

Name.....
 School.....
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Index No...../
 Date

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

BUTERE DISTRICT JOINT EVALUATION TEST - 2012
Kenya Certificate of Secondary Education (K.C.S.E)

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BUSINESS STUDIES
 Paper 1
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INSTRUCTIONS TO CANDIDATES

1. Write your name and index No. in the spaces provided above.
2. Answer all the questions in the spaces provided

FOR EXAMINER'S USE ONLY

Question	1	2	3	4	5	6	7	8	9	10	11	12
Marks												

Question	13	14	15	16	17	18	19	20	21	22	23	24	25
Marks													

TOTAL MARKS

*This paper consists of 12 printed pages.
 Candidates should check the question paper to ensure that all
 pages are printed as indicated and no questions are missing*

1. Outline **four** reasons that will encourage a business organization to hire an office machine rather than purchasing its own. (4mks)

- a).....
.....
- b).....
.....
- c).....
.....
- d).....
.....

2. Give **four** differences between a Debit note and Credit note. (4mks)

i)	i)
ii)	ii)
iii)	iii)
iv)	iv)

3. Highlight **four** factors that promote the existence of small firms in an economy dominated with large – scale firms. (4mks)

- a).....
.....
- b).....
.....
- c).....
.....
- d).....
.....

4. The information given below was obtained from the books of Teddy enterprises at the end of a trading period.

Kshs

Cash	45,000
Stock	25,000
Debtors	30,000
Land and buildings	120,000
Furniture	80,000
Creditors	45,000
Bank overdrafts	25,000
Drawings	12,000
Additional investments	63,000
Net profit	8,000

Required:

- i) Calculate capital at the end of the trading period. (2mks)

- ii) Calculate capital at the beginning of this trading period. (2mks)

5. Give **four** factors that may cause a business organization to succeed. (4mks)

- a).....
.....
- b).....
.....
- c).....
.....
- d).....
.....

6. Outline **four** problems encountered in developed planning at the implementation stage. (4mks)

- a).....
.....
- b).....
.....
- c).....
.....
- d).....
.....

7. The average consumer price for a 20 litre of cooking oil for various years is shown in the table below.

Year	Consumer price	Consumer price index
2000	470	100
2001	530	-
2002	620	-
2003	740	-
2004	860	-

Calculate the consumer price index using year 2000 as base year. (4mks)

8. Give **four** characteristics of oligopoly market structure. (4mks)

- a).....
.....
- b).....
.....
- c).....
.....
- d).....
.....

9. Highlight **four** factors considered when choosing a middlemen within a channel of distribution. (4mks)

- a).....
.....
- b).....
.....
- c).....
.....
- d).....
.....

10. The main source of finances to our government is tax. Outline **four** purposes of taxation.(4mks)

- a).....
.....
- b).....
.....
- c).....
.....
- d).....
.....

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11. The following balances relate Malimali enterprises as at 31st march 2011.

	Kshs
Machinery	750,000
Capital	1,750,000
Stock	200,000
Debtors	76,000
Drawings	480,000
Motor vehicle	500,000
Cash	134,000
Bank overdraft	70,000
15 year Bank loan	140,000

Required : Prepare Malimali enterprise Trial Balance as at 31st March 2010.

(5mks)

12. Give **four** factors that are necessary for the effective operation of a warehouse. (4mks)

a).....

.....

b).....

.....

c).....

.....

d).....

.....

13. The diagram below represents the flow of income in a two- sector economy. (4mks)

Diagram

Label W,X,Y and Z

W.....

X.....

Y.....

Z.....

14. Outline four important of insurance to Kenyan economy. (4mks)

a).....

.....

b).....

.....

c).....

.....

d).....

.....

15. Highlight **four** benefits of economic intergration to various member countries. (4mks)

a).....

b).....

c).....

16. Outline **four** problems of income approach in measuring National income. (4mks)

a).....

b).....

c).....

d).....

17. Shirandula enterprises had the following information as at 31st December 2011.

Sales turnover	500,000
Purchases	320,000
Opening stock	80,000
Closing stock	140,000
Debtors	140,000
Creditors	90,000
Expenses	30,000

Calculate

(i) Cost of sale (1mk)

(ii) Margin (1mk)

iii) Rate of stock turnover (1mk)

iv) Not profit (1mk)

18. Outline four benefits that a client gets when he or she uses Automatic Teller machine(A.T.M) banking services. (4mks)

a).....

.....

b).....

.....

c).....

.....

d).....

.....

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19. The government through various Agencies has put in place measures to protect Kenyan directly or indirectly against malpractices by unscrupulous traders. Why should consumers be protected.

(4mks)

a).....

b).....

c).....

d).....

20. Highlight **three** disadvantages of using sms services on your mobile phone. (3mks)

a).....

b).....

c).....

d).....

21. Outline **four** uses of a bill of lading at the international market. (4mks)

a).....

b).....

c).....

d).....

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22. The following statements relate to different types of utility. Identify the type of utility describe in each case.

- i) Selling success cards to students during annual National Examinations at a consideration
- ii) Physical movement of sugar from Mumias Sugar warehouse to southern Sudan for sale
- iii) Conversion of ex- barking flour to chapatis
- iv) Storing maize awaiting an increase in the market price to attract high profits.

23. Outline **four** circumstances under which a firm may amalgamate with another. (4mks)

- a).....
.....
- b).....
.....
- c).....
.....
- d).....
.....

24. Given below are business transactions relating to Mumbo Enterprises. For each transaction indicate the account to be debited and account to be credited. (4mks)

Business transactions	A/C Debited	A/C Credited
a) Cash sales		
b) Deposited total cash in hand to the business bank account		
c) Paid water bill by cheque		
d) Purchased office furniture on credit		

25. Consumer High Tech gas Limited intend to introduce gas cylinders that can be refilled with different values ranging from Ksh 100 to Ksh 3000. Highlight factors that will lead to increased demand for these products. (4mks)

a).....

.....

b).....

.....

c).....

.....

d).....

.....

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