

Name.....Index Number...../.....

565/1
BUSINESS STUDIES
Paper 1
Oct./Nov. 2015
2 hours

Candidate's Signature.....

Date.....



05350048

THE KENYA NATIONAL EXAMINATIONS COUNCIL
Kenya Certificate of Secondary Education
BUSINESS STUDIES
Paper 1
2 hours

Instructions to candidates

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of examination in the spaces provided above.
- (c) Answer **all** the questions
- (d) All questions should be written in the spaces provided in this booklet.
- (e) **This paper consists of 13 printed pages.**
- (f) **Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**
- (g) **Candidates should answer the questions in English.**

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 | | | | | | | | | | | | |

**TOTAL
MARKS**



- 1** What are the reasons that would make an individual engage in business? (4 marks)
- (a)
 - (b)
 - (c)
 - (d)
- 2** List **four** types of utility and the production activity associated with each of them. (4 marks)
- (a)
 - (b)
 - (c)
 - (d)
- 3** Outline **four** ways in which the office facilitates effective handling of documents. (4 marks)
- (a)
 - (b)
 - (c)
 - (d)

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4 Highlight **four** factors that may influence a consumer to purchase products from a kiosk rather than a supermarket. (4 marks)

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

5 State **four** circumstances under which hire purchase may be used to acquire goods. (4 marks)

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

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6 Give **four** reasons for the increased use of mobile phones in banking. (4 marks)

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

7 Outline **four** methods that the Government of Kenya uses to regulate business activities. (4 marks)

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

8 State **four** disadvantages of using internet as a means of communication. (4 marks)

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

9 State **four** differences between life assurance and general insurance.

(4 marks)

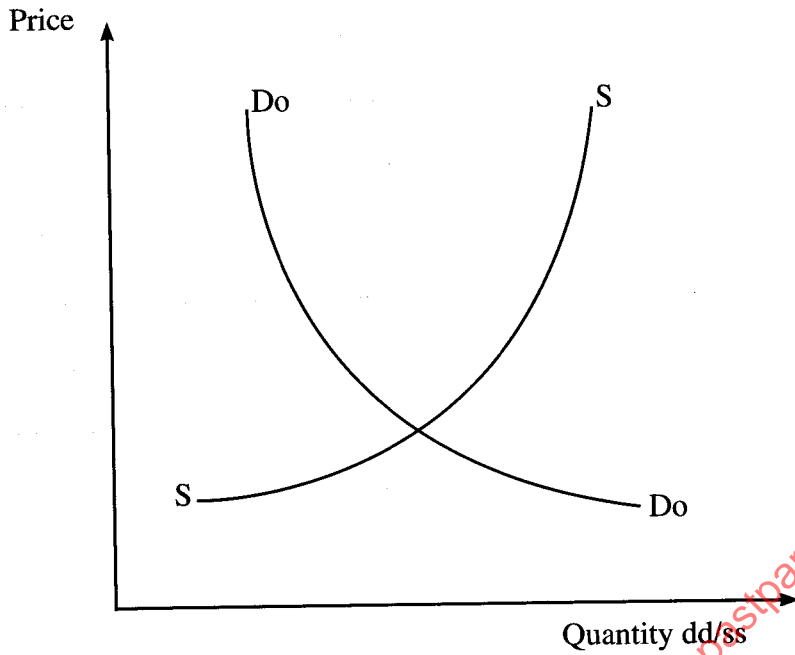
| Life Assurance | General Insurance |
|----------------|-------------------|
| (a) | |
| | |
| (b) | |
| | |
| (c) | |
| | |
| (d) | |
| | |

10 Give **four** reasons for observing ethical practices in product promotion.

(4 marks)

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

11 The graph given below represents the demand and supply curves of milk:



State **four** effects of a shift of the demand curve to the right.

(4 marks)

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

12 Outline **four** disadvantages that a manufacturer would suffer if wholesalers were eliminated from the chain of distribution. (4 marks)

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

13 The following balance sheet was incorrectly prepared:

**PEMBE TATU TRADERS
BALANCE SHEET
FOR THE YEAR ENDED 31.12.12**

| | Ksh | | Ksh |
|----------------|---------------|-----------|----------------|
| Stock | 5,000 | Furniture | 50,000 |
| Bank overdraft | 5,000 | Debtors | 7,000 |
| Cash | <u>9,000</u> | Capital | <u>66,000</u> |
| | <u>19,000</u> | | <u>123,000</u> |

Prepare a corrected balance sheet. (4 marks)

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14 The following figures relate to Jumbo Traders for the year ended 31.12.13.

| <u>Details</u> | <u>Ksh</u> |
|-----------------------|------------|
| Capital (31.12.13) | 940,000 |
| Net loss | 20,000 |
| Additional investment | 420,000 |
| Monthly drawings | 5,000 |

Determine the capital as at 1.01.13.

(4 marks)

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15 Identify the ledgers in which the following accounts are maintained.

(5 marks)

| | ACCOUNT | LEDGER |
|-------|-----------------|--------|
| (i) | Pendo (Debtor) | |
| (ii) | Machinery | |
| (iii) | Rent | |
| (iv) | Capital | |
| (v) | Juma (Creditor) | |

16 List **three** levels of inflation.

(3 marks)

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

17 Name the documents described by the statements given below as used in International Trade:

(4 marks)

- (a) Requests for payment before goods are delivered.....
- (b) Shows ownership or title of goods imported.....
- (c) Shows the country of manufacture of goods.....
- (d) Shows the transportation charges for goods.....

18 The following Purchases Returns Journal relates to Farasi Traders:

| PURCHASES RETURNS JOURNAL | | | | |
|---------------------------|---------------|-------------|-------|---------------|
| DATE | DETAILS | INVOICE NO. | FOLIO | AMOUNT |
| 2012 | | | | |
| MARCH | | | | KSH |
| 1 | Junior | R22 | PL1 | 2,000 |
| 3 | Mimi Supplies | 100 | PL 2 | 4,000 |
| 4 | Kilimanjaro | 30 | PL 5 | 5,000 |
| | | | GL 4 | <u>11,000</u> |

Post the information above to the relevant ledger accounts.

(4 marks)

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19 Outline four goals of development to a country.

(4 marks)

(a)

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(b)

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(c)

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(d)

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20 The following information relates to Kahawa Traders as at 31st December 2012.

| | | | |
|-----------|---------|-----|-----------|
| Stock | 1.1.12 | Ksh | 80,000 |
| Stock | 31.1.12 | Ksh | 120,000 |
| Purchases | | Ksh | 1,000,000 |
| Margin | | | 20% |

Required:

Prepare a trading account.

(5 marks)

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21 State **four** reasons that make it necessary for firms to maintain a healthy environment.

(4 marks)

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

22 Highlight **four** benefits of a business plan to an entrepreneur. (4 marks)

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

23 Outline **four** benefits of sea transport over air transport. (4 marks)

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

24 In which ways can an investor benefit from the stock exchange? (4 marks)

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

25 State **three** clauses found in the Memorandum of Association.

(3 marks)

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

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