

NAME..... INDEX NO.....

SCHOOL..... CANDIDATE'S SIGNATURE.....

DATE.....

**565/1**  
**BUSINESS STUDIES**  
**PAPER 1**  
**JULY/AUGUST 2013**  
**TIME: 2 HOURS**

## **KIRINYAGA CENTRAL DISTRICT JOINT EXAMINATION - 2013**

**Kenya Certificate of Secondary Education**  
**BUSINESS STUDIES**  
**PAPER 1**  
**TIME: 2 HOURS**

### **INSTRUCTIONS TO CANDIDATES:**

- Write your **name** and **index number** in the space provided above.
- **Sign** and write the **date** of the examination in the spaces provided above.
- Answer all the questions.
- All answers must be written in the spaces provided.

### **FOR EXAMINER'S USE ONLY**

Questions	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>
Marks													

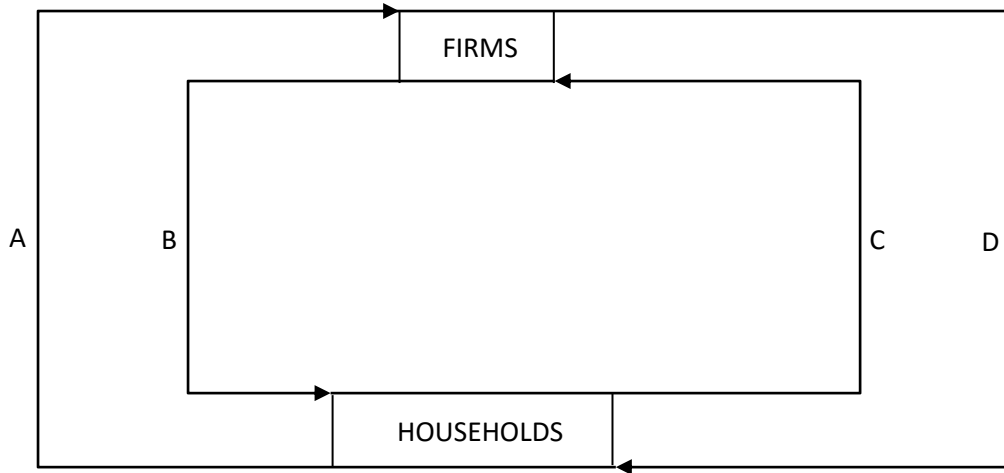
Questions	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>
Marks												

**TOTAL  
MARKS**

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1. Give **four** features of departmental stores. (4mks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
2. Highlight **four** roles of an entrepreneur to the economy of a country. (4mks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
3. Give **four** reasons why a manufacturer may offer after-sales services to his customers. (4mks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
4. Outline **four** circumstances under which it would be appropriate to use signs to communicate. (4mks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
5. Highlight **four** measures taken by producers to ensure consumers are protected when using their products. (4mks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
6. List **four** disadvantages of using containers to transport goods. (4mks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

7. The diagram **below** shows the circular flow of income in a two sector economy.



Name the parts marked **A, B, C** and **D**. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

8. The table **below** shows the change in population size in a certain country between 1999 and 2001.

Year	Total population (millions)
1999	20
2000	25
2001	30

State **four** factors that may have contributed to the population trend shown above. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

9. State **four** uses of a trial balance to a business. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

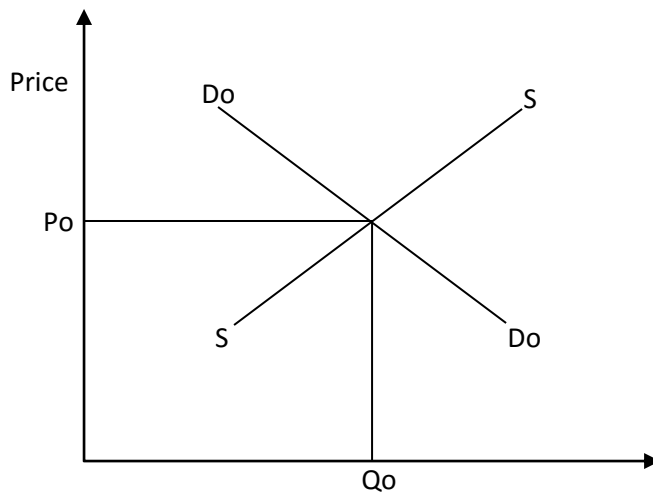
10. State **four** principles of public expenditures. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

11. Highlight **four** conditions that a customer should satisfy before a bank can grant him a loan. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

12. The diagram **below** shows the demand and supply curves of a certain commodity and corresponding equilibrium price ( $P_o$ ) and quantity ( $Q_o$ ). On the diagram, show the new equilibrium price and quantity as a result of an increase in the demand of the commodity. (4mks)



13. Identify the types of advertising described in the statements given **below**. (4mks)

- (a) Create awareness about a product.  
\_\_\_\_\_
- (b) Promotes the name of the manufacturer.  
\_\_\_\_\_
- (c) Persuades potential customers to buy a particular brand of a product.  
\_\_\_\_\_
- (d) Promotes a particular brand of a product.  
\_\_\_\_\_

14. Highlight **four** reasons why economic planning is important to a country. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

15. Outline **four** negative effects of inflation to an economy. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

16. A group of businessmen from a certain town have formed a cartel. State **four** reasons that could have led them to take such an action. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

17. Outline **four** benefits which may accrue to an organization which uses office machines in its operations. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

18. Otieno a trader had the following assets and liabilities on 1<sup>st</sup> March 2011.

	Ksh.
Capital	120,000
Machinery	80,000
Trade debtors	20,000
Trade creditors	10,000
Stock	25,000
Cash at bank	5,000

On March 2<sup>nd</sup> he had the following transactions:

- Purchased goods for Ksh.15,000 on credit.
- Received a cheque for Ksh.10,000 from a debtor.
- Sold the machinery for Ksh.90,000 in cash.

Prepare Otieno's balance sheet as at 2<sup>nd</sup> March 2011.

(4mks)

19. Kobe insured his house against the risk of the fire. Six months later, the house was completely destroyed by fire. Outline the procedure that should be followed before he is compensated. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

20. The following information relates to Musiko Traders for the year ended 31<sup>st</sup> December 2011.

	Ksh.
Sales	800,000
General expenses	120,000
Carriage on sales	10,000
Commission income	40,000
Margin	20%

Prepare Musiko Traders profit and loss account for the year ending 31<sup>st</sup> December 2011. (4mks)

21. State **four** reasons why it may be necessary for the government to encourage new firms to be located in the rural areas. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

22. State **four** measures that Kenya may take to promote her exports. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

23. Name the factor of production that each of the following resources relate to. (4mks)

	Resource	Factor of production
(a)	Manager	
(b)	Equipments	
(c)	Raw materials	
(d)	Owner	

24. State **four** advantages of public warehouse to producers. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

25. Highlight **four** benefits that will accrue to a firm that expands its scale of operations. (4mks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_