

Name Index Number

565/1
BUSINESS STUDIES
Paper 1
Nov. 2016
2 hours

Candidate's Signature

Date



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 in the spaces provided in the question paper.
- (d) **This paper consists of 12 printed pages.**
- (e) **Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**
- (f) **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. State **four** external factors that may negatively influence the operations of a business. (4 marks)

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

2. Highlight **four** benefits of a business plan to an entrepreneur. (4 marks)

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

3. State **four** ways in which a good filing system may facilitate the operations of an office. (4 marks)

- (i)
-
- (ii)
-

(iii)

.....

(iv)

.....

4. Highlight **four** activities that may be carried out in a stock exchange market. (4 marks)

(i)

.....

(ii)

.....

(iii)

.....

(iv)

.....

5. Outline **four** circumstances under which a co-operative society may be dissolved. (4 marks)

(i)

.....

(ii)

.....

(iii)

.....

(iv)

.....



6. Outline **four** methods that the government of Kenya uses to regulate business activities. (4 marks)

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

7. State **four** ways in which a youthful population may be useful to an economy. (4 marks)

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

8. Outline **one** circumstance under which each of the following telecommunication services may be used: (4 marks)

- (i) Paging
- (ii) Facsimile (fax)
- (iii) Radio call
- (iv) Telex

9. The following transactions relate to Jelimo Stores:

- (a) 10th October 2015 sold unused stationery for Sh 3,000 on credit to K. Likia.
- (b) 23rd October 2015, bought a motor vehicle on credit from Onjwaria Motors for Sh 700,000.

Required: Record the above transactions in the general Journal given below: (4 marks)

Date	Particulars	Folio	Dr.	Cr.
.....
.....
.....

10. State **four** features of an insurable interest. (4 marks)

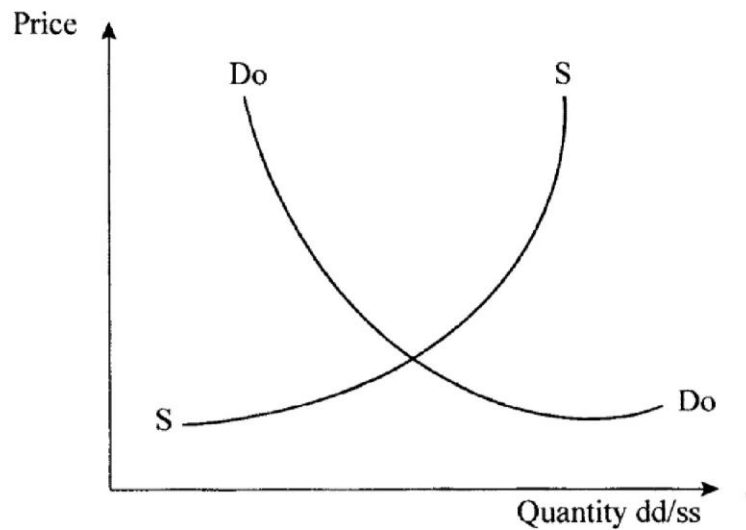
- (i)
-
- (ii)
-
- (iii)
-
- (iv)
-



11. State **four** features of a parastatal. (4 marks)

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

12. 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)

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

(iv)
.....

13. Outline **four** functions of the World Bank. (4 marks)

(i)

.....

(ii)

.....

(iii)

.....

(iv)

.....

14. Outline **four** ways of reducing the level of unemployment in Kenya. (4 marks)

(i)

.....

(ii)

.....

(iii)

.....

(iv)

.....



15. The following balances were extracted from the books of Highlife General Stores on 31st December 2015.

Item	Ksh
Land and buildings	650,000
Stock	470,000
Bank overdraft	80,000
Debtors	350,000
10 year Bank Loan	500,000
Creditors	220,000
Cash	50,000
Motor Van	150,000
Capital	?

Required: Prepare the balance sheet of Highlife General Stores as at 31st December 2015. (4 marks)

16. Outline **four** circumstances in which the government may be involved in business. (4 marks)

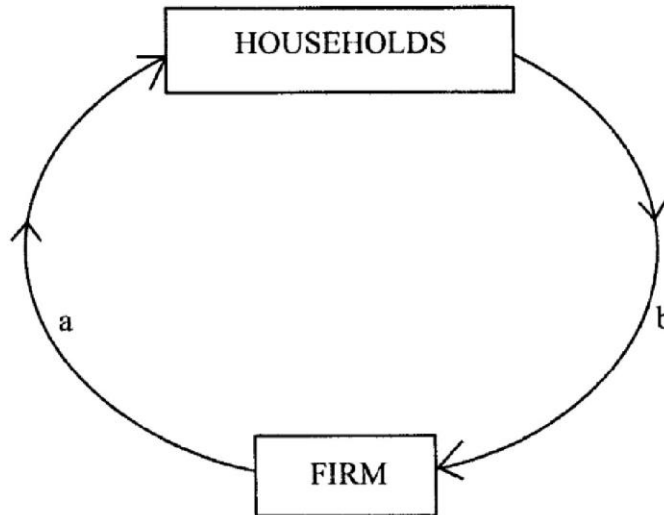
- (i)
-
- (ii)
-
-
- (iii)
-
-
- (iv)
-
-

17. Identify the ledgers in which the following accounts are kept.

(4 marks)

ACCOUNT	LEDGER
(i) Pendo (debtor)	
(ii) Machinery	
(iii) Rent	
(iv) Capital	

18. The following diagram represents the circular flow of income in a two sector closed economy.



Identify **two** factors represented by each of the arrows labelled a and b.

(4 marks)

- (i)
-
- (ii)
-



19. State **four** reasons for privatising public corporations. (4 marks)

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

20. State **four** reasons for the increased use of cell phones in banking. (4 marks)

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

21. List **four** sources of public finance. (4 marks)

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

22. State **two** situations in which each of the following types of inflation may occur.

- (i) Creeping inflation (2 marks)
.....
- (ii) Hyperinflation (2 marks)
.....

23. Outline **four** factors that may make a producer to by-pass the wholesaler when distributing goods. (4 marks)

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



24. Outline **four** goals of development to a country. (4 marks)

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

25. Outline **four** characteristics of services. (4 marks)

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

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565/2
BUSINESS STUDIES
Paper 2
Oct./Nov. 2009
2½ hours

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

Instructions to candidates

- (a) *This paper consists of six questions.*
- (b) *Answer any five questions.*
- (c) *Write your answers in the answer booklet provided.*
- (d) *All questions carry equal marks.*
- (e) *This paper consists of 6 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.*

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BUSINESS STUDIES

Paper 2

09513

Turn over

- 1 (a) Explain **five** features of sole proprietorship form of business. (10 marks)
- (b) Explain **five** measures that the government may take to improve the volume of exports. (10 marks)
- 2 (a) Explain **five** demerits that may be associated with water transport. (10 marks)
- (b) The trial balance of Zakayo Traders as at 1 June 2008 is given below.

	DR Sh	CR Sh
Stock	76,500	
Creditors		450,400
Debtors	350,000	
Bank	260,400	
Fixed assets	970,200	
Cash	120,500	
Capital		1,300,000
Lighting due		27,200
	<u>1,777,600</u>	<u>1,777,600</u>

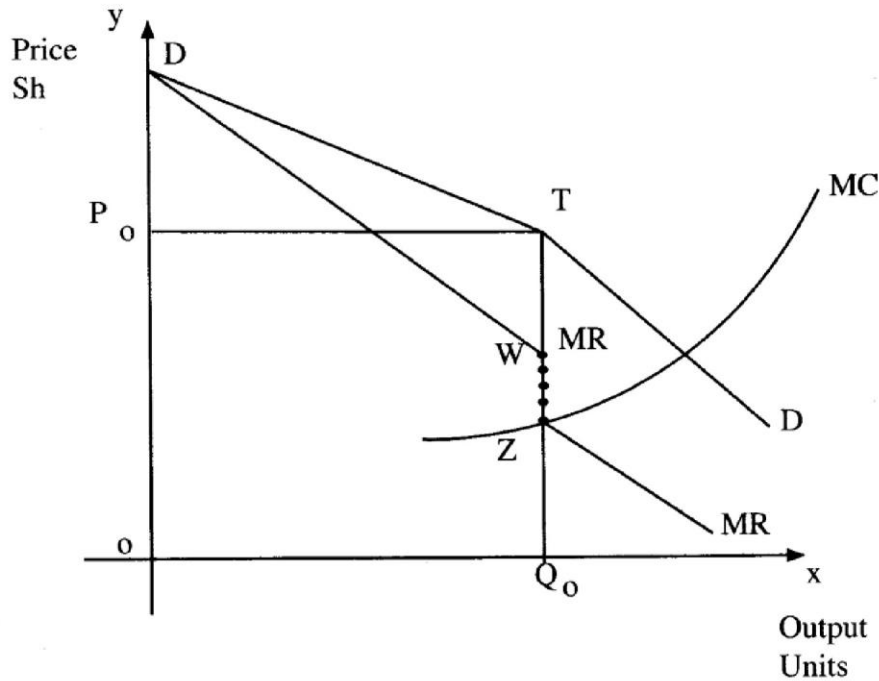
During the month, the following transactions took place.

2008

- June 5 Paid a creditor Sh 228,000 by cheque in full settlement of a debt after deducting 5% cash discount.
- 15 Withdrew Sh 100,000 from bank for office use.
- 28 Received Sh 160,000 cash from a debtor after allowing cash discount of Sh 40,000.

Record the above transactions in the relevant ledger accounts and balance them off. (10 marks)

- 3 (a) The diagram below shows an oligopolist kinked demand curve DD and current price and quantity at P_o and Q_o respectively.



- (i) Name the curve represented by the gap WZ.
 - (ii) State why the curve WZ is vertical to price axis.
 - (iii) Advice when the oligopolist can raise and lower the price of the commodity. (10 marks)
- (b) Explain **five** ways in which the government of Kenya may reduce the level of unemployment. (10 marks)

- 4 (a) Using a diagram, explain the circular flow of income in a two sector economy. (10 marks)
- (b) Analyse the following document issued by Sheikh Traders.

Sheikh Traders		P O Box 235Y Nairobi		
		No. 4262 12 October 2008		
Debit				
Kamau Limited				
P O Box Y125				
MOLO				
Terms: 10 per cent one month on Furniture only				
Quantity		Rate Sh	Sh	Sh
60	Dinning tables Mvuli	4,000	240,000	
4	Beds	2,000	8,000	
50	Coffee Tables	1,000	<u>50,000</u>	
			298,000	
	Less Trade discount 10%		<u>29,800</u>	268,200
4	Floor carpets	2,500	10,000	9,000
	Less Trade discount 10%		<u>1,000</u>	
	Carriage			<u>7,500</u>
	E & O.E		Total	284,700

Required:

- (i) Name the document above.
- (ii) Calculate the amount paid for the goods, if the debtor paid on 28 October 2008.
- (iii) Determine the net profit of the business if transaction (ii) above was Sh 120,400 and the debtor paid for the goods on 15th November 2008. (10 marks)

- 5 (a) Explain **four** services that the Central Bank of Kenya may offer as a banker to commercial banks (8 marks)

- (b) Malamu Traders had the following balances as at 31 December 2008.

	Sh
Building	540,000
Bank loan	472,500
Debtors	116,900
Creditors	227,000
Furniture	408,170
Gross profit	520,600
Motor vehicle	900,000
Discount allowed	142,000
Lighting	25,200
Interest on loan	1,200
Closing stock	72,500
Rent received	120,000
Repairs on buildings	60,000
Repairs on furniture	72,030
Repairs on motor vehicles	300,000
General expenses	102,100
Capital	1,400,000

Prepare:

- (a) Profit and loss account for the year ended 31 December 2008.
- (b) Balance sheet as at 31 December 2008. (12 marks)

- 6 (a) The following table represents the price and quantity of a commodity.

Month	Price	Quantity
January	80	2,000
February	40	5,000

- (i) Plot the above information on a graph. (5 marks)
- (ii) Calculate the price elasticity of demand. (5 marks)
- (b) Lunga, a sole trader, does not keep a complete set of accounting records. Information extracted from the records are as follows:

	1 January 2007	31 December 2007
	Sh	Sh
Stock	75,000	136,400
Pre-paid salaries	-	8,000
Creditors	142,500	158,400
Debtors	120,000	335,000
Furniture & Equipment	820,000	754,400
18% loan from bank	200,000	

Cash summary for the year was as follows:

Cash Summary			
	Sh		Sh
Balance b/d	460,800	Payment to creditors	660,500
Bad debts	16,000	Loan (31/12/2007)	50,000
Receipts from debtors	750,000	Salaries	48,000
		Purchases	135,400
		Interest on loan	30,000
		Balance c/d	302,900
	<u>1,226,800</u>		<u>1,226,800</u>

Additional information:

- (i) Interest charged on debtors overdue accounts amounted to Sh 2,000.
- (ii) Bad debts written off amounted to Sh 4,200.

Prepare trading, profit and loss account for the year ended 31 December 2007.

(10 marks)

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BUSINESS STUDIES

Paper 2

09513