

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) 10<sup>th</sup> October 2015 sold unused stationery for Sh 3,000 on credit to K. Likia.
- (b) 23<sup>rd</sup> 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) .....
- .....

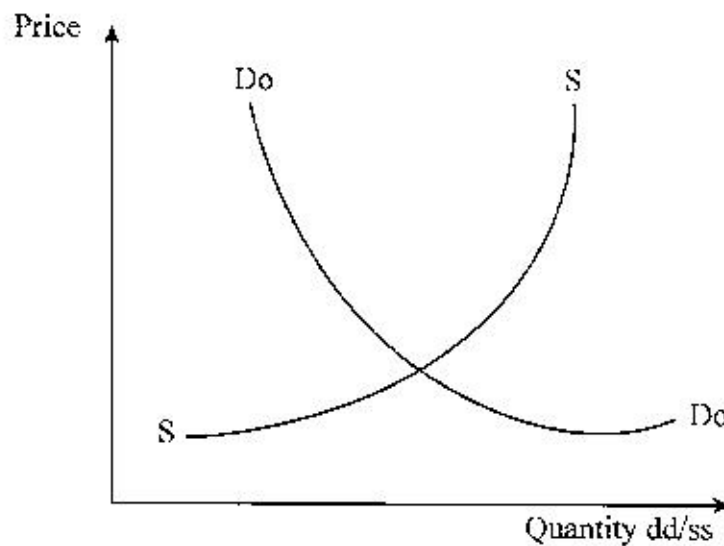


11. State **four** features of a parastatal.

(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 31<sup>st</sup> 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 31<sup>st</sup> December 2015. (4 marks)

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

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

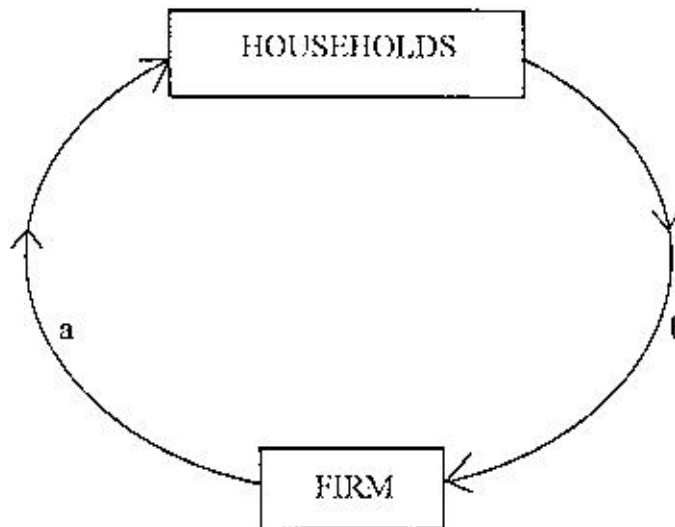


17. Identify the ledgers in which the following accounts are kept.

(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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