

Name.....

Index No...../.....

School.....

Date .....

Candidate's Signature.....

**565/1**

**BUSINESS**

**Paper1**

**JULY / AUGUST 2012**

**Time: 2 Hours**

## **MANGA DISTRICT JOINT EVALUATION EXAM– 2012**

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

**565/1**

**BUSINESS**

**Paper1**

**JULY / AUGUST 2012**

**Time: 2 Hours**

### **INSTRUCTION TO CANDIDATES**

1. This paper consists of 25 questions.
2. Answer all questions
3. Write all your answers in the spaces provided in this question paper.

*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*

1. Outline four ways that can be used by an organization to protect its properties and control their use.
  - i) .....
  - ii) .....
  - iii) .....
  - iv) .....
  
2. State four services offered by advertising agencies in product promotion. (4mks)
  - i) .....
  - ii) .....
  - iii) .....
  - iv) .....
  
3. Highlight four reasons why Kenya needs to encourage the use of pipeline transport (4mks)
  - i) .....
  - ii) .....
  - iii) .....
  - iv) .....
  
4. State circumstances under which the following services may be offered by the post officer in enhancing communication.
  - i) Poste restante
 

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  - ii) Registered mail
 

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.....  
iii) Speed post  
.....  
.....

iv) Business reply services  
.....  
.....

5. Outline four monetary tools used by central bank to control inflation in Kenya.

i) .....

ii) .....

iii) .....

iv) .....

6. State four reasons why entrepreneurs need to prepare business plans.

i) .....

ii) .....

iii) .....

iv) .....

7. State four reasons why E or M banking is commonly used in Kenya these days.

i) .....

ii) .....

iii) .....

iv) .....

8. Highlight four sources of monopoly power.

i) .....

- .....
- ii) .....
- .....
- iii) .....
- .....
- iv) .....
- .....

9. State four weaknesses of using National Income statistics in comparing the standards of living of different countries.

- i) .....
- .....
- ii) .....
- .....
- iii) .....
- .....
- iv) .....
- .....

10. Outline four reasons why young population may not be desirable to a country.

- i) .....
- .....
- ii) .....
- .....
- iii) .....
- .....
- iv) .....
- .....

11. The table below represents the demand schedule for tea leaves for 6 months in 2010.

Months	1	2	3	4	5	6
Quantity (Kgs)	200	400	600	800	1000	1200

Outline four causes of the trend in the table.

- i) .....
- .....
- ii) .....
- .....
- iii) .....
- .....

iv) .....

12. Highlight four uses of an invoice

i) .....

ii) .....

iii) .....

iv) .....

13. State four macro environmental facilities that may affect business performances.

i) .....

ii) .....

iii) .....

iv) .....

14. Outline four methods the Kenyan government may use to protect consumers.

i) .....

ii) .....

iii) .....

iv) .....

15. Highlight four circumstances under which a business person may decide to build his own warehouse instead of using a public warehouse.

i) .....

ii) .....

iii) .....

.....  
iv) .....  
.....

16. The following information belongs to XYZ traders for as at 31.12.2010

	<b>Shs</b>
Rent	5,000
Debtors	20,000
Drawings	10,000
Stock	80,000
Cash in hand	15,000
Creditors	25,000
Cash at bank	50,000

Calculate capital and prepare the trial balances of XY Z traders as at 31.12.2010 (5mks)

i) .....  
.....  
ii) .....  
.....  
iii) .....  
.....  
iv) .....  
.....

17. Outline four roles played by Nairobi stock exchange in enhancing the development of the country.

i) .....  
.....  
ii) .....  
.....  
iii) .....  
.....  
iv) .....  
.....

18. Hekima traders had the following information in its records as t 1.12.2009

	<b>Shs.</b>
Cash at bank	5,000
Trade debtors	20,000
Stock	25,000
Capital	120,000
Machinery	80,000
Creditors	10,000

On 2<sup>nd</sup> Dec. he had the following transactions: 4mks

- Bought goods for Ksh 15,000 on credit

- Sold the machine for Kshs. 90,000 received the money in cash.
- Received a cheque for shs 10,000 from a debtor.

Prepare Hekima's balance sheet after the above transactions

19. Outline four circumstances under which an insurance company may not compensate the insured after a risk has taken place and there is loss.
20. Highlight four strengths of direct tax that make it commonly used by many countries as a source of revenue.

- i) .....
- .....
- ii) .....
- .....
- iii) .....
- .....
- iv) .....
- .....

21. Vijana LTD transacted the following during the month of march 2005

March 1: Sold an old machine on credit for Ksh.1000 to KK traders.

March 2: Sold an old business car worth 100,000/= for shs. 120,000/- on credit to Dobi motors.

March 3<sup>rd</sup>: Bought office furniture on credit from smart furniture worth Kshs. 10,000/=

March 4<sup>th</sup>: Sold an old computer valued at Kshs 20,000/= for Kshs 15,000/= on credit to John traders.

Requirement:

Make the entries in the journal proper. (4mks)

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22. The following information was extracted from the books of Nancy traders for the months ended 31.6.2009.

	Sh
Closing Stock	10,000
Purchases	120,000
Opening stock	15,000

The average mark up for the goods sold was 40%

Calculate.

- i) Cost of sales.....(1mk)

.....  
.....  
ii) Gross profit..... (1mk)

.....  
.....  
iii) Sales..... (1mk)

23. Given four reasons for import restriction measures taken by countries.

i) .....

ii) .....

iii) .....

iv) .....

24. Outline four challenges being faced by Kenya in the crucial stage of implementing the vision 2030.

i) .....

ii) .....

iii) .....

iv) .....

25. Open the relevant ledger accounts using the following information. (4mks)

1/2/2011 Started business with Kshs 10,000 in cash and Ksh 50,000 at bank.

2/2/2011 Bought goods on credit from Lk traders worth Kshs 5,000.

4/2/2011 Withdrew from the bank Kshs 2000 for office use.

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