

NAME:

INDEX NO:.....

CANDIDATE'S NAME:.....

SIGNATURE:.....

565/1

BUSINESS STUDIES

PAPER 1

JULY / AUGUST 2013

TIME: 2 HOURS

NANDI SOUTH, NANDI EAST AND TINDIRET DISTRICTS JOINT EVALUATION TEST 2013

Kenya Certificate of Secondary Education

BUSINESS STUDIES

PAPER 1

TIME: 2½ HOURS

INSTRUCTIONS TO CANDIDATES:

1. Write your Name, Index Number and the name of our school in the spaces provided at the top of this page.
2. Sign and write the Date of the Examination in the spaces provided above.
3. This paper consists of 25 pages.
4. Answer all the questions in the spaces provided in this booklet.
5. Write in eligible and clear handwriting.

FOR EXAMINER'S USE ONLY

Question	1	2	3	4	5	6	7	8	9	10	11	12	13
Marks													

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

1. State **four** conditions necessary for a business to maintain a health business environment (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
2. Outline **four** non-monetary incentives that an organization could use to motivate its employees. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
3. Outline **four** limitations of water transport as a mode of transport in Kenya. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
4. Outline any **four** causes of inflation. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
5. Outline **four** factors that an entrepreneur should consider when introducing a new product into the market. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
6. State **four** importance of understanding demographic trends in a country. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
7. Highlight **four** reasons why it is important for a business to develop effective communication. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)

8. Identify any **four** ways that can be adopted by Central Bank to reduce money in circulation. (4mks)
- (i)
- (ii)
- (iii)
- (iv)
9. The following is a cash book that was extracted from Manyatta traders for the month of February 2009.

Manyatta Traders
Cash Book for the month of
February 2009

DR (Receipts)					(Payments) CR				
Date	Particulars	Disc all	Cash	Bank	Date	Particulars	Disc Rec	Cash	Bank
2004					2004				
Feb 1	Bal. b/d		2,000	5,000	Feb 15	Bank c ₁		15,000	
" 12	Wanjala	1,000	19,000		" 26	Njeru	850		17,000
" 15	Cash c ₁			15,000	" 27	Bal. c/d		6,000	3,000
		<u>1,000</u>	<u>21,000</u>	<u>20,000</u>			<u>850</u>	<u>21,000</u>	<u>20,000</u>
"27	Bal. b/d		6,000	3,000					

Describe the transactions which took place on the dates given below. (4mks)

- (i) February 1
- (ii) February 12
- (iii) February 15
- (iv) February 26

10. State **four** specific objectives of advertising as a tool of sales promotion. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

11. Highlight any **four** merits of a bonded warehouse to the government. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

12. Tenai sold 10 bags of maize at shs. 3000 each to Koech. Koech was allowed a trade discount of 10% and cash discount of 3% if payment was made within a month. Calculate the total money Koech paid if the payment was made within a week.(4mks)

13. Give **four** benefits that the Kenyan economy would get as a result of locating firms away from each other. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

14. The following information was extracted from the books of RUTHERFORD ENTERPRISES on 31st December 2009.

STOCK (1/1/2009)	28,000
STOCK (31//12/2009)	36,000
Sales	150,000
Purchases	92,000
Fixed Assets	300,000
Current Assets	400,000
Current Liabilities	160,000
Total Expenses	10,800

Calculate the following financial ratios:

(4mks)

- (i) Markup
- (ii) Margin
- (iii) Rate of stock turnover
- (iv) Working capital ratio

15. By use of a well labeled diagram, describe a change in the equilibrium point, following an increase in demand for a commodity under normal supply conditions. (4mks)

16. Outline any **four** differences between a co-operative society and a parastatal. (4mks)

- (i)
-
- (ii)
-
- (iii)
-
- (iv)
-

17. Given below is a balance sheet of Sosiot traders as at 1st July 2008.

Sosiot Traders
Balance Sheet
As at 1st July 2008

	Shs.		Shs.
Capital	136,000	Furniture	80,000
Creditors	20,000	Stock	45,000
		Bank	26,000
		Cash	5,000
	<hr/>		<hr/>
	156,000		156,000
	<hr/>		<hr/>

On 2nd July 2008 the business had the following transactions:

- (i) Purchased a motor van for shs. 400,000 on credit from DT Motors.
- (ii) Paid a creditor shs. 2000 in cash.
- (iii) Bought furniture for shs. 13,000 by cheque.

Prepare the balance sheet as at 2nd July 2008.

(4mks)

18. State the meaning of the following terms of sale as used in international trade (4mks)

- (i) Ex works:
- (ii) Free On Quay:
- (iii) Ex-Quay:
- (iv) Franco:.....

19.i) Identify the type of documents given below

- (a)
- (b)

<p>(a)</p> <p>No. 4050</p> <p>Received from:.....</p> <p>Shs. In words:</p> <p>Being payment for:</p> <p>Kshs. In figures:</p> <p>Cash / cheque / Money order</p> <p>Signature:.....</p> <p>With thanks</p>	<p>Zamzam Distributors</p> <p>Box 5031-00100</p> <p>Nairobi.</p> <div style="border: 1px solid black; width: 100px; height: 40px; margin: 10px auto; display: flex; align-items: center; justify-content: center;"> <p>Revenue Stamp</p> </div>
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<p>(b)</p> <p>To Brother Stores</p> <p>Box 148</p> <p>Kericho</p> <p>No:</p>		<p>Executive Drycleaners</p> <p>Box 548</p> <p>Kericho</p> <p>Date: 20th August 2010</p>
Quantity	Description	Amount
20 dozens	Plastic cups – red in colour @ 200 per dozen	5,000
20 dozens	Alluminium kettles size T4 @ 2400 per dozen	48,000
50 dozens	Serving spoons – stainless steel @ 100 per dozen	5,000
		58,000
	Less % trade discount	5,800
	Terms % on 21 days	53,200
E & EO		

ii. what is the name given to the above documents?

(1mk)

.....

20. Outline any **four** disadvantages of government involvement in business activities. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

21. Kipchoge intends to take a life assurance policy. Highlight **four** reasons why it would be advisable for him to take an endowment policy instead of a whole life policy. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

22. The table below shows items related to the measurement of national income. Name the measurement approach applicable to each item. (4mks)

ITEM	MEASUREMENT APPROACH
1. Receipt for transport income	
2. Government investments	
3. Net foreign trade balances	
4. Grinding maize into flour	

23. Highlight any **five** changes that take place when a country experiences economic development. (5mks)

- (i)
- (ii)
- (iii)
- (iv)
- (v)

24. State any **four** demerits of indirect taxes. (4mks)

- (i)
- (ii)
- (iii)
- (iv)

25. State **four** expenses that intermediaries incur in the process of distributing goods. (4mks)

- (i)
- (ii)
- (iii)
- (iv)