**NAME: ………………………………………………................. INDEX NO…………………………….**

**SCHOOL: ………………………………………………………..** **DATE: ……………………..…………**

**CANDIDATES SIGN………………………………..………….**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**OCT/NOV 2012**

**TIME: 2 HOURS**

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

**FORM THREE**

**Business studies**

**Paper 1**

**INSTRUCTIONS TO CANDIDATES**

* *Write* ***your name*** *and* ***Index Number*** *and* ***School*** *in the spaces provided above.*
* *This paper consists of 25 questions.*
* *Answer* ***all*** *the questions*
* *All answers* ***must*** *be written in the spaces provided in this booklet.*

***For Examiner’s Use Only:***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| QUESTION | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| MARKS |  |  |  |  |  |  |  |  |  |  |  |  |  | **TOTAL MARKS** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| QUESTION | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| MARKS |  |  |  |  |  |  |  |  |  |  |  |

*This paper consists of 8 printed pages. Candidates should check to ascertain that all papers are printed as indicated and that no questions are missing*

1. State **four** business activities arrived at product promotion other than sales promotion. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Highlight the charactistics of the non-incorporated business organizations. . (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Commodities can broadly be divided into Goods and Services that have utility for satisfaction. Outline the characteristics of services. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. The following details relate to miss Omollo’s business for the year ended 31st December, 2012

Return outwards 2,000

Purchases 103,000

Opening Stock 7,000

Closing Stock 5,000

Gross profit 22,000

***Required*** :Prepare the Trading Account (5mks)

1. Describe **four** circumstances in which it would be found convenient for a manufacturer to sale his products direct to the consumer, and not through middlemen. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. State **four** adjustments usually made in the income statistics of a country while trying to get a correct national income value. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Identify **four** possible sources of finance to Siaya County government. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. The new leadership in Kenya feels its advantageous to raise the retirement age from 55 years to 60 years of age. State the demerits of this policy. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Sign language is used in communication. Outline four circumstances in which it is found to be most appropriate. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. The following statement describe characteristics of particular retail types. Identify the retail type whose characteristic is described in each case. (4mks)
2. Has no shop in her business premises ……………………………………………
3. A customer serves herself undisturbed. ……………………………………………
4. Hawkers and Peddlers who move from phase

to phase in satch for customers ……………………………………………

1. A big building with many shops in it, all

belonging to different entrepreneurs …………………………………………….

1. State **four** steps the Government could take to boost the Kenyan entrepreneurial factors involvement in business activities. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Describe **four** ways in which mature of goods would influence the choice of transport made.(4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Give **four** distinctions between perfect competition and Duopoly market conditions. (4mks)

**Perfect competition**  **Duopoly**

1. Ajuma had the following balances in his business records as on 31st. January , 2013.

Capital 130,000

Stock 110,000

Creditors 10,000

Prepayments 30,000

The following transactions took place during January,2013

5th January - He sold worth shs 50,000 for cash shs 80,000

18th January - Ajuma converted his family land shs. 4000,000 and motor van

shs 320,000 into business use

29th January - Owner took cahs Shs. 7,000 and stock shs. 13,000 to celebrate son’s birthday

***Required*** :Prepare the balance sheet (5mks)

1. Nyabera city is endowed with a well developed business environment. Outline the economics of such a business entity in Nyabera stands to enjoy. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Devolution decentralizes government operations from the central government to the regional governments. Highlight the merits of devolution policy in a county. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Joseph and Dorice are employees of the same business Organisation. State four factors that could make Joseph earn higher wage them Dorice (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Brain Uses only one ledger, the General ledger in his business. On 1st October, 2013 he purchased stock from Mary worth shs. 100,000, Receiving Shs. 1,000 Trade discount and 10% cash discount. He paid shs 50,000 in cash and Shs 20,000 by cheque on the spot.

Open the relevant ledger accounts and record the transaction. ( balancing off is not required) (5mks)

1. State the first **four** procedure involved in the formation of a private joint stock company. ( 4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Outline **four** characteristics of life assurance contract. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Price Merchanism is a major method used to determine commodity prices. Identify any other **four** price determining methods. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Sally had cash balance of Shs. 22,000 cash in hand and Shs. 80,000 at bank on 1st. January, 2013. She deposited shs. 20,000 to the bank account 6th January, 2013.

***Required*** :Prepare the Cash – book (3mks)

1. State **four** circumstance under which cash payment terms would be preferred by a seller in a market situation. (4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. A healthy business environment is essential for business success. Describe four government activities used to improve the business environment in Kenya. ( 4mks)

a) ………………………………………………………………………………………………………..

b) ………………………………………………………………………………………………………..

c) ………………………………………………………………………………………………………..

d) ………………………………………………………………………………………………………..

1. Wafula made the following transaction during the Month of October, 2001

Oct. 1st - sold stock worth Shs.16,000 on credit to samba Hotel, invoice number 0067.

5th - Sold an Old office machine valued at Shs. 89,000 to Yala garments

co-invoice number 0068.

11th - Sold stock for cash Shs. 10,000 to Mr. Kamau

15th - Credit sales of Shs. 54,000 to Bore Tailors

***Required*** : Prepare Wafula’s sales journal