

NAME _____

INDEX NO. _____

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565/1

Business Studies

Paper 1

July/August, 2016

Time: 2 Hours

**JOINT EXAMINATION TEST 2016 Kenya
Certificate of Secondary Education (K.C.S.E)**

565/1

Business Studies

Paper 1

Time: 2 Hours

INSTRUCTIONS TO CANDIDATES

- Write your name and Index number in the spaces provided above.
- Write the date of examination in the spaces provided above.
- Answer **ALL** the questions.
- ALL** answers must be written in the spaces provided in this booklet.
- Do not remove any pages from this booklet.
- This paper consists of 7 printed pages.
- 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												

Grand Total	
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565/1 BUSINESS STUDIES PAPER ONE

1. Highlight four negative effects of production activities on the environment and community health. (4 marks)

i) _____

ii) _____

iii) _____

iv) _____

2. Outline four reasons why there is a lot of government support on the activities of entrepreneurs in Kenya today. (4 marks)

i) _____

ii) _____

iii) _____

iv) _____

3. State four reasons why human beings satisfy their basic wants before the secondary wants. (4 marks)

i) _____

ii) _____

iii) _____

iv) _____

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4. State the names of the equipments that fit the description given below: (4 marks)

Description	Equipment
a) Cutting unwanted documents into small pieces to prevent them from landing into unauthorized hands	
b) For preparing cash receipts	
c) For printing postage impressions on envelopes	
d) Used to transmit printed messages such as letters, maps, diagrams, etc	

5. Outline four ways in which a firm can improve the productivity of human resources

(4 marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

6. State four advantages of processing zones (EPZ) to a country. (4 marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

7. List four essential elements of a transport system. (4 marks)

i) _____

ii) _____

iii) _____

iv) _____

8. Sukemo Enterprises intends to promote its products to increase sales volume. Highlight any four circumstances under which the business would choose to use personal selling.

(4 marks)

i) _____

ii) _____

iii) _____

iv) _____

9. Using a diagram show the effect on equilibrium price and quantity when supply increases and demand falls. (4 marks)

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10. Outline four roles played by the stock exchange market in the economy. (4 marks)

i) _____

ii) _____

iii) _____

iv) _____

11. Explain the meaning of the following terms as used in insurance. (4 marks)

i) Cover Note

ii) Surrender value

iii) Pure risk

iv) Sum insured/assured

12. Outline four causes of breakdown in communication. (4 marks)

i) _____

ii) _____

iii) _____

iv) _____

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13. Highlight four factors that may limit the effectiveness of bank rate in controlling credit.

(4 marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

14. For each of the following transactions, state the account to be debited and the account to be credited. (4 marks)

Transaction	Account Debited	Account Credited
i) Owner took cash for personal use		
ii) Bought goods and paid by cheque		
iii) Owner brought in cash from private sources		
iv) Paid Ouma (a creditor) by cheque		

15. Outline four advantages of privatization.

(4 marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

16. Outline four positive implications of a youthful population to an economy. (4 marks)

i) _____

ii) _____

iii) _____

iv) _____

17. Outline four ways in which consumers are likely to suffer in a situation where there is no warehousing. (4 marks)

i) _____

ii) _____

iii) _____

iv) _____

18. Fill the blanks in the table below: (4 marks)

Name of document	Purpose of documents	Issued by
a) Letter of inquiry	_____	Buyer
b) Local purchase order	_____	Buyer
c) Invoice	To demand for payment	_____
d) _____	To correct an undercharge	Seller

19. Give any four reasons why small scale firms continue to exist in an economy dominated by large scale firms. (4 marks)

i) _____

ii) _____

iii) _____

iv) _____

20. Outline four characteristics of an Oligopolistic market structure. (4 marks)

i) _____

ii) _____

iii) _____

iv) _____

21. Menja Traders had the following ledger account balances as at 31st December 2014

	Kshs.
Sales	100,000
Purchases	170,000
Returns Inwards	10,000
Returns Outwards	20,000
Salaries	30,000
Capital	40,000
Bank loan	50,000

Prepare the business trial balance as at 31st December 2014 (4 marks)

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22. Outline four ways that the World Bank may use to assist developing countries to improve their economies. (4 marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

23. The cash book below was incorrectly prepared

Dr. Cash Book
Cr.

Date	Particulars	Cash	Bank	Date	Particulars	Cash	Bank
1990				1990			
May	Bal b/d	800	1880	May	Sales	1640	
1	Purchases		1520	2	Electricity		620
"	Wages	500		"	Mbori	250	
3	Muhia(Debtor)		400	5	(creditor)		830
"	Bal c/d	590		"	Rent received		2350
4				9	Bal c/d		
"				"			
7				12			
"				"			
12				12			
		<u>1890</u>	<u>3800</u>	"	Bal b/d	<u>1890</u>	<u>3800</u>
				13		<u>590</u>	

Identify transactions that were wrongly entered in the cash book (4 marks)

i) _____

ii) _____

iii) _____

iv) _____

24. The average consumer price for a loaf of bread in various year is shown in the figure below:

<u>Year</u>	<u>Consumer Price</u>	<u>Consumer</u>
2009	30	100
2010	36	
2011	42	
2012	47	
2013	52	

Calculate the consumer price index for 2010-2013 using 2009 as the base year. (4 marks)

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25. Mumo Enterprises had a working capital of Ksh 300,000 and a current ratio of 4:3 as at 30th June 2016. Calculate the firm's

i) Current assets (2 marks)

ii) Current liabilities (2 marks)

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