

NAME: ..... INDEX NO.....  
CANDIDATE SIGN: ..... DATE.....  
SCHOOL RANDOM NO. : .....

565/1

BUSINESS STUDIES  
PAPER 1  
JULY/ AUGUST-2014

TIME: 2 HOURS

## KISII SOUTH JOINT EVALUTION TEST-2014

*Kenya Certificate of Secondary Education (KCSE)*

565/1

BUSINESS STUDIES  
PAPER 1  
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### INSTRUCTIONS TO CANDIDATES

ANSWER ANY FIVE QUESTIONS IN THE SPACES PROVIDED IN THE QUESTION PAPERS.

EXAMINER'S USE

|    |    |    |    |    |    |    |    |    |    |
|----|----|----|----|----|----|----|----|----|----|
| 1a | 1b | 2a | 2b | 3a | 3b | 4a | 4b | 5a | 5b |
|    |    |    |    |    |    |    |    |    |    |

|    |    |
|----|----|
| 6a | 6b |
|    |    |

|                        |  |
|------------------------|--|
| TOTAL GRAND SCORE MARK |  |
|                        |  |

1. a) Explain five advantages of automatic vending machines (ATM) to a trader. (10 mks)
- b) Explain five differences between monopoly and perfect completion market. (10 mks)
2. a) Explain five roles of stock exchange in the Kenyan economy.
- b) Explain five causes of a deficit in the balance of payment.
3. a) Explain five structural changes that a country may experience when undergoing development

b) Umoja had the following balances as at 31<sup>st</sup> Dec, 2009.

|                          |           |
|--------------------------|-----------|
| Building                 | 560,000   |
| Debtors                  | 96,900    |
| Bank loan                | 452,500   |
| Creditors                | 247,000   |
| Furniture                | 408,170   |
| Gross Profit             | 520,600   |
| Motor vehicle            | 900,000   |
| Discount allowed         | 142,000   |
| Lighting                 | 25,200    |
| Interest on loan         | 1,200     |
| Closing stock            | 72,500    |
| Rent received            | 120,000   |
| Repairs on buildings     | 60,000    |
| Repairs on furniture     | 72,030    |
| Repairs on motor vehicle | 300,000   |
| General expenses         | 102,100   |
| Capital                  | 1,400,000 |

Prepare Umoja's:

- a) Profit and loss for the year ended 31<sup>st</sup> Dec 2009. (5 ½ marks)
- b) Balance sheet as at 31<sup>st</sup> Dec 2009. (4 ½ marks)
4. a) Explain five advantages of M-Banking to an economy. (10 marks)
- b) Explain five ways in which commercial attaches may boost export trade. (10 mks)
5. a) Explain five causes of demand pull inflation. (10 mks)
- b) Explain the procedure for claiming compensation by the insured. (10 mks)
6. a) Explain six circumstances under which one may use telegram over telephone communication.

- b) The following details were extracted from the books of Bonga traders during the years ended 31<sup>st</sup> July 2001.

|                   |              |
|-------------------|--------------|
| Sales Sh.         | 1,840,000    |
| Opening Stock Sh. | 360,000      |
| Closing Stock Sh. | 460,000      |
| Expenses          | 16% of sales |
| Margin            | 20%          |

Calculate

- i) Gross profit
- ii) Cost of Sales
- iii) Purchases
- iv) Net profit