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KCSE 2012

33.0 BUSINESS STUDIES (565)

33.1 Business Studies Paper 1 (565/1)

1 Types of wholesalers

(a) Specialized wholesaler
(b) Regional wholesaler
(c) Rack jobbers
(d) General line wholesaler (4 x 1 mark = 4 marks)

2 Factors to consider before buying office equipment include:

(a) space available
(b) use of which it be put
(c) technological trends in the industry
(d) funds available
(e) skills available

(Any 4 x 1 mark = 4 marks)

3 Malpractices by traders against which consumers may need protection by the government include:

(a) selling of contraband goods
(b) overcharging
(c) selling under weight goods
(d) selling expired goods
(e) giving misleading information about the product
(f) hoarding

(Any 4 x 1 mark = 4 marks)

4 Features of insurable interest include:

(a) presence of property rights or interest
(b) potential insurable risk must be present
(c) the property must have monetary value
(d) the insurable risk must be legal
(e) there must be the possibility of suffering financial loss incase of a risk happening

(Any 3 x 1 = 3 marks)

5 Ways of reducing the level of unemployment in Kenya include:

(a) encouraging self-employment
(b) establishment of more labour intensive industries
(c) impart the right skills through education and training
(d) expanding the market for agricultural goods
(e) exporting surplus manpower

(Any 4 x 1 mark = 4 marks)

6 Services offered by a commercial bank to its customers include:

(a) acceptance of deposits
(b) safeguarding valuable items
(c) advancing loans
(d) offering management and consultancy services
(e) advisory services on financial matters
(f) foreign exchange services

(Any 4 x 1 mark = 4 marks)

7 Sources of public finance include:

(a) taxes
(b) licences
(c) court fines
(d) donor aid
(e) fees
(f) treasury bonds and bills

(Any 4 x 1 mark = 4 marks)

8 Reasons why countries may trade with each other include:

(a) to sell their surplus
(b) to enhance bilateral ties
(c) to acquire what they are not able to produce
(d) protect special interest
(e) to improve the quality of life of their citizens/improve access to a variety of goods

(Any 4 x 1 mark = 4 marks)

9 Reasons why economic development is desirable to a country include:

(a) improve standard of living of the citizens
(b) improve infrastructure
(c) create employment
(d) increase life expectancy
(e) reduce rural-urban disparity
(f) improve the social welfare of citizens

(Any 4 x 1 mark = 4 marks)

10 Factors of production and rewards they earn:

Factor of production	**Reward**
(a) Land	Rent
(b) Labour	Wages/salaries
(c) Capital	Interest
(d) Entrepreneur	Profits

(4 x 1 mark = 4 marks)

11 Circumstances under which a co-operative society may be dissolved include:

(a) by Government order
(b) where the co-operative continuously make losses
(c) where stipulated majority of members agree to dissolve it
(d) by a court order
(e) where the co-operative society has achieved objectives for which it was formed

(Any 4 x 1 mark = 4 marks)

12 Features of a bonded warehouse include:

(a) mostly located at points of entry into a country like the ports
(b) stores goods that are under bond

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(c) guarantees payment of customs duty to customs authority
(d) very spacious to accommodate even bulky goods like motor vehicles
(e) must issue release warrants to owners of goods for customs clearance
(f) works hand in hand with customs officials for inspection of goods

(Any 4 x 1 mark = 4 marks

13 Factors that may be considered when measuring the size of a firm include:
(a) the level or volume of output
(b) the number of employees
(c) the capital invested
(d) the production methods (technology) used
(e) the market served
(f) the floor area covered by the firm's premises
(g) the sales volume

(Any 4 x 1 mark = 4 marks)

14 Ledger Accounts

(a) Salim Traders Account

					Ksh.
			March 10:	Purchases	200,000

(b) Shah Traders Account

		Ksh.			
March 25:	Sales	420,000			

(c) Purchases Account

		Ksh.			
March 10:	Salim Traders	200,000			

(c) Sales Account

					Ksh.
			March 25:	Shah Traders	420,000

(4 x 1 mark = 4 marks)

15 Amount paid

	Ksh.
Invoice price	12,000
Less: Trade discount (12,000 x 5%)	600
	11,400
Less: Cash discount (11,400 x 10%)	1,140
	10,260

(4 x 1 mark = 4 marks)

16 Calculation of rate of return on capital

$$C = A - L$$
$$= 500{,}000 - (150{,}000 + 100{,}000)$$
$$= 500{,}000 - 250{,}000$$
$$= 250{,}000$$
$$\text{ROROC} = \frac{NP \times 100}{C}$$
$$= \frac{50{,}000 \times 100}{250{,}000}$$
$$= 20\%$$

(8 x ½ mark = 4 marks)

17

Amina Traders
Trading Account
for the year ended 31st December, 2006

	Ksh.	Ksh.			Ksh.
Opening stock		75,000	Sales	$\frac{320{,}000 \times 125}{100}$	400,000
Purchases	260,000				
Add: Carriage	12,500	272,000			
		347,500			
Less: closing stock		27,500			
Cost of Goods Sold		320,000			
Gross profit $\frac{320{,}000 \times 25}{100{,}000}$		80,000			
		400,000			400,000

18 Benefits that a farmer may get by transporting her produce to the market by road include:
(a) Relatively flexible
(b) Relatively cheap
(c) Relatively available
(d) Relatively fast
(e) Variety of means of road transport

(Any 4 x 1 mark = 4 marks)

19 Causes of the declining supply of sukuma wiki include:
(a) fall in the price of kales (sukuma wiki) may have discouraged producers (farmers) as they opt to produce other goods
(b) there may have been an outbreak of diseases affecting the sukuma wiki
(c) there may have been prolonged drought which affects the sukuma wiki
(d) there may have been increased cost of farm inputs like fertilizer and seeds
(e) the farmers could be using inappropriate technology to produce the sukuma wiki
(f) this may just be the ploughing time and many farmers have not yet planted sukuma wiki

(Any 4 x 1 = 4 marks)

20 Ways in which households may contribute to national income of a country include:
(a) consumption of goods
(b) payment of taxes

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(c) provision of factors of production
(d) provision of savings for investment

(4 x 1 mark = 4 marks)

21 Circumstances in which a trader may use oral communication include:
(a) when there is need to negotiate a deal
(b) when there is need to explain the use and features of a product
(c) when there is need for immediate feedback
(d) when there is need to give an immediate compliment
(e) when selling over the counter

(4 x 1 mark = 4 marks)

22 Reasons why a firm may remain small include:
(a) Target market is small
(b) Limited production capacity
(c) Nature of the product
(d) Owner's decision to remain small
(e) Inadequate appropriate technology

(4 x 1 mark = 4 marks)

23 Two-column cash book for the month of January

RECEIPTS				**PAYMENTS**			
Date	Details	Cash	Bank	Date	Details	Cash	Bank
2007		**Ksh.**	**Ksh.**	2007		**Ksh.**	**Ksh.**
Jan 1	Balance b/d	25,250	-	Jan 1	Balance b/d	-	150,000
5	Sales	21,500	-	28	Creditor	-	80,000
16	Debtor		360,000	28	Creditor	20,000	-
				31	Balance c/d	26,750	130,000
		46,750	360,000			46,750	360,000
Feb 1	Balance b/d	26,750	130,000				

(10 x ½ mark = 5 marks)

24 Benefits that accrue to a trader who advertises products in a newspaper include:
(a) wide coverage - message can reach a lot of people
(b) evidence of the message exists
(c) graphical details can be included
(d) a trader has a chance to compete with other traders
(e) a trader has a chance of increasing sales.

(4 x 1 mark = 4 marks)

25 Calculation of the increase in consumer price index

Base year 2006 = 100%

$$\therefore \frac{1600}{1200} \times 100 = 133\%$$

Increase (133 - 100) = 33%

(4 x 1 mark = 4 marks)