

NAME..... INDEX NO.....

**565/1
BUSINESS STUDIES
PAPER 1
JULY/AUGUST 2011
TIME: 2HRS.**

CANDIDATE'S SIGNATURE.....

DATE.....

BARINGO COUNTY EDUCATIONAL IMPROVEMENT EXAMINATION 2011

**Kenya Certificate of Secondary Education
BUSINESS STUDIES
PAPER 1
TIME: 2HRS.**

INSTRUCTIONS TO CANDIDATE'S

Answer **ALL** the questions in the spaces provided **below** each question.

FOR EXAMINER'S USE ONLY:

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Marks														

Question	15	16	17	18	19	20	21	22	23	24	25
Marks											

TOTAL MARKS

1. Highlight **four** ways in which arid lands of Kenya can be made more productive. (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

2. State the best name that can be given to the following set of goods and services. (4mks)

SET

NAME

(a) Tea and coffee _____

(b) Education and security _____

(c) Bus and diesel _____

(d) Beer and cigarette _____

3. Outline **four** circumstances that would make a producer not to require a lot of warehousing space. (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

4. State **four** hindrances to entrepreneurial development in Kenya. (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

5. Identify **four** essentials of a bill of exchange. (4mks)
- (a) _____
 - (b) _____
 - (c) _____
 - (d) _____

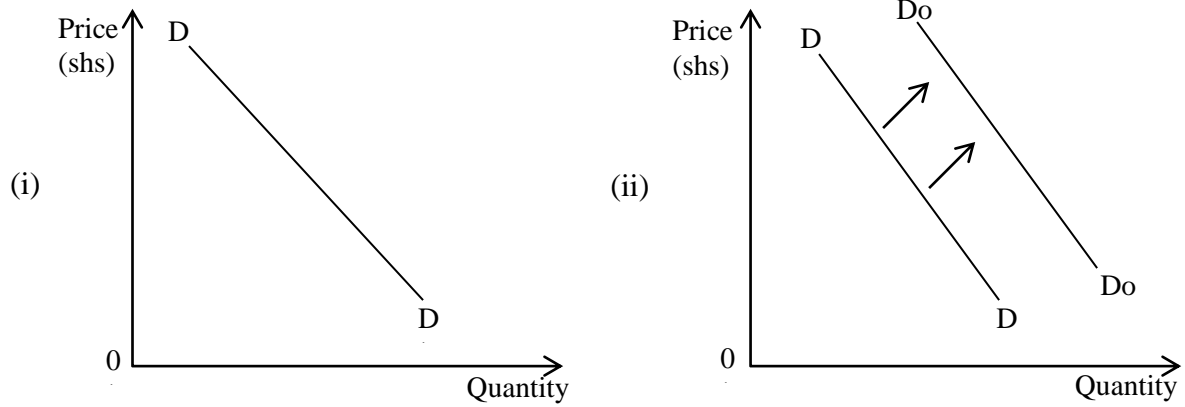
6. On 1st June 2009, Duka Moja had cash in hand shs.60,000 and at bank shs.220,000. The following transactions took place during the part of the month.

June 2nd: Received a cheque for shs.25,000 from a debtor.
June 10th : Drew a cheque for shs.55,000 in respect of creditors.
June 15th: Deposited all cash except shs.5,000 with the bank.

Prepare a cash book and balance it off on 16th June 2009. (5mks)

7. Outline **four** circumstances under which sign language may be used in an organization. (4mks)
- (a) _____
 - (b) _____
 - (c) _____
 - (d) _____

8. Study the diagrams **below** and answer the question that follows:



State **four** factors that may cause the above change from diagram (i) to (ii) (4mks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

9. State **four** reasons that force a government to close down the operations of a business temporarily. (4mks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

10. In each of the following cases, state the type of unemployment described in the table. (4mks)

	DESCRIPTION	TYPE OF UNEMPLOYMENT
(a)	People losing jobs due to change of production methods.	
(b)	People being unemployed in all sectors of economy.	
(c)	People remaining jobless at certain times of the year.	
(d)	People doing work that could be done by few people	

11. State **four** benefits that will accrue to a firm by its decision to relocate its office to a sub-urban area. (4mks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

12. Highlight **four** factors to be considered in determining whether a new product will sell in a given locality. (4mks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

13. List **three** items that constitute injections in the circular flow of income. (3mks)

- (a) _____
- (b) _____
- (c) _____

14. The following information relates to Bartek Traders for the year ended 30th November, 2010

	Shs.
Sales	150,000
Opening stock	25,000
Purchases	130,000
Mark-up	25%

Prepare a trading account. (4mks)

15. State **four** negative consequences of inflation to a country. (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

16. Highlight **four** problems that may be experienced by a manufacturer who adopts a long chain of distribution. (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

17. State **four** reasons for the popularity of current accounts with the bank among the business community. (4mks)

(a) _____

- (b) _____

- (c) _____

- (d) _____

18. Jepkazi insured her tanker against fire with KAZI Moto Ltd by paying a total of shs.500,000 cash. Later, the lorry was damaged and was written off. A claim of shs.400,000 was made and paid. Using insurance terms, state what each of the following stands for . (4mks)

- (a) Kazi Moto Ltd _____
- (b) The shs.500,000 _____
- (c) Jepkazi _____
- (d) Shs.400,000 _____

19. Outline **four** shortcomings of monopoly market structure. (4mks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

20. From the information given below, give the source document and the book of original entry for each transaction. (4mks)

	Transaction	Source document	Book of original entry
(a)	Paid cash to Saimo Distributors Ltd		
(b)	Sold goods on credit to Kamau outlets limited		

21. State **four** principles to be observed when designing a good tax system. (4mks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

22. State **four** advantages that Kenya derives from the existence of the export processing zones. (4mks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

23. Indicate the effect of each of the following transactions on assets, liabilities and capital by using (+) for increase, (-) for decrease and (NC) for no change. (4mks)

	Transaction	Assets	Liabilities	Capital
(a)	Cashed a cheque for personal use.			
(b)	Bought premises on credit.			
(c)	Paid a creditor by cash.			
(d)	Converted a personal car into business use.			

24. State the **four** types of business units that have limited liabilities. (4mks)

- (a) _____
- (b) _____
- (c) _____
- (d) _____

25. State **Four** sources of energy that are environmental friendly.

- (a) _____
- (b) _____
- (c) _____
- (d) _____