

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)

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

- (a)
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- (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)

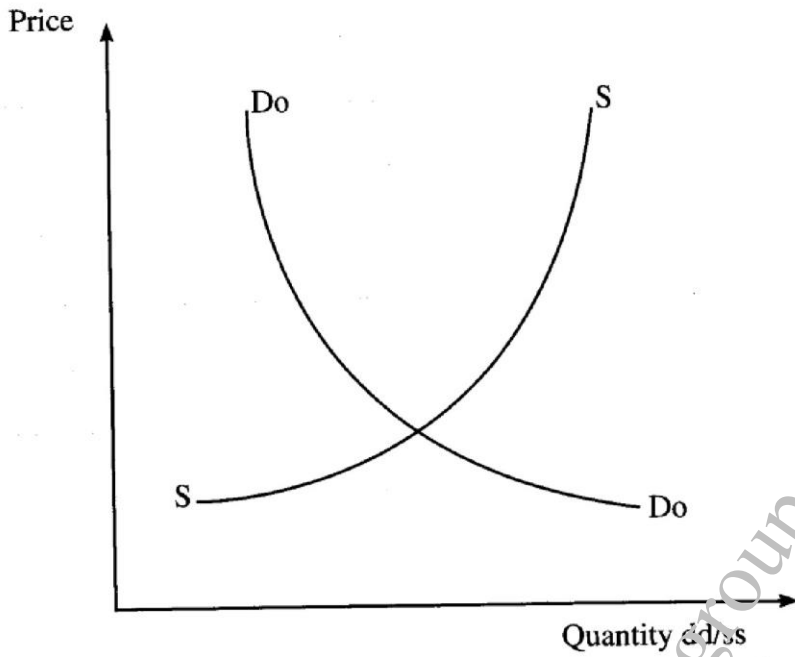
Life Assurance	General Insurance
(a)	
(b)	
(c)	
(d)	

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 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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Name Index Number

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

Candidate's Signature

Date



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



05350049

Instructions to Candidates

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of six questions.
- (d) Answer any **five** questions.
- (e) Write your answers in the spaces provided after question six.
- (f) All questions carry equal marks.
- (g) This paper consists of 16 printed pages.
- (h) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
- (i) Candidates should answer the questions in English.

For Examiner's Use Only

Question	Maximum Score	Candidate's Score
	20	
	20	
	20	
	20	
	20	
Total Score		



- 1 (a) Explain **five** uses of National Income Statistics to a country. (10 marks)
- (b) Discuss **five** principles that would lead to effective use of government resources. (10 marks)

- 2 (a) Explain **five** ways in which the consumer may benefit from warehousing. (10 marks)

- (b) The following information was extracted from the books of Mamboleo Traders in the month of September, 2014.

September 1	Had cash in hand, Shs15,500 and a bank overdraft of Shs 9,700.
September 3	Bought goods for sale Shs 12,300 on credit.
September 5	Sold good in cash Shs 8,500.
September 9	Sold goods on credit Shs 10,000.
September 12	Received a cheque of Shs 9,000 from a debtor.
September 15	Paid a creditor Shs 10,000 in cash.
September 17	Paid wages Shs 2,600 in cash.
September 19	Received a cheque Shs 23,400 from Samson for goods sold in January.
September 20	Received Shs 6,700 from a debtor in cash.
September 23	Withdrew Shs 7,700 from the bank for office use.
September 24	Paid electricity bills by cheque Shs1,200.
September 25	Received a cheque of Shs11,500 from a debtor.
September 26	Made cash sales of Shs12,800 .
September 27	Purchased goods worth Shs 8,950 in cash.
September 28	Deposited personal cash Shs 3,500 into the business account.
September 30	Paid water bills by cheque Shs 2,800.

Required:

- Prepare a two column cash book. (10 marks)
- 3 (a) Describe **five** characteristics of a monopolistic competitive market. (10 marks)
- (b) Explain **five** features of human wants. (10 marks)

- 4 (a) The following trail balance relates to Chui Traders as at 31st December, 2014.

**Chui Traders
Trail Balance
As at 31st December 2014**

Details	Dr (Ksh)	Cr (Ksh)
Stock	10,000	
Bank	3,500	
Purchases	15,000	
Sales		28,000
Returns	800	1,100
Rent		580
Insurance	950	
Creditor		450
Carriage in	1,200	
Discounts	300	1,620
	31,750	31,750

Additional Information:

- Closing stock was valued at Ksh 2,500.
- Carriage out was Ksh 1,200.

Required

Prepare Trading, Profit and Loss Account. (10 marks)

- (b) Explain **five methods** of determining the price of a product other than price control. (10 marks)

5 (a) Explain **five trends** in office management. (10 marks)

- (b) Explain **five advantages** of government involvement in business. (10 marks)

6 (a) Explain **five benefits** which may accrue to Kenya by being a member of the African Development Bank (ADB). (10 marks)

- (b) Explain **five features** that are common to underdeveloped countries. (10 marks)