

Name ..... Index Number ...../.....

565/1  
**BUSINESS STUDIES**  
 Paper 1  
 Oct./Nov. 2012  
 2 hours

Candidate's Signature .....

Date .....



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**  
 Kenya Certificate of Secondary Education  
**BUSINESS STUDIES**  
 Paper 1  
 2 hours

**565/1 - Business Studies - P1**  
 Friday 8.00 am - 10.00 am  
 16/11/2012 (1st Session)

**Instructions to Candidates**

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of examination in the spaces provided above.
- (c) Answer **all** the questions.
- (d) All answers must be written in the spaces provided in this booklet.
- (e) Do not remove any pages from this booklet.
- (f) **This paper consists of 10 printed pages.**
- (g) **Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**

**For Examiner's Use Only**

<b>Question</b>	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>Marks</b>													

<b>Question</b>	14	15	16	17	18	19	20	21	22	23	24	25
<b>Marks</b>												

**TOTAL MARKS**

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**BUSINESS STUDIES**  
 Paper I

912133

**200500212**

**Turn over**

1 Outline **four** circumstances under which cash with order may be used. (4 marks)

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

2 State **four** benefits that a farmer may derive from being a member of a Producer Co-operative Society. (4 marks)

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

3 Highlight **three** benefits of globalization to a business enterprise. (3 marks)

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

4 Highlight **four** ways in which consumers may protect themselves against exploitation by traders. (4 marks)

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



7 Outline **four** tools of monetary policy that a government may use to reduce excess money in circulation. (4 marks)

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

8 Outline **one** circumstance under which each of the following types of inflation may occur: (4 marks)

- (i) Creeping inflation.....  
.....
- (ii) Hyperinflation.....  
.....

9 State **four** forms of economic integration that may exist between countries. (4 marks)

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

10 Highlight **four** problems of development planning that a country may experience. (4 marks)

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

**11** Nyaboke operates a shop in a farming area. State **four** ways in which the farming community can benefit from the business activity. (4 marks)

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

**12** Outline **four** features of indirect production. (4 marks)

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

**13** State **four** factors that may lead to the success of a business. (4 marks)

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

**14** State **four** ways in which a good filing system may facilitate the operations in an office. (4 marks)

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

15 Highlight **four** benefits that a country gets by encouraging trade among her citizens. (4 marks)

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

16 Outline **four** challenges that may be encountered when measuring national income using the output approach. (4 marks)

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

17 Highlight **four** measures that a government may take to reduce the mortality rate in a country. (4 marks)

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



- 19 Given the statements in the table below, indicate the type of entry to be made in the relevant ledger accounts: (4 marks)

Statement	Type of Entry
(i) An increase in revenue	
(ii) A decrease in an asset	
(iii) An increase in an expense	
(iv) A decrease in liability	

- 20 In the spaces provided in the table below, name the document Jambi Ltd. would issue under the circumstances described: (4 marks)

Circumstance	Document to issue
(i) Jambii Ltd sold goods worth Sh. 54,000 on credit to Jamilar Traders.	
(ii) Osuri Enterprises which had bought goods worth Sh 27,000 was erroneously charged for only Shs 25,000.	
(iii) Guru Traders paid Shs 33,900 by cheque to Jambi Ltd. for goods which had been supplied.	
(iv) Goods sold to Jamilar Traders had been overpriced by Shs 4,000.	



21 Outline **four** conditions under which a warehouse may be considered to be operating efficiently. (4 marks)

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

22 Highlight **four** advantages of promoting sales through the internet. (4 marks)

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

23 Zawadi operates a hardware business in her home town. Outline **four** methods she may use to determine prices for her goods other than the forces of demand and supply. (4 marks)

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

24 Highlight **four** factors that a firm may consider when deciding on the goods to produce. (4 marks)

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

**25** State **four** features of a perfectly competitive market. (4 marks)

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

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