

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

Index No...../
Date

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

KWANZA 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 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
<u>marks</u>													

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. State the characteristics of human wants that suit the following statement (4mks)

Statement	Characteristics
a) wants are so many compared to resources	
b) Once satisfied some wants are left again and again	
c) satisfaction of a given want gives rise to another	
e) Everybody needs them in one form or another	

2. Yator and Korir have been trading partners. Yator decided to breakaway from the partnership and commence his own business. State four benefits that he will derive from the undertaking.

(4mks)

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3. For each of the following accounts title, Indicate whether it is real, nominal or personal (4mks)

Account title	Account type
a) Waswa, a debtor	
b) Commission received	
c) Bank	
d) Purchases	

4. Highlight four reasons why a country would like to know the structure of it's population (4mks)

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5. Identify four circumstances under which communication may be in effective (4mks)

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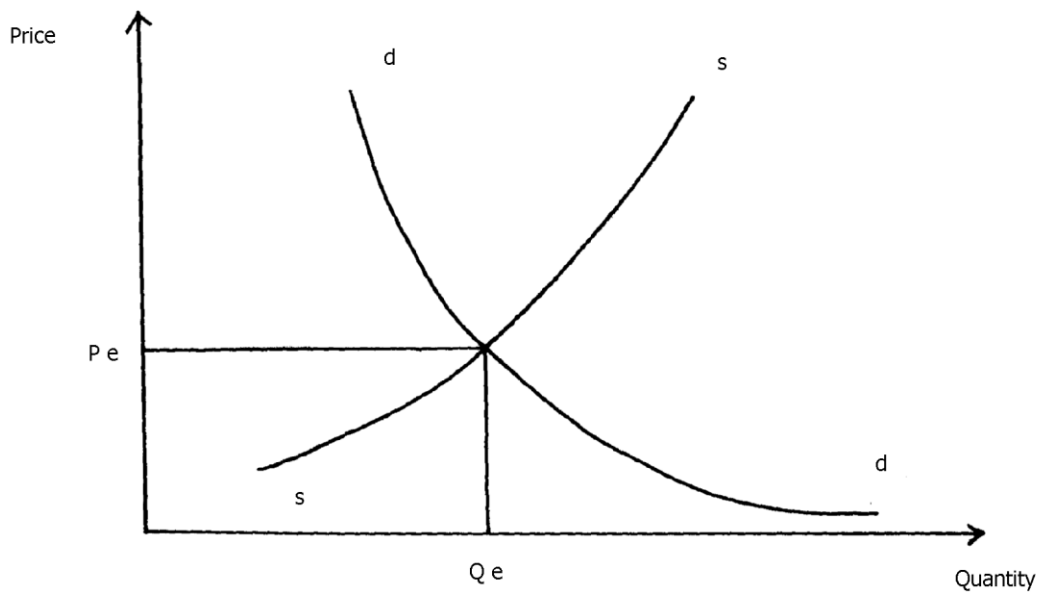
6. Mention five reasons why M-Pesa is becoming a very popular means of payment in Kenya(4mks)

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7. The following diagram shows demands and supply curve of commodity.



State four things that will happen if the supply of the commodity is increased while demand remains constant (4mks)

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8. Highlight four factors that contribute to demand pull inflation (4mks)

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9. Ukweli enterprises has a working capital of sh.200,000 and a current ratio of 3:1. Calculate
(i) Current assets (2mks)

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(ii) Current liabilities (2mks)

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10. Highlight four circumstances under which a manufacturer would prefer to sell his products directly to consumers instead of middlemen

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11. Highlight four uses of national income statistics to any country (4mks)

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12. Outline four measures which the government can take to encourage location of firms in an area (4mks)

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13. On 1.1.09 the cash book of Kimende traders Cash and Bank balances of sh.3,500 and sh.20,000 respectively. The following transactions took place in the month.

- Jan 6, Cash sales sh.12,500
- 15, Receives a cheque of sh.45,000 from a debtor after deducting a 10% discount.
- 31, Paid a creditor sh.28,500 after deducting 5% discount
- 31, Banked all cash leaving a balance of sh.100 in the cash till

Prepare a three column cash book. (4mks)

14. Kenya has been hard hit by H.e.p shortages in the recent past. State four alternative energy sources which should be promoted to meet the following demand (4mks)

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15. Outline four circumstances under which a country may engage in trade restriction (4mks)

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16. Outline four demerits of an indirect tax (4mks)

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17. The following assets and liabilities belong to Mumbi as at 31.12.08

Stock	sh. 90,000
Land	sh. 130,000
Creditors	sh. 65,000

a) Calculate capital (1mk)

b) In Jan, 2009 stock costing sh.30,000 was sold for sh.36,000 cash. Prepare a new balance sheet as at 31.1.09. (3mks)

18. Outline four circumstances under which a trader would use porters to transport goods. (4mks)

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19. For each of the following cases, identify the motives for holding money (4mks)

Case	Motives
a) To meet daily transport expenses	
b) To meet any unforeseen circumstances	
c) To take advantage of fall in share prices	
d) To pay for any food requirements	

20. Identify four differences between a supermarket and hypermarket (4mks)

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21. Give four instances under which an insurance company may find it necessary to re-insure (4mks)

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22. Highlight four reasons why a development plan is important to a country (4mks)

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23. Tango limited wishes to promote its products through advertising. Mention any four ethical issues it must consider before engaging in advertising (4mks)

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24. State four uses of business plan (4mks)

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25. Highlight four ways in which HIV and AIDS has adversely affected business operations (4mks)

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