stock 60,000

Trade creditors 38,000

Bank overdraft 50,000

 Prepare trial balance of the business (4marks)

1. Outline four expenses that intermediaries incur in the process of distributing goods (4marks)

i) ………………………………….……………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. Outline four benefits that consumers get from warehousing (4marks)

i) ………………………………….……………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. Highlight four reasons why it is important for a business to develop affective communication (4marks)

i) ………………………………….……………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. Outline four reasons why the government regulates business activities in the country (4marks)

i) ………………………………….……………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. State four factors that may discourage the use of pipeline as a means of transporting petroleum in Kenya. (4marks)

i) ………………………………….……………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………

1. State any four benefits of using E-commerce in transacting business in an organization (4marks)

i) ………………………………….……………………………………………………………………….

ii) …………………………………………………………………………………………………………..

iii) …………………………………………………………………………………...……………………..

iv) …………………………………………………………………………….……………………………