

NAME:

INDEX NO:

SCHOOL:

DATE:

CANDIDATE'S SIGNATURE:

565/1

BUSINESS STUDIES

PAPER 1

JULY / AUGUST 2016

TIME: 2 HOURS

2016

FORM 3

Kenya Certificate of Secondary Education

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES:

1. Write your **Name, Index Number** and **School** in the spaces provided above.
2. **Sign** and **write** the date of the examination in the spaces provided above.
3. All answers must be written in the spaces provided in this booklet.
4. Write in **clear** handwriting.
5. Attempt all questions in this paper.

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	TOTAL
Marks													%

Identify **four** gains to a trader who decides to operate a small retail shop.

(4mks)

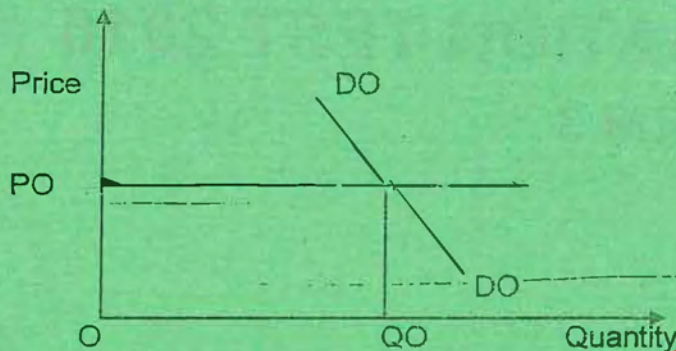
- i)
- ii)
- ii)
- v)

Identify **four** ways in which the government engages in commercial activities.

(4mks)

-)
- i)
- ii)
- i)

The diagram below shows the current demand for petrol.



- i) What is the effect of a fall in the price of cars on demand for petrol?

(2mks)

-) Draw new demand curve on the diagram above to show the effect of a fall in price of cars.

(2mks)

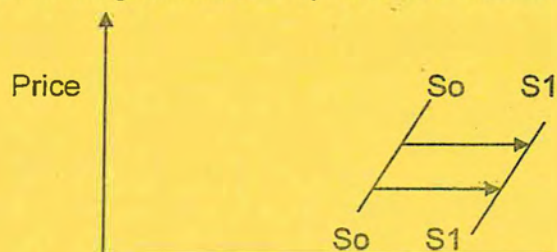
Give **four** after sale services provided by a trader to a buyer.

(4mks)

-
-
- i)
- i)

5. Identify the type of utility measured by the following activities. (4mks)
- (i) Delivering milk to a consumer early in the morning:.....
 - (ii) Shopkeeper selling maize flour to a customer:.....
 - (iii) Traders transporting vegetables to the market:.....
 - (iv) Carpenter making sofa in a furniture shop:.....
6. Outline **four** ways in which the government can create a healthy business environment. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
7. State **four** reasons that make it difficult to satisfy all human wants. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
8. Give **four** benefits of using pipeline to transport oil products. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
9. Give **four** assumptions of the two sector model of an economy. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
10. Outline **four** forms of knowledge that may be acquired through learning business studies in secondary schools. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)

11. The diagram below represents a shift in the supply curve of a commodity from S_0 to S_1 .



State **four** factors that may have lead to this.

(4mks)

- (i)
- (ii)
- (iii)
- (iv)

12. The following balances were extracted from the Books of Soilo Traders at 31st December 2009.

Premises	60,000
Machinery	37,000
Debtors	8,500
Long term loan	52,000
Cash in hand	6,000
Outstanding electricity	5,000
Profit for the year	15,500

Prepare a Balance Sheet.

13. Country Y has been experiencing lower birth rates than death rates in the past five years. State

four possible effects of this.

(4mks)

- (i)
- (ii)
- (iii)
- (iv)

14. Identify **four** sources of energy in Kenya. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

15. Outline **four** ways in which the productivity of land can be improved. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

16. State **four** benefits of trade to a community. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

17. Give **four** disadvantages of a long chain of distribution of goods to a buyer. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

18. List **four** benefits that will accrue to a firm by its decision to relocate its offices to sub-urban areas. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

19. Outline **four** circumstances under which a producer would not require a lot of warehousing facilities. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

20. Outline **four** principles of co-operative societies. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

21. State **four** ways in which marketing boards assist farmers. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

22. State **four** ways in which government may regulate business activities, (4mks)

- (i)
- (ii)
- (iii)
- (iv)

23. State **four** ways why the government of Kenya discourages localization of industries in the country. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

24. State **four** advantages of verbal communication. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

25. The following information relates to business A, B, C and D. Determine the figures represented by X, Y, Z and T. (4mks)

Business	Assets	Liabilities	Capital
A	500,000	X	300,000
B	Y	800,000	1,200,000
C	300,000	120,000	Z
D	700,000	T	500,000