

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

**565/1**  
**BUSINESS STUDIES**  
**PAPER 1**  
**JULY/AUGUST, 2016**  
**TIME: 2 HOURS**

CANDIDATE'S SIGN.....

DATE.....

**KIRINYAGA CENTRAL SUB-COUNTY EFFECTIVE FORTY  
JOINT EXAMINATION – 2016**

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

**INSTRUCTIONS TO CANDIDATE'S**

- (a) Write your name and index number in the space provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) Answer **ALL** the questions
- (d) All answers should be written in the spaces provided in this booklet.
- (e) Candidates should answer all the questions in **English**.

**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

1. Outline **four** types of business activities. (4 marks)
- (a) .....
- (b) .....
- (c) .....
- (d) .....
2. Highlight **four** disadvantages of specialization. (4 marks)
- (a) .....
- (b) .....
- (c) .....
- (d) .....
3. Outline four circumstances that would make an office manager to replace an existing machine with a modern one. (4 marks)
- (a).....
- (b).....
- (c).....
- (d).....
4. Outline **four** qualities of an office worker. (4 marks)
- (a) .....
- (b) .....
- (c) .....
- (d) .....
5. Give **four** benefits of operating a small scale retail business over a large scale retail business. (4 marks)
- (a) .....
- (b) .....
- (c) .....
- (d) .....

6. Ndovu bought 200 blankets at Sh.500 each on credit. The terms of sale were 20% trade discount, 10% quantity discount and 5% cash discount if payment is made within two weeks. Calculate the amount paid if payment is made after one week. (4 marks)

7. Outline **four** circumstances under which a sole proprietorship may be dissolved. (4 marks)

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

8. State **four** functions of commercial attachées. (4 marks)

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

9. State the unit of carriage for each of the following modes of transport. (3 marks)

Mode of transport	Units of carriage
(a) Sea	
(b) Portage	
(c) Road	

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10. State **four** reasons why short message services (SMS) is replacing letters as a way of communication. (4 marks)
- (a) .....
- (b) .....
- (c) .....
- (d) .....
11. Outline **four** reasons why an ageing population may not be desirable to a country. (4 marks)
- (a) .....
- (b) .....
- (c) .....
- (d) .....
12. List **four** reasons why a producer would not need a lot of warehousing facilities. (4 marks)
- (a) .....
- (b) .....
- (c) .....
- (d) .....
13. Highlight **four** insurance policies that a business person may find useful for his/her business. (4 marks)
- (a) .....
- (b) .....
- (c) .....
- (d) .....

14. Highlight **four** circumstances under which it may be appropriate to use personal selling to promote products.

(a) .....

(b) .....

(c) .....

(d) .....

15. Indicate whether each of the following factors influence demand or supply of a commodity. (3 marks)

Factor	Demand or Supply
(a) Changes in the prices of inputs.	
(b) Change in tastes and preferences.	
(c) Changes in technology.	

16. Highlight **four** characteristics of a perfect competitive market. (4 marks)

(a) .....

(b) .....

(c) .....

(d) .....

17. Highlight **four** problems which may be encountered when measuring national income using output approach. (4 marks)

(a) .....

(b) .....

(c) .....

(d) .....

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18. On 1<sup>st</sup> July 2012, Mara traders had Sh.6,000 cash in hand and bank overdraft of Sh.2,000. During the month the following transactions took place:  
2012  
July 2: Received cheques from debtors totaling to Sh.50,000  
July 5: Paid rent Sh.2,000 cash.  
July 15: Withdrew Sh.5,000 from the bank for personal use.  
July 25: Banked all the cash except Sh.1000

Prepare a Two-column Cash Book for the month.

(5 marks)

19. The following is an extract of a bank account of Komu traders for the month of June 2015.

Bank account					
2015		Shs	2015		Shs
June 1	Balance b/d	200,000	June 5	Salim traders	50,000
June 10	Kombo	10,000	June 20	Electricity	5,000
			June 25	Cash	20,000
			June 30	Balance c/d	<u>135,000</u>
		<u>210,000</u>			<u>210,000</u>

State the transactions that took place on the following dates:

- (a) June 5:.....  
 (b) June 10:.....  
 (c) June 20:.....  
 (d) June 25:.....

20. State **four** advantages of using subsidiary books of accounts. (4 marks)

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

21. State **four** banking services that the Central Bank of Kenya provides to the government. (4 marks)

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

22. The average consumer price for a 90kg bag of maize for the year 2012 and 2013 is shown below.

Year	2012	2013
Prices	Ksh.3000	Ksh.4000

Calculate the increase in Consumer Price Index using 2012 as the base year. (4 marks)

23. Outline **four** causes of balance of payments disequilibrium. (4 marks)

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

24. Highlight **four** ways in which Kenya is likely to benefit from preparing a proper development plan. (4 marks)

(a) .....

(b) .....

(c) .....

(d) .....

25. The following information was extracted from the books of Amani traders on 31<sup>st</sup> December 2014.

	Shs
Commission received	22,000
Sales	763,500
Loan interest	52,500
Purchases	474,000
General expenses	30,000
Drawings	96,000
Rent	120,000
Salaries owing	72,000
Electricity pre-paid	85,000

Prepare Trial Balance of Amani traders for the month ended 31<sup>st</sup> December 2014. (5 marks)

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