**Name: …………………………………………………………… Index no ……..…...................................**

**School……………………………………………………………. Candidate’s sign ……………………...**

**Date: …………………………….**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**MAY/JUNE 2016**

**TIME: 2 HOURS**

**EKSIKA JOINT EVALUATION TEST**

***Kenya Certificate of Secondary Education (K.C.S.E.)***

565/1

BUSINESS STUDIES

PAPER 1

MAY/JUNE 2016

TIME: 2 HOURS

**INSTRUCTIONS TO CANDIDATES:**

* *Write* ***your name*** *and* ***Index Number*** *in the spaces provided.*
* *Answer* ***all*** *the questions*
* *Candidates should check the question paper to ascertain that no questions are missing.*

***For Examiner’s Use Only:***

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTION** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| **MARKS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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| **QUESTION** | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| **MARKS** |  |  |  |  |  |  |  |  |  |  |

**TOTAL MARKS**

**Answer ALL questions in the spaces provided**

1. Give four reasons why computers are increasingly being used in offices instead of typewriters 4mks

i)

ii)

iii)

iv)

1. Outline four possible reasons for poor performance of railway industry in Kenya today 4mks

i)

ii)

iii)

iv)

1. Highlight four factors that determine the amount of rent paid on land as a factor of production 4mks

i)

ii)

iii)

iv)

1. Assume you are given a chance to lecture the new form one students who have just reported in your school on the importance of studying business studies. Highlight four such importance to the learner. 4mks

i)

ii)

iii)

iv)

1. Highlight four factors that determine the amount of money kept by an individual for precautionary motive. 4mks

i)

ii)

iii)

1. The following balance relates to marita traders as at 31st march 2014

shs sh

Purchases 120,000 Gross loss 8,000

Closing stock 22,000

Carriage outwards 1,500

Carriage inward 1,000

Return inwards 3,000

Determine the net sales (4mks)

1. Outline four causes of unemployment in less developed countries in Africa.

i)

ii)

iii)

iv)

1. The diagram below represents the circular flow of income in a two sector economy.

A

HOUSE HOLDS

FIRMS

B

C

D

State what is represented by the arrows A,B,C,D (4mks)

1. On first January, 2005 Vero traders had the following balances, cash 23,000 and Bank overdraft sh 75000. During the month of January the following transactions took place. 2005 Jan 2 cash sales sh 12,500

10 banked all her personal savings of shs 170,000 into business bank account.

11 paid sh 1,200 cash in respect of wages.

12 bought goods worth sh 95,00 0n credit

15 received a cheque for shs 25,000 from a debtor

18 paid Obwayang sh 18,000 by cheque.

Record the above transactions in the following two column cashbook (4mks)

**DR**.  **TWO COLLUMN CASH BOOK CR.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **date** | **particulars** | | **folio** | **cash** | | **bank** | |  | **Date** | **particulars** | | **folio** | **cash** | **bank** |
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10. Highlight four limitations of audio visual means of communication (4mks)

i)

ii)

iii)

iv)

11. Highlight four circumstances under which a seller may require a buyer to pay cash with order (CWO) (4mks)

i)

ii)

iii)

iv)

12. Outline four ways in which the declining entrepreneurship culture can be promoted in Kenyans . 4mks

i)

ii)

iii)

iv)

13 .Match each of the following books of original entry with relevant source documents (4mks)

Books of original entry source documents

1. Cash book
2. Sales day book
3. Returns inwards day book
4. Returns outwards subsidiary book

14. Mr.mokua has just taken a whole life policies and he is complaining that his premiums are high. Outline four reasons why the premium may be high (4mks)

i)

ii)

iii)

iv)

15. Outline four reasons why the government imposes taxes (4mks)

i)

ii)

iii)

iv)

16. Highlight four limitations of using after sale services as a way of promoting products. (4mks)

i)

ii)

iii)

iv)

17. State four difficulties that man faces each and every day as he strives to satisfy his wants (4mks)

i)

ii)

iii)

iv)

18. Classify the following either into personal, real, nominal or private accounts (4mks)

Item Type of account

Machinery

Drawings

Commissions

Juma, a creditor

19. Highlight four important documents that are required by the register of companies for a public company to be registered (4mks)

i)

ii)

iii)

iv)

20.Outline four functions of Kenya bureau of standards (KEBS) (4mks)

i)

ii)

iii)

iv)

21. Highlight four circumstances under which a firm would be located near the market for its products (4mks)

i)

ii)

iii)

iv)

22. Outline four essentials of a warehouse (4mks)

i)

ii)

iii)

iv)

23. The features given below describe various product markets. Write the correct product market against each of the features in the spaces provided. (4mks)

**Features Product market**

1. Few large sellers in the market
2. Firms sell identical products
3. One supplier for the entire market
4. Very many sellers of differentiated products

24. Outline four internal factors that may influence the operations of an established business negatively (4mks)

i)

ii)

iii)

iv)

25.Decreasing the volume of imports is one of the measures to correct balance of payment disequilibrium. Highlight four ways of decreasing imports. (4mks)

i)

ii)

iii)

iv)