

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**

<b>Question</b>	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>Marks</b>													

<b>Question</b>	14	15	16	17	18	19	20	21	22	23	24	25
<b>Marks</b>												

**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) .....

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) .....
- .....

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)

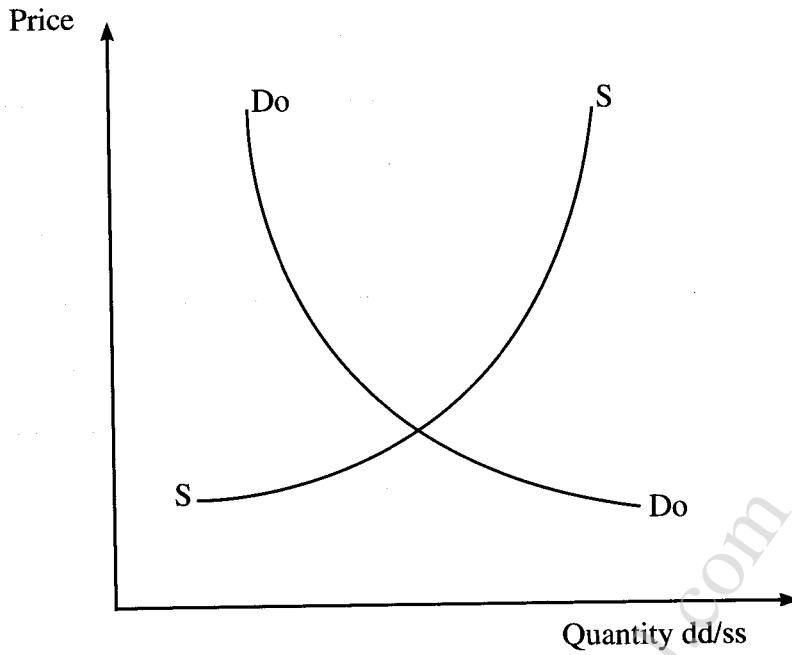
Life Assurance	General Insurance
(a) .....	.....
.....	.....
(b) .....	.....
.....	.....
(c) .....	.....
.....	.....
(d) .....	.....
.....	.....

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 31<sup>st</sup> 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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