

NAME:.....

INDEX NO:.....

SCHOOL:.....

DATE:.....

SIGN:.....

565/1

BUSINESS STUDIES

PAPER 1

JULY/AUGUST - 2012

TIME: 2 HOURS

## BORABU-MASABA DISTRICTS JOINT EVALUATION TEST– 2012

*Kenya Certificate of Secondary Education (K.C.S.E)*

### INSTRUCTIONS TO CANDIDATES

1. Write your name and index number in the spaces provided above.
2. Sign and write the date of 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. This paper consists 8 printed pages.
7. Candidates should check the question paper to ascertain that all the pages are printed as indicated and no questions are missing.

### 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													

*This paper consists of 8 printed pages. Candidates should check the question paper to ascertain that all pages are Printed as indicated and that no question is missing.*

1. Below are some factors that influence the operations of a business .By use of a tick (✓) indicate in the appropriate column the business environment associated with each of the factors . (4mks)

Factor	Micro	Macro
a) Political factors		
b) Economic recession		
c) Business structures		
d) Human resources		

2. A business opportunity exists where there are gaps in the needs of the market. Outline four such gaps. (4mks)

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3. Outline four advantages of warehousing to a consumer. (4mks)

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4. State four features of partnership (4mks)

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5. Outline four sources of oligopoly power. (4mks)

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6. POA a serious entrepreneur has identified a business opportunity in one of the towns in Kenya and wants to borrow money from Faulu bank. State four factors he has to take into consideration before he borrows the money. (4mks)

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7. Give four reasons why agriculture is the leading economic activity of Kenya. (4mks)

8. Outline four measures a country may take to reduce imports. (4mks)

9. Outline three ways in which credit note is useful to a supplier. (3mks)

10. State the term given to each of the following disciplines. (4mks)

(a) Study of how man strives to satisfy his unlimited wants using the limited resources

(b) Study of the process of identifying a business opportunity and acquiring resources to start and operate a business

(c) Study of trade and aids to trade

(d) Refers to a systematic way of recording business activities which are used for decision making

11. State five circumstances under which photocopying may be used to reproduce documents in a school. (5mks)

12. Outline four functions of Kenya Bureau of standards. (4mks)

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13. Illustrate with a diagram the effect of a decrease in supply on equilibrium price and quantity in a normal situation. (4mks)

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14. Identify four factors that may lead to an increase in the level of national income of a country. (4mks)

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15. In the spaces provided, write decrease, increase or No effect to show the effects of each one of the following transactions on the assets, liabilities or capital. (4mks)

Transaction	Assets	Liabilities	Capital
a) Bought furniture on credit			
b) Paid creditors by cash			
c) Withdrew goods for personal use			
d) Converted a personal motorcycle for business use			

16. The following information relates to Sonko traders as on 30<sup>th</sup> June 2011.

	Shs
Capital	96,600
Debtors	29,520
Creditors	24,670
Motor vehicles	79,000
Cash	11,250
Stock	1,500

Prepare a trial balance

(4mks)

17. The following balances were obtained from the books of Mrembo Traders.

	Shs
Opening stock	25,000
Sales	180,000
Gross profit	25% of sales
Closing stock	35,000

Calculate

(a) Cost of good sold (2mks)

(b) Rate of stock turnover (3mks)

18. Outline four advantages a customer enjoys when he buys directly from a manufacturer. (4mks)

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19. Outline four measures that the Kenya government would take to alleviate unemployment with the Country (4mks)

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20. Highlight four features of effective communication. (4mks)

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21. Name three uses of two – column cash book. (3mks)

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22. Highlight four ways in which the insurance industry promotes growth of business enterprises. (4mks)

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23. State four limitations of after sales service as a method of product promotion. (4mks)

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24. Highlight four measures that the government may take to attract firms to an area. (4mks)

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25. Mosomi tradres had the following information extracted from the books of accounts as at 31<sup>st</sup> December, 2010

	Shs
Capital 1 <sup>st</sup> December, 2010	Kshs 350,000
Additional investment	100,000
Drawings for the year	45,000
Capital on 31 <sup>st</sup> December 2010	470,000

Determine the profit for the year.

(4mks)

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