**Name…………………………………… ………………. Index No:…………………**

**School……………………………………………… Candidate’s Signature …………**

**Date: …………………**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**JULY-AUGUST- 2016**

**TIME: 2 ½ HOURS**

**KAKAMEGA SOUTH SUB-COUNTY JOINT EVALUATION TEST – 2016**

**Kenya Certificate of Secondary Examination ( KCSE)**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**INSTRUCTIONS TO CANDIDATES**

* ***Write your name and index number in the spaces provided.***
* ***Sign and write the date of examination in the spaces provided.***
* ***Answer all questions in the spaces provided in this booklet.***
* ***Candidates should check the question paper to ascertain that all pages are printed as indicated and the no questions are missing.***

**For Examiners Use Only**

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

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **16** | **17** | **18** | **19** | **20** | **21** | **22** | **23** | **24** | **25** |
| **Marks** |  |  |  |  |  |  |  |  |  |  |

**TOTAL MARKS**

***This paper consists of 8 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing.***

1. Highlight four factors that will make a new product not to be successfully sold at the market (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

1. Given below are some factors that influence the operation of a business. Indicate with a tick ( √ ) in the appropriate column the business environment associated with each of the factor s ( 4mks)

|  |  |  |
| --- | --- | --- |
| Factors | Internal | External |
| Rainy season |  |  |
| Economic recession |  |  |
| Employees strike |  |  |
| Rival firms |  |  |

1. Identify the principle of insurance described in each of the following circumstances (4mks)
2. James went to insure his neighbor`s house but the insurer refused to accept to provide cover……………………………………………………………………………
3. Benta`s vehicle insured against theft was destroyed in an accident and the insurer refused to compensate…………………………………………………
4. After full compensation, the insurer took the remains of Peter`s vehicle

………………………………………………………………………………..

1. Rose insured her second hand vehicle as a brand new one and the insurer declined to offer protection…………………………………………………
2. State four services that your school provides you as a student (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

1. For each of the following transaction, indicate the account to be debited and the account to be credited (4mks)

|  |  |  |
| --- | --- | --- |
| Transaction | Account debited | Account credited |
| 1. Bought equipment in cash | \_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_ |
| 1. Sold goods on credit to Linda | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| 1. Took cash from cash box for personal use | \_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| 1. Converted a personal van into business use | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

6. State how the following types of unemployment may occur in a country (4mks)

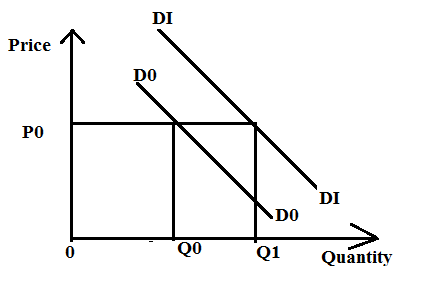
(a) Disguised

(b) Frictional

(c ) Cychical

(d)Seasonal

7. Outline four principles that govern the operation of co-operative societies (4mks)

8. The diagram below shows a change in demand of a product

State four causes of the changes in demand (4mrks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

9. Give four types of books of original entry (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

10. Outline four function of Kenya commercial Bank (KCB) (4mks)

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11. The following is an extract of a cash book from Ramo Traders

**Ramo Traders**

**Cash book for the month of January 2010**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | Cash | Bank | Date | Details | Cash | Bank |
| 2010 |  |  |  | 2010 |  |  |  |
| Jan 1 | Bal blf | 2500 | 4500 | Jan 2 | Stationery | 520 |  |
| Jan 5 | Sales | 1200 |  | Jan 8 | Wages |  | 2400 |
| Jan 10 | Cash |  | 1500 | Jan 10 | Bank | 1500 |  |

1. Determine the balance carried down on 10th January (2mks)

(i)Cash\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(ii)Bank\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Give the name of the transaction on 10th January 2010 (1mk)
2. Describe the transaction on 8th January 2010 (1mk)

12. Give the uses of the following office machines (4mks)

(a) Dictaphone

(b) Guillotine

13. Outline four ethical issues a business should observe concerning its employees (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

14. Highlight four problems associated with Monopoly markets structure (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

15. Outline four circumstances under which human wants can be fully satisfied (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

16. Highlight four reasons why most countries are getting rid of direct production

(4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

17. Mwanaisha owns and runs a retail shop in her village. State four features of this form of business organization (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

18. The following information was extracted from the books of Wanjala Traders

Rate of stock Turnover 3

Opening stock 80,000

Closing stock 100,000

Mark up 20%

Determine Gross profit (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

19. State four measures that the county government of Kakamega could undertake so as to attract its investors to locate their industries within its boundaries (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

20. Give four measures that could be undertaken to conserve forests in Kenya (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

21. State the purpose of the following documents used in International trade (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

(a) Commercial invoice

(b) Letter of credit

(c )Airway bill

(d)Import Licence

22. Highlight four benefits to a large consumer who buys directly from the producer (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

23. Outline four reasons why a transporter of goods from Mombasa to Nairobi may prefer rail transport to road transport (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

24. On 1st December 2013 ,Boda Boda Traders bought 200 torches at sh 50 each from Furaha wholesalers .A trade discount of 10% was allowed and 2% cash discount if payment was made within three weeks .Calculate the amount paid if payment was made on 18th December 2013 (4mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

25. State the term given to each of the following statement (4mks)

|  |  |
| --- | --- |
| Statement | Term |
| 1. The transfer of an enterprise from public ownership to private ownership | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| 1. The possibility of occurrence of the events which may cause a loss to the insured | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| 1. The value of the foregone alternative where choice has been made | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| 1. The total monetary value of all goods and services produced in a country over a period of one year | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |