

- The instrument provides rhythmic accompaniment to the singing.
 - The instrument fills in voice interludes.
 - The instrument enhances consistency of tempo.
 - The instrument provides melodic accompaniment to the voices. (1 mark)
- (f)
- Chanting.
 - Ululation.
 - Interjections. (2 marks)
- 6.
- (a) Strings (violin, viola, cello, double Bass). (1 mark)
- (b) Grave (meaning slow, solemn). (1 mark)
- (c) Chromatic (stepwise movement). (1 mark)
- (d) (i) subdominant chord (IV) (C E^b G) (1 mark)
(ii) submediant chord (VI) (E^b G B). (1 mark)
- (e) Begins in 4 time that is, from simple quadruple
 $\frac{4}{4}$
to simple triple, but the main beat felt in each case is the
minim () where 4 time sounds like $\frac{4}{4}$ time. (2 marks)
- (f) Figured Bass (they refer to the intervals above the given bass note. (1 mark)
- (g) They are performing/sounding in unison. (1 mark)
- (h) Aria/Air/Song. (1 mark)
- 7.
- (a) (i)
- Amplifies the sound.
 - Holds the strings.
 - Supports other important parts of the instruments e.g the arms, the bridge.
 - Gives the shape and aesthetic appearance to the instruments. (3 marks)
- (b) **Dynamics** :- the gradations of loudness and softness. (2 marks)
Diction :-correct, clear (effective) enunciation in singing. (2 marks)
Voice range:- extent of a singer's voice between the top and the bottom notes. (2 marks)
- (c) (i) Short songs/melodies.
(ii) Repetitive songs/melodies.
(iii) Basically play.
(iv) Catchy melodies/songs.
(v) Lyrics suggestive of the activities. (6 marks)

30.24 BUSINESS STUDIES STUDIES (565)

30.24.1 Business Studies Paper 1 (565/1)

- 1.
- Development of individual skills.
 - Increased output.
 - Production of standardized goods.
 - Maximum use of machinery.
 - Development of new talents.
 - Encourages invention/innovation.

- Saves time.
- Less use of mental and physical effort.
- High quality goods/services produced /offered.
- Increases employment opportunities.
- Reduces training time.
- Facilitates planning and management. *(Any 4x1=4 marks)*

- 2.
- Must have at least one director.
 - Shares not freely transferable.
 - Public not allowed to subscribe for shares/shares not advertised/no prospectus needed.
 - Has a minimum membership of two shareholders.
 - Can start trading on receipt of a certificate of incorporation.
 - Does not need to have the authorized minimum share capital before commencing operation. *(Any 4x1=4 marks)*

- 3.
- Goods can be produced in advance to meet unexpected customer demand.
 - Production done steadily without rush.
 - Production can be continuous if need arises.
 - Manufacturer can offer steady supply of seasonal goods.
 - Goods are protected from physical damage.
 - Manufacturers can store raw materials.
 - Goods are protected from pilferage.
 - Goods can be prepared fro final scale by branding, grading, blending etc.
 - Some goods mature/improve in quality whole still in warehouse. *(Any 4x1= 4 Marks)*

4.

$$\frac{PQ}{40} = \frac{500 - 200}{40}$$

$$= \frac{300}{40}$$

$$= 7.50$$

(4 x 1 = 4 marks)

- 5.
- Relatively cheap.
 - Relatively fast.
 - Enhances confidentiality.
 - Sender may get instant feedback.
 - Easy to access other information (like advertising).
 - Relatively easy to retrieve information.
 - It is universal.

- Can advertise to others (wider market).
- Can send detailed information.
- Can be used for future reference/evidence. (Any 4x1=4 marks)

6. (a) **Contra entry**:- This is a transaction affecting both sides of a two/three column cash book simultaneously. It is indicated by letter 'C'.
- (b) **Cash discount**:- This is a reduction/allowance given to a buyer by the setter for making prompt payment. (4 marks)

7. (a) Sales invoice/outgoing invoice.
 (b) Debit note.
 (c) Credit note.
 (d) Purchases invoice. (4 x 1 = 4 marks)

8. (i) Nominal.
 (ii) Nominal.
 (iii) Creditors/purchases ledger.
 (iv) Real/general ledger. (4 x 1 = 4 marks)

9. (a) Working capital = CA - CL
 = 220000 - (98200 + 11800)
 = Shs110000 (4 x ½ = 2 marks)

(b) Return on capital = $\frac{\text{Net Profit} \times 100}{\text{Capital invested}}$
 = $\frac{85000 \times 100}{425000}$
 = 20% (4 x ½ = 2 marks)

10. Expenses for the year

Expense A/c		Shs	Shs
Cash	85000	31 Dec 2005 Balance b/d	24000
Dec. 2006 Balance c/d	<u>30000</u>	Profit and Loss A/c	<u>91000</u>
	<u>115000</u>		<u>115000</u>
OR			
		Shs	
Accrued expenses 31/12/05		30000	
Add cash paid		<u>85000</u>	
		115000	
Less: Accrued expenses 31/12/05	<u>24000</u>		
		<u>91000</u>	

(4 x 1 = 4 marks)

11. (a) **Complementary wants**: - where wants are simultaneous/when two or more items must be used together at the same time for example:- car and petrol. (2 marks)
- (b) **Wants become habitual**: - where one becomes addicted to a particular want/when

one develops a taste/liking for a commodity so that he needs it again and again. (2 marks)

12.

- Potential demand for goods/services.
- Source of raw materials.
- Security in the area.
- Existing infrastructure.
- Auxiliary services.
- Legal requirements/government policy.
- Source of labour.
- Source of capital/technology.
- Possible returns on investment/availability of market.
- Chances of growth/expansion.
- Effects on the environment.
- Competition.
- Social cultural environment.
- Availability of space.
- Political stability.

marks)

(Any 4x1=4

13.

- Personal identification.
- Initial deposit required.
- A letter of introduction from an existing customer.
- Physical contact address.
- Be of majority age/above 18 years old.
- Passport size photographs.

marks)

(Any 4x1=4

14.

- Cost of the mode.
- Distance from market.
- Type/nature of goods.
- Availability.
- Reliability.
- Security (free from theft, damage).
- Value of the goods.
- Speed and urgency.
- Flexibility in terms of time and place.
- Safety (free from accidents).
- Quantity/amount of goods.
- Terminal facilities.
- Accessibility (ability to reach the required destination).

marks)

(Any 4x1=4

- 15.
- To encourage selling of quality goods.
 - To safeguard cultural practices.
 - To encourage disclosure of information about the product.
 - To ensure compliance with existing government legislation.
 - To curb environmental degradation.
 - To safeguard competitors in the market.
 - To safeguard consumers against misleading advertisements. *(Any 4x1=4 marks)*

- 16.
- Inequitable distribution of income.
 - Projects undertaken by the government could be of long-term nature.
 - The cost of living may have gone up thus eroding additional income earned.
 - Income earned could have been used in ways that do not benefit the people directly.
 - High population growth.
 - Economic growth may have been obtained through a strain on people's health.
 - Unequal regional development/expenditure pattern of the government. *(Any 4x1=4 marks)*

- 17.
- Rise in price of complementaries.
 - A fall in household income.
 - Fall in the price of substitutes.
 - Expected fall in the price of the product.
 - Negative tastes/preferences/fashion.
 - Decrease in population.
 - Unfavorable terms of payment.
 - Unfavourable government policy (for example:- a ban on commodity).
 - Unfaovourable seasonal changes. *(Any 4x1=4 marks)*

18. Calculation of capital

Capital	=	Assets – liabilities	
Assets	=	200000 + 100000 + 400000 + 160000 + 10000	
	=	<u>Shs 870000</u>	
Liabilities	=	10000 + 40000	
	=	<u>140000</u>	
Capital	=	Shs870000 – 140000	
	=	<u>Shs730000</u>	<i>(8 x ½ = 4 marks)</i>

19.

- Check accuracy of posting transactions to the ledger.
- Check the arithmetical accuracy of ledger accounts.
- Provide account balances at year end.
- Check that debit and credit balances are in agreement.
- Summarizes the information in the ledger account.
- Facilitates the preparation of final accounts.

marks)

(Any 4x1=4

20. (a) *Assets*

- Resource owned and controlled by the business.
- Must have been acquired in the past.
- An item of value that can be measured reliably in monetary terms.
- Future benefits associated with the net expected to be received by business entity.
- They are fixed or current.

marks)

(Any 2x1=2

(b) *Liability*

- A present obligation for a business to settle as a result of past commitments.
- Settlement would reduce business assets.
- Amount involved can be measured reliably in monetary terms.
- Owed to outsiders.
- They are long term or current/short term.

marks)

(Any 2x1=2

21.

- Increase interest rate to discourage borrowings.
- Withdraw excess cash in circulation by issuing government bonds and treasury bills.
- Institute policies that make price of commodities steady (price control).
- Increase taxes on income to discourage extra income earned at expense of leisure.
- Raising liquidity ratio/cash ratio of commercial banks.
- Use of selective credit control measures.
- Increasing commercial banks special deposits with the central bank.
- Restriction of imports.
- Restricting wage increases.
- Raising margin requirements.
- Use of buffer stocks.
- Stimulation of production of goods and services.

- Appropriate regulations of printing national currency.
- Moral persuasion by government for people to buy only what is necessary.

(Any 4x1=4 marks)

22. Loss made = $\frac{20}{100} \times 1,000,000$
 = 200,000

Contribution made by:

(i) Zebra = $\frac{600,000}{1,000,000} \times 200,000$
 = Shs 120,000

(ii) Simba = $\frac{400,000}{1,000,000} \times 200,000$
 = Shs 80,000

(8 x ½ = 4 marks)

marks)

23.

- Speedy customer service.
- Confidentiality of business records.
- Records can easily be retrieved.
- Time saving.
- Clean and tidy records produced.
- Minimum storage space required/ a large amount of information can be stored.
- Accuracy is enhanced.
- Cost of maintenance is lower.
- Records not easily damaged.
- Records not easily lost.
- Business image is enhanced.
- Less labour required/saves labour cost.

(Any 4x1=4 marks)

marks)

24.

- Show respect to both colleagues and visitors.
- Observe courtesy in dealing with people.
- Be organized at work at all times.
- Be honest/truthful in performing duties.
- Co-operate with other workers, visitors and management.
- Be punctual in offering service.
- Be loyal to the organization.
- Be diplomatic.

- Make sound judgment.
 - Be accurate.
 - Have initiative.
- marks)**

(Any 4x1=4

25.

- The standards for operating business are low/unhealthy operations.
 - Generalized exploitation of consumers on weights and measures.
 - There is need for the government to enforce existing laws, for example:- trading licence.
 - Hoarding is taking place.
 - Unsafe buildings.
 - Substandard goods.
 - Unfair prices.
 - False advertising.
 - Breach of contract.
- marks)**

(Any 4x1=4

30.24.2 Business Studies Paper 2 (565/2)

1. (a)

Public Limited Company	Partnership
(i) Membership is a minimum of seven Shareholders	(i) Membership is a minimum of two partners
(ii) Shares can be transferred freely without consent of others members	(ii) shares/capital contribution can only be transferred with consent of other partners
(iii) Members have limited liability	(iii) No limited liability for partners (At least one partner has unlimited liability incase of limited partnership)
(iv) Managed by people appointed by the board of directors	(iv) Managed by partners themselves (Active partners)
(v) Regulated by Articles/memorandum of Association/Company Act	(v) Regulated by partnership deed/ Partnership agreement/articles of partnership/partnership Act
(vi) Pay corporation tax	(vi) Does not pay corporation tax
(vii) Has legal entity/can sue or be sued under its name	(vii) Has no legal entity/individual Partners can be sued

(Any 5 x 2 = (10 marks))

(b)



(Optimum output)

Output/Quantity

For a firm with fixed production capacity, the average costs are high in the beginning as they are divided among few production units. As production increases, the average costs fall, since the costs are divided among more production units (the firm experiences economies of scale). The average costs will then fall to a minimum level then start to rise again as more costs are incurred over time (the firm experiences diseconomies of scale).

(10 marks)

2

(a)

- High rate of unemployment as demand for jobs outstrips the available job opportunities.
- Rate of crime/social evils may rise. As the youth remain idle, they are likely to resort to crime and other social evils as they look for means of survival.
- Constraints on goods/services associated with young people as demand outstrips supply.
- Dependency ratio will rise as economically active population will shoulder a bigger burden.
- Reduced savings/investments. Investments will decline as a result of high rate of consumption by young people. This may lead to low development.
- Low per capita income. Since the National Income will be spread over a large non-contributing population which may lead to a low standard of living.
- Problem of raising government revenue which may force the government to divert resources meant for other sectors to cater for the young.
- Low labour supply as many young people may not have attained the working age nor acquired the required skills and experience.

(10 marks)

(b)

Date	Particulars	Dis	Cash	Bank	Date	Particulars	Disc Rec'd	Cash	Bank
Sept. 1	Balance b/d	Shs	Shs 55,000	Shs 250,000	Sept.3	Ribbons	Shs	Shs 4,500	Shs
Sept 2	Sales			35,260	Sept.8	Wangila	6,000		94,000
Sept 12	Wetu	1,200		58,800	Sept.15	Salaries		34,000	
Sept. 25	Bank(c)		50,000		Sept.25	Cash(c)			50,000
Sept. 28	Anyango	7,500		67,500	Sept.30	Bank(c)		52,800	
Sept.30	Cash (c)			52,800	Sept.30	Bal.c/d		13,700	320,360

Date	Particulars	Dis	Cash	Bank	Date	Particulars	Disc Rec'd	Cash	Bank
		Shs	Shs	Shs			Shs	Shs	Shs
		<u>8,700</u>	<u>105,000</u>	<u>464,360</u>			<u>6,000</u>	<u>105,000</u>	<u>464,360</u>
Oct. 1	Bal. b/d		13,700	320,360					

(20 x ½ = 10

marks)

3

(a)

- Proper planning is put in place so that good results can be anticipated and also accommodate future changes.
- Relevant strategies may be established so as to achieve desired results.
- Setting clear goals and objectives so as to achieve the intended results.
- Providing and using organizational resources efficiently and effectively. This involves budgeting to avoid wastage and misuse.
- Proper time management to ensure set activities (tasks) are accomplished within the required time.
- Good supplier/customer/employee relations to attract and retain them (suppliers, employees and customers).
- Corporate social responsibility is fostered. This builds on the image and reputation of the company.
- Compliance with legal requirements in order to operate smoothly and avoid conflict with law enforcement authorities.
- Motivation of employees to increase productivity.
- Proper organization to avoid overlap/duplication of duties.
- Proper direction to ensure activities are geared towards achieving the set goals.
- Identifying the required skills/training relevant staff for smooth running of the organization
- Monitoring/evaluating/checking that planned activities take place in order to achieve desired results.
- Proper co-ordination to reduce conflicts.

(Any 5x2=10 marks)

(b)

- Tidiness is maintained in the office as documents are arranged neatly.
- Quick access to information since documents are coded/serialized.
- Safety of information from damage by bad weather, fire etc is minimized.
- Saves on storage space since documents are kept in a compact manner.
- Encourages prompt decision making as information is readily available.
- Encourages transparency and accountability since the movement of documents can be monitored.
- Security of information/documents against loss from theft and misplacement.
- Safeguards secret and confidential information as documents are kept away from unauthorized access.
- Facilitates storage/safekeeping of information/documents for future reference.

(Any 5x2=10 marks)

4

(a)

- Where the producer lacks adequate storage. The wholesaler may relieve the producer of the storage costs.
- Where goods require bulk breaking. The wholesaler may re-package the goods in smaller quantities as required by customers.
- Where there is need to prepare goods for final sale. The wholesaler may pack, brand, blend, grade sort and weigh goods to the relief of the producer.
- Where the market is wide and the goods have to be distributed far. The wholesaler will reach the consumer more easily.
- Where the producer would want feedback on the market status. The wholesaler may reach consumers through the retailers and get feedback regarding the product more easily.
- Where the producer would want to engage wholesaler to assist with advertising so as to save on costs.
- Where the producer wants to sell in bulk since the wholesalers can afford to buy in large quantities.
- Where the producer lacks transport, the wholesaler would relieve him of the cost.
- Where it is the government policy to distribute through wholesalers then the producer would have no choice.
- Where the marketing risks are high since the wholesalers can bear some of the risks.
- Where the producer wants to concentrate/specialize in production, then the distribution can be handled by wholesalers.
- Where the producer needs to maintain fewer records by dealing with wholesalers who are few.

(Any 5x2=10 marks)

4

(b) (i) Sales = Cash Sales - Drawings
 = 420,200 – 25,000
 = Sh.395,200

(ii) Purchases = Cash Purchases
 = Shs. 260,000

(iii) Commission receivable A/c

	Shs.		Shs.	
Balance b/d	8,400	Cash	36,400	
Profit and Loss	<u>38,200</u>	Balance c/d	<u>10,200</u>	
	<u>46,600</u>		<u>46,500</u>	

(N.B. Accept vertical format)

(iv) Insurance expenses A/c

	Shs		Shs	
Balance b/d	16,200	Profit and Loss A/c	27,000	
Cash	<u>14,800</u>	Balance c/d	<u>4,000</u>	
	<u>31,000</u>		<u>31,000</u>	

(10 marks)

5. (a)
- Compulsory deposits/special deposits/increase minimum reserve requirements. The Central bank may require that commercial banks deposit a certain amount of their cash with the central bank.
 - Selective credit control/credit rationing. The government through the central bank may require that certain sectors of the economy be assisted financially.
 - Open market operations. The government may instruct the central bank to sell government securities/stocks/bonds in the open market/stock exchange.
 - Raise interest rates - High interest rates may be offered for savings to encourage more deposits.
 - Raise cash/liquidity ratio thereby leaving commercial banks with less money to lend.
 - Raising the bank rate leading to credit/loans becoming more expensive.
 - Raising margin requirement to discourage borrowing.
 - Moral suasion by government appealing to commercial banks to reduce lending to the public.
 - Reducing government expenditure by suspending some projects.
 - Raising taxes to reduce disposable income hence lower purchasing power.
 - Surplus budgeting by spending less than the income raised. *(Any 4x2=8 marks)*

- (b)
- Where there is need to protect local/infant industries which may not withstand competition from established foreign industries.
 - Where there is need to control dumping to prevent adverse effects on the economy.
 - Where balance of trade/payment continues to deteriorate to reduce payment on imports.
 - Where goods are hazardous/harmful for consumption in order to protect the health of consumers.
 - Where goods involved are a security risk to the country to ensure peace and stability.
 - Where it is necessary to counter the actions of trading partners as a retaliatory measure.
 - Where there is need to avoid imported inflation arising from overpriced imports.
 - Where it is politically expedient to do so in order to promote good governance in another country.
 - Where there is need to safeguard local employment which may be lost through entry of cheap imports.
 - Where there is need to avoid overdependence on imports which may lead to political blackmail.
 - Where there is need to avoid overexploitation of resources which may cause their depletion.
 - Where there is need to build reserves of strategic commodities to avoid shortages in meeting local demands. *(Any 6x2=12 marks)*

- 6 (a)
- Where goods sold are of technical nature and may need advice/demonstration on use.
 - Where expertise is required in installation and the trader has technical knowledge/ability/

backup.

- Where the product is new in the market and the trader requires feedback on the product's performance.
- Where competition is stiff and the trader uses after sales services as a product promotional tool to win more customers and increase sales.
- Where expertise is required in maintenance/service/repairs and the trader is able to provide the service.
- Where it is the policy of the business as a way of improving customer relations and improve business image.
- Where it is the government policy, the trader will have no option.
- Where the nature of the product is such that it requires specialized transport and the trader can provide it.

(Any 4x2=8

marks)

(b)

Simba traders					
Profit and Loss Account					
For the year ended 31 st December 2006					
	Shs	Shs		Shs.	Shs
Salaries		322,600	Gross profit b/d	210,000	
Rent	14,800		Discount received	14,500	
Add. owing	<u>2,400</u>	17,200	Net loss c/d	354,850	
Interest on loan		36,000			
<u>Depreciation</u>					
Motor vehicle	187,500				
Furniture	<u>16,050</u>	<u>203,550</u>			
		<u>579,350</u>			<u>579,350</u>

Simba Traders

Balance Sheet
As at 31st December 2006

<u>Fixed Assets</u>	Shs.	Shs.	<u>Capital</u>	Shs.	Shs.
Motor Vehicle	750,000		Capital	800,000	
Less: Depreciation	<u>187,500</u>	562,500	Less: net Less	354,850	
Furniture	160,500		Less: Drawings	<u>60,800</u>	384,350
Less: Depreciation	<u>16,050</u>	144,450			
<u>Current Assets</u>			<u>L.T Liabilities</u>		
Stock	45,600		Bank Loan		200,000
Debtors	<u>130,200</u>	175,800	<u>S.T. Liabilities</u>		
			Creditors	260,000	
			Rent unpaid	2,400	
			Interest Due	<u>36,000</u>	<u>298,400</u>
		<u>882,750</u>			<u>882,750</u>

(24 x ½ = 12 marks)