

Name..... Index No:.....

School..... Candidate's Signature .....

Date: .....

565/1  
BUSINESS STUDIES  
PAPER 1  
JULY-AUGUST- 2016  
TIME: 2 ½ HOURS

**KAKAMEGA SOUTH SUB-COUNTY JOINT EVALUATION TEST – 2016**

**Kenya Certificate of Secondary Examination ( KCSE)**

**565/1  
BUSINESS STUDIES  
PAPER 1**

**INSTRUCTIONS TO CANDIDATES**

- Write your name and index number in the spaces provided.
- Sign and write the date of examination in the spaces provided.
- Answer all questions in the spaces provided in this booklet.
- Candidates should check the question paper to ascertain that all pages are printed as indicated and the no questions are missing.

**For Examiners Use Only**

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Marks															

Question	16	17	18	19	20	21	22	23	24	25
Marks										

**TOTAL MARKS**

*This paper consists of 8 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing.*

1. Highlight four factors that will make a new product not to be successfully sold at the market (4mks)

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2. Given below are some factors that influence the operation of a business. Indicate with a tick ( ✓ ) in the appropriate column the business environment associated with each of the factor s ( 4mks)

3.

Factors	Internal	External
Rainy season		
Economic recession		
Employees strike		
Rival firms		

4. Identify the principle of insurance described in each of the following circumstances (4mks)

- a) James went to insure his neighbor`s house but the insurer refused to accept to provide cover.....
- b) Benta`s vehicle insured against theft was destroyed in an accident and the insurer refused to compensate.....
- c) After full compensation, the insurer took the remains of Peter`s vehicle .....
- d) Rose insured her second hand vehicle as a brand new one and the insurer declined to offer protection.....

5. State four services that your school provides you as a student (4mks)

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6. For each of the following transaction, indicate the account to be debited and the account to be credited (4mks)

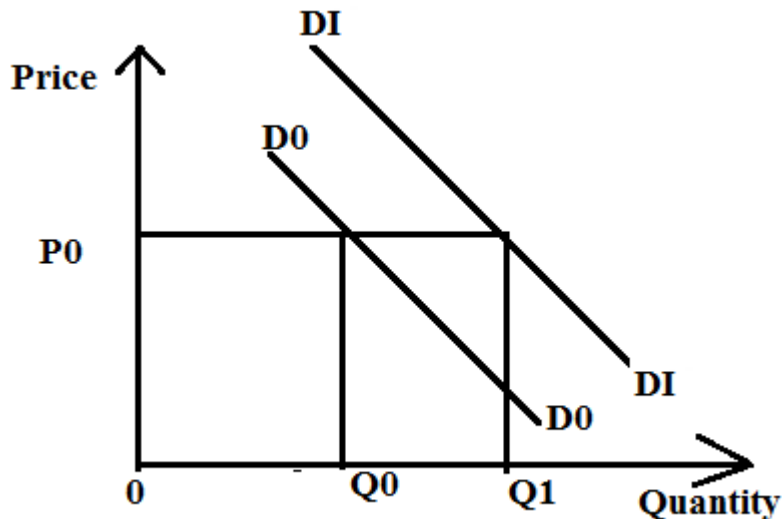
Transaction	Account debited	Account credited
(a) Bought equipment in cash	_____	_____
(b) Sold goods on credit to Linda	_____	_____
(c) Took cash from cash box for personal use	_____	_____
(d) Converted a personal van into business use	_____	_____

6. State how the following types of unemployment may occur in a country (4mks)

- (a) Disguised
- (b) Frictional
- (c) Cyclical
- (d) Seasonal

7. Outline four principles that govern the operation of co-operative societies (4mks)

8. The diagram below shows a change in demand of a product



- State four causes of the changes in demand (4mks)

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9. Give four types of books of original entry (4mks)

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10. Outline four function of Kenya commercial Bank (KCB) (4mks)

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11. The following is an extract of a cash book from Ramo Traders

**Ramo Traders**  
**Cash book for the month of January 2010**

Date	Details	Cash	Bank	Date	Details	Cash	Bank
2010				2010			
Jan 1	Bal blf	2500	4500	Jan 2	Stationery	520	
Jan 5	Sales	1200		Jan 8	Wages		2400
Jan 10	Cash		1500	Jan 10	Bank	1500	

(a) Determine the balance carried down on 10<sup>th</sup> January (2mks)

(i) Cash \_\_\_\_\_

(ii) Bank \_\_\_\_\_

(b) Give the name of the transaction on 10<sup>th</sup> January 2010 (1mk)

(c) Describe the transaction on 8<sup>th</sup> January 2010 (1mk)

12. Give the uses of the following office machines (4mks)

(a) Dictaphone

(b) Guillotine

13. Outline four ethical issues a business should observe concerning its employees  
(4mks)

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14. Highlight four problems associated with Monopoly markets structure  
(4mks)

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15. Outline four circumstances under which human wants can be fully satisfied  
(4mks)

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16. Highlight four reasons why most countries are getting rid of direct production  
(4mks)

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17. Mwanaiasha owns and runs a retail shop in her village. State four features of this form of business organization (4mks)

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18. The following information was extracted from the books of Wanjala Traders

Rate of stock Turnover	3
Opening stock	80,000
Closing stock	100,000
Mark up	20%
Determine Gross profit	(4mks)

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19. State four measures that the county government of Kakamega could undertake so as to attract its investors to locate their industries within its boundaries (4mks)

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20. Give four measures that could be undertaken to conserve forests in Kenya (4mks)

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21. State the purpose of the following documents used in International trade  
(4mks)

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- (a) Commercial invoice
- (b) Letter of credit
- (c) Airway bill
- (d) Import Licence

22. Highlight four benefits to a large consumer who buys directly from the producer  
(4mks)

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23. Outline four reasons why a transporter of goods from Mombasa to Nairobi may prefer rail transport to road transport  
(4mks)

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24. On 1<sup>st</sup> December 2013 ,Boda Boda Traders bought 200 torches at sh 50 each from Furaha wholesalers .A trade discount of 10% was allowed and 2% cash

discount if payment was made within three weeks .Calculate the amount paid if payment was made on 18<sup>th</sup> December 2013 (4mks)

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25. State the term given to each of the following statement (4mks)

Statement	Term
(a) The transfer of an enterprise from public ownership to private ownership	_____
(b) The possibility of occurrence of the events which may cause a loss to the insured	_____
(c) The value of the foregone alternative where choice has been made	_____
(d) The total monetary value of all goods and services produced in a country over a period of one year	_____

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