

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**

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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.
.....				
.....				
.....				

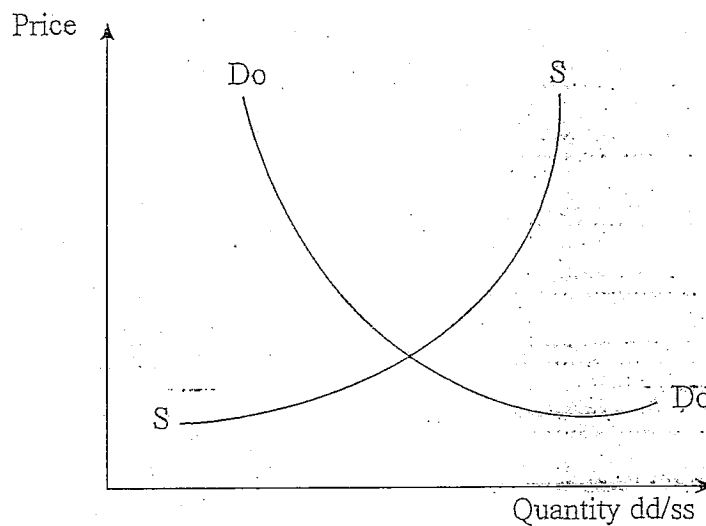
10. State four features of an insurable interest. (4 marks)

- (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)

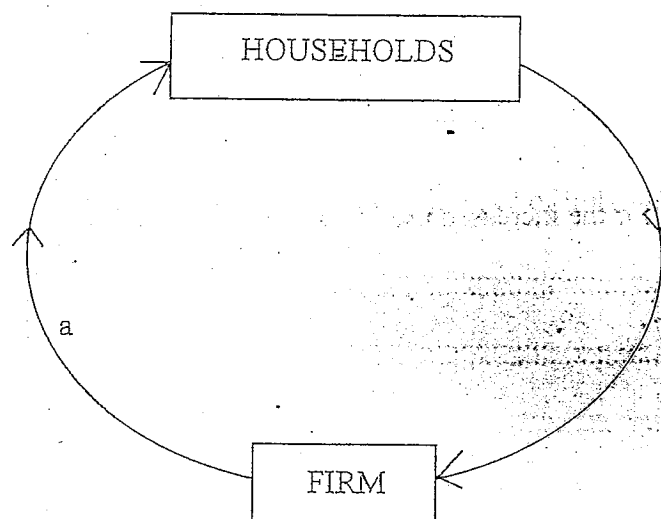
- (i)
-
- (ii)
-
- (iii)
-
- (iv)
-

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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