

NAME:.....

INDEX NO:.....

SCHOOL:.....

DATE:.....

SIGN:.....

**565/1
BUSINESS STUDIES
PAPER I
JULY / AUGUST 2012
TIME: 2 HOURS**

KERICHO DISTRICT JOINT KCSE TRIAL EXAMINATION-2012
Kenya Certificate of Secondary Education (K.C.S.E)

**565/1
BUSINESS STUDIES
JULY / AUGUST 2012
TIME: 2 HOURS**

INSTRUCTIONS TO CANDIDATES

1. Write your name and index number in the spaces provided above.
2. Sign and write the date of the examination in the spaces provided above.
3. Answer all questions
4. All answers must be written in the spaces provided in this booklet.
5. Do not remove any pages from this booklet

For Examiner's Use Only

<i>Question</i>	1	2	3	4	5	6	7	8	9	10	11	12	13
<i>Marks</i>													

<i>Question</i>	14	15	16	17	18	19	20	21	22	23	24	25
<i>Marks</i>												

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 that no questions are missing.

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1. Identify the macro-environmental factor affecting business operations as described by the following statements. (4mks)
 - (a) Laws and policies that regulate business activities.....
 - (b) Affects buyer's ability to buy commodities offered by a business.....
 - (c) Firms selling similar products trying to out do each other in their efforts to maximize profits.....
 - (d) Dictates how people live and what products they consume.....

2. Give **four** reasons why discounts are granted. (4mks)
 - (a).....
 - (b).....
 - (c).....
 - (d).....

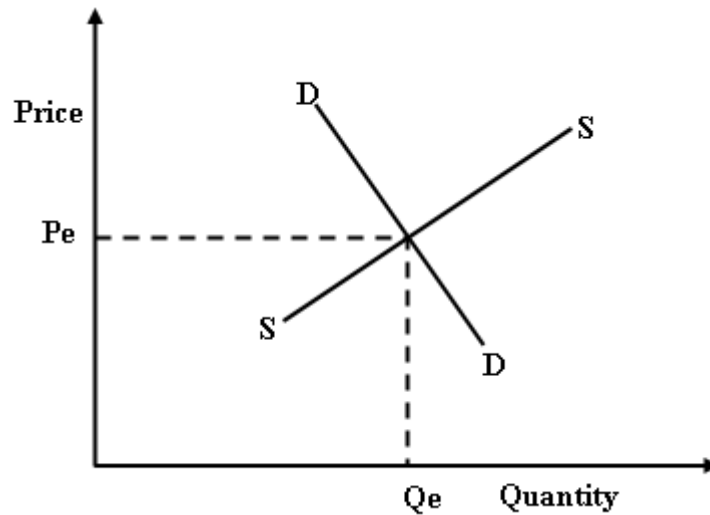
3. Highlight **four** factors that must be considered before incurring public expenditure. (4mks)
 - (a).....
 - (b).....
 - (c).....
 - (d).....

4. State **four** measures that can be taken to control cost push inflation. (4mks)
 - (a).....
 - (b).....
 - (c).....
 - (d).....

5. Give **four** characteristics of a partnership (4mks)

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

6. The diagram below shows equilibrium price and quantity.



Draw a new demand curve on the diagram above showing a decrease in demand and the effect on; (4mks)

- (i) equilibrium price
- (ii) equilibrium quantity
- (iii) equilibrium point

7. Give **four** reasons why it would be advisable to take an endowment policy instead of a whole life policy (4mks)

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

8. Highlight **four** disadvantages of a long chain of distribution to a buyer. (4mks)

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

9. Outline **four** differences between Economic growth and Economic development (4mks)

Economic growth	Economic development
a)	a)
b)	b)
c)	c)
d)	d)

10. Outline **four** limitations of National income statistics in comparing standards of living in different countries. (4mks)

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

11. Outline **four** features of Itinerant traders (4mks)

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

12. Identify the tax system described by the following statements. (3mks)

- (a) Tax payers pay a fixed percentage of their income as tax.
.....
- (b) Amount of tax paid increases proportionately with increase in income
.....
- (c) Type of tax which takes a higher proportion of low income earners as compared to high income earners
.....

13. The following are some of the documents used in International trade; Proforma Invoice, Consular Invoice, Certificate of origin and Indent. Match each document with the Appropriate description in the table below. (4mks)

	Description	Document
(a)	Prepared by an exporter giving details about the origin of goods	
(b)	Shows prices charged as certified by the importing country's officials	
(c)	An order sent by an importer to an agent in the exporting country	
(d)	Enables the importer to initiate clearing of customs duty early enough to avoid delays.	

14. Outline **four** advantages of a systematic arrangement of goods in a warehouse. (4mks)

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

15. The information below was extracted from the books of Ssisa Stores for the year ended 31.12.2011

Opening stock	sh.75,000
Closing stock	sh.25,000
Turnover	sh.900,000
Margin	25%

Determine: (5mks)

- (a) Gross profit
- (b) Rate of Turnover

16. The following Trial balance was obtained from the books of East Traders for the year ended 30.06.2011

East Traders
Trial Balance
As at 30.06.2011

Details	Debit (Shs.)	Credit (Shs.)
Gross profit		14,300
Rent	7,500	4,200
Bad debts	5,000	
Commission		3,500
Insurance	2,000	
Fixed Assets	13,500	
Capital		6,000
	28,000	28,000

Prepare East Stores profit and loss account

(4mks)

17. State **four** ways in which the government may promote local trade. (4mks)

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

18. Outline **four** features of oligopoly as a market structure (4mks)

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

19. For each of the following transactions identify the book of original entry in which the transaction should be recorded.

	Transaction	Book of Original entry
(a)	Goods worth sh.4,000 returned by a client	
(b)	Goods were purchased for sh.120,000 on credit	
(c)	Returned goods worth sh.6,200 to the supplier	
(d)	Sale of office furniture worth sh.80,000 on credit	

20. Outline **four** circumstances under which sign language would be appropriate. (4mks)

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

21. Outline **four** effects of an ageing population (4mks)

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

22. Highlight **four** factors that inhibit entrepreneurial development. (4mks)

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

23. Outline **four** unethical issues in product promotion (4mks)

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

24. Give **four** incentives that a government may give investors to encourage development of firms in a certain area. (4mks)

(a).....

(b).....

(c).....

(d).....

25. Highlight **four** advantages of using M-banking. (4mks)

(a).....

(b).....

(c).....

(d).....

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