**NAME\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_INDEX NO\_\_\_\_\_\_\_\_\_\_\_\_\_**

**SCHOOL\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_DATE\_\_\_\_\_\_\_\_\_\_\_SIGNATURE\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**JULY/AUGUST 2016**

**TIME 2Hrs**

**BARINGO COUNTY EDUCATIONAL IMPROVEMENT EXAMINATION -2016**

**Kenya Certificate of Secondary Education**

565/1

BUSINESS STUDIES

PAPER 1

JULY/AUGUST 2016

**INSTRUCTIONS TO CANDIDATES**

*Answer* ***all*** *questions in the spaces provided in the question paper*

*Show all your workings in the question paper.*

***FOR EXAMINER’S USE ONLY***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Question | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| Marks |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
|  |  |  |  |  |  |  |

TOTAL MARKS

1. Outline five disciplines incorporated in the business studies course (5mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

e)……………………………………………………………………………………………

2. State four characteristics of departmental stores (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

e)……………………………………………………………………………………………

3. List four types of partners in a partnership formed by professionals (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)…………………………………………………………………………………………

4. Highlight four factors that may cause a shift in supply curve to the left (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

e)……………………………………………………………………………………………

5. Use the diagram below to answer the questions that follow.

a

price (shs)

b

a O

Quantity

a) Identify the market structure to which the diagram belong (1mk)

………………………………………………………………………………………….

b) Name the parts labelled (2mks)

i)’a’………………………………………………………………………………..

ii)’b’………………………………………………………………………………..

c) State one reason why the price in the above diagram is rigid (1mk)

……………………………………………………………………………………..

6. Outline three motives for liquidity preference (3mks)

a)……………………………………………………………………………………………

b)………………………………………………………………………………………….

c)………………………………………………………………………………………….

7.State four consequences of poor arrangement of goods in a warehouse (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

8. Complete the following table by filling in the blank spaces (4mks)

**PROFIT DRAWINGS INITIAL CAPITAL ENDING CAPITAL**

SHS SHS SHS SHS

a)\_\_\_\_\_\_\_\_\_\_\_\_\_ 5000 200,000 250,000

b) 40,000 \_\_\_\_\_\_\_\_\_\_\_\_\_ 350,000 380,000

c) 50,000 15,000 \_\_\_\_\_\_\_\_\_\_\_ 400,000

d)60,000 10,000 500,000 \_\_\_\_\_\_\_\_\_\_

9. The following cash book was prepared by unqualified book-keeper. Identify four errors made in it. (4mks)

**DR CASH BOOK CR**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **LF** | **Amount (shs)** | **Date** | **Details** | **LF** | **Amount (shs)** |
| 2014  Jan 1  Jan. 4  “ 5 | Bal b/d  Wages  sales |  | 100,000  5,000  25,000 | 2014  Jan. 2  “ 7 “ 10  “12  “ 12 | Sales  Purchases  Salaries  Rent received  Bal c/d |  | 50,000  4,000  7,000  8,000  61,000 |
|  |  | **130,000** |  |  | **130,000** |
| Jane. 12 | Bal. b/d | **61,000** |  |

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

10. State four reasons why taxation is desirable in a country (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

e)……………………………………………………………………………………………

11. Basing your knowledge on financial ratios, complete the following table (4mks)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Opening stock | Closing stock | Net purchases | Cost of goods sold | Net sales | Gross profit | Average stock | R.O.S.T.O |
| a) | 50,000 | 170,000 | 240,000 | b) | 300,000 | c) | d) |

……………………………………………………………………………………………

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……………………………………………………………………………………………

12. Highlight four reasons why human wants may not be fully satisfied (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

13.State four reasons that may make a firm to use competitive advertising (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

14.Outline four circumstances under which a commodity may be distributed directly to the consumers (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

15.State four challenges that a country with a young population experiences (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

16. Identify the rewards of the following factors of production (4mks)

**FACTOR REWARD**

a)Limestone \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

b)Doctor \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

c) Tractor \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

d)Landlord \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

17. State four methods that the government of Kenya may use to protect its infant industries

(4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

18.State four circumstances under which a firm would be located near the source of raw materials (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

19.A car and a garage was insured for shs. 1,500,000 instead of shs. 2000,000. Later the property was destroyed and a loss of shs. 1000,000 was suffered. Determine the amount of claim, giving a reason for your answer. (4mks)

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20. Outline four features of a transport means that can be described as efficient (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

21. Classify the following staff as under: Senior, Junior, or Subordinate (4mks)

**STAFF** **CATEGORY**

a)Clerk \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

b)Accountant \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

c)Personal Secretary \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

d)Messenger \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

22. Outline four roles of Kenya Bureua of standards in Consumer protection (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

23. State four advantages of books of original entry (prime books) to a business (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

e)……………………………………………………………………………………………

24. Highlight four problems encountered when a development plan is to be implemented (4mks)

a)……………………………………………………………………………………………

b)……………………………………………………………………………………………

c)……………………………………………………………………………………………

d)……………………………………………………………………………………………

25. Give the long forms of the following abbreviations as used in National Income (4mks)

a). NNP…………………………………………………………………………………..

b). NDP………………………………………………………………………………….

c) GNP………………………………………………………………………………….

d)GDP…………………………………………………………………………………