

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) .....

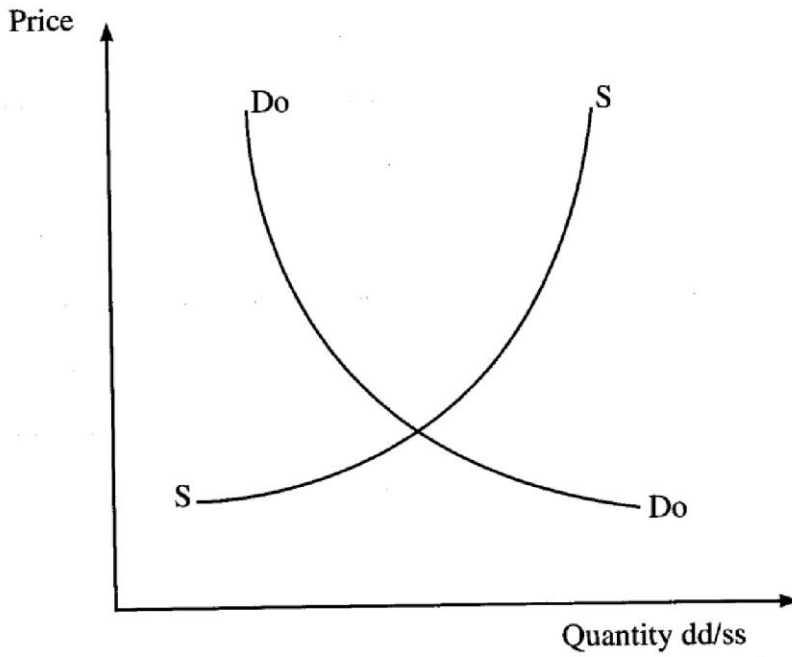
9 State **four** differences between life assurance and general insurance. (4 marks)

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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- 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) .....

**THIS IS THE LAST PRINTED PAGE.**