

Name: Index no

School: Candidate's sign

Date:

565/1
BUSINESS STUDIES
PAPER 1
MARCH/APRIL 2011
TIME: 2 ½ HOURS

BUTERE EAST ZONE JOINT EXAMINATION

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

Business Studies
Paper 1

INSTRUCTIONS TO CANDIDATES:

- Write **your name** and **Index Number** in the spaces provided.
- Answer **all** the questions
- All answers **must** be written in the spaces provided in this booklet.

For Examiner's Use Only:

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 MARKS

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This paper consists of 8 printed pages. Candidates should check to ascertain that all papers are printed as indicated and that no questions are missing

1. Give **four** reasons for the existence of business in the society (4mks)
2. Highlight **four** internal weakness that may affect a business performance. (4mks)
3. Outline **four** measures a consumer may take to satisfy unlimited wants. (4mks)
4. Outline **four** characteristics of economic resources. (4mks)
5. List **four** characteristics of land as a factors of production. (4mks)
6. Identify the type of utility created in the following. (4mks)

a) Carpentry	
b) selling bread to students	
c) warehousing of goods imported	
d) carriage of Cargo to the market	

7. Outline **four** differences between direct production and indirect production (4mks)

Direct production	Indirect production
i)	
ii)	
iii)	
iv)	

8. Outline **four** factors that inhibit entrepreneurial development in Kenya. (4mks)

9. The following balance were enacted from the books of Kemboi Traders for the month ended 31st January

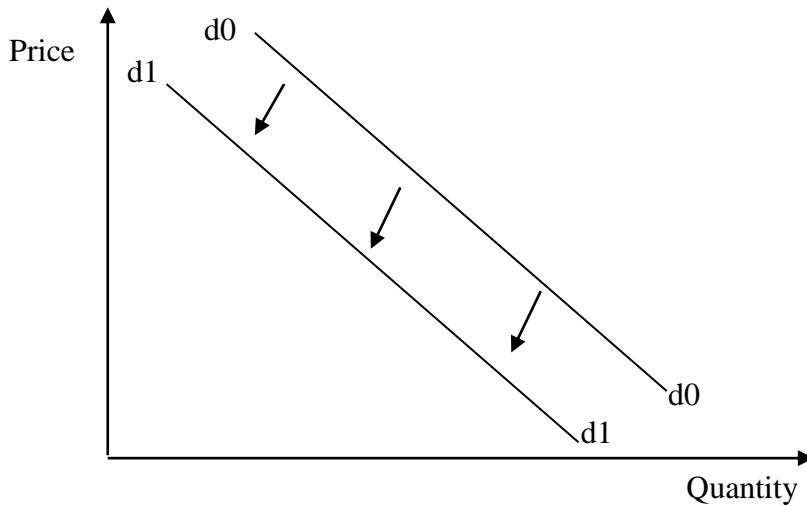
2004

Sales	420,000
Purchases	240,000
Motor van	300,000
Equipment	120,000
Debtors	80,000
Creditors	40,000
Expenses	160,000
Capital	440,000

Required: prepare a trial balance.

10. Outline **four** importance of a business plan (4mks)
11. Business ethics contribute to the success of a business. Highlight **four** roles of ethics in business. (4mks)
12. Outline **four** circumstances under which a business organization will hire rather than purchasing an office machine (4mks)
13. State **four** functions of a customer care desk in a business organization. (4mks)

14 . The figure below shows a shift in demand



State **four** possible causes that might have led to this situation. (4mks)

15. The following relates to business X, Y and Z. determine the missing figures represented by a, b, and c, (3mks)

Business	Capital (Shs)	Assets (Shs)	Liabilities (Shs)
X	1,500,000	(a)	300,000
Y	(b)	2200,000	1,600,000
Z	330,000	400,000	(c)

16. Complete the following table by indicating the account to be debited (Dr) and the one to be Credited (Cr)

Transaction	Account Dr	Account Cr
i) Started a business with Shs, 50,000 cash		
ii) Received a cheque from a debtor		
iii) Bought office equipment by cheque		
iv) Paid a creditor in cash		

17. Highlight **four** characteristics of insurable risks. (4mks)

18. Outline **four** circumstances under which a manufacturer would find it advisable to distribute his goods through wholesalers. (4mks)

19. Give **four** differences between shares and debentures. (4mks)

Debentures	Shares
i)	i)
ii)	ii)
iii)	iii)
iv)	iv)

20. State **four** problems encountered in measuring national income using the output method. (4mks)

21. The following transactions took place in the business of Ongoma Enterprises during the first week of January 2004.

2004

- Jan 1 : Bal B/d Cash. Kshs. 26000 and bank Kshs. 50,000(cr)
- Jan 2 : Received a cheque from sales worth Kshs. 40,000
- Jan 3 : sold a building in cash Ksh. 100,000
- Jan 4 : Purchased goods worth Kshs. 45,000 paying in cash Ksh.25,000 and cheque Kshs.10,000, the balance to be paid later.
- Jan 5 : Deposited Ksh.30,000 into the bank account.

Required: record the above transactions into a two – column cash book and balance it off as at 5th Jan 2004

Dr Cash Book Cr

Date	Details	LF	Cash	Bank	Date	Details	LF	Cash	Bank

- 22. Banking has played a major role in Kenya’s economic development. Outline **four** emerging issues in banking. (4mks)
- 23. Outline **four** measures that a government may take to encourage establishment of industries in rural areas. (4mks)
- 24, State **four** responsibilities of customs officials in a bonded warehouse. (4mks)
- 25. Outline **four** reasons why the government of Kenya must impose tax. (4mks)