

Name.....
 School.....
 Candidate's Signature.....

Index No...../
 Date

565/1
BUSINESS STUDIES
 Paper 1
 JULY/AUGUST - 2012
Time: 2 Hours

BURETI DISTRICT JOINT EVALUATION TEST – 2012
Kenya Certificate of Secondary education (K.C.S.E)

565/1
BUSINESS STUDIES
 Paper 1
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INSTRUCTIONS TO CANDIDATES

1. Write your **name**, **Index number** and **school** in the spaces provided above.
2. **Sign** and **write** the date of the examination in the spaces provided above.
3. Answer **all** the questions.
4. All answers **must be** written in the spaces provided in this booklet.
5. Do not remove any pages from this booklet
6. Candidates **should check** the question paper to **ascertain that** all the pages are printed as indicated and no questions are missing.
7. This paper consists of **10** printed pages

FOR EXAMINERS USE ONLY.

Qs No.	1	2	3	4	5	6	7	8	9	10	11	12
Marks												

Qs No.	13	14	15	16	17	18	19	20	21	22	23	24
Marks												

Qs No.	25
Marks	

Total Marks

1. State **four** characteristics of services. (4mks)

- (a)
- (b)
- (c)
- (d)

2. Outline **four** reasons why most developing countries rely on extractive Level of production (4mks)

- (a)
- (b)
- (c)
- (d)

3. Highlight **four** benefits to a business that uses e-mail in communication. (4mks)

- (a)
- (b)
- (c)
- (d)

4. Mention **four** factors that influence entrepreneurship practices in Kenya. (4mks)

- (a)
- (b)
- (c)
- (d)

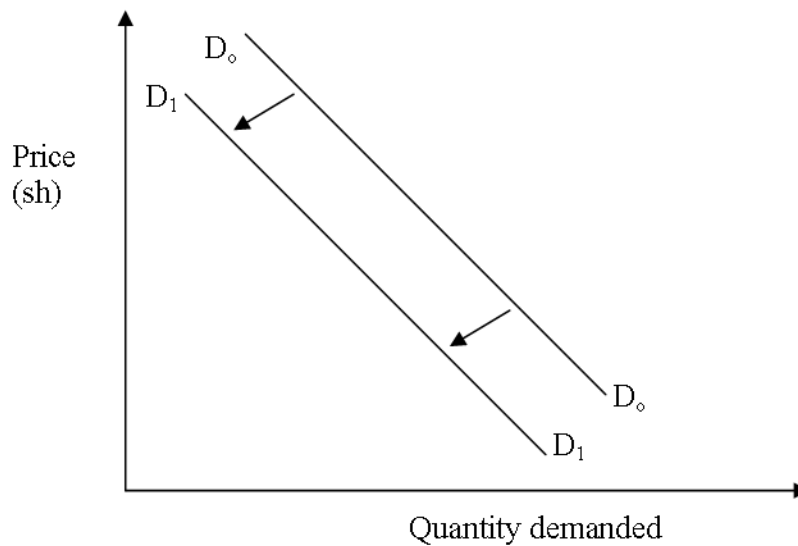
5. Classify the following factors of a business as either internal or external business environment.

(Use a tick)

(4mks)

Factor	Internal	External
(a) Employees		
(b) Tools and equipments		
(c) Inflation		
(d) Political factor		

6. The diagram below shows a shift of the demand curve of a commodity Y from D_0D_0 to D_1D_1 .



Outline **four** factors that may have caused the shift in the demand curve.

(4mks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

7. Outline **four** circumstances under which producers may prefer to sell goods directly to the consumer. (4mks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

8. State the type of unemployment to which each of the following statements relate. (4mks)

Statement	Type of unemployment
a) Worker's full capabilities are not completely utilized.	
b) High demand for labour during Peak Period	
c) Demand for labour declines due to decrease in the supply of goods and services	
d) Exists in the period after a person loses a job and goes out in search of another.	

9. **State** the books of original entries in which the following documents are used. (4 mks)

- (a) Incoming Invoice.....
- (b) Incoming Receipt.....
- (c) Outgoing Credit Note.....
- (d) Outgoing Invoice.....

10. Write the following abbreviations in full. (4mks)

- (i) G.D.P
.....
- (i) N.N.P
.....
- (i) G.N.P
.....
- (i) D.P.I
.....

11. The document shown was issued by Jimcar traders to Mueni

Jimcar Traders Box 5 Nakuru		
To. Mueni Box 20 Kericho	No. 012 Date: 20 th June 2010	
We have credited your account as follows. To copies of receipt books returned by you to us. Sign _____	Amount	
	Sh	Cts
	15,000	00
	<u>15,000</u>	<u>00</u>
Total		

Outline **four** circumstances under which the above document may be issued. (4mks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

12. The following balances were extracted from the books of Loliondo enterprises as at 6th Jan 2009.

	Sh.	(4mks)
Land	150,000	
Prepaid Insurance	85,500	
Discount received	5,500	
Sales	5,000	
Purchases	18,000	
Capital	311,000	
Return Inwards	20,000	
Return outwards	6,000	
Creditors	1,500	
Bank	55,000	

Required: Prepare a trial balance.

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13. Highlight **four** negative effects of development to an economy. (4mks)

- (a)
- (b)
- (c)
- (d)

14. The following information relates to Rokito traders for the year ended 31st December 2011.

	Sh.
Fixed Assets	5,000,000
Current assets	650,000
Net Profit	300,000
Current Liabilities	650,000
Sales	2,000,000
Closing stock	100,000
Opening Stock	200,000
Gross Profit Margin was 20%	

(4mks)

16. The inflation rate in Kenya moved up from 6.4% to 9.5%. State four positive outcome of this change. (4mks)

- (a)
- (b)
- (c)
- (d)

17. Name the **four** ways through which consumers can be cheated in their dealings with traders (4mks)

- (a)
- (b)
- (c)
- (d)

18. The following correspondence has been received in the mail room, state the department to which each correspondence would be sent. (4mks)

Correspondence	Department
(i) An invoice from a creditor	
(ii) A catalogue from a supplier	
(iii) A letter of application for job	
(iv) A complaint from a customer	

19. Outline **four** circumstances under which a sole – proprietorship may be dissolved. (4mks)

- (a)
- (b)
- (c)

(d)

20. Wanjau started a business with sh. 60,000 as at 1st Jan 2010. During the year profits and additional investments were sh. 50,000 and 60,000 respectively.

At the end of the year Wanjau remembered that she had taken goods for her personal use and that as at 31st Dec.2010 her capital was sh. 19,500.

Determine the value of goods that Wanjau had taken for her personal use. (4mks)

21. Highlight **four** factors that may be considered by an insurance firm before determining Premiums to be charged for life assurance policy. (4mks)

(a)

(b)

(c)

(d)

22. State **four** circumstances under which it would be appropriate to use signs to communicate in carrying out business activities.

(a)

- (b)
- (c)
- (d)

23. Identify **four** limitations of human portorage as a means of transport.

- (a)
- (b)
- (c)
- (d)

24. State **four** factors to consider before incurring public expenditure.

- (a)
- (b)
- (c)
- (d)

25. Give **four** current trends in product Promotion. (4mks)

- (a)
- (b)
- (c)
- (d)