Name………………………………………………………. **Index No………………./…….**

School…………………………………………………… **Date ………………………….**

Candidate's Signature……………………

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

MARAKWET WEST DISTRICT JOINT EVALUATION TEST

(MAWESSE)– 2012

Kenya National Examination Council (K.C.S.E)

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

INSTRUCTIONS TO CANDIDATES

- Answer all the question in section A.

FOR OFFICIAL USE ONLY

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Marks Scored														

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

Total

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

Answer all the questions in the spaces provided

1. Outline four ways in which business entrepreneurship helps economic development of a country. (4 marks)

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2. Mention four adverse effects of inflation. (4 marks)

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3. State four differences between shares and debentures. (4 marks)

Shares	Debentures
i)	i)
ii)	ii)
iii)	iii)
iv)	iv)

4. Mention four circumstances under which stock may change. (4 marks)

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5. The following terms relate to communication: verbal, horizontal, formal and informal. Write the appropriate term of communication associated with each of the following. (4 marks)

Statement	Term
i) Rumours going around that the most disciplined will be promoted	
ii) A manager giving instructions to a supervisor in his division	
iii) Prefects discussing discipline in their school	
iv) A manager issues a general circular to employees	

6. On January 1 2009, Kuinet traders has Ksh. 36,000 in cash and Ksh. 340,000 at bank. During the month the following transaction took place.

2009

January 7, Paid Pemwai Traders Ksh. 50,000 by cheque less Ksh. 2000 cash discount

January 18, sold goods for Ksh. 28,000 cash less 5% cash discount.

January 30, Banked all the cash except Ksh. 10,400

Enter the above transactions in the cash book.

Cash Book

Date	**Particulars**	**Disc. Allow.**	**Cash**	**Bank**	**Date**	**Particulars**	**Disc. Rec.**	**Cash**	**bank**

7. The following information relates to Cheraa Traders for year ended 31st December 2010.

Opening stock	12,000
Carriage inwards	6,000
Purchases	185,000
Sales	221,250
Closing stock	20,000

Other expenses 10% on gross profit.

Prepare Trading, Profit and Loss account for the year ended 31st December 2010. (5 marks)

8. In the table below are risks which are either Insurable or uninsurable. Indicate with a tick(✓) in the spaces provided to show whether each is insurable or uninsurable. (3 marks)

Risk	Insurable	Uninsurable
Shop lifting		
Floods		
House fire		

9. State four measures that the government in Kenya has put in place to protect consumers from unscrupulous business practice. (4 marks)

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10. Name the document that each of the following descriptions refer to. (4 marks)

Description		Document
i)	Used to tell the buyer that the seller has received the order	
ii)	Used to ask about the availability of goods	
iii)	Used to organize for transportation of goods between a seller and buyer	
iv)	Used to show goods sold on credit	

11. Identify four ways in which an organization can improve the productivity of its employees (4 marks)

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12. Highlight four reasons why the government must control the exploitation of her natural resources. (4 marks)

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13. Differentiate between derived demand and joint demand giving examples. (3 marks)

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14. Outline fout types of business which are beyond the control of a business organization. (4 marks)

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15. State whether the following factors would either lead to a shift in or movement along the demand curve. (4 marks)

Factor	Effect
i) A change in real income	
ii) Change in price of a product	
iii) A decrease in sales tax of a product	
iv) A decrese in population	

16. State four advantages that Kenya may get by being a member of the World Bank. (4 marks)

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17. In the table given below, give the appropriate type of advertising which suits the description. (4 marks)

Description	Type of advertising
i) Persuades the consumers to buy a product	
ii) Promotes a particular brand of product	
iii) Creates awareness about a product	
iv) Promotes the name of the manufacturer	

18. State four characteristics of oligopoly market structure. (4 marks)

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19. Highlight four disadvantages of a long channel of distribution of goods to a buyer. (4 marks)

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20. Give four factors that may discourage the use of pipeline as a means of transporting petroleum products in Kenya. (4 marks)

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21. State four reasons why consumers have to make a choice between competing needs. (4marks)

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22. State four items that are found on the credit side of the current account of a country. (4 marks)

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23. Arrange the following items in a balance sheet in the order of Liability; Premises, Prepaid rent, Bank Overdraft, 5 Year Bank Loan, Cash, Electricity accrued, wheel barrow, stationery. (4 marks)

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24. State four factors that determine the period for which documents should be stored in an organization. (4 marks)

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25. The National Income is measured using the expenditure given as:

Y=C+I+G+(X-M)

State what each of the following letters represent. (4 marks)

C

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I

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G

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(X-M)

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End