
FORM 4 ENTRANCE EXAMS 2024

Name Index number.....

Candidate's Sign.....

Date.....

565/1
BUSINESS STUDIES
PAPER 1
TIME: 2 HOURS

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

565/1
BUSINESS STUDIES
PAPER 1
TIME: 2 HOURS

INSTRUCTIONS

- Write your **NAME**, **SCHOOL** and **INDEX NUMBER** in the spaces provided.
- Answer **ALL** questions provided in the spaces provided.
- This paper consists of **10 printed pages** and **25 questions**.

FOR EXAMINERS USE ONLY

Question	1	2	3	4	5	6	7	8	9	10	11	12	14	15	16
MARKS															

17	18	19	20	21	22	23	24	25	TOTAL

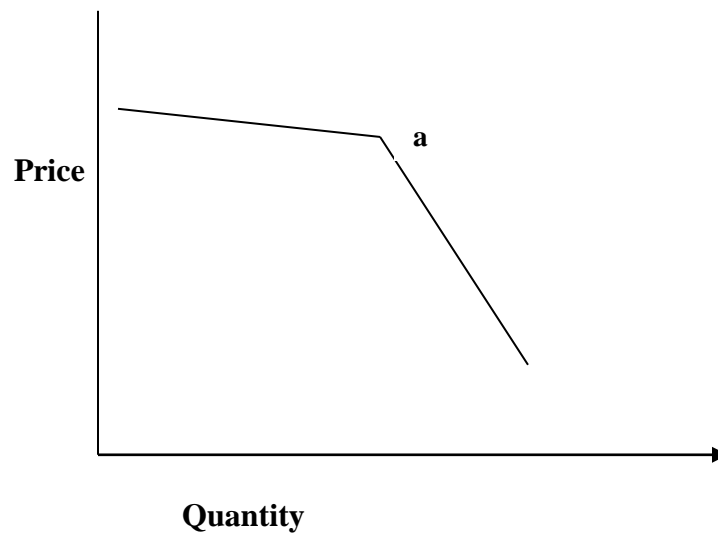
1. Outline **three** reasons why cash payment would be preferred to cheque payment. (3 marks)
 - (a)
 - (b)
 - (c)
 - (d)
2. State **four** reasons why a farmer would prefer to transport a herd of cattle by rail rather than by road. (4 marks)
 - (a)
 - (b)
 - (c)
 - (d)
3. State **four** advantages of using internet as a means of communication. (4 marks)
 - (a)
 - (b)
 - (c)
 - (d)
4. State **four** measures which the Kenyan government can take to solve the unemployment problem. (4 marks)
 - (a)
 - (b)

- (c)
- (d)

5. Highlight **four** roles played by an entrepreneur in the production process. (4 marks)

- (a)
- (b)
- (c)
- (d)

6. The diagram below shows a demand curve for a firm operating in a given type of market structure. (4 marks)



a) State the name which is given to such a demand curve. (1 marks)

.....

b) Indicate on the diagram the possible price and quantity. (2 marks)

.....

c) State the significant of the point labelled **a**. (1 mark)

.....

7. State **four** advantages of using intermediaries in the distribution of goods. (4 marks)
- (a)
- (b)
- (c)
- (d)

8. Give **four** reasons facing cooperative societies. (4 marks)
- (a)
- (b)
- (c)
- (d)

9. State **four** advantages of franking machine. (4 marks)
- (a)
- (b)
- (c)
- (d)

10. The following information was extracted from the books of Venus traders.

Rate of turnover. 3 times
Mark-up. 20%
Opening stock. Sh 160,000
Closing stock. Sh 200,000

Required

- i) Gross profit. (2 marks)
- (a)
- (b)
- (c)
- (d)

ii) Sales. (2 marks)

- (a)
- (b)
- (c)
- (d)

11. Outline **four** factors that may hinder occupational mobility of labour. (4 marks)

- (a)
- (b)
- (c)
- (d)

12. The following relate to Furaha Traders for the year 2020

- i) Closing capital (31.12.2020) sh 300,000
- ii) The owner converted his personal computer valued at sh 35,000 into business use.
- iii) The owner had withdrawn goods worth sh 40,000 for personal use.
- iv) Incurred losses amounting to sh 65,000

Determine Furaha Traders initial capital on(1.01.2006). (4 marks)

13. For each of the following books of original entry, indicate the source document:
(4 marks)

Journal	Source document
Purchase journal	
Sales day book	
Petty cash book	
General journal	

14. Highlight **four** measures that a government may take to reduce the mortality rate in a country.
(4 marks)

- (a)
- (b)
- (c)
- (d)

15. The following balances were extracted from the books of Mavuno Traders for the year ended 31st march 2021.

Gross profit.	186,200
Discount allowed.	7,400
Carriage outwards.	13,500
Rent received.	34,300
Office expenses.	19,600
Salaries.	57,000

Prepare a profit and loss for the ended 31st march 2021.

(5 marks)

16. State four factors that determine the amount of money held for transaction motive. (4 marks)
- (a)
 - (b)
 - (c)
 - (d)
17. State **four** objectives of product promotion. (4 marks)
- (a)
 - (b)
 - (c)
 - (d)
18. Highlight **four** difficulties faced in satisfaction of human wants. (4 marks)
- (a)
 - (b)
 - (c)
 - (d)
19. Highlight **four** factors under economic environment that positively affects the business. (4 marks)
- (a)
 - (b)
 - (c)

(d)

20. Outline **any four** measures that a firm should take to improve the performance of its labour force. (4 marks)

(a)

(b)

(c)

(d)

21. List **four** reasons why distributors of goods would prefer to locate warehouse near it customers. (4 marks)

(a)

(b)

(c)

(d)

22. Highlight **four** benefits of globalisation to business enterprise. (4 marks)

(a)

(b)

(c)

(d)

23. Kazi moto insured a motor vehicle against fire with MotoMoto company by paying Kshs.300.000. later the car was destroyed at a garage and a compensation of Kshs. 4,000 were paid. Using insurance terms, state what each of the following stand for; (4 marks)

a) Kazi Moto

.....

b) Fire

.....

c) Kshs 300,000

.....

d) Moto Moto Company

.....

24. State **four** responsibilities of a business to its customers. (4 marks)

(a)

(b)

(c)

(d)

25. Show the effect of each of the following transaction to capital, assets and liabilities indicating if its increasing(+), decreasing(-) or nil (0). (4 marks)

Transaction	Capital	Asset	Liability
a) Converted private house into business premises			
b) Paid creditors in cash			
c) Sold a business car valued at sh 400,000 for sh 300,000 on credit			
d) Sold goods on credit			

FORM 4 ENTRANCE EXAMS 2024

MARKING SCHEME

565/1

1. Reasons why cash payment would be preferred to cheque payment.(3 marks)

- a. cash is a legal tender but cheque is not.
- b. where the debt to be paid is a small amount
- c. one need not have a bank account
- d. personal cheques can easily be dishonored
- e. bank charges are incurred when cashing a cheque.
- f. takes longer to obtain cash on a cheque/process is longer/takes time.

2.Four reasons why a farmer would prefer to transport a herd of cattle by rail rather than by road (4 marks)

- a. economical/cheaper than road
- b. less prone to accidents/safer
- c. follow a scheduled timetable/can plan when to transport
- d. special loading/off-loading terminals.
- e. have special wagons for transporting cattles.
- f. possible to feed the animals while on teansit

3. four advantages of using internet as a means of communication (4 marks)

- a. worldwide connectivity

- b. Send/receive e-mail
- c. faster means of communication
- d. can advertise/promote goods on internet
- e. can buy/sell goods on internet as
- f. can hold a conference on the internet
- g. information/data can be downloaded/printed free of charge.

4. four measures which the Kenyan government can take to solve the unemployment problem.(4 marks)

- a. control population growth
- b. encourage self-employment/educate people on self employment
- c. provide capital for people to set up businesses
- d. encourage investment in the country
- e. encourage use of labour intensive methods of production
- f. encourage people seek jobs outside the country

5. four roles played by an entrepreneur in the production process.(4 marks)

- a. taking risks/initiating production
- b. combining other factors of production
- c. making decisions
- d. rewarding other factors of production
- e. innovation and creativity

6. The diagram below shows a demand curve for a firm operating in a given type of market structure.(4 marks)

- a. kinked demand curve (1 marks)
- b) on diagram show P_0, P_1, D_0 and D_1 (2 marks)
- c) most sellers tend to sell goods at prices determined at this point because any price above this will lead to a big loss of customers while price below this will lead to an insignificant increase in sale/demand.(1 mark)

7. Four advantages of using intermediaries in the distribution of goods(4 marks)

- a. Increase costs of making goods/makes goods expensive
- b. some goods may perish
- c. goods may be adulterated
- d. goods might get damaged due to mishandling
- e. delay delivery of goods to market when needed

8. Give four reasons facing cooperative societies. (4 marks)

- a. lack of capital/finances
- b. political interference
- c. mismanagement and embezzlement of funds
- d. limited use of modern technology
- e. inability to attract qualified personnel due to low pay

9. Four advantages of franking machine. (4 marks)

- a. produce neat work
- b. can print accurate postage amounts
- c. lessens theft/misuse of loose stamps by employees
- d. minimises loss of stamps
- e. can be used to print messages.

10. The following information was extracted from the books of Venus traders.

Rate of turnover. 3 times

Mark-up. 20%

Opening stock. Sh 160,000

Closing stock. Sh 200,000

i) Gross profit. (2 marks)

Rate of stock turnover = cost of sale / average stock

Cost of sale. = 3

160,000 + 200,000

Cost of sale. =3

180,000

Cost of sale=540,000

G.P=20% x540,000=108,000

ii)Sales = cost of sale + gross profit

=540,000+108,000=648,000 (2 marks)

11.a.long training period required.

b.l ack of skills required.

c. fear of unknown/change

d. high cost of training.

e. lack of adequate information about opportunities in other fields.

12.The following relate to Furaha Traders for the year 2020

i)closing capital (31.12.2020) sh 300,000

ii)the owner converted his personal computer valued at sh 35,000 into business use.

iii)the owner had withdrawn goods worth sh 40,000 for personal use.

iv) incurred losses amounting to sh 65,000

Determine Furaha Traders initial capital on(1.01.2006). (4 marks)

Initial capital=CC+D+L-I

=300,000+40,000+65,000-35,000

=195,000-35,000=160,000

13.For each of the following books of original entry,indicate the source document:(4 marks)

Journal	Source document
Purchase journal	Purchases invoice,invoice received, original invoice

Sales day book	Sales invoice,invoice issued, copy of invoice
Petty cash book	Payment voucher
General journal	Invoice.

14.Highlight four measures that a government may take to reduce the mortality rate in a country. (4 marks)

- a.availability of better health care
- b.food security
- c.Minimizing internal conflicts and wars
- d.improving environment sanitation
- e.control crime
- f.control use of drugs and alcohol
- h.disaster preparedness
- I.sensitization of public and personal hygiene/vaccination/stress/HIVAIDS

15.The following balances were extracted from the books of Mavuno Traders for the year ended 31st march 2021.

Gross profit.	186,200
Discount allowed.	7,400
Carriage outwards.	13,500
Rent received.	34,300
Office expenses.	19,600
Salaries.	57,000

Prepare a profit and loss for the ended 31st march 2021(5 marks)

Mavuno Traders

Profit and loss account

For the period ended 31st march 2021

Carriage outwards.	13,500	Gross profit b/d	286,200
Discount allowed.	7,400	Rent received.	34,300
General expenses.	19,600		
Salaries.	57,000		

16.State four factors that determine the amount of money held for transaction motive.(4 marks)

- a.the level of income
- b.the frequency of payment of an individual
- c.individuals spending habits
- d.availability of credit facilities.
- e.the rate of inflation/high price of commodities.

17.State four objectives of product promotion.(4 marks)

- a.give information about a product.
- b.persuade to buy.
- c.create public interest to buy.
- d.sustain public interest to continue buying.
- e.create sales.
- f.launch a new product.
- g.retain market.

18.Highlight four difficulties faced in satisfaction of human wants.(4 marks)

- a.unlimited in number/too many.
- b.they are insatiable.
- c.they are complimentary.

d.vary in urgency and intensity.

e.lack of resources.

19.Highlight four factors under economic environment that positively affects the business.

a.decrease in tax

b.increase in consumer's disposable income

c.decrease in prices of goods and services.

d.decrease in price of complimentary goods. (4 marks)

20.Outline any four measures that a firm should take to improve the performance
of its labour force.(4 marks)

21.List four reasons why distributors of goods would prefer to locate warehouse near
it customers. (4 marks)

22.Highlight four benefits of globalisation to business enterprise.(4 marks)

a.provide wide market.

b.encourage collaboration among businesses from different countries

c.share technology

d.access to resources like raw materials from other countries

e.facilitate sharing of research findings by businesses globally/sharing of information

23.a.insured

b.risk

c.premium

d.insure

24.State four responsibilities of a business to its customers. (4 marks)

- a.respond to their compliants
- b.proper labelling and packaging
- c.avoid misleading advertisement
- d.right quantity
- e.fair pricing
- f.offering safe products
- h.offering advices.

25.Show the effect of each of the following transaction to capital,assets and liabilities indicating if its increasing(+),decreasing(-) or nil(0). (4 marks)

Transaction	Capital	Asset	Liability
a)Converted private house into business premises	+	+	0
b)Paid creditors in cash	0	-	-
c)Sold a business car valued at sh 400,000 for sh 300,000 on credit	-	-	0
d)Sold goods on credit	0	+	0