**Kenya Certificate of Secondary Education 2019**

 **565/ 1 Business Studies**

**Paper** 1

**END TERM 1- Time : 2 Hrs**

**Name …………………………………………….……… Index Number…………………………..**

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

**INSTRUCTIONS TO CANDIDATES**

1. Write your name and Index number in the spaces provided above.
2. Write the date of examination in the spaces provided above.
3. Answer **ALL** the questions.
4. **ALL** answers must be written in the spaces provided in this booklet.
5. Do not remove any pages from this booklet.
6. This paper consists of **8**  printed pages.
7. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

**FOR EXAMINER’S USE ONLY**

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

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

|  |  |
| --- | --- |
|  |  |

Turn over

1. Highlight four social responsibilities of a business to its customers. (4mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

1. State four gaps that may exist in a market to present an entrepreneur with a business idea. (4 mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

1. In each of the following cases, state the type of office department described. (4 marks)

|  |  |
| --- | --- |
| **Description** | **Type of department** |
| Dealing with complaints from customers |  |
| Recruitment, employment and placement of staff. |  |
| Maintaining a record of all suppliers of goods and services. |  |
| Processing, manufacturing and assembling of products |  |

1. Draw four channels of distribution for imported maize. (4 marks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

1. In Kenya, there is a wide gap between the rich and the poor. Highlight four factors that contribute to this disparity in income distribution. (4 mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

1. Give four reasons why most firms are preferring open office layout. (4 mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

1. State **four** advantages of using the internet as a means of communication. (4mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

1. Identify **four** reasons why hawking is very popular among the Kenyan youth. (4mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

1. The following information relates to Beta Traders.

 **Shs.**

Capital on 1st Jan. 2009 700,000

Drawings during the year 80,000

Investments during the year 460,000

Capital on 31st Dec. 2009 900,000

**Required:**

Determine net profit/net loss during the year. (4mks)

1. Insurance business has become very unpopular among investors. Highlight **four** challenges that have resulted to this. (4mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

1. Outline **four** ways in which land influences the location of industries. (4mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

1. Highlight **four** disadvantages of external borrowing as a source of government revenue. (3mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

1. Given below is a cash book extract from the books of account of Patel Enterprises.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2009 |  |  | Sh | Sh | Sh | 2009 |  |  | Sh. | Sh. | Sh. |
| Dec 1 2 14 | BalanceRonoCash | b/dC | 2,000 | 15,00038,000 | Dec 142031 | Dec 14 20 31 | BankEquipmentDrawings | C |  | 30,0007,000 | 80,000 |

 In relation to the entries appearing in the cash book extract, state the transactions that took place on each

 of the following dates. (4 marks)

1. 2nd December, 2009.

………………………..........................................................................................................................................

1. 14th December, 2009.

………………………..........................................................................................................................................

1. 20th December, 2009.

………………………..........................................................................................................................................

1. 31st December, 2009.

………………………..........................................................................................................................................

1. Name **four** ways in which the price of a commodity may be determined. (4 marks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

1. The following balances were extracted from the books of Nyaosi investment on 30th June, 2010.

 **Ksh.**

 Sales 320,000

 General expenses 76,000

 Salaries 28,000

 Cost of sales 240,000

a) Prepare the Trading, Profit and Loss Account for Nyaosi investment. (3 marks)

b) Calculate the profit margin (1 mark).

 16. Highlight **four** advantages of transporting oil by pipeline rather than by road. (4 marks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

 17. Give **three** differences between international trade and domestic trade. (3 marks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

18. Highlight **four** reasons that make it important for basic wants to be satisfied first before secondary wants (4mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

19. Outline **four** reasons why cartels should be discouraged in a country (4mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

20. In the spaces provided below indicate with a tick (✓) whether the following transactions

will increase, decrease or have no effect on capital (4mks)

|  |  |  |  |
| --- | --- | --- | --- |
| **Transaction** | **Increase** | **Decrease** | **No effect** |
| a) Sold a business van for cash  |  |  |  |
| b) Converted a private computer to business use |  |  |  |
| c) Took stock from business for personal use. |  |  |  |
| d) The business made profit |  |  |  |

21. With Kenya targeting Millenium Development Goals and Vision 2030, planning has become

 key component in their realization. Outline four qualities of a good development

plan (4mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

22. State **four** circumstances under which a businessman may prefer to build his own warehouse instead of using a public warehouse (4mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

23. Outline**four** benefits a customer may get when buying goods from a supermarket (4mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………

24. The following information relates to Jua Kali traders as at 1st December 2008.

 kshs

 Premises 190,000

 Debtors 25,000

 Cash at bank 15,000

 Capital 230,000

 Creditors 30,000

 Stock 30,000

 The following transactions took place in the month of December 2008.

 Dec. 5th bought goods by chequesshs. 5,000

 Dec 8th Recovered from debtors Shs. 10,000

 Cash.

 Dec 15th paid creditors 8,000 cash.

 December 31st brought into the business 20,000 cash from personal savings.

 Required:

 Prepare the balance sheet as At 31/12/2008 (5mks)

25. State four advantages of self-employment (4mks)

(i)…………………………………………………………………………………………………

(ii)…………………………………………………………………………………………………

(iii)…………………………………………………………………………………………………

(iv)…………………………………………………………………………………………………