**Name**…………………………………… …………………………..………… Index No:………………………….

**565/1** Candidate’s Signature …………..……………

**BUSINESS** Date: …………………………

**PAPER 1**

**JUNE/JULY 2014**

**TIME: 2 HOURS**

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

**565/1**

**Business Studies**

**Paper 1**

**2 Hours**

**INSTRUCTIONS TO CANDIDATES**

* Write your **name** and **index** **number** in the spaces provided above
* **Sign** and write the **date** of examination in the spaces provided.
* Answer ***all*** the questions .(25 questions).
* All answers should be written in the spaces provided in this booklet.
* Candidates should answer all questions in English

**For Examiners Use Only**

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| **Question** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** | **19** | **20** | **21** | **22** | **23** | **24** | **25** |
| **Marks** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**TOTOTAL MARK**

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

1. Outline **four** ways in which a good business structure is of benefit to a business organization(4mks)

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2. Outline **four** difficulties that would be faced by an individual in the satisfaction of human

wants (4mks)

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3. Highlight **four** characteristics of less developed economies (4mks)

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4. Using a diagram, illustrate how a decrease in demand occurs while holding all factors constant

apart from price (4mks)

5. State **four** circumstances under which it may be appropriate to use personal selling as a form of product promotion (4mks)

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6. K Ltd a manufacturing firm has been performimg poorly in the recent past. Highlight four measures that they can take to improve their profitabilility (4mks)

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7. State **four** functions of commercial attaches (4mks)

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8. Give **four** reasons why some traders prefer to operate supermarket business (4mks)

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9. State **four** reasons why short message service (SMS) is replacing letters as a way of communication (4mks)

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10. Describe **four** channels used when importing commodities (4mks)

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11. State **four** circumstances under which a clerk may be employed to work in organization (4mks)

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12. Give **four** benefits that are likely to result form a modern railway network in the country (4mks)

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13. Outline **four** features of monopolistic competition (4mks)

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14. State **four** merits of storing goods in a public warehouse (4mks)

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15. Give **four** benefits of business organizations maintaining a healthy environment (4mks)

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16. The table below show descriptions of different types of partners. Identify type of partners that match the description

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| --- | --- |
| Description | Type of partner |
| 1. Do not contribute capitals 2. Those whose private properties can be used to pay business costs 3. Do not participate actively in management 4. Are above 18 years of age |  |

17. On 31st December 2013 Kiu Traders had made a turnover of Sh.80,000 for the fear and had a closing stock of SH.10,000. If the business was working at a margin of 20%, draw its trading account for the period ending 31st, December 2013 (4mks)

18. Mbuthia insured her house against fire. Six months later the house was completely destroyed by fire. Outline the procedure that should be followed before compensation is made (4mks)

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19. Highlight **four** causes of balance of payment disequilibrium (4mks)

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20. The average consumer prices for a certain commodity for various years is shown in the table below

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| --- | --- |
| Year | Consumer price |
| 2010  2011  2012  2013 |  |

Calculate the consumer price indexes using 2010 as the base year (4mks)

21. Match the following description of errors with the type of errors made when keeping books of accounts (4mks)

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| --- | --- |
| Description | Error type |
| 1. Occurs where errors is both the debit and credit balances are of equal amounts |  |
| 1. Occurs where a transaction is not recorded at all in the books |  |
| 1. Occurs when entries are made in the wrong class of accounts |  |
| 1. Occurs where both the debit and credit entries are made using similar but erroneous figures |  |

22. Give **three** reasons why the per capita income of a country may not change (3mks)

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23. The diagram below shows a population pyramid for a certain country

**0**

**10**

**20**

**30**

**40**

**90**

**1**

**2**

**3**

**4**

**6**

**7**

**Population in Millions**

**Age in years**

Give **four** challenges facing this country (4mks)

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24. Show the accounts to be debited or credited for the following transactions (4mks)

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| --- | --- |
| Transaction |  |
| 1. Paid wages in cash |  |
| 1. Took business cash for private use |  |
| 1. Purchased office equipment on credit from Sao Ltd |  |
| 1. Paid telephone bill by cheque |  |

25. Outline **four** measures that the government can take to reduce the high recurrent expenditure (4mks)

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