

Name Adm. No.

School Candidate's signature

Date

565/1

BUSINESS STUDIES

Paper 1

October/November 2015

Time 2 hours

**KANDARA SUB-COUNTY SECONDARY SCHOOLS
FORM THREE JOINT EXAMINATION**

Kenya Certificate of Secondary Education

BUSINESS STUDIES

Paper - 565/1

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Time: 2 hours

INSTRUCTIONS TO CANDIDATES

- Write your name and Index number in the spaces provided.
- Answer all the questions.
- All answers must be written in the spaces provided.
- Do not remove any page from the booklet

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												

This paper consists of 7 printed pages

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

1. Indicate whether the following resources are renewable or non renewable. (4 marks)

	Resource	Classification
a)	Natural rubber	
b)	Solar energy	
c)	Soda ash	
d)	Natural gas	

2. State four ways in which the utility of a commodity can be increased. (4 marks)

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

3. State four reasons why the government issues trade licences. (4 marks)

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

4. Outline four circumstances under which a partnership may be dissolved. (4 marks)

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

5. Identify the type of retailers described in the statements below. (4 marks)

- a) Retailers who carry their goods with them and move from place to place.
- b) Retailers who sell goods from a particular manufacturer who has given them a licence
- c) Many shops / stores located in different towns which are centrally owned and managed.
- d) A large retail shop in one building under common management

6. The demand for commodity x in a given area has continued to decline. State four factors that could have contributed to this. (4 marks)

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

7. Outline four reasons why an increase in per capita income may not necessarily lead to a rise in the standard of living of the citizens. (4 marks)

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

8. Highlight four measures that the government may take to attract firms in an area. (4 marks)

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

9. Outline four reasons why a trial balance is important to a business. (4 marks)

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

10. Using the balance sheet equation, fill in the missing figures in the following table. (4 marks)

	Capital (shs)	Liabilities (shs)	Assets (shs)
a)	20,000		25,000
b)		4300	8,100
c)	1950	3000	
d)		28700	21,500

11. Highlight four factors to consider before choosing a means of a communication. (4 marks)

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

12. Outline four uses of a two column cash book. (4 marks)

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

13. Outline four advantages of systematic arrangement of goods in a warehouse. (4 marks)

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

14. State the type of insurance policy cover that Naliaka Traders should take in the following circumstances. (4 marks)

Circumstances

Types of policy

- a) To cover loss of profit due to fire outbreak in his shop.....
- b) To cover claims by members of public against the business.
- c) To cover loss of cash or goods through theft by his employees.
- d) To protect employees against industrial injuries at their place of work

15. Give four differences between monopoly and oligopoly market structure.

(4 marks)

Monopoly	Oligopoly
a)	
b)	
c)	
d)	

16. In the space provided below, state whether each of the following transaction will increase. Decrease or have no effect on capital.

Transaction.

Effect on capital

- | | |
|---|-------|
| a) Purchased stock on credit | |
| b) Owner invested more cash into the business | |
| c) Payment to creditors | |
| d) Owner withdrew stock from the business for own use | |

17. Outline four negative effects of an ageing population to an economy.

(4 marks)

- | | |
|----|-------|
| a) | |
| b) | |
| c) | |
| d) | |

18. State the ledger in which the following accounts are kept.

Account	Ledger.
a) Sales a/c	
b) Cash a/c	
c) Return outward a/c	
d) Equipment a/c	

19. Outline four components of a business plan.

(4 marks)

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

20. Highlight four advantages of after sales service as a method of sales promotion to a customer.

(4 marks)

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

21. Give four reasons why road transport is commonly used in Kenya.

(4 marks)

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

22. State four characteristics of economic resources.

(4 marks)

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

23. Highlight four roles played by intermediaries in the chain by distribution. (4 marks)

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

24. Outline four features of a supermarket. (4 marks)

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

25. Highlight four external factors that may negatively influence the operations of a business. (4 marks)

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