NAME………………………………………………………INDEX NO………………………………
SCHOOL……………………………………………………CANDIDATE’S SIGNATURE…………
                        DATE………………………………

565 / 1
BUSINESS STUDIES
PAPER 1
MARCH / APRIL 2015
2 HOURS

KABONDO DIVISION JOINT EVALUATION TEST

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

INTRODUCTION TO CANDIDATES
  i) Write your name and index no in the spaces provided
  ii) Answer all the questions
  iii) Write your answers in English

For examiner’s use only

<table>
<thead>
<tr>
<th>Question</th>
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<th>18</th>
<th>19</th>
<th>20</th>
<th>21</th>
<th>22</th>
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<th>24</th>
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</tbody>
</table>

This paper consists of 8 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing
1. Identify any four differences between life assurance and general insurance

   (4mks)
   i) ____________________________________________________________
   ii) ____________________________________________________________
   iii) ____________________________________________________________
   iv) ____________________________________________________________

2. Study the diagram below about a shift in the demand curve

   Outline four factors that brought about a shift of demand curve DD to DD as shown above
   (4mks)
   i) ____________________________________________________________
   ii) ____________________________________________________________
   iii) ____________________________________________________________
   iv) ____________________________________________________________

3. Identify four channels that can be used to distribute locally manufactured goods

   (4mks)
   i) ____________________________________________________________
   ii) ____________________________________________________________
   iii) ____________________________________________________________
   iv) ____________________________________________________________
4. Identify the type of office machine described below (4mks)
   i) Destroys unwanted papers /documents

   ii) Prints stamp impression on envelopes

   iii) Reproduces documents using stencils

   iv) Puts holes on papers to be filed

5. List four methods that commercial banks use in transferring funds

   ______________________________________________________________

   ______________________________________________________________

   ______________________________________________________________

   ______________________________________________________________

6. Draw a duly balanced double column cashbook from the following transaction that took place in the business of Onyango in May 2013.

   May 1st the balances brought forward were cash Sh 2500 and bank Shs 7000.
   May 3rd paid wages in cash Shs 2000.
   May 10th sold goods in cash Shs 6000.
   May 15th withdraw Shs 1000 from the bank for office cash (4mks)
7. Highlight four circumstances under which a public company may be dissolved

(4mks)

i) ______________________________________________________________________

ii) ______________________________________________________________________

iii) ______________________________________________________________________

iv) ______________________________________________________________________

8. Outline four ways in which the Kenyan government may motivate industries to delocalize

(4mks)

i) ______________________________________________________________________

ii) ______________________________________________________________________

iii) ______________________________________________________________________

iv) ______________________________________________________________________

9. Explain the meaning of the following terms as used in the accounting

a. Networth _____________________________________________________________

b. Depreciation _______________________________________________________ 

c. Assets ____________________________________________________________

d. Order of liquidity ____________________________________________________

10. Show the effects of the following transactions on the balance sheet totals by using a (+) for an increase, (-) for decrease or (o) for no effect

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Effects on balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Buys stock at Shs. 1000 on credit</td>
</tr>
<tr>
<td>b</td>
<td>Invests shs 10,000 in the business</td>
</tr>
<tr>
<td>c</td>
<td>Deposited shs 2000 in the bank</td>
</tr>
<tr>
<td>d</td>
<td>Sells goods that cost shs 1800 for shs 1000</td>
</tr>
</tbody>
</table>

(4mks)
11. Kenyan government has been experiencing an increase in the level of its national income. Identify four factors that may have contributed to this.

i) ______________________________________________________________________

ii) ______________________________________________________________________

iii) ______________________________________________________________________

iv) ______________________________________________________________________

(4mks)

12. List four benefits that may accrue to community that practices trade.

i) __________________________________________________________________________

ii) __________________________________________________________________________

iii) __________________________________________________________________________

iv) __________________________________________________________________________

(4mks)

13. Outline four factors that may make communication between two parties more effective.

i) __________________________________________________________________________

ii) __________________________________________________________________________

iii) __________________________________________________________________________

iv) __________________________________________________________________________

(4mks)

14. Outline four advantages a country may enjoy by having a low population.

i) __________________________________________________________________________

ii) __________________________________________________________________________

iii) __________________________________________________________________________

iv) __________________________________________________________________________

(4mks)

15. Explain the meaning of the following words as used in public finance.

a. Impact of a tax

______________________________________________________________________________

b. Incidence of a tax

______________________________________________________________________________

c. Tax avoidance

______________________________________________________________________________

d. Tax evasion

______________________________________________________________________________

(4mks)
16. Outline four essentials of a market (4mks)
   i) ____________________________________________________________
   ii) __________________________________________________________
   iii) _________________________________________________________
   iv) _________________________________________________________

17. Identify four roles an entrepreneur in a business organization (4mks)
   i) ____________________________________________________________
   ii) _________________________________________________________
   iii) _________________________________________________________
   iv) _________________________________________________________

18. Classify the following environmental factors into either internal or external business environment. (4mks)

<table>
<thead>
<tr>
<th>Factors</th>
<th>External environment</th>
<th>Internal environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Tools and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Inflation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C Politics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D The manager</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

19. Enter the following information in the relevant ledger accounts/

   On 1st February 2014 Kemo enterprises purchased a laptop (computer) for use in the business at shs 100000 cash /
   On 3rd February 2014/Kemo enterprises borrowed shs 170,000 from the bank .
   On 7th February 2014 Kemo paid shs 500 for transport expenses in cash /
   On 10th February 2014 Kemo brought furniture valued to shs 4,000 at the business from his home.

(4mks)
20. The following is trial balance of Kendu traders for period ending 31st Dec.2013

**Trial Balance**

<table>
<thead>
<tr>
<th>Details</th>
<th>Dr</th>
<th>Cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carriage out</td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td>Discount</td>
<td>2,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Transport</td>
<td>1000</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td>Wages</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td></td>
<td>16,000</td>
</tr>
<tr>
<td>Gross profit</td>
<td></td>
<td>37,000</td>
</tr>
<tr>
<td>Carriage inwards</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Purchases</td>
<td>14,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>57,000</td>
<td>57,000</td>
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</tbody>
</table>

**Required**

Draw a profit and loss account for Kendu traders for period ending 31st Dec 2013

(5mks)
21. List any four features of a private warehouse (4mks)
   i) ____________________________________________________________
   ii) ____________________________________________________________
   iii) ____________________________________________________________
   iv) ____________________________________________________________

22. Outline four tools that the central bank of Kenya may use to lower money supply in the country (4mks)
   i) ____________________________________________________________
   ii) ____________________________________________________________
   iii) ____________________________________________________________
   iv) ____________________________________________________________

23. Name the four types of cheques used in home trade (4mks)
   i) ____________________________________________________________
   ii) ____________________________________________________________
   iii) ____________________________________________________________
   iv) ____________________________________________________________

24. State four limitations of using hand carts to transport goods from a wholesaler to a retailer shop (4mks)
   i) ____________________________________________________________
   ii) ____________________________________________________________
   iii) ____________________________________________________________
   iv) ____________________________________________________________

25. Highlight four benefits that accrue to a manufacturer as a result of advertising his products (4mks)
   i) ____________________________________________________________
   ii) ____________________________________________________________
   iii) ____________________________________________________________
   iv) ____________________________________________________________
KABONDO DIVISION JOINT EVALUATION TEST

INTRODUCTION TO CANDIDATES

i) Write your name and index no in the spaces provided
ii) Answer all the questions
iii) Write your answers in English

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<td>Marks</td>
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</tbody>
</table>

This paper consists of 3 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing.
1. a. Explain five reasons why you would advise your friend against starting a sole proprietorship form of business (10mks)
   b. Explain five measures that can be taken to reduce unemployment in a country (10mks)

2. a. Explain five advantages of non-verbal communication (10mks)
   b. Explain five factors that have led to the survival of small scale retailers despite competitions from supermarkets (10mks)

3. a. Office equipments includes all the necessary office machines and office furniture. Explain five roles played by equipments in an office (10mks)

   b. On November 2010, Sandra traders had cash in shs 87,000 and cash at bank 250,000. During the month, the following transaction took place

      Nov 2 : cash sale shs 50,000
      Nov 3 : paid salaries shs 101,500 by cheque
      Nov 6: Received a cheque of shs 76,800 from Wambua after allowing him a discount of 4%
      Nov 12: Bought office furniture by cheque shs 85,000
      Nov 16: Settled katunge’s account of shs 40,000 in cash having deducted shs 800 cash discount
      Nov 18 : Received a cheque of shs 150,000 in respect of cash sales
      Nov 21: Paid wages shs 24,000 in cash
      Nov 22: Withdrew shs 5,000 cash for private use
      Nov 28: Received shs 16,500 cash from Mochere in settlement of his account less shs 660 cash discount
      Nov 30: Deposited all the money into bank except shs 25,000

      Prepare a three column cash book duly balance (10mks)

4. a. Explain five functions of commercial banks in Kenya (10mks)
   b. Explain five reasons for the popularity of sea transport in Kenya’s export trade (10mks)

5. a. Explain five uses of National income statistics (10mks)
   b. Outline five factors that you would consider when establishing a warehouse for imported goods (10mks)
6. a. Explain four criteria for determining the size of a firm (8,ks)

b. The following trial balance was extracted from the books of Bush traders on the 31st Dec 2012

<table>
<thead>
<tr>
<th></th>
<th>Dr</th>
<th>Cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>720,000</td>
<td></td>
</tr>
<tr>
<td>Purchases</td>
<td>340,000</td>
<td></td>
</tr>
<tr>
<td>Returns</td>
<td>20,000</td>
<td>18,000</td>
</tr>
<tr>
<td>Rent</td>
<td>16,000</td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>24,000</td>
<td></td>
</tr>
<tr>
<td>Commission</td>
<td>9000</td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>54,000</td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>64,000</td>
<td></td>
</tr>
<tr>
<td>Stock (1/1/2012)</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>Drawings</td>
<td>40,000</td>
<td></td>
</tr>
<tr>
<td>Furnitures /fittings</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Premises</td>
<td>400,000</td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td></td>
<td>288,000</td>
</tr>
<tr>
<td></td>
<td>1,099,000</td>
<td>1,099,000</td>
</tr>
</tbody>
</table>

Additional information
i) Stock as at 31st Dec 2012, shs 52,000

Required
a. Prepare trading profit a gross account for the year ended 31st Dec 2012
b. Calculate
   i) Gross profit margin
   ii) The rate of stock turnover (12mks)